

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2018

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**

(State or other jurisdiction of  
incorporation or organization)

**12110 Sunset Hills Road, Suite 600  
Reston, Virginia**  
(Address of principal executive offices)

**91-1671412**

(I.R.S. Employer Identification No.)

**20190**  
(Zip Code)

**(703) 390-5100**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Accelerated filer

Large accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

(Do not check if a smaller reporting  
company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

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.

<u>Title of Class</u>	<u>Number of Shares Outstanding on August 2, 2018</u>
Common Stock, \$0.001 par value per share	100,470,158

**NII HOLDINGS, INC. AND SUBSIDIARES**  
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

NII HOLDINGS, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (in thousands, except par values)  
 Unaudited

	June 30, 2018	December 31, 2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 90,893	\$ 193,888
Short-term investments	29,687	16,711
Accounts receivable, net of allowance for doubtful accounts of \$26,103 and \$42,011	95,470	106,715
Handset and accessory inventory	3,479	3,163
Prepaid expenses and other	229,357	254,461
Total current assets	448,886	574,938
<b>Property, plant and equipment, net</b>	112,481	117,262
<b>Intangible assets, net</b>	170,885	194,694
<b>Other assets</b>	233,746	218,204
Total assets	\$ 965,998	\$ 1,105,098
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 39,097	\$ 42,284
Accrued expenses and other	273,451	308,129
Current portion of long-term debt	3,899	7,990
Total current liabilities	316,447	358,403
<b>Long-term debt</b>	584,439	647,717
<b>Other long-term liabilities</b>	224,472	220,925
Total liabilities	1,125,358	1,227,045
<b>Contingencies (Note 8)</b>		
<b>Stockholders' deficit</b>		
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, 100,456 shares issued and outstanding — 2018, 100,384 shares issued and outstanding — 2017	100	100
Paid-in capital	2,140,741	2,139,299
Accumulated deficit	(2,204,516)	(2,135,770)
Accumulated other comprehensive loss	(8,836)	(46,903)
Total NII Holdings stockholders' deficit	(72,511)	(43,274)
Noncontrolling interest	(86,849)	(78,673)
Total deficit	(159,360)	(121,947)
Total liabilities and stockholders' deficit	\$ 965,998	\$ 1,105,098

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

NII HOLDINGS, INC. AND SUBSIDIARIES

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
<b>Operating revenues</b>				
Service and other revenues	\$ 150,809	\$ 220,079	\$ 326,781	\$ 463,572
Handset and accessory revenues	5,201	5,055	10,242	12,517
	<u>156,010</u>	<u>225,134</u>	<u>337,023</u>	<u>476,089</u>
<b>Operating expenses</b>				
Cost of service (exclusive of depreciation and amortization included below)	69,939	87,842	158,863	190,550
Cost of handsets and accessories	7,015	13,041	16,080	21,707
Selling, general and administrative	79,269	129,612	170,155	264,078
Impairment, restructuring and other charges, net	11,722	54,235	9,897	126,174
Depreciation	4,463	5,717	9,296	14,603
Amortization	3,447	3,618	7,038	7,757
	<u>175,855</u>	<u>294,065</u>	<u>371,329</u>	<u>624,869</u>
<b>Operating loss</b>	<u>(19,845)</u>	<u>(68,931)</u>	<u>(34,306)</u>	<u>(148,780)</u>
<b>Other (expense) income</b>				
Interest expense, net	(28,010)	(26,405)	(54,616)	(57,967)
Interest income	1,593	7,808	6,979	16,944
Foreign currency transaction losses, net	(46,666)	(13,352)	(47,854)	(1,977)
Other (expense) income, net	(3,251)	7,635	(9,581)	5,860
	<u>(76,334)</u>	<u>(24,314)</u>	<u>(105,072)</u>	<u>(37,140)</u>
<b>Loss from continuing operations before income tax benefit</b>	<u>(96,179)</u>	<u>(93,245)</u>	<u>(139,378)</u>	<u>(185,920)</u>
Income tax benefit	—	5,778	—	5,778
<b>Net loss from continuing operations</b>	<u>(96,179)</u>	<u>(87,467)</u>	<u>(139,378)</u>	<u>(180,142)</u>
<b>(Loss) income from discontinued operations, net of income taxes</b>	<u>(2,662)</u>	<u>2,697</u>	<u>(2,783)</u>	<u>2,659</u>
<b>Net loss</b>	<u>(98,841)</u>	<u>(84,770)</u>	<u>(142,161)</u>	<u>(177,483)</u>
<b>Net loss attributable to noncontrolling interest</b>	<u>(27,709)</u>	<u>—</u>	<u>(39,315)</u>	<u>—</u>
<b>Net loss attributable to NII Holdings</b>	<u>\$ (71,132)</u>	<u>\$ (84,770)</u>	<u>\$ (102,846)</u>	<u>\$ (177,483)</u>
<b>Net loss from continuing operations per common share, basic and diluted</b>	<u>\$ (0.96)</u>	<u>\$ (0.87)</u>	<u>\$ (1.39)</u>	<u>\$ (1.80)</u>
<b>Net (loss) income from discontinued operations per common share, basic and diluted</b>	<u>(0.03)</u>	<u>0.02</u>	<u>(0.03)</u>	<u>0.03</u>
<b>Net loss attributable to NII Holdings per common share, basic and diluted</b>	<u>\$ (0.99)</u>	<u>\$ (0.85)</u>	<u>\$ (1.42)</u>	<u>\$ (1.77)</u>
<b>Weighted average number of common shares outstanding, basic and diluted</b>	<u>100,391</u>	<u>100,298</u>	<u>100,388</u>	<u>100,279</u>
<b>Comprehensive loss, net of income taxes</b>				
Foreign currency translation adjustment	\$ 36,470	\$ 12,386	\$ 38,067	\$ 4,818
Other comprehensive income	36,470	12,386	38,067	4,818
Net loss	<u>(71,132)</u>	<u>(84,770)</u>	<u>(102,846)</u>	<u>(177,483)</u>
Total comprehensive loss	<u>\$ (34,662)</u>	<u>\$ (72,384)</u>	<u>\$ (64,779)</u>	<u>\$ (172,665)</u>

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

**NII HOLDINGS, INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT**

(in thousands)

Unaudited

	Common Stock		Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total NII Holdings Stockholders' Deficit	Noncontrolling Interest	Total Deficit
	Shares	Amount						
<b>Balance, December 31, 2017</b>	100,384	\$ 100	\$ 2,139,299	\$ (2,135,770)	\$ (46,903)	\$ (43,274)	\$ (78,673)	\$ (121,947)
Net loss	—	—	—	(102,846)	—	(102,846)	(39,315)	(142,161)
Other comprehensive income	—	—	—	—	38,067	38,067	16,326	54,393
Share-based compensation activity	72	—	1,442	—	—	1,442	210	1,652
Implementation of revenue recognition accounting standard	—	—	—	34,100	—	34,100	14,603	48,703
<b>Balance, June 30, 2018</b>	<u>100,456</u>	<u>\$ 100</u>	<u>\$ 2,140,741</u>	<u>\$ (2,204,516)</u>	<u>\$ (8,836)</u>	<u>\$ (72,511)</u>	<u>\$ (86,849)</u>	<u>\$ (159,360)</u>

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

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

	<b>Six Months Ended June 30, 2018</b>	<b>Six Months Ended June 30, 2017</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (142,161)	\$ (177,483)
Adjustments to reconcile net loss to net cash used in operating activities:		
Loss (income) from discontinued operations	2,783	(2,659)
Amortization of debt discounts (premiums) and financing costs	332	(1,796)
Depreciation and amortization	16,334	22,360
Provision for losses on accounts receivable	20,140	43,164
Foreign currency transaction losses, net	47,854	1,977
Impairment charges and losses on disposals of fixed assets	510	67,038
Share-based payment expense	1,610	2,781
Other, net	1,595	1,000
Change in assets and liabilities:		
Accounts receivable	(24,564)	(29,714)
Prepaid value-added taxes	(842)	13,889
Handset and accessory inventory	(1,042)	4,139
Prepaid expenses and other	(23,187)	(1,592)
Other long-term assets	(12,320)	(16,902)
Accrued value-added taxes	11,630	(210)
Other long-term liabilities	23,334	52,978
Accounts payable, accrued expenses, deferred revenues and other	(8,987)	(25,407)
Net cash used in operating activities	<u>(86,981)</u>	<u>(46,437)</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(24,277)	(36,991)
Purchases of investments	(517,896)	(454,223)
Proceeds from sales of investments	500,237	466,680
Change in deposits, net	39,665	30,265
Other, net	(2,729)	(1,985)
Total investing cash (used in) provided by continuing operations	<u>(5,000)</u>	<u>3,746</u>
Total investing cash provided by (used in) discontinued operations	28	(132)
Net cash (used in) provided by investing activities	<u>(4,972)</u>	<u>3,614</u>
<b>Cash flows from financing activities:</b>		
Repayments under equipment financing facility and local bank loans	(1,009)	(42,168)
Repayments under capital leases and other	(3,663)	(2,119)
Payments for costs related to debt amendments	(4,130)	—
Net cash used in financing activities	<u>(8,802)</u>	<u>(44,287)</u>
<b>Effect of exchange rate changes on cash, cash equivalents and restricted cash</b>	<u>(1,740)</u>	<u>185</u>
<b>Net decrease in cash, cash equivalents and restricted cash</b>	<u>(102,495)</u>	<u>(86,925)</u>
<b>Cash, cash equivalents and restricted cash, beginning of period</b>	<u>305,778</u>	<u>422,232</u>
<b>Cash, cash equivalents and restricted cash, end of period</b>	<u>\$ 203,283</u>	<u>\$ 335,307</u>

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



**NII HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Note 1. Basis of Presentation**

**Overview.** 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. Our unaudited condensed consolidated financial statements have been prepared under the rules and regulations of the Securities and Exchange Commission, or the SEC. While these financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements, they reflect all adjustments that, in the opinion of management, are necessary for a fair presentation of the results for interim periods. In addition, the year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States. We refer to our majority-owned Brazilian operating company, Nextel Telecomunicações Ltda., as Nextel Brazil.

You should read these condensed consolidated financial statements in conjunction with the consolidated financial statements and notes contained in our annual report on Form 10-K for the year ended December 31, 2017 and the condensed consolidated financial statements and notes contained in our quarterly report on Form 10-Q for the three months ended March 31, 2018. You should not expect results of operations for interim periods to be an indication of the results for a full year. Our consolidated results from continuing operations in this quarterly report on Form 10-Q include the results of operations of Nextel Brazil and our corporate headquarters.

**Sources of Funding.** The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

As of June 30, 2018, our consolidated sources of funding included \$120.6 million in cash and short-term investments, and \$110.1 million in cash held in escrow to secure our indemnification obligations in connection with the sale of Nextel Mexico. Based on our business plan, we believe our current sources of funding described above will provide us with sufficient liquidity to fund our business through 2019.

Our business plan is based on a number of assumptions, including levels of subscriber turnover that are similar to those we experienced in the first half of 2018 and a decrease in certain costs compared to 2017. In addition, our business plan currently assumes that we will recover substantially all of the amount held in escrow in a timely manner. If our actual results of operations differ from our business plan and/or the ultimate amount recovered from our cash held in escrow does not meet our current forecasted amount or is delayed for a significant period of time, our business could be negatively impacted, and we would need to reevaluate our business plan, obtain additional funding, sell certain assets and/or significantly reduce our planned capital and operational spending to further preserve our liquidity. As a result, we are actively exploring options to obtain additional funding in order to, among other things, reduce our liquidity risk. See Note 5 for more information regarding the status of our recovery of cash held in escrow.

**Partnership Agreement.** On June 5, 2017, we and AINMT Holdings AB, or ice group, an international telecommunications company operating primarily in Norway under the "ice.net" brand, along with certain affiliates of ours and ice group, entered into an investment agreement to partner in the ownership of Nextel Brazil. On July 20, 2017, ice group completed its initial investment of \$50.0 million in Nextel Holdings S. à r.l., or Nextel Holdings, a newly formed subsidiary of NII that indirectly owns Nextel Brazil, in exchange for 30% ownership in Nextel Holdings. In connection with the initial investment, ice group received 50.0 million shares of cumulative preferred voting stock in Nextel Holdings, and we received 116.6 million shares of common stock in this entity. The investment agreement also provided ice group with an option, exercisable on or before November 15, 2017, to invest an additional \$150.0 million in Nextel Holdings for an additional 30% ownership. ice group did not exercise its option, and on February 27, 2018, we terminated the investment agreement. Since we continue to have a controlling interest in Nextel Brazil, we have consolidated this entity and its subsidiaries.

**New Accounting Pronouncements.** In February 2016, the Financial Accounting Standards Board, or the FASB, issued Accounting Standards Update, or 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 have the option to recognize and measure leases either at the beginning of the earliest period presented or at the beginning of the period of adoption using a modified retrospective approach. The modified retrospective approach includes a number of optional

**NII HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

practical expedients that we may elect to apply. We expect that we will record a material amount of lease liabilities as a result of implementing this standard. We expect to utilize the modified retrospective approach and are currently evaluating the additional effects ASU No. 2016-02 will have on our condensed consolidated financial statements.

**Recently Adopted Accounting Pronouncements.** In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers," or Accounting Standards Codification 606, which we refer to as ASC 606. This new pronouncement provides us with a single revenue recognition model for recognizing revenue from contracts with customers and significantly expands the disclosure requirements for revenue arrangements. We implemented ASC 606 on January 1, 2018 using the modified retrospective method. We did not retroactively adjust prior periods. In utilizing the modified retrospective method, we are recognizing the cumulative effect of applying the standard at the date of initial application, and we will continue to disclose the results under both the new and old standards for the remainder of the first year after adoption. See Note 2 for more information surrounding the adoption of ASC 606.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash," or ASU 2016-18, which provides guidance regarding cash flow statement classification and presentation of changes in restricted cash. We implemented this new standard on January 1, 2018. As required, we provided a reconciliation of cash and cash equivalents as presented in our condensed consolidated balance sheets to cash, cash equivalents and restricted cash as presented in our condensed consolidated statements of cash flows for all periods presented in Note 4.

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

**Note 2. Revenue Recognition**

On January 1, 2018, we implemented ASC 606 using the modified retrospective method. The primary change to our revenue recognition policies relates to contracts with customers where the customer purchases a discounted handset in connection with entering into a contract for telecommunications services. In accordance with ASC 606, we allocate revenue between the handset and the service based on relative standalone selling price, or SSP. We recognize revenue when we satisfy a performance obligation by providing services or transferring control of promised handsets and accessories, which are distinct to a customer. We recognize revenue in an amount that reflects the consideration to which we expect to be entitled for those performance obligations.

A description of the principal activities from which Nextel Brazil generates its revenue, as well as the associated policies that govern the way in which we recognize these revenues, is as follows:

**Service and Other Revenues.** Nextel Brazil's wireless service revenues primarily consist of access charges for providing customers with voice, data or messaging services over the contract period. We recognize revenue related to access charges ratably over the contract period. The typical length of our service contracts is 12 months for individual customers and 24 months for corporate customers. We elected the practical expedient to record all revenue net of taxes collected from customers, which are subsequently remitted to governmental authorities.

