UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2017

or

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

For the transition period from to

Commission file number 001-37488

NII HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**91-1671412**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
12110 Sunset Hills Road, Suite 600 Reston, Virginia	**20190**
(Address of principal executive offices)	(Zip Code)

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

1875 Explorer Street, Suite 800
Reston, Virginia 20190
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☑	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐	Emerging growth 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 ☑

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of June 30, 2017: $55,808,063

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Title of Class	Number of Shares Outstanding on March 7, 2018
Common Stock, $0.001 par value per share	100,479,833

Documents Incorporated By Reference

Portions of the registrant's proxy statement for the 2018 annual meeting of stockholders are incorporated by reference into Part III hereof.

NII HOLDINGS, INC.

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PART I

Item 1. Business

Corporate History

We were originally organized in 1995 as a holding company for the operations of Nextel Communications, Inc. in selected international markets. The corporation that is currently known as NII Holdings, Inc. was incorporated in Delaware in 2000 as Nextel International, Inc. In December 2001, we changed our name from Nextel International, Inc. to NII Holdings, Inc. Our principal executive office is located at 12110 Sunset Hills Road, Suite 600, Reston, Virginia 20190. Our telephone number at that location is (703) 390-5100. Unless the context requires otherwise, "NII Holdings, Inc.," "NII Holdings," "we," "our," "us" and "the Company" refer to the combined businesses of NII Holdings, Inc. and its consolidated subsidiaries. We refer to our Brazilian operating company, Nextel Telecomunicações Ltda., as Nextel Brazil. Nextel Brazil's operations are headquartered in São Paulo, with branch offices in Rio de Janeiro and various other cities in Brazil.

Except as otherwise indicated, all amounts are expressed in United States, or U.S., dollars and references to "dollars" and "$" are to U.S. dollars. All historical financial statements contained in this report are prepared in accordance with accounting principles generally accepted in the U.S.

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 September 2017, Nextel Brazil decided to wind down its integrated digital enhanced network, or iDEN, operations with a target to cease all iDEN services in mid-2018. As a result, Nextel Brazil has provided notice of the eventual shutdown to its remaining iDEN subscribers and is currently working to actively migrate the remainder of its legacy iDEN subscriber base to its WCDMA network by proactively promoting attractive service offerings. As of December 31, 2017, 