**Handset and Accessory Revenues.** We recognize handset and accessory revenue when a subscriber takes possession of a device. The transaction price of the handset sold, if any, is billed at the time of sale. Although more than 90% of our subscribers typically purchase services only and acquire a handset separately, the remainder of our subscriber base purchases a handset offered at a discounted price bundled with services. In these types of bundled sales, we allocate a portion of our future service billings to the handset and recognize revenue upon handset delivery at the inception of the contract, which results in a contract asset. We determined that contracts with terms longer than one year that involve the sale of both a handset and related services generally do not include a significant financing component.

**Significant Judgments and Estimates.** Nextel Brazil's subscribers generally enter into service contracts with a commitment period in exchange for discounts on handsets and/or service fees. The penalty applied upon early termination of a contract declines over time in proportion to the remaining commitment period. We concluded that the commitment period should be identical to the contract period since, at any point, the early termination penalty is significant relative to the remaining monthly service fees under the contract.

**NII HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

In cases where a contract includes both a handset and accessories, for which we recognize handset and accessory revenue at a point in time, and services, for which we recognize revenue ratably over time, judgment is required to determine the SSP for each distinct performance obligation in order to allocate consideration properly. We use a range of amounts to estimate SSP when we sell each of the products and services separately.

**Remaining Performance Obligations.** As of June 30, 2018, we have \$293.2 million of remaining performance obligations under open service contracts. For these service contracts, we expect to recognize \$278.7 million in operating revenues in the period from July 1, 2018 through June 30, 2019 and \$14.5 million thereafter.

**Contract Assets and Liabilities.** Contract assets primarily relate to the remaining portion of Nextel Brazil's future service billings allocated to handsets and recognized into revenue upon handset delivery at the inception of the contract. As of June 30, 2018 and January 1, 2018, Nextel Brazil had \$5.0 million and \$5.5 million in total contract assets, respectively, \$4.2 million and \$4.5 million of which we classified as a component of prepaid expenses and other in our condensed consolidated balance sheets for these periods. We transfer contract assets to receivables when Nextel Brazil's right to bill becomes unconditional.

Contract liabilities primarily relate to upfront fees for wireless services for which the services have not yet been provided. As of June 30, 2018 and January 1, 2018, Nextel Brazil had \$2.5 million and \$1.7 million in total contract liabilities, respectively, substantially all of which we classified as a component of accrued expenses and other in our condensed consolidated balance sheet.

The changes to both the contract asset and contract liability balances during the period, which include opening balances amortized into revenue, were not significant.

**Cost to Obtain Contracts with Customers.** We recognize an asset for the incremental costs of obtaining a contract with a customer. These costs include commissions and related costs for sales employees of Nextel Brazil, and commissions payable to our third party distribution channel partners. We amortize these types of costs ratably using the portfolio approach over the estimated customer relationship period, which includes expected future contract renewals. Under the previous accounting standard, we expensed commissions as incurred. As of June 30, 2018 and January 1, 2018, Nextel Brazil had \$39.0 million and \$42.8 million of deferred costs, respectively, related to expenses required to obtain a contract. Of these total deferred costs, as of June 30, 2018 and January 1, 2018, we recorded \$19.6 million and \$16.3 million, respectively, as a component of prepaid expenses and other and the remaining \$19.4 million and \$26.5 million, respectively, as a component of other assets in our condensed consolidated balance sheet. In addition, Nextel Brazil recorded \$4.3 million and \$8.4 million, respectively, in total commissions expense during the three and six months ended June 30, 2018 as a component of selling, general and administrative expenses in our condensed consolidated statement of comprehensive loss.

**Adoption Impact.** Following is a comparison of our reported results of operations for the three and six months ended June 30, 2018 compared to amounts that we would have reported had we not adopted ASC 606 (in thousands):

**NII HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

	<b>Three Months Ended June 30, 2018</b>		
	<b>As Reported With ASC 606</b>	<b>Without ASC 606</b>	<b>Impact</b>
<b>Operating revenues</b>			
Service and other revenues	\$ 150,809	\$ 155,762	\$ (4,953)
Handset and accessory revenues	5,201	3,177	2,024
	156,010	158,939	(2,929)
<b>Operating expenses</b>			
Cost of service (exclusive of depreciation and amortization included below)	69,939	69,939	—
Cost of handsets and accessories	7,015	7,015	—
Selling, general and administrative	79,269	83,133	(3,864)
Impairment, restructuring and other charges, net	11,722	11,722	—
Depreciation	4,463	4,463	—
Amortization	3,447	3,447	—
	175,855	179,719	(3,864)
<b>Operating loss</b>	<b>\$ (19,845)</b>	<b>\$ (20,780)</b>	<b>\$ 935</b>
<b>Net loss</b>	<b>\$ (98,841)</b>	<b>\$ (99,776)</b>	<b>\$ 935</b>

	<b>Six Months Ended June 30, 2018</b>		
	<b>As Reported With ASC 606</b>	<b>Without ASC 606</b>	<b>Impact</b>
<b>Operating revenues</b>			
Service and other revenues	\$ 326,781	\$ 336,562	\$ (9,781)
Handset and accessory revenues	10,242	7,862	2,380
	337,023	344,424	(7,401)
<b>Operating expenses</b>			
Cost of service (exclusive of depreciation and amortization included below)	158,863	158,863	—
Cost of handsets and accessories	16,080	16,080	—
Selling, general and administrative	170,155	180,558	(10,403)
Impairment, restructuring and other charges, net	9,897	9,897	—
Depreciation	9,296	9,296	—
Amortization	7,038	7,038	—
	371,329	381,732	(10,403)
<b>Operating loss</b>	<b>\$ (34,306)</b>	<b>\$ (37,308)</b>	<b>\$ 3,002</b>
<b>Net loss</b>	<b>\$ (142,161)</b>	<b>\$ (145,163)</b>	<b>\$ 3,002</b>

Without the adoption of ASC 606 on January 1, 2018, our basic and diluted net loss from continuing operations per common share would have been \$0.01 and \$0.03 lower for the three and six months ended June 30, 2018.

**Components of Transition Adjustment.** As of January 1, 2018, the cumulative impact of the implementation of ASC 606 included the recognition of contract assets and liabilities, as well as the capitalization of costs to obtain contracts with customers. In total, these effects resulted in a cumulative adjustment on January 1, 2018 that was comprised of a \$21.2 million increase to prepaid expenses and other, a \$26.8 million increase to other assets, a \$1.1 million increase to accrued expenses and other and a \$1.8 million decrease to other long-term liabilities.

**NII HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Note 3. Impairment, Restructuring and Other Charges**

*Asset Impairments.*

During the first quarter of 2017, we reviewed our Nextel Brazil segment for potential impairment and determined that, as a result of the continued decline in share price, the carrying value of this segment was not fully recoverable. As a result, we recorded a non-cash asset impairment charge of \$66.0 million 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 and allocated the impairment charges on a pro rata basis between property, plant and equipment and spectrum licenses.

*Restructuring Charges.*

During the three and six months ended June 30, 2018, Nextel Brazil recognized \$11.9 million and \$22.8 million in restructuring costs, respectively, the majority of which related to future lease costs for approximately 200 iDEN-related transmitter and receiver sites, and a change in the scope of Nextel Brazil's radio access network, or RAN, sharing implementation. During the three and six months ended June 30, 2017, Nextel Brazil recognized \$49.3 million and \$52.6 million in restructuring costs, respectively, the majority of which related to future lease costs for approximately 1,000 transmitter and receiver sites in low-usage areas in connection with Nextel Brazil's RAN sharing agreement. In addition, during the second quarter of 2017, Nextel Brazil recognized \$4.4 million in severance and other related costs resulting from the separation of certain executive level employees.

In an effort to further reduce costs, in the first quarter of 2018, Nextel Brazil entered into arrangements with certain of its tower lessors for the right to exchange approximately 600 unused transmitter and receiver sites for other sites. During the first quarter of 2018, we identified approximately 250 transmitter and receiver sites that we plan to exchange pursuant to these arrangements, 200 of which were completed during the second quarter of 2018. As a result, Nextel Brazil reversed \$13.7 million in previously accrued restructuring charges.

Total impairment, restructuring and other charges, net for the three and six months ended June 30, 2018 and 2017 were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Brazil	\$ 11,691	\$ 53,938	\$ 9,545	\$ 125,631
Corporate	31	297	352	543
Total impairment, restructuring and other charges, net	\$ 11,722	\$ 54,235	\$ 9,897	\$ 126,174

As of June 30, 2018, total accrued restructuring charges were as follows (in thousands):

<b>Balance, December 31, 2017</b>	\$ 109,771
Restructuring charges, net	9,413
Cash payments and other	(18,611)
Foreign currency translation adjustment	(13,495)
<b>Balance, June 30, 2018</b>	<b>\$ 87,078</b>

**NII HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**Note 4. Supplemental Financial Statement Information**

***Restricted Cash.***

In November 2016, the FASB issued ASU 2016-18, which requires condensed consolidated statements of cash flows to explain the change in restricted cash and restricted cash equivalents, in addition to the change in cash and cash equivalents as previously required. We adopted this ASU on January 1, 2018. As a result of this adoption, the cash and cash equivalents balances in our condensed consolidated statements of cash flows now include restricted cash of \$112.4 million as of June 30, 2018, \$111.9 million as of December 31, 2017, \$115.8 million as of June 30, 2017 and \$164.9 million as of December 31, 2016. Our restricted cash relates to cash held in escrow in connection with the sale of Nextel Mexico and certain judicial deposits of cash in Brazil related to litigation involving tax and other matters. A reconciliation from cash and cash equivalents as presented in our condensed consolidated balance sheets to cash, cash equivalents and restricted cash as reported in our condensed consolidated statements of cash flows is as follows:

	<b>June 30, 2018</b>	<b>December 31, 2017</b>
	<b>(in thousands)</b>	
Cash and cash equivalents	\$ 90,893	\$ 193,888
Cash in escrow (included in prepaid expenses and other)	110,052	110,024
Other (included in other assets)	2,338	1,866
Cash, cash equivalents and restricted cash	<u>\$ 203,283</u>	<u>\$ 305,778</u>

***Prepaid Expenses and Other.***

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

	<b>June 30, 2018</b>	<b>December 31, 2017</b>
	<b>(in thousands)</b>	
Cash in escrow	\$ 110,052	\$ 110,024
Brazil judicial deposits	51,297	43,648
Value-added taxes	25,332	27,635
Cash collateral related to performance bonds	618	50,340
Other prepaid expenses	30,661	14,231
Other current assets	11,397	8,583
	<u>\$ 229,357</u>	<u>\$ 254,461</u>

**NII HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

***Property, Plant and Equipment, Net.***

During the three and six months ended June 30, 2018 and 2017, we capitalized immaterial amounts of interest. The components of our property, plant and equipment, net are as follows:

	June 30, 2018	December 31, 2017
	(in thousands)	
Land	\$ 419	\$ 489
Building and leasehold improvements	739	935
Network equipment, communication towers and network software	81,604	82,493
Software, office equipment, furniture and fixtures and other	25,190	22,498
Less: Accumulated depreciation and amortization	(18,144)	(11,461)
	89,808	94,954
Construction in progress	22,673	22,308
	<u>\$ 112,481</u>	<u>\$ 117,262</u>

***Intangible Assets, Net.***

Our intangible assets include the following:

	Average Useful Life (Years)	June 30, 2018			December 31, 2017		
		Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
(in thousands)							
<b>Amortizable intangible assets:</b>							
Licenses	26	\$ 172,907	\$ (7,856)	\$ 165,051	\$ 189,920	\$ (5,426)	\$ 184,494
Customer relationships	4	13,126	(7,292)	5,834	15,300	(5,100)	10,200
		<u>\$ 186,033</u>	<u>\$ (15,148)</u>	<u>\$ 170,885</u>	<u>\$ 205,220</u>	<u>\$ (10,526)</u>	<u>\$ 194,694</u>

Based on the carrying amount of our intangible assets as of June 30, 2018 and current exchange rates, we estimate amortization expense for each of the next five years ending December 31 to be as follows (in thousands):

<u>Years</u>	<u>Estimated Amortization Expense</u>
2018	\$ 13,461
2019	9,929
2020	7,012
2021	7,012
2022	7,012

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.

**NII HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

***Other Assets.***

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

	June 30, 2018	December 31, 2017
	(in thousands)	
Brazil judicial deposits	\$ 114,756	\$ 110,758
Cash collateral related to contingencies	54,455	55,027
Other	64,535	52,419
	<u>\$ 233,746</u>	<u>\$ 218,204</u>

***Accrued Expenses and Other.***

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

	June 30, 2018	December 31, 2017
	(in thousands)	
Contingencies	\$ 72,445	\$ 78,006
Network system and information technology expenses	53,176	48,702
Non-income based taxes	35,947	30,044
Payroll related items and commissions	20,326	32,613
Other	91,557	118,764
	<u>\$ 273,451</u>	<u>\$ 308,129</u>

***Other Long-Term Liabilities.***

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

	June 30, 2018	December 31, 2017
	(in thousands)	
Non-current withholding taxes	\$ 74,061	\$ 67,356
Accrued lease terminations and other restructuring charges	73,770	92,463
Other	76,641	61,106
	<u>\$ 224,472</u>	<u>\$ 220,925</u>

**NII HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Accumulated Other Comprehensive Loss.** As of June 30, 2018 and December 31, 2017, the tax impact on our accumulated other comprehensive loss was not material. In addition, as of June 30, 2018 and December 31, 2017, all of our accumulated other comprehensive loss represented cumulative foreign currency translation adjustment.

**Supplemental Cash Flow Information.**

	Six Months Ended June 30,	
	2018	2017
(in thousands)		
<b>Capital expenditures</b>		
Cash paid for capital expenditures, including capitalized interest on property, plant and equipment	\$ 24,277	\$ 36,991
Change in capital expenditures accrued and unpaid or financed, including interest capitalized	(1,172)	(18,552)
	<u>\$ 23,105</u>	<u>\$ 18,439</u>

We did not have any significant non-cash investing or financing activities during the six months ended June 30, 2018 and 2017.

**Revenue-Based Taxes.** Prior to the implementation of ASC 606, we recorded certain revenue-based taxes on a gross basis. For the three and six months ended June 30, 2017, we recognized \$6.9 million and \$17.0 million, respectively, in revenue-based taxes as a component of both service and other revenues and selling, general and administrative expenses in our condensed consolidated statement of comprehensive loss. As a result of the adoption of ASC 606, we now record all revenue net of taxes collected from customers. If we had not implemented ASC 606 on January 1, 2018, we would have recognized an additional \$4.0 million and \$8.7 million, respectively, in revenue-based taxes as a component of both service and other revenues and selling, general and administrative expenses in our condensed consolidated statement of comprehensive loss during the three and six months ended June 30, 2018.

**Diluted Net Loss Per Common Share.** As presented for the three and six months ended June 30, 2018 and 2017, our calculation of diluted net loss from continuing operations per common share is based on the weighted average number of common shares outstanding during those periods and does not include other potential common shares, including shares issuable upon the potential exercise of stock options under our stock-based employee compensation plans or restricted common shares issued under those plans since their effect would have been antidilutive.

For the three and six months ended June 30, 2018, we did not include 3.4 million stock options in our calculation of diluted net loss from continuing operations per common share because their effect would have been antidilutive. In addition, for the three and six months ended June 30, 2018, we did not include 0.5 million and 0.3 million restricted common shares, respectively, in our calculation of diluted net loss from continuing operations per common share because their effect would have been antidilutive. For both the three and six months ended June 30, 2017, we did not include 3.6 million and 3.5 million stock options, respectively, in our calculation of diluted net loss from continuing operations per common share because their effect would have been antidilutive. In addition, for the three and six months ended June 30, 2017, we did not include 0.3 million and 0.4 million restricted common shares, respectively, in our calculation of diluted net loss from continuing operations per common share because their effect would have been antidilutive.

**NII HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Note 5. Discontinued Operations**

**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. In 2016, we paid \$4.0 million, plus interest, out of escrow to settle an indemnification claim. As of June 30, 2018, \$73.5 million of the cash held in escrow has been released to us and \$110.1 million, which includes interest, remains deposited in escrow related to certain potential tax indemnity claims made by New Cingular Wireless. While we are required to continue to indemnify New Cingular Wireless for any valid claims that arise in the future, New Cingular Wireless is not permitted to make any additional claims against the escrow account.

The potential tax indemnity claims submitted by New Cingular Wireless purport to relate to various ongoing tax audits by the Mexican tax authorities for the years 2010 through 2014. Of the total potential tax claims, \$12.2 million relates to actual assessments that Nextel Mexico has received. The remaining amounts relate to unassessed matters. New Cingular Wireless' claims include \$35.5 million related to the tax audit of Nextel Mexico's income tax return for 2010 and \$36.9 million related to the tax audit of Nextel Mexico's income tax return for 2011. The remaining \$37.6 million of potential tax claims relates primarily to non-income tax-based audits for the years 2011 through 2014.

During July 2018, the tax audits related to Nextel Mexico's income tax returns for the years 2010 and 2011 were finalized, and we filed amended tax returns. We settled the tax liabilities associated with these tax audits utilizing existing tax credits, with the exception of \$4.0 million that we paid utilizing cash held in escrow. As a result, of the \$72.4 million in combined claims relating to the tax audits of the years 2010 and 2011, we have requested that New Cingular Wireless agree to the immediate release of \$68.3 million from escrow. New Cingular Wireless has disagreed with our interpretation of the escrow and purchase agreements related to the timing of release requirements for escrowed funds. This difference of interpretation could result in a delay of the release of the remaining amount of cash in escrow. We are continuing to work with the Mexican tax authorities to settle the open non-income tax-based audits and accelerate the release of the remaining escrow.

There can be no assurance as to the outcome of the foregoing tax audits or indemnity claims.

**Note 6. Debt**

The components of our debt are as follows:

	June 30, 2018	December 31, 2017
	(in thousands)	
Brazil equipment financing facility	\$ 238,228	\$ 242,883
Brazil bank loans	170,831	200,567
Brazil spectrum financing	104,578	122,044
Brazil capital lease and tower financing obligations	74,701	90,213
<b>Total debt</b>	<b>588,338</b>	<b>655,707</b>
Less: current portion	(3,899)	(7,990)
	<b>\$ 584,439</b>	<b>\$ 647,717</b>

**NII HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Amendments to Equipment Financing Facility and Bank Loans.** In October 2017, Nextel Brazil entered into an amended and restated equipment financing facility and sixth amendments to its two bank loans with Brazilian lenders. In January 2018, we received final approval for the amended and restated equipment financing facility, at which point all of these amendments became effective. We accounted for these amendments as a non-substantial modification of debt and capitalized \$6.1 million of financing costs that will be amortized over the new term of the loans. As a result of the amendments, the material financing terms in all three facilities were aligned. Among other changes, loans under these agreements have a 48-month grace period from January 2018 for material repayments, a 50-month material repayment term that begins in January 2022 and a final maturity of January 2026 for Nextel Brazil's bank loans and February 2026 for Nextel Brazil's equipment financing facility. These amendments also provide for a holiday for certain financial covenant compliance, including the net debt financial covenant, until June 30, 2020. In connection with these amendments, Nextel Brazil granted additional security interests to each of its lenders in the form of preferential rights to amounts held in certain of Nextel Brazil's bank accounts and pledged incremental equipment and property to these lenders. In addition, Nextel Brazil will be subject to monthly minimum cash and minimum receivable requirements. Nextel Holdings and certain of its subsidiaries have agreed to make equity contributions to Nextel Brazil over the next 48 months. As of June 30, 2018, Nextel Brazil had \$244.0 million in principal amount outstanding under its equipment financing facility and \$170.5 million in principal amount outstanding under its bank loans.

**Note 7. Fair Value Measurements**

**Financial Instruments.**

**Available-for-Sale Securities.**

As of June 30, 2018 and December 31, 2017, available-for-sale securities held by Nextel Brazil included \$29.7 million and \$16.7 million, respectively, in investment funds. These funds invest primarily in Brazilian government bonds and long-term bank certificates of deposit. During the three and six months ended June 30, 2018 and 2017, 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 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.

**Debt Instruments.**

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

	June 30, 2018		December 31, 2017	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(in thousands)			
Brazil equipment financing	\$ 238,228	\$ 240,100	\$ 242,883	\$ 237,958
Brazil bank loans and other	170,831	115,492	200,567	144,312
Brazil spectrum financing	104,578	117,082	122,044	128,225
	\$ 513,637	\$ 472,674	\$ 565,494	\$ 510,495

We estimated the fair value of Nextel Brazil's bank loans, equipment financing and spectrum financing 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 these fair value measurements to be Level 3 in the fair value hierarchy.

**Other Financial Instruments.**

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

**NII HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Note 8. Contingencies**

*Contingencies.*

Nextel Brazil has received various assessment notices from municipal, state and federal Brazilian authorities asserting deficiencies in payments related primarily to value-added taxes 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. In connection with these petitions, Nextel Brazil is regularly required to make a judicial guarantee through a deposit of cash to cover the amount in dispute in order to file and/or appeal claims. As of June 30, 2018 and December 31, 2017, Nextel Brazil also had contingencies related to certain consumer, contract and labor-related matters, some of which are secured by judicial guarantees. Even in cases where there is no probable loss, Nextel Brazil may in the future be subject to litigation involving tax and other matters requiring material judicial deposits of cash that will not be released until the pending matter is resolved.

As of June 30, 2018 and December 31, 2017, Nextel Brazil had accrued liabilities of \$84.5 million and \$81.2 million, respectively, related to contingencies, of which \$7.6 million and \$7.4 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 \$720.0 million as of June 30, 2018. We continue 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.

**Note 9. Income Taxes**

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. In 2017, we maintained 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 such as the recent history of cumulative losses and the projected losses for the remainder of 2018 and subsequent years. We maintained this same valuation allowance position through the second quarter of 2018.

**Note 10. Segment Reporting**

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 operating segment.

**NII HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

	Nextel Brazil	Corporate	Consolidated
	(in thousands)		
<b>Three Months Ended June 30, 2018</b>			
Operating revenues	\$ 156,009	\$ 1	\$ 156,010
Segment earnings (losses)	\$ 3,675	\$ (3,888)	\$ (213)
Less:			
Impairment, restructuring and other charges, net			(11,722)
Depreciation and amortization			(7,910)
Foreign currency transaction losses, net			(46,666)
Interest expense and other, net			(29,668)
Loss from continuing operations before income tax benefit			\$ (96,179)
Capital expenditures	\$ 14,814	\$ —	\$ 14,814
<b>Three Months Ended June 30, 2017</b>			
Operating revenues	\$ 225,105	\$ 29	\$ 225,134
Segment earnings (losses)	\$ 3,080	\$ (8,441)	\$ (5,361)
Less:			
Impairment, restructuring and other charges, net			(54,235)
Depreciation and amortization			(9,335)
Foreign currency transaction losses, net			(13,352)
Interest expense and other, net			(10,962)
Loss from continuing operations before income tax benefit			\$ (93,245)
Capital expenditures	\$ 8,988	\$ —	\$ 8,988
<b>Six Months Ended June 30, 2018</b>			
Operating revenues	\$ 337,001	\$ 22	\$ 337,023
Segment earnings (losses)	\$ 75	\$ (8,150)	\$ (8,075)
Less:			
Impairment, restructuring and other charges, net			(9,897)
Depreciation and amortization			(16,334)
Foreign currency transaction losses, net			(47,854)
Interest expense and other, net			(57,218)
Loss from continuing operations before income tax benefit			\$ (139,378)
Capital expenditures	\$ 23,105	\$ —	\$ 23,105
<b>Six Months Ended June 30, 2017</b>			
Operating revenues	\$ 476,030	\$ 59	\$ 476,089
Segment earnings (losses)	\$ 15,453	\$ (15,699)	\$ (246)
Less:			
Impairment, restructuring and other charges, net			(126,174)
Depreciation and amortization			(22,360)
Foreign currency transaction losses, net			(1,977)
Interest expense and other, net			(35,163)
Loss from continuing operations before income tax benefit			\$ (185,920)
Capital expenditures	\$ 18,439	\$ —	\$ 18,439
<b>June 30, 2018</b>			
Identifiable assets	\$ 827,023	\$ 138,975	\$ 965,998
<b>December 31, 2017</b>			
Identifiable assets	\$ 957,495	\$ 147,603	\$ 1,105,098

**Item 2. 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**

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## Introduction

The following is a discussion and analysis of:

- our consolidated financial condition as of June 30, 2018 and December 31, 2017 and our consolidated results of operations for the three- and six-month periods ended June 30, 2018 and 2017; and
- significant factors that we believe could affect our prospective financial condition and results of operations.

You should read this discussion in conjunction with our 2017 annual report on Form 10-K, including, but not limited to, the discussion regarding our critical accounting policies and estimates, as described below. Historical results may not indicate future performance. See "Forward-Looking and Cautionary Statements" and "Item 1A. — Risk Factors" in our 2017 annual report on Form 10-K for risks and uncertainties that may impact our future performance. We refer to our remaining operating company as Nextel 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 there is a concentration of Brazil's population and economic activity, including primarily Rio de Janeiro and São Paulo. Nextel Brazil operates a wideband code division multiple access, or WCDMA, network, which has been upgraded to offer long-term evolution, or LTE, services in certain areas. Nextel Brazil's network enables us to offer a wide range of products and services supported by that technology. We are also a party to a roaming agreement that allows us to offer our subscribers nationwide voice and data services outside of our network's footprint. Our target market is 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 network.

The services we currently offer include:

- mobile telephone voice and wireless data services;
- international voice and data roaming services;
- application-based radio connection; and
- value-added services, including sports, music and entertainment streaming capabilities; online education; and access to national and international WiFi hotspot networks.

In the last several years, Nextel Brazil has experienced iDEN subscriber losses and overall declines in its iDEN service revenue. In response to continued subscriber losses on its iDEN network, in September 2017, Nextel Brazil decided to wind down its iDEN operations with a target to cease all iDEN services by mid-2018. After migrating some customers to its WCDMA network, Nextel Brazil disconnected all of its remaining iDEN subscribers at the end of the second quarter of 2018 when the iDEN network was shut down.

The majority of our subscribers purchase services from us by acquiring subscriber identity module, or SIM, cards from us separately, and using these SIM cards in handsets that they acquire from other sources. As of June 30, 2018, Nextel Brazil had about 3.121 million total subscriber units in commercial service, which we estimate to be about 4% 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 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:

- offering a unique and superior customer-centric experience, including a reliable and high quality wireless network and rate plan flexibility;
- continuing to implement cost reduction strategies and redesigning our network architecture in order to lower cash costs per user, outweigh scale disadvantages, create an agile organization and improve overall profitability;
- focusing on higher value customer segments that generate higher ARPU and lower subscriber turnover; and
- building on the strength of the unique positioning of the Nextel brand.

In recent years, we have implemented changes in our business to better align our organization and costs with our operational and financial results. These changes have included a transition to lower cost subscriber acquisition channels, initiatives to reduce operating costs, including headcount reductions, and projects designed to improve operational and capital expenditure efficiencies in Brazil, all of which were intended to reduce costs while maintaining the support necessary to meet our subscribers' needs.

For the six months ended June 30, 2018, our WCDMA subscriber turnover levels were lower than last year, resulting in positive net WCDMA subscriber additions. We expect that, if we can continue to maintain similar turnover levels and grow our WCDMA subscriber base, we will be able to generate higher revenues in the future. We will also continue to focus on opportunities to reduce operating expenses through operational improvements and cost reductions to preserve our liquidity. See “*Liquidity and Capital Resources*” and “*Future Capital Needs and Resources*” for more information. While we are focused on effectively managing our business, we are also considering potential strategic alternatives with third parties involving Nextel Brazil. There can be no assurances that any such transaction will materialize or result in value to our stockholders at or above our current or future trading market value.

Additionally, effective in January 2018, we entered into amendments to Nextel Brazil's equipment financing facility and two bank loans, which aligned the material financing terms in all three facilities. Among other changes, these amendments provide for the deferral of substantially all principal payments for the first 48 months from the date of effectiveness, an extension of the loan maturity dates to 98 months from the date of effectiveness, and a holiday for certain financial covenant compliance, including the net debt financial covenant, until June 30, 2020.

*Partnership Agreement.* On June 5, 2017, we and ice group, an international telecommunications company operating primarily in Norway under the “ice.net” brand, along with certain affiliates of ours and ice group, entered into an investment agreement to partner in the ownership of Nextel Brazil. On July 20, 2017, ice group completed its initial investment of \$50.0 million in Nextel Holdings S.à r.l., or Nextel Holdings, a newly formed subsidiary of NII that indirectly owns Nextel Brazil, in exchange for 30% ownership in Nextel Holdings. In connection with the initial investment, ice group received 50.0 million shares of cumulative preferred voting stock in Nextel Holdings, and we received 116.6 million shares of common stock in this entity. The investment agreement also provided ice group with an option, exercisable on or before November 15, 2017, to invest an additional \$150.0 million in Nextel Holdings for an additional 30% ownership. ice group did not exercise its option, and on February 27, 2018, we terminated the investment agreement. Since we continue to have a controlling interest in Nextel Brazil, we have consolidated this entity and its subsidiaries.

### **Critical Accounting Policies and Estimates**

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities in our condensed consolidated financial statements and accompanying notes. Although we believe that our estimates, assumptions and judgments are reasonable, they are based on presently available information. Due to the inherent uncertainty involved in making those estimates, actual results reported in future periods could differ from those estimates.

As described in more detail in our 2017 annual report on Form 10-K under “Management's Discussion and Analysis of Financial Condition and Results of Operations,” we consider the following accounting policies to be the most important to our financial position and results of operations or policies that require us to exercise significant judgment and/or estimates:

- revenue recognition;
- allowance for doubtful accounts;
- depreciation of property, plant and equipment;
- amortization of intangible assets;
- valuation of long-lived assets;
- foreign currency;
- loss contingencies; and
- income taxes.

**Change to Revenue Recognition Accounting Policy.** As a result of the implementation of Accounting Standards Codification, or ASC, No. 606, or ASC 606, beginning January 1, 2018, we allocate revenue between the handset and the service based on relative standalone selling price, or SSP. We recognize revenue when we satisfy a performance obligation by providing services or transferring control of promised handsets and accessories, which are distinct to a customer. We recognize revenue in an amount that reflects the consideration to which we expect to be entitled for those performance obligations.

We recognize revenue related to access charges ratably over the contract period and net of taxes collected from customers. We recognize handset and accessory revenue when a subscriber takes possession of a device. The transaction price of the handset sold, if any, is billed at the time of sale. Although more than 90% of our subscribers typically purchase services only and acquire a handset separately, the remainder of our subscriber base purchases a handset offered at a discounted price bundled with services. In these types of bundled sales, we allocate a portion of our future service billings to the handset and recognize revenue upon handset delivery at the inception of the contract. We determined that contracts with terms longer than one year that involve the sale of both a handset and related services generally do not include a significant financing component.

Other than these changes to our revenue recognition policy, there have been no material changes to our critical accounting policies and estimates during the six months ended June 30, 2018.

## Results of Operations

In accordance with accounting principles generally accepted in the U.S., we translated the results of operations of our Brazilian operating segment into U.S. dollars using the average foreign currency exchange rates for the applicable period. The following table presents the average foreign currency exchange rates we used to translate Nextel Brazil's results of operations, as well as changes from the average foreign currency exchange rates utilized in the prior period.

	Three Months Ended June 30,		Actual Percent Change From Prior Year
	2018	2017	
Brazilian real	3.63	3.21	(13)%

  

	Six Months Ended June 30,		Actual Percent Change From Prior Year
	2018	2017	
Brazilian real	3.44	3.17	(9)%

The following table presents the foreign currency exchange rates in effect at the end of each of the quarters in 2017, as well as at the end of the first and second quarters of 2018.

	2017				2018	
	March	June	September	December	March	June
Brazilian real	3.13	3.31	3.17	3.31	3.32	3.86

The percentage amounts presented in the "Actual Change from Previous Year" and the "Constant Currency Change from Previous Year" columns in the tables below reflect the positive (better, or B,) or negative (worse, or W,) growth rates for each of the line items. In addition, to provide better transparency into Nextel Brazil's results of operations, 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 three and six months ended June 30, 2017 to amounts that would have resulted if the average foreign currency exchange rate for the three and six months ended June 30, 2017 was the same as the average foreign currency exchange rate that was in effect for the three and six months ended June 30, 2018; and (ii) by comparing the constant currency financial measures for the three and six months ended June 30, 2017 to the actual financial measures for the three and six months ended June 30, 2018. This constant currency comparison applies consistent exchange rates to the operating revenues earned in Brazilian reais and to the other components of segment earnings for the three and six months ended June 30, 2017. 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.

a. Consolidated

	June 30, 2018	June 30, 2017	Actual Change from Previous Year		Constant Currency Change from Previous Year
			Dollars	B(W) Change	B(W) Change
(dollars in thousands)					
<b>Three Months Ended</b>					
Brazil segment earnings	3,675	3,080	595	19 %	35 %
Corporate segment losses	(3,888)	(8,441)	4,553	54 %	54 %
Consolidated segment losses	(213)	(5,361)	5,148	96 %	96 %
Impairment, restructuring and other charges, net	(11,722)	(54,235)	42,513	78 %	76 %
Depreciation and amortization	(7,910)	(9,335)	1,425	15 %	4 %
Operating loss	(19,845)	(68,931)	49,086	71 %	70 %
Interest expense, net	(28,010)	(26,405)	(1,605)	(6)%	(31)%
Interest income	1,593	7,808	(6,215)	(80)%	(77)%
Foreign currency transaction losses, net	(46,666)	(13,352)	(33,314)	(250)%	(296)%
Other (expense) income, net	(3,251)	7,635	(10,886)	(143)%	(148)%
Loss from continuing operations before income tax benefit	(96,179)	(93,245)	(2,934)	(3)%	(12)%
Income tax benefit	—	5,778	(5,778)	(100)%	(100)%
Net loss from continuing operations	(96,179)	(87,467)	(8,712)	(10)%	(20)%
(Loss) income from discontinued operations, net of income taxes	(2,662)	2,697	(5,359)	(199)%	(199)%
Net loss	(98,841)	(84,770)	(14,071)	(17)%	(27)%
Net loss attributable to noncontrolling interest	(27,709)	—	(27,709)	NM	NM
Net loss attributable to NII Holdings	\$ (71,132)	\$ (84,770)	\$ 13,638	16 %	8 %
<b>Six Months Ended</b>					
Brazil segment earnings	75	15,453	(15,378)	(100)%	(99)%
Corporate segment losses	(8,150)	(15,699)	7,549	48 %	48 %
Consolidated segment losses	(8,075)	(246)	(7,829)	NM	NM
Impairment, restructuring and other charges, net	(9,897)	(126,174)	116,277	92 %	91 %
Depreciation and amortization	(16,334)	(22,360)	6,026	27 %	21 %
Operating loss	(34,306)	(148,780)	114,474	77 %	76 %
Interest expense, net	(54,616)	(57,967)	3,351	6 %	(8)%
Interest income	6,979	16,944	(9,965)	(59)%	(55)%
Foreign currency transaction losses, net	(47,854)	(1,977)	(45,877)	NM	NM
Other (expense) income, net	(9,581)	5,860	(15,441)	(263)%	(276)%
Loss from continuing operations before income tax benefit	(139,378)	(185,920)	46,542	25 %	19 %
Income tax benefit	—	5,778	(5,778)	(100)%	(100)%
Net loss from continuing operations	(139,378)	(180,142)	40,764	23 %	17 %
(Loss) income from discontinued operations, net of income taxes	(2,783)	2,659	(5,442)	(205)%	(205)%
Net loss	(142,161)	(177,483)	35,322	20 %	14 %
Net loss attributable to noncontrolling interest	(39,315)	—	(39,315)	NM	NM
Net loss attributable to NII Holdings	\$ (102,846)	\$ (177,483)	\$ 74,637	42 %	38 %

NM-Not Meaningful

We define segment losses as operating loss before depreciation, amortization and impairment, restructuring and other charges. We recognized consolidated segment losses of \$0.2 million and \$8.1 million during the three and six months ended June 30, 2018 compared to consolidated segment losses of \$5.4 million and \$0.2 million during the same periods in 2017. 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, net

Consolidated impairment, restructuring and other charges, net recognized during the three and six months ended June 30, 2018 primarily consisted of \$11.9 million and \$22.8 million, respectively, in restructuring costs, the majority of which related to future lease costs for approximately 200 iDEN-related transmitter and receiver sites, and a change in the scope of Nextel Brazil's radio access network, or RAN, sharing implementation. Consolidated impairment, restructuring and other charges, net for the six months ended June 30, 2018 were partially offset by the reversal of \$13.7 million in previously accrued restructuring charges that occurred in the first quarter of 2018 related to approximately 250 transmitter and receiver sites that Nextel Brazil has identified as sites that it plans to exchange with certain of its tower lessors.

Consolidated impairment, restructuring and other charges, net recognized in the three and six months ended June 30, 2017 included \$49.3 million and \$52.6 million in restructuring costs, respectively, most of which related to future lease costs for certain transmitter and receiver sites that are no longer required in Nextel Brazil's business and \$4.4 million in severance and other related costs resulting from the separation of certain executive level employees in Brazil. Consolidated impairment, restructuring and other charges, net recognized in the six months ended June 30, 2017 also included a \$66.0 million non-cash asset impairment charge to reduce the carrying values of Nextel Brazil's long-lived assets to their respective fair values.

2. Foreign currency transaction losses, net

Consolidated foreign currency transaction losses of \$46.7 million and \$47.9 million recognized in the three and six months ended June 30, 2018 were primarily the result of the impact of the depreciation in the value of the Brazilian real relative to the U.S. dollar during those periods on Nextel Brazil's U.S. dollar-denominated net liabilities.

b. Nextel Brazil

	June 30, 2018	% of Nextel Brazil's Operating Revenues	June 30, 2017	% of Nextel Brazil's Operating Revenues	Actual Change from Previous Year		Constant Currency Change from Previous Year
					Dollars	B(W) Change	B(W) Change
(dollars in thousands)							
<b>Three Months Ended</b>							
Service and other revenues	\$ 150,808	97 %	\$ 220,050	98 %	\$ (69,242)	(31)%	(22)%
Handset and accessory revenues	5,201	3 %	5,055	2 %	146	3 %	16 %
Cost of handsets and accessories	(7,015)	(4)%	(13,041)	(6)%	6,026	46 %	39 %
Handset and accessory net subsidy	(1,814)	(1)%	(7,986)	(4)%	6,172	77 %	74 %
Cost of service (exclusive of depreciation and amortization)	(69,939)	(45)%	(87,842)	(39)%	17,903	20 %	10 %
Selling and marketing expenses	(18,679)	(12)%	(23,384)	(10)%	4,705	20 %	10 %
General and administrative expenses	(56,701)	(37)%	(97,758)	(44)%	41,057	42 %	34 %
Segment earnings	\$ 3,675	2 %	\$ 3,080	1 %	\$ 595	19 %	35 %
<b>Six Months Ended</b>							
Service and other revenues	\$ 326,759	97 %	\$ 463,513	97 %	\$ (136,754)	(30)%	(23)%
Handset and accessory revenues	10,242	3 %	12,517	3 %	(2,275)	(18)%	(11)%
Cost of handsets and accessories	(16,080)	(5)%	(21,707)	(5)%	5,627	26 %	20 %
Handset and accessory net subsidy	(5,838)	(2)%	(9,190)	(2)%	3,352	36 %	31 %
Cost of service (exclusive of depreciation and amortization)	(158,863)	(47)%	(190,550)	(40)%	31,687	17 %	10 %
Selling and marketing expenses	(39,910)	(12)%	(50,568)	(11)%	10,658	21 %	14 %
General and administrative expenses	(122,073)	(36)%	(197,752)	(41)%	75,679	38 %	33 %
Segment earnings	\$ 75	—	\$ 15,453	3 %	\$ (15,378)	(100)%	(99)%

The average value of the Brazilian real depreciated relative to the U.S. dollar during the three and six months ended June 30, 2018 by 13% and 9% compared to the average value that prevailed during the three and six months ended June 30, 2017. As a result, the components of Nextel Brazil's results of operations for the three and six months ended June 30, 2018, 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. To the extent the value of the Brazilian real depreciates further 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 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 2017 and for the first and second quarters of 2018. We calculate subscriber turnover by dividing subscriber deactivations for the period by the average number of subscriber units during that period.

	Three Months Ended					
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018
	(subscribers in thousands)					
iDEN subscriber units	822.7	686.3	563.3	449.7	349.6	230.4
WCDMA subscriber units	2,815.2	2,874.6	2,864.8	2,845.8	2,896.1	3,023.8
<b>Total subscriber units in commercial service — beginning of period</b>	<b>3,637.9</b>	<b>3,560.9</b>	<b>3,428.1</b>	<b>3,295.5</b>	<b>3,245.7</b>	<b>3,254.2</b>
iDEN net subscriber losses	(115.4)	(103.5)	(100.3)	(76.6)	(84.4)	(198.9)
WCDMA net subscriber additions (losses)	38.4	(29.3)	(32.3)	26.8	92.9	65.7
<b>Total net subscriber (losses) additions</b>	<b>(77.0)</b>	<b>(132.8)</b>	<b>(132.6)</b>	<b>(49.8)</b>	<b>8.5</b>	<b>(133.2)</b>
<b>Migrations from iDEN to WCDMA</b>	<b>21.0</b>	<b>19.5</b>	<b>13.3</b>	<b>23.5</b>	<b>34.8</b>	<b>31.5</b>
iDEN subscriber units	686.3	563.3	449.7	349.6	230.4	—
WCDMA subscriber units	2,874.6	2,864.8	2,845.8	2,896.1	3,023.8	3,121.0
<b>Total subscriber units in commercial service — end of period</b>	<b>3,560.9</b>	<b>3,428.1</b>	<b>3,295.5</b>	<b>3,245.7</b>	<b>3,254.2</b>	<b>3,121.0</b>
<b>Total subscriber turnover</b>	<b>3.71%</b>	<b>3.95%</b>	<b>4.47%</b>	<b>3.83%</b>	<b>3.02%</b>	<b>4.68%</b>
iDEN subscriber turnover	5.52%	5.88%	6.89%	6.36%	9.67%	NM
WCDMA subscriber turnover	3.23%	3.53%	4.04%	3.47%	2.37%	2.75%

NM-Not Meaningful

During the second and third quarters of 2017, Nextel Brazil's WCDMA subscriber turnover increased as a result of the introduction of unlimited voice offerings by competitors and the tightening of certain credit and collections policies during the first three quarters of 2017. In addition, the increase in Nextel Brazil's WCDMA subscriber turnover in the third quarter of 2017 was partially caused by a significant number of customer contract expirations. In August 2017, Nextel Brazil began offering unlimited voice rate plans in response to the increasingly competitive environment. As a result of its efforts to migrate existing customers to these types of unlimited rate plans, as well as other targeted efforts to promote customer loyalty and improve collections, Nextel Brazil's WCDMA subscriber turnover began declining in the fourth quarter of 2017 and decreased further in the first quarter of 2018. While Nextel Brazil's WCDMA subscriber turnover has remained at lower levels compared to recent years, it increased slightly in the second quarter of 2018 due to the expected impact of the iDEN network shutdown on certain WCDMA subscribers that also maintained iDEN service, as well as an increase in involuntary subscriber turnover that we believe is temporary.

The following table represents Nextel Brazil's ARPU for subscribers on both its iDEN and WCDMA networks for each of the quarters in 2017, as well as for the first and second quarters of 2018, in both U.S. dollars (US\$) and in Brazilian reais (BR). We calculate service ARPU by dividing service revenues per period by the weighted average number of subscriber units in commercial service during that period.

	Three Months Ended					
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018
<b>Total service ARPU (US\$)</b>	<b>21</b>	<b>19</b>	<b>19</b>	<b>18</b>	<b>17</b>	<b>15</b>
WCDMA service ARPU (US\$)	22	20	19	18	18	15
iDEN service ARPU (US\$)	17	15	15	14	12	8
<b>Total service ARPU (BR)</b>	<b>65</b>	<b>62</b>	<b>59</b>	<b>57</b>	<b>56</b>	<b>54</b>
WCDMA service ARPU (BR)	68	65	61	58	58	55
iDEN service ARPU (BR)	54	49	47	47	38	26

During the first half of 2017, Nextel Brazil's WCDMA service ARPU in Brazilian reais decreased as a result of a higher volume of discounts to retain existing customers and slightly lower loading ARPU in an effort to attract new customers. Nextel Brazil's WCDMA service ARPU in Brazilian reais continued to decrease in the second half of 2017 due primarily to price deterioration in the overall wireless market and new types of unlimited rate plans that were introduced in response to the competitive environment. These types of plans remove many of the usage-based fees that Nextel Brazil charged in previous quarters, which resulted in less revenue per customer. Nextel Brazil's WCDMA service ARPU temporarily stabilized in the first quarter of 2018 as a result of an increased focus on high value customer segments and the expansion of its addressable market. However, overall market pricing in Brazil has been declining over time and continued to put pressure on Nextel Brazil's WCDMA service ARPU in the second quarter of 2018. In addition, a higher proportion of new subscribers have recently been selecting entry level plans, resulting in a decrease in WCDMA service ARPU during the second quarter of 2018. Although Nextel Brazil intends to promote the migration of certain of its customers to upgraded rate plans in an effort to stabilize its WCDMA service ARPU, the trends Nextel Brazil has recently experienced could continue to apply pressure to WCDMA service ARPU in the future.

During the last several years, Nextel Brazil has experienced iDEN subscriber losses and overall declines in its iDEN service revenue. In response to continued subscriber losses on its iDEN network, in September 2017, Nextel Brazil decided to wind down its iDEN operations with a target to cease all iDEN services by mid-2018. After migrating some customers to its WCDMA network, Nextel Brazil disconnected all of its remaining iDEN subscribers at the end of the second quarter of 2018 when the iDEN network was shut down. Although Nextel Brazil did not have any significant non-recurring cash expenditures in the second quarter of 2018 associated with its iDEN network shutdown, Nextel Brazil will continue to incur rent expenses related to iDEN transmitter and receiver sites subsequent to their shutdown until these leases end.

### ***Results Overview.***

Recently, Brazil experienced one of the worst economic recessions in its history, characterized by years of negative real wage growth, a net loss of jobs, higher unemployment and lower consumer confidence. These economic conditions and trends resulted in a decline in the amount of consumer disposable income that is available to purchase telecommunications services and negatively impacted Nextel Brazil's results of operations for recent prior years. Although recent data indicates that Brazil's economy is beginning to recover, the growth is slow with gradual improvements.

Nextel Brazil's WCDMA operating revenues were \$152.1 million and \$321.4 million in the three and six months ended June 30, 2018, respectively, and \$184.7 million and \$381.2 million in the three and six months ended June 30, 2017, respectively. Nextel Brazil's iDEN operating revenues were \$3.9 million and \$15.6 million in the three and six months ended June 30, 2018, respectively, and \$40.5 million and \$94.9 million in the three and six months ended June 30, 2017, respectively. Nextel Brazil's segment earnings increased \$0.6 million, or 19%, on a reported basis, and 35% on a constant currency basis, during the three months ended June 30, 2018 compared to the same period in 2017. Nextel Brazil's segment earnings decreased \$15.4 million, or 100%, on a reported basis, and 99% on a constant currency basis, during the six months ended June 30, 2018 compared to the same period in 2017 primarily as a result of a decline in operating revenues, partially offset by lower operating expenses, as follows:

#### **1. Service and other revenues**

Service and other revenues decreased \$69.2 million, or 31%, and \$136.8 million, or 30%, on a reported basis, and 22% and 23% on a constant currency basis, during the three and six months ended June 30, 2018 compared to the same periods in 2017 as a result of the decline in Nextel Brazil's iDEN subscriber base, as well as the decrease in service ARPU discussed above.

Nextel Brazil's WCDMA subscriber base grew from 2.9 million subscribers as of the end of the second quarter of 2017 to 3.1 million subscribers as of the end of the second quarter of 2018. Despite the overall growth in its WCDMA subscriber base, Nextel Brazil's WCDMA-based service and other revenues decreased 18% and 16% on a reported basis and 8% and 9% on a constant currency basis from the three and six months ended June 30, 2017 to the same periods in 2018 due to a decrease in local currency WCDMA service ARPU.

Nextel Brazil's iDEN-based service and other revenues decreased \$36.6 million, or 90%, and \$76.4 million, or 83%, from the three and six months ended June 30, 2017 to the same periods in 2018, or 89% and 81% on a constant currency basis, as a result of the completion of the shutdown of Nextel Brazil's iDEN network.

Service and other revenues would have been \$5.0 million and \$9.8 million higher in the three and six months ended June 30, 2018 without the implementation of ASC 606.

## 2. Handset and accessory net subsidy

During the three and six months ended June 30, 2018, approximately 94% of Nextel Brazil's new WCDMA gross subscribers represented subscribers who utilized their existing handsets rather than purchasing a new handset from Nextel Brazil compared to 91% and 92%, respectively, during the three and six months ended June 30, 2017, resulting in relatively low levels of handset and accessory net subsidy.

## 3. Cost of service

Cost of service decreased \$17.9 million, or 20%, and \$31.7 million, or 17%, on a reported basis during the three and six months ended June 30, 2018 compared to the same periods in 2017. On a constant currency basis, Nextel Brazil's cost of service decreased 10% over the same periods mainly due to lower transmitter and receiver site rent and maintenance costs, a reduction in the volume of calls on Nextel Brazil's iDEN network and lower mobile termination rates. The reductions in transmitter and receiver site rent costs over both periods were primarily caused by a \$6.3 million non-recurring benefit related to the recognition of certain tax credits in the second quarter of 2018.

## 4. Selling and marketing expenses

Selling and marketing expenses decreased \$4.7 million, or 20%, and \$10.7 million, or 21%, on a reported basis, and 10% and 14% on a constant currency basis, during the three and six months ended June 30, 2018 compared to the same periods in 2017. These decreases were partially offset by \$3.0 million and \$6.9 million increases in advertising-related expenses from the three and six months ended June 30, 2017 to the same periods in 2018.

The adoption of ASC 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 three and six months ended June 30, 2017. If we had not implemented ASC 606 on January 1, 2018, we would have recognized an additional \$1.7 million in selling and marketing expenses during the six months ended June 30, 2018. Selling and marketing expenses for the second quarter of 2018 would have been relatively the same without the implementation of ASC 606.

## 5. General and administrative expenses

General and administrative expenses decreased \$41.1 million, or 42%, and \$75.7 million, or 38%, on a reported basis, and 34% and 33% on a constant currency basis, during the three and six months ended June 30, 2018 compared to the same periods in 2017 primarily resulting from \$15.1 million and \$23.0 million decreases in bad debt expense resulting from lower overall levels of involuntary subscriber turnover compared to prior years and improvements in collections, as well as \$10.4 million and \$18.5 million decreases in customer care-related expenses and lower payroll-related expenses. In addition, in connection with the implementation of ASC 606, we recognized revenue-based taxes on a net basis in 2018 rather than on a gross basis in 2017. If we had not implemented ASC 606 on January 1, 2018, we would have recognized an additional \$4.0 million and \$8.7 million, respectively, in general and administrative expenses during the three and six months ended June 30, 2018.

c. Corporate

	June 30, 2018	June 30, 2017	Change from Previous Year	
			Dollars	B(W) Change
(dollars in thousands)				
<b>Three Months Ended</b>				
Service and other revenues	\$ 1	\$ 29	\$ (28)	(97)%
General and administrative expenses	(3,889)	(8,470)	4,581	54 %
Segment losses	<u>\$ (3,888)</u>	<u>\$ (8,441)</u>	<u>\$ 4,553</u>	<u>54 %</u>
<b>Six Months Ended</b>				
Service and other revenues	\$ 22	\$ 59	\$ (37)	(63)%
General and administrative expenses	(8,172)	(15,758)	7,586	48 %
Segment losses	<u>\$ (8,150)</u>	<u>\$ (15,699)</u>	<u>\$ 7,549</u>	<u>48 %</u>

Segment losses decreased \$4.6 million, or 54%, and \$7.5 million, or 48%, in the three and six months ended June 30, 2018 compared to the same periods in 2017 primarily due to reductions in payroll costs resulting from fewer general and administrative personnel following reductions in force, as well as lower rent expense and decreases in professional fees.

**Liquidity and Capital Resources**

As of June 30, 2018, we had working capital of \$132.4 million, an \$84.1 million decrease compared to working capital of \$216.5 million as of December 31, 2017, due to cash used in our operations. Our working capital included \$90.9 million in cash and cash equivalents, of which \$1.7 million was held by Nextel Brazil in Brazilian reais, and \$29.7 million in short-term investments, which was also held in Brazilian reais. As of June 30, 2018, we also had \$110.1 million in cash held in escrow in connection with the sale of Nextel Mexico, which we classified as a component of prepaid expenses and other in our condensed consolidated balance sheet.

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 money market funds that have daily liquidity. 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**

	Six Months Ended	
	June 30, 2018	June 30, 2017
Cash, cash equivalents and restricted cash, beginning of period	\$ 305,778	\$ 422,232
Net cash used in operating activities	(86,981)	(46,437)
Net cash (used in) provided by investing activities	(4,972)	3,614
Net cash used in financing activities	(8,802)	(44,287)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,740)	185
Cash, cash equivalents and restricted cash, end of period	<u>\$ 203,283</u>	<u>\$ 335,307</u>

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

We used \$87.0 million and \$46.4 million of cash in our operating activities during the six months ended June 30, 2018 and 2017 primarily to fund operating losses and working capital and to make interest payments under Nextel Brazil's equipment financing and bank loans.

We used \$5.0 million of cash in our investing activities during the six months ended June 30, 2018, primarily due to \$17.7 million in net purchases of short-term investments in Brazil and \$24.3 million in cash capital expenditures, partially offset by a \$39.7 million net return of deposits, which included the release of substantially all of the cash securing certain performance bonds relating to our obligations to deploy spectrum in Brazil. Our investing activities provided us with \$3.6 million of cash during the six months ended June 30, 2017 primarily due to \$33.5 million of net cash returned to us from the release of performance bonds and \$12.5 million in net proceeds received from maturities of our short-term investments in Brazil, partially offset by \$37.0 million in cash capital expenditures.

We used \$8.8 million of cash in financing activities during the three months ended June 30, 2018, primarily due to \$4.1 million of financing costs incurred in connection with the amendments to Nextel Brazil's equipment financing facility and bank loans and \$1.0 million in principal payments under Nextel Brazil's equipment financing facility and bank loans. We used \$44.3 million of cash in our financing activities during the six months ended June 30, 2017 primarily due to a \$24.6 million semi-annual principal payment under Nextel Brazil's equipment financing facility and \$17.5 million in principal payments under its bank loans.

## 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, 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.

**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 continued deployment of LTE in São Paulo;
- 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.

There were no material changes to our total contractual obligations during the six months ended June 30, 2018 as described in our annual report on Form 10-K for the year ended December 31, 2017.

**Capital Expenditures.** Our capital expenditures, including capitalized interest, were \$23.1 million and \$18.4 million for the six months ended June 30, 2018 and 2017, respectively. We expect our capital expenditures for 2018 to be similar to the levels experienced in 2017. In addition, we expect to continue our 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 and deploy LTE in certain areas;
- 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.

**Future Outlook.** As of June 30, 2018, our consolidated sources of funding included \$120.6 million in cash and short-term investments, and \$110.1 million in cash held in escrow to secure our indemnification obligations in connection with the sale of Nextel Mexico. Based on the recent challenging competitive environment in Brazil that we anticipate will continue, as well as the loss of revenues associated with the shutdown of our iDEN business, we expect that our cash flow from operations will continue to be negative for the remainder of 2018.

In October 2017, Nextel Brazil entered into an amended and restated equipment financing facility and sixth amendments to its two bank loans with Brazilian lenders. In January 2018, we received the final approval from the China Export and Credit Insurance Corporation, or Sinosure, for the amended and restated equipment financing facility, at which point all of these amendments became effective. As a result of the amendments, the material financing terms in all three facilities were aligned. Among other changes, these amendments provide for the deferral of substantially all principal payments for the first 48 months from the date of effectiveness, an extension of the loan maturity dates to 98 months from the date of effectiveness, and a holiday for certain financial covenant compliance, including the net debt financial covenant, until June 30, 2020.

As a result of these amendments, our liquidity forecast has substantially improved, and based on our business plan, we believe our current sources of funding described above will provide us with sufficient liquidity to fund our business through 2019. Our business plan is based on a number of assumptions, including levels of subscriber turnover that are similar to those we experienced in the first half of 2018 and a decrease in certain costs compared to 2017. In addition, our business plan currently assumes that we will recover substantially all of the amount held in escrow in a timely manner. During July 2018, the tax audits related to Nextel Mexico's income tax returns for the years 2010 and 2011 were finalized, and we filed amended tax returns. As a result, we have requested that New Cingular Wireless agree to the immediate release of \$68.3 million from escrow. New Cingular Wireless has disagreed with our interpretation of the escrow and purchase agreements related to the timing of release requirements for escrowed funds. This difference of interpretation could result in a delay of the release of the remaining amount of cash in escrow.

If our actual results of operations differ from our business plan and/or the ultimate amount recovered from our cash held in escrow does not meet our current forecasted amount or is delayed for a significant period of time, our business could be negatively impacted, and we would need to reevaluate our business plan, obtain additional funding, sell certain assets and/or significantly reduce our planned capital and operational spending to further preserve our liquidity. As a result, we are actively exploring options to obtain additional funding in order to, among other things, reduce our liquidity risk. Also, while we are focused on effectively managing our business, we are considering potential strategic alternatives with third parties involving Nextel Brazil. There can be no assurances that any such transaction will materialize or result in value to our stockholders at or above our current or future trading market value.

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;
- 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 we are subject to litigation involving tax and other matters requiring material judicial deposits of cash that will not be released until the pending matter is resolved;
- 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, such as contingencies.

#### **Effect of New and Recently Adopted Accounting Standards**

See Note 1 to our condensed consolidated financial statements for disclosures concerning new accounting standards and recently adopted accounting standards.

#### **Forward-Looking and Cautionary Statements**

This quarterly report on Form 10-Q 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 quarterly report on Form 10-Q, 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 subscribers;
- our ability to satisfy the requirements of 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 timely receipt of proceeds from the sale of Nextel Mexico held in escrow;
- risks associated with our partnership with ice group;
- general economic 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 digital two-way mobile data or internet connectivity services in Brazil;
- 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 network in Brazil, including the potential need for additional funding to support enhanced coverage and capacity, and the risk that we 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 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;
- a requirement to provide material judicial deposits of cash that will not be released until the pending matter is resolved in order for litigation involving tax and other matters to be heard by the courts 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 our annual report on Form 10-K for the year ended December 31, 2017 and, from time to time, in our other reports filed with the SEC.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

During the six months ended June 30, 2018, there were no material changes to our market risk policies or our market risk sensitive instruments and positions as described in our annual report on Form 10-K for the year ended December 31, 2017.

**Item 4. Controls and Procedures**

***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 principal executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

As of June 30, 2018, 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 principal executive officer and chief financial officer. Based on such evaluation, our principal 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. This material weakness is fully described in "*Item 9A. Controls and Procedures*" of our annual report on Form 10-K for the year ended December 31, 2017.

Our remediation efforts related to this material weakness are ongoing. During the second quarter of 2018, we hired several experienced accounting resources in Nextel Brazil to assist with the identification and evaluation of certain accounting transactions. In addition, although full automation of lease accounting is not expected to be completed until 2019, we strengthened our controls over lease accounting. Management remains committed to dedicating the resources necessary to ensure sustained effective control design and operation, and will continue to work to ensure we maintain sufficient experienced resources, automate processes such as lease accounting, and monitor risks related to new accounting requirements or changes that could place an unmanageable strain on our resources.

***Changes in Internal Control over Financial Reporting***

Other than as described above, there have been no changes in the Company's internal control over financial reporting during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. 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. For information on our various loss contingencies, see Note 8 to our condensed consolidated financial statements above.

### Item 1A. Risk Factors

*We own Nextel Brazil through a joint venture, and our interests and the interests of our stockholders may not align with the interests of our joint venture partner.*

On June 5, 2017, we and ice group entered into an investment agreement to partner in the ownership of Nextel Brazil. On July 20, 2017, ice group completed its initial investment of \$50.0 million in Nextel Holdings, which indirectly owns Nextel Brazil, in exchange for 30% ownership in Nextel Holdings. The investment agreement also provided ice group with an option, exercisable on or before November 15, 2017, to invest an additional \$150.0 million in Nextel Holdings for an additional 30% ownership. ice group did not exercise its option, and on February 27, 2018, we terminated the investment agreement with ice group, which remains a minority investor in Nextel Brazil. The shareholders agreement remains in effect, and we intend to continue to meet all of our obligations in the shareholders agreement.

On May 31, 2018, ice group publicly announced its intention, subject to certain conditions, to sell its 30% ownership interest in Nextel Holdings to AI Media Holdings, or Access, an affiliate of ice group, in connection with the divestiture of its international operations.

ice group currently owns, and if and when its sale to Access is complete, Access will own, 30% of Nextel Holdings, which indirectly owns Nextel Brazil. Pursuant to our shareholders agreement with ice group, the Board of Managers of Nextel Holdings is comprised of five members, with three members appointed by us and, after regulatory approval and as long as ice group maintains at least a 30% stake in Nextel Holdings, two nominees and one observer from ice group. In addition, the shareholders agreement with ice group provides for certain minority protective rights relating to certain significant actions of Nextel Holdings and Nextel Brazil. Consequently, we and our stockholders have less influence on the management and policies of Nextel Brazil after ice group's initial investment than we previously had. ice group may at any time have economic or business interests or goals which are, or which become, inconsistent with the business interests or goals of us and our stockholders, and could attempt to influence or take actions that are contrary to our requests, policies or objectives.

In addition, our partnership with ice group carries additional risks, including the possibility that:

- we may incur liabilities as a result of an action taken by ice group;
- disputes between us and ice group could arise which could distract management from focusing time and efforts on our business, result in an impasse or ultimately in litigation or arbitration or otherwise have a negative influence on our partnership and our ability to successfully operate Nextel Brazil; and
- the transfer restrictions, rights of first refusal, and “tag along” and “drag along” rights contained in our agreements with ice group could restrict our or ice group's ability to exit the joint venture if desired or discourage a third party transaction that might be in the best interests of stockholders.

If and when ice group's publicly announced sale of its interest in Nextel Holdings to Access is complete, Access will have certain rights and obligations, including those described above, with respect to the management and governance of Nextel Holdings. Access may have different economic or business interests than ice group, which could exacerbate any of the foregoing risks.

Any of the foregoing could have a material adverse effect on our stock price, business and cash flows, financial condition and results of operations.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

(c) **Issuer Purchases of Equity Securities.** The following table presents information related to repurchases of our common stock during the three months ended June 30, 2018:

<u>Period</u>	<u>Total Number of Shares Purchased</u>		<u>Average Price Per Share</u>	<u>Total Number of Shares Purchased as Part of Program</u>	<u>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program</u>
April 1, 2018 — April 30, 2018	681	(1)	\$ 2.04	681	
May 1, 2018 — May 31, 2018	153	(1)	2.87	153	
June 1, 2018 — June 30, 2018	21,577	(1)	3.39	21,577	
Total	22,411	(1)	3.34	22,411	\$ —

(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.

**Item 5. Other Information**

Our Board of Directors has approved a grant of restricted stock units valued at \$7.9 million in total for members of the Board of Directors. The grant will be effective after this quarterly report on Form 10-Q is filed and other timing criteria is met. The restricted stock units will vest ratably over three years from the date of the grant and may be settled in cash or common stock, at our election. The Form of Restricted Stock Unit Agreement (Directors) has been filed as Exhibit 10.3 to this quarterly report on Form 10-Q.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Exhibit Description</b>	<b>Form</b>	<b>Exhibit</b>	<b>Incorporated by Reference Filing Date</b>	<b>Filed Herewith</b>
10.1(+)	<a href="#">NII Holdings, Inc. Form of Restricted Stock Unit Agreement (Non-U.S. Employees - Brazil).</a>				*
10.2(+)	<a href="#">NII Holdings, Inc. Form of Restricted Stock Unit Agreement (U.S. Employees).</a>				*
10.3(+)	<a href="#">NII Holdings, Inc. Form of Restricted Stock Unit Agreement (Directors).</a>				*
10.4(+)	<a href="#">Letter Agreement with Steven Shindler, dated July 30, 2018.</a>	8-K	10.1	07/31/2018	
31.1	<a href="#">Statement of Principal Executive Officer Pursuant to Rule 13a-14(a).</a>				*
31.2	<a href="#">Statement of Chief Financial Officer Pursuant to Rule 13a-14(a).</a>				*
32.1	<a href="#">Statement of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350.</a>				*
32.2	<a href="#">Statement of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.</a>				*
101	The following materials from the NII Holdings, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 formatted in eXtensible Business Reporting Language (XBRL): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Comprehensive Loss, (iii) Condensed Consolidated Statement of Changes in Stockholders' Deficit, (iv) Condensed Consolidated Statements of Cash Flows and (v) Notes to Condensed Consolidated Financial Statements.				*

+ Indicates Management Compensatory Plan, Contract or Arrangement.

**SIGNATURE**

Pursuant to the requirements 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.

By: /s/ TIMOTHY M. MULIERI

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

Date: August 7, 2018

**NII HOLDINGS, INC.****Restricted Stock Unit Agreement****(Non-U.S. Employees - Brazil)**

THIS AGREEMENT, dated as of the 21st day of May, 2018, between NII Holdings, Inc., a Delaware corporation (the "Company"), and Roberto Rites ("Participant"), is made pursuant to and subject to the provisions of the NII Holdings, Inc. 2015 Incentive Compensation Plan and any successor plan (the "Plan"). All terms that are used herein that are defined in the Plan shall have the same meaning given them in the Plan.

1. Award of Restricted Stock Units. Pursuant to the Plan, the Company, on May 21, 2018 (the "Award Date"), awarded Participant 388,128 Restricted Stock Units ("Restricted Stock Units"). Each Restricted Stock Unit represents the right to receive one share of Common Stock or a cash payment as set forth in Section 5 below, subject to the terms and conditions of the Plan and subject further to the terms and conditions set forth herein.

2. Vesting. Subject to Sections 3, 4 and 6 below, Participant will become "Vested" in the Restricted Stock Units as follows: thirty three and one-third percent (33 1/3%) of the Restricted Stock Units shall become Vested as of (i) the Award Date, (ii) May 16, 2019, and (iii) May 16, 2020 (with each such date, a "Vesting Date"), so long as Participant remains in the continuous employ of the Company or any Subsidiary as of each Vesting Date. The period beginning on the Award Date and ending on the final Vesting Date shall be the "Restriction Period." Any Restricted Stock Units that become Vested pursuant to this Section 2 shall be paid to Participant as specified in Section 5(b)(i) hereof.

3. Death, Disability, Retirement or Termination Without Cause. Section 2 to the contrary notwithstanding, if Participant dies, becomes permanently and totally disabled within the meaning of Code Section 22(e)(3) ("Disabled") or retires from employment with the Company or any Affiliate at or after age 65 or at an earlier age with the consent of the Committee, in each case prior to the forfeiture of the Restricted Stock Units under Section 6, all Restricted Stock Units that are not then Vested shall become Vested as of the date of Participant's death, becoming Disabled or retirement. Additionally, if the Participant's employment with the Company or an Affiliate is terminated by the Company or such Affiliate without Cause and neither the preceding sentence of this Section 3 nor Section 4 applies, a pro-rata portion of the Restricted Stock Units granted pursuant to Section 1 of this Agreement shall become Vested. Such pro-rata portion shall be equal to the product of (i) the number of Restricted Stock Units covered hereby that are not Vested as of the date of termination, multiplied by (ii) a fraction, the numerator of which is the number of days that have elapsed from (A) the Award Date, if Participant's employment with the Company or an Affiliate is terminated by the Company or such Affiliate without Cause prior to the first anniversary of the Award Date, or (B) the anniversary of the Award Date immediately preceding the date of termination, if Participant's employment with the Company or an Affiliate is terminated by the Company or such Affiliate without Cause on or after the first anniversary of the Award Date, and the denominator of which is (x) 730, if the date of termination occurs prior to the first anniversary of the Award Date, or (y) 365, if the date of termination occurs on or after the first anniversary of the Award Date, but

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prior to the second anniversary of the Award Date. Any Restricted Stock Units that become Vested pursuant to this Section 3 shall be paid to Participant as specified in Section 5(b)(ii) hereof.

4. Change in Control. Upon a Change in Control, the Restricted Stock Units that are not then Vested shall become Vested if the Restricted Stock Units are not assumed, replaced or converted to an equivalent award by the entity that survives or otherwise results from the Change in Control (the "surviving entity") (or affiliate thereof) for securities tradable on an established securities market. If the Restricted Stock Units are amended, replaced or converted to an equivalent award by the surviving entity (or an affiliate thereof) for securities tradable on an established securities market (a "Replacement Award"), any such Replacement Award shall be fully Vested in the circumstances described in the first sentence of Section 3 or if, within twelve (12) months after a Change in Control, (a) Participant's employment with the surviving entity or any affiliate thereof is terminated by the surviving entity or such affiliate thereof without Cause and not in the circumstances described in the following sentence, or (b) Participant voluntarily terminates his or her employment with the surviving entity or any affiliate thereof for Good Reason. Such Replacement Award shall not become Vested if Participant's employment with the surviving entity or any affiliate is terminated within twelve (12) months after a Change in Control for Cause or because of Participant's voluntary withdrawal from employment for any reason other than (i) Good Reason or (ii) the circumstances described in the first sentence of Section 3. Any Restricted Stock Units that become Vested pursuant to this Section 4 shall be paid to Participant in accordance with Section 5(b)(iii) or (iv) hereof, as applicable. For the avoidance of doubt, neither any change in the national securities exchange on which the Common Stock is listed, nor the Common Stock ceasing to be listed on a national securities exchange, shall constitute in and of itself a Change in Control.

For purposes of this Agreement, Good Reason shall be defined as one or more of the following conditions arising without Participant's consent:

- (a) A material reduction in Participant's authority, duties or responsibilities in effect on the date of the Change in Control;
- (b) A material reduction in Participant's base salary in effect on the date of the Change in Control;
- (c) A material reduction in Participant's target bonus opportunity as compared to Participant's target bonus opportunity in effect on the date of the Change in Control;
- (d) A relocation of Participant's principal office more than forty (40) miles away from the location of Participant's principal office on the date of the Change in Control; or
- (e) Any other action or inaction that constitutes a material breach by the surviving entity or affiliate thereof of any written agreement under which Participant provides services.

Notwithstanding the foregoing, a condition will not constitute "Good Reason," unless, prior to Participant's termination of his or her employment: (1) Participant provides written notice to the Company, Affiliate, surviving entity or affiliate thereof by which he or she is employed of the condition that he or she believes constitutes "Good Reason" within ninety (90) days of the occurrence of the condition, (2) Participant thereafter provides at least thirty (30) days for the Company, Affiliate, such surviving entity or affiliate thereof to cure the condition that he or she believes constitutes "Good Reason," and (3) if such condition is not cured within such thirty (30) day period, Participant terminates his or her employment not later than ten (10) days after the end of such thirty (30) day period.

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5. Settlement of Restricted Stock Units.

(a) Form of Payment. With respect to any Restricted Stock Units that have Vested under this Agreement, the Company shall, at the discretion of the Committee, either (i) pay to Participant a cash payment equal to the number of shares of Restricted Stock Units that Vested on the applicable vesting date, multiplied by the Fair Market Value of the shares on the vesting date or (ii) issue and deliver to Participant the number of shares of Common Stock equal to the number of Restricted Stock Units that Vested on the applicable vesting date and enter the Participant's name on the books of the Company as the stockholder of record with respect to the shares of Common Stock delivered to Participant.

(b) Timing of Payment.

(i) Payment After a Vesting Date. Subject to Sections 5(b)(ii) and (iii), the Restricted Stock Units that are Vested as of each Vesting Date shall be settled as soon as administratively practicable after the Vesting Date, but in no event later than thirty (30) days following the Vesting Date.

(ii) Payment After Death, Disability, Retirement or Termination Without Cause. Notwithstanding Section 5(b)(i), if Participant dies, becomes Disabled, or retires during the Restriction Period, or Participant's employment is terminated by the Company or an Affiliate without Cause as described in Section 3, the Restricted Stock Units that are Vested as of the applicable date shall be settled within thirty (30) days following such date of death, becoming Disabled, retirement or termination of employment. Any payment of Restricted Stock Units to a deceased Participant shall be paid to the estate of Participant, unless Participant has designated a beneficiary to the Company in accordance with its procedures.

(iii) Change in Control. Notwithstanding Section 5(b)(i), to the extent any Restricted Stock Units are Vested as of a Change in Control, such Vested Restricted Stock Units shall be settled within thirty (30) days of the date of the Change in Control.

(iv) Payment Following a Change in Control. Notwithstanding Sections 2, 3, 4 and 5(b)(i), if, during the twelve-month period following a Change in Control, the surviving entity terminates Participant's employment with the surviving entity or an affiliate thereof without Cause or Participant voluntarily terminates his or her employment with the surviving entity or an affiliate thereof for Good Reason, the Restricted Stock Units that are Vested as of the date of such termination of employment shall be settled within thirty (30) days following such date of termination.

6. Forfeiture. All Restricted Stock Units that are not then Vested shall be forfeited if Participant's employment with the Company or an Affiliate terminates prior to the date such shares become Vested in accordance with Sections 2, 3 or 4 above or in the event the Administrator makes a final determination that Participant has breached the provisions of Section 12.

7. Stockholder Rights. Participant will have no rights as a stockholder with respect to the shares of Common Stock underlying the Restricted Stock Units unless and until the Restricted Stock Units are vested and are settled by the issuance of such shares of Common Stock.

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8. Fractional Shares. Fractional shares shall not be issuable hereunder, and when any provision hereof or the Plan may entitle Participant to a fractional share, such fraction shall be disregarded.

9. Withholding Taxes. If the Company or an Affiliate shall be required to withhold any federal, state, local or foreign income, employment or other tax in connection with the Vesting of the Award, Participant shall pay the tax or make provisions that are satisfactory to the Company for the payment thereof. Participant may elect to have the Company retain from payment on settlement of the Award the number of shares of Common Stock (based on the Fair Market Value of the shares) or cash, as applicable, equal to the amount of any required withholding.

10. Right to Terminate Employment and Change Employment Terms. No provision of this Agreement shall confer on Participant any right to continue in the employ or service of the Company or any Subsidiary or in any way affect any right or power that the Company or any Subsidiary may otherwise have to terminate the employment or service of Participant or to change any terms of Participant's employment at any time with or without assigning a reason therefore.

11. Change in Capital Structure. In accordance with the terms of the Plan, the terms of this Award shall be adjusted as the Committee determines is equitably required in the event (a) the Company effects one or more stock dividends, stock split-ups, subdivisions or consolidations of shares, (b) the Company engages in a transaction to which Code Section 424(a) applies, or (c) there occurs any other event which, in the judgment of the Committee necessitates such action. Any such adjustment shall be made in compliance with Code Section 409A.

12. Confidentiality. Participant agrees that, as a condition of receiving the Restricted Stock Units, Participant shall not, unless otherwise required by law, discuss or otherwise disclose to any person or entity (other than Participant's counsel, accountant or family members) any information contained in this Award, including, but not limited to, the fact that Participant received the Award and the number of Restricted Stock Units granted herein.

13. Governing Law, Personal Jurisdiction and Service. This Agreement shall be governed by, and interpreted in accordance with the internal substantive laws of the State of Delaware, without giving effect to the principles of conflicts of law. Each party hereto irrevocably submits itself to the *exclusive* personal jurisdiction of the Federal and State courts sitting in the State of Delaware, and hereby waives any claims it may have as to inconvenient forum. Each party hereto also agrees that service of process may be achieved by any form of mail addressed to the party to be served and requiring a signed receipt, at the address provided in Section 14 of this Agreement or to the address provided to the Company or its Subsidiary.

14. Notice. Any notice or other communication given pursuant to this Agreement shall be in writing and shall be personally delivered or mailed by United States registered or certified mail, postage prepaid, return receipt requested, to the following addresses:

If to the Company: NII Holdings, Inc.  
12110 Sunset Hills Road, Suite 600  
Reston, VA 20190  
Attn: Shana C. Smith, Corporate Secretary

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If to Participant: The personal address on file with the Company or its Subsidiary.

Human Resources department of the

Any such notice shall be deemed to have been given (a) on the date of postmark, in the case of notice by mail, or (b) on the date of delivery, if delivered in person.

15. Conflicts. In the event of any conflict between the provisions of the Plan as in effect on the date of grant and the provisions of this Agreement, the provisions of the Plan shall govern.

16. Amendments. Any amendment to the Plan effected after the date hereof shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no such amendment shall adversely affect the right of Participant with respect to the Restricted Stock Units without Participant's consent.

17. Participant Bound by Plan. Participant hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof.

18. Binding Effect. Subject to the limitations stated above and in the Plan, this Agreement shall be binding upon and inure to the benefit of the legatees, distributees, and personal representatives of Participant and the successors of the Company.

19. Data Privacy Consent. As a condition of the grant of the Restricted Stock Units, Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Section 19 by and among, as applicable, Participant's employer, the Company and its Subsidiaries and Affiliates, for the exclusive purposes of implementing, administering and managing Participant's participation in the Plan. Participant understands that the Company and its Subsidiaries hold certain personal information about him or her, including his or her name, home address and telephone number, date of birth, social security or identity number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in his or her favor, for the purpose of managing and administering the Plan ("Data"). Participant further understands that the Company and/or its Subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of his or her participation in the Plan, and that the Company and/or any of its Subsidiaries may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. Participant understands that these recipients may be located in the U.S., South America, or elsewhere. He or she authorizes them to receive, possess, use, retain and transfer, in electronic or other form, for the purposes of implementing, administering and managing his or her participation in the Plan, including any requisite transfer to a broker or other third party with whom he or she may elect to deposit any shares of stock acquired upon Vesting of the Restricted Stock Units, such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on his or her behalf. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local human resources representative. Participant understands, however, that refusing or withdrawing

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Participant's consent may affect his or her ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that Participant may contact Participant's local human resources representative.

20. Transferability. Except as otherwise provided in the Plan, the Restricted Stock Units are non-transferable and any attempts to assign, pledge, hypothecate or otherwise alienate or encumber (whether by law or otherwise) any Restricted Stock Units shall be null and void.

21. Code Section 409A. This Award is intended to satisfy the short-term deferral rule under Code Section 409A, and thus be exempt from rules applicable to deferred compensation under that Section. This Award shall be administered, and this Agreement interpreted, accordingly. To the extent this Award is subject to the rules applicable to deferred compensation under Code Section 409A, it shall be administered and interpreted so as to comply with that Section.

22. Nature of Grant. Participant hereby acknowledges that:

(a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan or this agreement;

(b) the grant of the Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of restricted stock units, or benefits in lieu of restricted stock units, even if restricted stock units have been granted repeatedly in the past;

(c) all decisions with respect to future restricted stock unit grants, if any, will be at the sole discretion of the Company;

(d) Participant is voluntarily participating in the Plan;

(e) the Restricted Stock Units are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company, its Affiliates and/or Subsidiaries, and are outside the scope of Participant's employment contract, if any;

(f) the Restricted Stock Units are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments;

(g) in the event that Participant is an employee of an Affiliate or Subsidiary of the Company, the grant will not be interpreted to form an employment contract or relationship with the Company; and furthermore, the grant will not be interpreted to form an employment contract with the Affiliate or Subsidiary that is Participant's employer;

(h) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty;

(i) in consideration of the grant of the Restricted Stock Units, no claim or entitlement to compensation or damages shall arise from forfeiture or termination of the Restricted Stock Units or diminution in value of the Restricted Stock Units or Common Stock,

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and Participant irrevocably releases the Company, its Affiliates and/or its Subsidiaries from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then Participant will be deemed irrevocably to have waived Participant's entitlement to pursue such claim; and

(j) notwithstanding any terms or conditions of the Plan to the contrary, in the event of the involuntary termination of Participant's employment, Participant's right to receive and Vest in the Restricted Stock Units under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under local law (e.g., active employment would not include a period of "garden leave" or similar period pursuant to local law); furthermore, in the event of the involuntary termination of employment, Participant's right to vest in the Restricted Stock Units after termination of employment, if any, will be measured by the date of termination of Participant's active employment and will not be extended by any notice period mandated under local law.

23. Non-U.S. Addendum. Notwithstanding any provisions in this document to the contrary, the Restricted Stock Units will also be subject to the special terms and conditions set forth on Appendix A for grantees who reside outside of the United States. Moreover, if Participant is not a resident of any of the countries listed on Appendix A as of the Award Date, but relocates to one of the listed countries at any point thereafter, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions are necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Appendix A constitutes part of this agreement.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed on its behalf as of the «Day» day of «Month», Year», and Participant has affixed his signature hereto.

***[Signatures are located on the next page.]***

NII HOLDINGS, INC.

By: \_\_\_\_\_

Name: Shana C. Smith

Title: Vice President, General Counsel and Corporate Secretary

PARTICIPANT

«First\_Name» «Last\_Name»

Dated:

**Appendix A**  
**SPECIAL TERMS AND CONDITIONS  
OF THE  
NII HOLDINGS, INC. RESTRICTED STOCK UNIT AGREEMENT  
FOR NON-U.S. EMPLOYEES**

***TERMS AND CONDITIONS***

This Appendix A, which is part of the NII Holdings, Inc. Restricted Stock Unit Agreement (the “**Agreement**”), contains special terms and conditions of the Restricted Stock Units that will apply to you if you reside in one of the countries listed below. Capitalized terms used but not defined herein shall have the same meanings assigned to them in the NII Holdings, Inc. 2015 Incentive Compensation Plan (the “**Plan**”) and/or the Agreement.

***NOTIFICATIONS***

This Appendix A also includes information regarding exchange control and certain other issues of which you should be aware with respect to your Restricted Stock Units. The information is based on the securities, exchange control and other laws in effect in the respective countries as of June 2015. Such laws are often complex and change frequently. NII Holdings, Inc. (the “**Company**”) therefore strongly recommends that you do not rely on the information in this Appendix A as the only source of information relating to the consequences of the Restricted Stock Units because such information may be outdated when the Restricted Stock Units vest and/or you sell any shares of Common Stock after vesting.

In addition, the information contained herein is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of a particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently working, transferred employment after the Restricted Stock Units were granted to you, or are considered a resident of another country for local law purposes, the information contained herein may not apply.

***COUNTRY-SPECIFIC LANGUAGE***

Below please find country specific language that applies to Participants in the following countries: Brazil

**BRAZIL**

**Terms and Conditions**

There are no country-specific provisions.

**Notifications**

**Exchange Control Reporting.** In general, you should not be subject to any foreign exchange

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requirements in connection with your acquisition or sale of shares of Common Stock under the Plan. However, if you own foreign assets (including shares of the Company) that exceed US\$100,000 in value, then you are responsible for reporting those assets to the Central Bank of Brazil in accordance with the declaration deadline established annually by the bank.

**NII HOLDINGS, INC.****Restricted Stock Unit Agreement****(U.S. Employees)**

THIS AGREEMENT, dated as of the «Day» day of «Month», «Year», between NII Holdings, Inc., a Delaware corporation (the “Company”), and «First\_Name» «Last\_Name» (“Participant”), is made pursuant to and subject to the provisions of the NII Holdings, Inc. 2015 Incentive Compensation Plan (the “Plan”). All terms that are used herein that are defined in the Plan shall have the same meaning given them in the Plan.

1. Award of Restricted Stock Units. Pursuant to the Plan, the Company, on «Month» «Day», «Year» (the “Award Date”), awarded Participant «Actual Grant» Restricted Stock Units (“Restricted Stock Units”). Each Restricted Stock Unit represents the right to receive one share of Common Stock or a cash payment as set forth in Section 5 below, subject to the terms and conditions of the Plan and subject further to the terms and conditions set forth herein.

2. Vesting. Subject to Sections 3, 4 and 6 below, Participant’s interest in the Restricted Stock Units will become nonforfeitable (“Vested”) as follows: fifty percent (50%) of the Restricted Stock Units shall become Vested as of each of August 15, 2018 and March 15, 2019 (with each such date, a “Vesting Date”), so long as Participant remains in the continuous employ of the Company or any Subsidiary as of the applicable Vesting Date. The period beginning on the Award Date and ending on the final Vesting Date shall be the “Restriction Period.” Any Restricted Stock Units that become Vested pursuant to this Section 2 shall be settled as specified in Section 5(b)(i) hereof.

3. Death, Disability, or Termination Without Cause. Section 2 to the contrary notwithstanding, if Participant dies, becomes permanently and totally disabled within the meaning of Code Section 22(e)(3) (“Disabled”), in each case prior to the forfeiture of the Restricted Stock Units under Section 6, all Restricted Stock Units that are not then Vested shall become Vested as of the date of Participant’s death or becoming Disabled. Additionally, if the Participant’s employment with the Company or an Affiliate is terminated by the Company or such Affiliate without Cause and neither the preceding sentence of this Section 3 nor Section 4 applies, all of the Restricted Stock Units granted pursuant to Section 1 of this Agreement shall become Vested. Any Restricted Stock Units that become Vested pursuant to this Section 3 shall be settled as specified in Section 5(b)(ii) hereof.

4. Change in Control. Upon a Change in Control, the Restricted Stock Units that are not then Vested shall become Vested if the Restricted Stock Units are not assumed, replaced or converted to an equivalent award by the entity that survives or otherwise results from the Change in Control (the “surviving entity”) (or affiliate thereof) for securities tradable on an established securities market. If the Restricted Stock Units are assumed, replaced or converted to an equivalent award by the surviving entity (or an affiliate thereof) for securities tradable on an established securities market (a “Replacement Award”), any such Replacement Award shall be fully Vested in the circumstances described in the first sentence of Section 3 or if, within twelve (12) months after

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a Change in Control, (a) Participant's employment with the surviving entity or any affiliate thereof is terminated by the surviving entity or such affiliate thereof without Cause and not in the circumstances described in the following sentence, or (b) Participant voluntarily terminates his or her employment with the surviving entity or any affiliate thereof for Good Reason (as defined herein). Such Replacement Award shall not become Vested under this Section 4 if Participant's employment with the surviving entity or any affiliate is terminated within twelve (12) months after a Change in Control for Cause or because of (i) Participant's voluntary withdrawal from employment for any reason other than Good Reason, (ii) Participant's death, (iii) Participant's becoming Disabled (but in the case of death or Disability, the first sentence of Section 3 shall apply). Any Restricted Stock Units that become Vested pursuant to this Section 4 shall be settled in accordance with Section 5(b)(iii) or (iv) hereof, as applicable. For the avoidance of doubt, neither any change in the national securities exchange on which the Common Stock is listed, nor the Common Stock ceasing to be listed on a national securities exchange, shall constitute in and of itself a Change in Control.

For purposes of this Agreement, Good Reason shall mean, with respect to any Participant:

(i) any material and adverse change in or reduction of the Participant's duties, responsibilities and authority, as compared in each case to the corresponding circumstances in place on the date immediately preceding the first occurrence of a Change of Control after the Award Date (the "Reference Date"); or

(ii) a relocation of the principal work location at which the Participant is based on the Reference Date to a location more than 40 miles away from such location or a requirement by the Company or an Affiliate that the Participant travel on Company or Affiliate business to a substantially greater extent than as compared in each case to the corresponding circumstances prior to the Reference Date which results in a material adverse change in employment conditions for such Participant; or

(iii) a material reduction in base salary, target bonus, or bonus potential not agreed to by the Participant, or any other significant adverse financial consequences associated with the Participant's employment in comparison to the corresponding circumstances in place on the Reference Date; or

(iv) a discontinuance of employee benefits following a Change in Control that, in the aggregate, materially reduces in the aggregate the actuarial equivalent value of employee benefits available to the Participant prior to the Change in Control; or

(v) a failure by the Company or an Affiliate to comply with any material provisions of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company or Affiliate promptly after receipt of notice thereof given by the Participant; or

(iv) a failure by any successor after a Change of Control has occurred to assume and agree to perform the obligations under this Agreement (unless the successor has a legal obligation to assume the Agreement and perform the obligations hereunder by operation of law or otherwise).

Any reasonable, good faith determination by the Participant that Good Reason exists will be presumptively correct for purposes of this Agreement; *provided that*, a condition will not constitute Good Reason, unless, prior to Participant's termination of his or her employment: (1) Participant

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provides written notice to the Company, Affiliate, surviving entity or affiliate thereof by which he or she is employed of the condition that he or she believes constitutes Good Reason within ninety (90) days of the occurrence of the condition, (2) Participant thereafter provides at least thirty (30) days for the Company, Affiliate, such surviving entity or affiliate thereof to cure the condition that he or she believes constitutes Good Reason, and (3) if such condition is not cured within such thirty (30) day period, Participant terminates his or her employment not later than ten (10) days after the end of such thirty (30) day period.

5. Settlement of Restricted Stock Units.

(a) Form of Payment. With respect to any Restricted Stock Units that have Vested under this Agreement, the Company shall, at the discretion of the Committee, either (i) pay to Participant a cash payment equal to the number of shares of Restricted Stock Units that Vested on the applicable Vesting Date, multiplied by the Fair Market Value of the shares on the vesting date or (ii) issue and deliver to Participant the number of shares of Common Stock equal to the number of Restricted Stock Units that Vested on the applicable vesting date and enter the Participant's name on the books of the Company as the stockholder of record with respect to the shares of Common Stock delivered to Participant.

(b) Timing of Payment.

(i) Payment After a Vesting Date. Subject to Sections 5(b)(ii) and (iii), the Restricted Stock Units that are Vested as of each Vesting Date shall be settled as soon as administratively practicable after the Vesting Date, but in no event later than thirty (30) days of the Vesting Date.

(ii) Payment After Death, Disability, or Termination Without Cause. Notwithstanding Section 5(b)(i), if Participant dies or becomes Disabled, during the Restriction Period, or Participant's employment is terminated by the Company or an Affiliate without Cause as described in Section 3, the Restricted Stock Units that are Vested as of the applicable date shall be settled within thirty (30) days following such date of death, becoming Disabled, or termination of employment. Any payment of Restricted Stock Units to a deceased Participant shall be paid to the estate of Participant, unless Participant has designated a beneficiary to the Company in accordance with its procedures.

(iii) Change in Control. Notwithstanding Section 5(b)(i), to the extent any Restricted Stock Units are Vested as of a Change in Control, such Vested Restricted Stock Units shall be settled within thirty (30) days of the date of the Change in Control.

(iv) Payment Following a Change in Control. Notwithstanding Sections 2, 3, 4 and 5(b)(i), if, during the twelve-month period following a Change in Control, the surviving entity terminates Participant's employment with the surviving entity or an affiliate thereof without Cause or Participant voluntarily terminates his or her employment with the surviving entity or an affiliate thereof for Good Reason, the Restricted Stock Units that are Vested as of the date of such termination of employment shall be settled within thirty (30) days following such date of termination.

6. Forfeiture. All Restricted Stock Units that are not then Vested shall be forfeited if Participant's employment with the Company or an Affiliate terminates prior to the date such shares become Vested in accordance with Sections 2, 3 or 4 above. All Restricted Stock

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Units that are not then Vested shall be forfeited in the event the Administrator makes a final determination that Participant has breached the provisions of Section 12.

7. Stockholder Rights. Participant will have no rights as a stockholder with respect to the shares of Common Stock underlying the Restricted Stock Units unless and until the Restricted Stock Units are Vested and are settled by the issuance of such shares of Common Stock.

8. Fractional Shares. Fractional shares shall not be issuable hereunder, and when any provision hereof or the Plan may entitle Participant to a fractional share, such fraction shall be disregarded.

9. Withholding Taxes. If the Company or an Affiliate shall be required to withhold any federal, state, local or foreign income, employment or other tax in connection with the Vesting of the Award, Participant shall pay the tax or make provisions that are satisfactory to the Company for the payment thereof. Participant may elect to have the Company retain from payment on settlement of the Award the number of shares of Common Stock (based on the Fair Market Value of the shares) or cash, as applicable, equal to the amount of any required withholding.

10. Right to Terminate Employment and Change Employment Terms. No provision of this Agreement shall confer on Participant any right to continue in the employ or service of the Company or any Affiliate or in any way affect any right or power that the Company or any Affiliate may otherwise have to terminate the employment or service of Participant or to change any terms of Participant's employment at any time with or without assigning a reason therefor.

11. Change in Capital Structure. In accordance with the terms of the Plan, the terms of this Award shall be adjusted as the Committee determines is equitably required in the event (a) the Company effects one or more stock dividends, stock split-ups, subdivisions or consolidations of shares, (b) the Company engages in a transaction to which Code Section 424(a) applies, or (c) there occurs any other event which, in the judgment of the Committee necessitates such action. Any such adjustment shall be made in compliance with Code Section 409A.

12. Confidentiality. Participant agrees that, as a condition of receiving the Restricted Stock Units, Participant shall not, unless otherwise required by law, discuss or otherwise disclose to any person or entity (other than Participant's counsel, accountant, or family members) any information contained in this Award, including, but not limited to, the fact that Participant received the Award and the number of Restricted Stock Units granted herein.

13. Governing Law, Personal Jurisdiction and Service. This Agreement shall be governed by, and interpreted in accordance with the internal substantive laws of the State of Delaware, without giving effect to the principles of conflicts of law. Each party hereto irrevocably submits itself to the *exclusive* personal jurisdiction of the Federal and State courts sitting in the State of Delaware, and hereby waives any claims it may have as to inconvenient forum. Each party hereto also agrees that service of process may be achieved by any form of mail addressed to the party to be served and requiring a signed receipt, at the address provided in Section 14 of this Agreement or to the address provided to the Company or its Subsidiary.

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14. Notice. Any notice or other communication given pursuant to this Agreement shall be in writing and shall be personally delivered or mailed by United States registered or certified mail, postage prepaid, return receipt requested, to the following addresses:

If to the Company: NII Holdings, Inc.  
12110 Sunset Hills Road  
Suite 600  
Reston, Virginia 20190  
Attn: Shana C. Smith, Corporate Secretary

If to Participant: The personal address on file with the Company or its Subsidiary. Human Resources department of the Company

Any such notice shall be deemed to have been given (a) on the date of postmark, in the case of notice by mail, or (b) on the date of delivery, if delivered in person.

15. Conflicts. In the event of any conflict between the provisions of the Plan as in effect on the date of grant and the provisions of this Agreement, the provisions of the Plan shall govern.

16. Amendments. Any amendment to the Plan effected after the date hereof shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no such amendment shall adversely affect the right of Participant with respect to the Restricted Stock Units without Participant's consent.

17. Participant Bound by Plan. Participant hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof.

18. Binding Effect. Subject to the limitations stated above and in the Plan, this Agreement shall be binding upon and inure to the benefit of the legatees, distributees, and personal representatives of Participant and the successors of the Company.

19. Transferability. Except as otherwise provided in the Plan, the Restricted Stock Units are non-transferable and any attempts to assign, pledge, hypothecate or otherwise alienate or encumber (whether by law or otherwise) any Restricted Stock Units shall be null and void.

20. Code Section 409A. This Award is intended to satisfy the short-term deferral rule under Code Section 409A, and thus be exempt from rules applicable to deferred compensation under that Section. This Award shall be administered, and this Agreement interpreted, accordingly. To the extent this Award is subject to the rules applicable to deferred compensation under Code Section 409A, it shall be administered and interpreted so as to comply with that Section.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed on its behalf as of the «Day» day of «Month», Year», and Participant has affixed his signature hereto.

***[Signatures are located on the next page.]***

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NII HOLDINGS, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PARTICIPANT

«First\_Name» «Last\_Name»

Dated:

## NII HOLDINGS, INC.

**Restricted Stock Unit Agreement****(Directors)**

THIS AGREEMENT, dated as of the «Day» day of «Month», «Year», between NII Holdings, Inc., a Delaware corporation (the “Company”), and «First\_Name» «Last\_Name» (“Participant”), is made pursuant to and subject to the provisions of the NII Holdings, Inc. 2015 Incentive Compensation Plan (the “Plan”). All terms that are used herein that are defined in the Plan shall have the same meaning given them in the Plan.

1. **Award of Restricted Stock Units.** Pursuant to the Plan, the Company, on «Month» «Day», «Year» (the “Award Date”), awarded Participant «Actual Grant» Restricted Stock Units (“Restricted Stock Units”). Each Restricted Stock Unit represents the right to receive one share of Common Stock or a cash payment as set forth in Section 5 below, subject to the terms and conditions of the Plan and subject further to the terms and conditions set forth herein.

2. **Vesting.** Subject to Sections 3, 4 and 6 below, Participant’s interest in the Restricted Stock Units will become nonforfeitable (“Vested”) as follows: thirty-three and one-third percent (33 1/3%) of the Restricted Stock Units shall become Vested as of each of the first, second and third anniversaries of the Award Date (with each such date, a “Vesting Date”), so long as Participant remains in continuous service as a Director through the applicable Vesting Date. The period beginning on the Award Date and ending on the final Vesting Date shall be the “Restriction Period.” Any Restricted Stock Units that become Vested pursuant to this Section 2 shall be settled as specified in Section 5(b)(i) hereof.

3. **Death or Disability.** Section 2 to the contrary notwithstanding, if Participant dies or becomes permanently and totally disabled within the meaning of Code Section 22(e)(3) (“Disabled”), in each case prior to the forfeiture of the Restricted Stock Units under Section 6, all Restricted Stock Units that are not then Vested shall become Vested as of the date of Participant’s death or becoming Disabled. Any Restricted Stock Units that become Vested pursuant to this Section 3 shall be settled as specified in Section 5(b)(ii) hereof.

4. **Change in Control.** Upon a Change in Control, the Restricted Stock Units that are not then Vested shall become Vested if the Restricted Stock Units are not assumed, replaced or converted to an equivalent award by the entity that survives or otherwise results from the Change in Control (the “surviving entity”) (or affiliate thereof) for securities tradable on an established securities market. If the Restricted Stock Units are assumed, replaced or converted to an equivalent award by the surviving entity (or an affiliate thereof) for securities tradable on an established securities market (a “Replacement Award”), any such Replacement Award shall be fully Vested in the circumstances described in the first sentence of Section 3 or on the first date, after a Change in Control, that Participant is not a member of the board of directors of the surviving entity (the “surviving entity board”) or that Participant ceases to serve as a member of the surviving entity board for any reason other than Participant’s voluntary resignation from, or declining to stand for reelection to, the surviving entity board. Such Replacement Award shall not become Vested under

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this Section 4 if Participant's service on the surviving entity board ceases because of (i) Participant's voluntary resignation from, or declining to stand for reelection to, the surviving entity board, (ii) Participant's death, or (iii) Participant's becoming Disabled (but in the case of death or Disability, the first sentence of Section 3 shall apply). Any Restricted Stock Units that become Vested pursuant to this Section 4 shall be settled in accordance with Section 5(b)(iii) or (iv) hereof, as applicable. For the avoidance of doubt, neither any change in the national securities exchange on which the Common Stock is listed, nor the Common Stock ceasing to be listed on a national securities exchange, shall constitute in and of itself a Change in Control.

5. Settlement of Restricted Stock Units.

(a) Form of Payment. With respect to any Restricted Stock Units that have Vested under this Agreement, the Company shall, at the discretion of the Committee, either (i) pay to Participant a cash payment equal to the number of shares of Restricted Stock Units that Vested on the applicable Vesting Date, multiplied by the Fair Market Value of the shares on the vesting date or (ii) issue and deliver to Participant the number of shares of Common Stock equal to the number of Restricted Stock Units that Vested on the applicable vesting date and enter the Participant's name on the books of the Company as the stockholder of record with respect to the shares of Common Stock delivered to Participant.

(b) Timing of Payment.

(i) Payment After a Vesting Date. Subject to Sections 5(b)(ii) and (iii), the Restricted Stock Units that are Vested as of each Vesting Date shall be settled as soon as administratively practicable after the Vesting Date, but in no event later than thirty (30) days of the Vesting Date.

(ii) Payment After Death or Disability. Notwithstanding Section 5(b)(i), if Participant dies or becomes Disabled during the Restriction Period, the Restricted Stock Units that are Vested as of the applicable date shall be settled within thirty (30) days following such date of death or becoming Disabled. Any payment of Restricted Stock Units to a deceased Participant shall be paid to the estate of Participant, unless Participant has designated a beneficiary to the Company in accordance with its procedures.

(iii) Change in Control. Notwithstanding Section 5(b)(i), to the extent any Restricted Stock Units are Vested as of a Change in Control, such Vested Restricted Stock Units shall be settled within thirty (30) days of the date of the Change in Control.

(iv) Payment Following a Change in Control. Notwithstanding Section 5(b)(i), if, after a Change in Control, Participant is not a member of the surviving entity board or ceases to serve as a member of the surviving entity board for any reason other than Participant's voluntary resignation from, or declining to stand for reelection to, the surviving entity board, the Restricted Stock Units that become Vested under Section 4 shall be settled within thirty (30) days of the date of such Restricted Stock Units become Vested.

6. Forfeiture. All Restricted Stock Units that are not then Vested shall be forfeited if Participant's service as a Director or as a member of any surviving entity board prior to the date such shares become Vested in accordance with Sections 2, 3 or 4 above. All Restricted Stock Units that are not then Vested shall be forfeited in the event the Administrator makes a final determination that Participant has breached the provisions of Section 12.

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7. Stockholder Rights. Participant will have no rights as a stockholder with respect to the shares of Common Stock underlying the Restricted Stock Units unless and until the Restricted Stock Units are Vested and are settled by the issuance of such shares of Common Stock.

8. Fractional Shares. Fractional shares shall not be issuable hereunder, and when any provision hereof or the Plan may entitle Participant to a fractional share, such fraction shall be disregarded.

9. Withholding Taxes. If the Company or an Affiliate shall be required to withhold any federal, state, local or foreign income, employment or other tax in connection with the Vesting of the Award, Participant shall pay the tax or make provisions that are satisfactory to the Company for the payment thereof. Participant may elect to have the Company retain from payment on settlement of the Award the number of shares of Common Stock (based on the Fair Market Value of the shares) or cash, as applicable, equal to the amount of any required withholding.

10. Right to Terminate Service as a Director. No provision of this Agreement shall confer on Participant any right to continue as a Director or a member of any surviving entity board, or in any way affect any right or power that the Company, a surviving entity, or the stockholders of either may otherwise have to terminate the Participant's service as a Director or member of the surviving entity board at any time with or without assigning a reason therefor.

11. Change in Capital Structure. In accordance with the terms of the Plan, the terms of this Award shall be adjusted as the Committee determines is equitably required in the event (a) the Company effects one or more stock dividends, stock split-ups, subdivisions or consolidations of shares, (b) the Company engages in a transaction to which Code Section 424(a) applies, or (c) there occurs any other event which, in the judgment of the Committee necessitates such action. Any such adjustment shall be made in compliance with Code Section 409A.

12. Confidentiality. Participant agrees that, as a condition of receiving the Restricted Stock Units, Participant shall not, unless otherwise required by law, discuss or otherwise disclose to any person or entity (other than Participant's counsel, accountant, or family members) any information contained in this Award, including, but not limited to, the fact that Participant received the Award and the number of Restricted Stock Units granted herein.

13. Governing Law, Personal Jurisdiction and Service. This Agreement shall be governed by, and interpreted in accordance with the internal substantive laws of the State of Delaware, without giving effect to the principles of conflicts of law. Each party hereto irrevocably submits itself to the *exclusive* personal jurisdiction of the Federal and State courts sitting in the State of Delaware, and hereby waives any claims it may have as to inconvenient forum. Each party hereto also agrees that service of process may be achieved by any form of mail addressed to the party to be served and requiring a signed receipt, at the address provided in Section 14 of this Agreement or to the address provided to the Company or its Subsidiary.

14. Notice. Any notice or other communication given pursuant to this Agreement shall be in writing and shall be personally delivered or mailed by United States registered or certified mail, postage prepaid, return receipt requested, to the following addresses:

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If to the Company: NII Holdings, Inc.  
12110 Sunset Hills Road  
Suite 600  
Reston, Virginia 20190  
Attn: Shana C. Smith, Corporate Secretary

If to Participant: The personal address on file with the Company or its Subsidiary. Human Resources department of the

Any such notice shall be deemed to have been given (a) on the date of postmark, in the case of notice by mail, or (b) on the date of delivery, if delivered in person.

15. Conflicts. In the event of any conflict between the provisions of the Plan as in effect on the date of grant and the provisions of this Agreement, the provisions of the Plan shall govern.

16. Amendments. Any amendment to the Plan effected after the date hereof shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no such amendment shall adversely affect the right of Participant with respect to the Restricted Stock Units without Participant's consent.

17. Participant Bound by Plan. Participant hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof.

18. Binding Effect. Subject to the limitations stated above and in the Plan, this Agreement shall be binding upon and inure to the benefit of the legatees, distributees, and personal representatives of Participant and the successors of the Company.

19. Transferability. Except as otherwise provided in the Plan, the Restricted Stock Units are non-transferable and any attempts to assign, pledge, hypothecate or otherwise alienate or encumber (whether by law or otherwise) any Restricted Stock Units shall be null and void.

20. Code Section 409A. This Award is intended to satisfy the short-term deferral rule under Code Section 409A, and thus be exempt from rules applicable to deferred compensation under that Section. This Award shall be administered, and this Agreement interpreted, accordingly. To the extent this Award is subject to the rules applicable to deferred compensation under Code Section 409A, it shall be administered and interpreted so as to comply with that Section.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed on its behalf as of the «Day» day of «Month», Year», and Participant has affixed his signature hereto.

***[Signatures are located on the next page.]***

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NII HOLDINGS, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PARTICIPANT

«First\_Name» «Last\_Name»

Dated:

## CERTIFICATION PURSUANT TO

## RULE 13a-14(a)

I, Roberto Rittes, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2018 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: August 7, 2018

/s/ ROBERTO RITTES

Roberto Rittes

Principal Executive Officer

## CERTIFICATION PURSUANT TO

## RULE 13a-14(a)

I, Daniel E. Freiman, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2018 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: August 7, 2018

/s/ DANIEL E. FREIMAN

Daniel E. Freiman

Chief Financial Officer

**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 Quarterly Report on Form 10-Q for the period ended June 30, 2018 (the "Report") of NII Holdings, Inc. and subsidiaries (the "Company"), I, Roberto Rittes, Principal 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.

August 7, 2018

/s/ ROBERTO RITTES

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Roberto Rittes

Principal Executive Officer

**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 Quarterly Report on Form 10-Q for the period ended June 30, 2018 (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.

August 7, 2018

/s/ DANIEL E. FREIMAN

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Daniel E. Freiman

Chief Financial Officer

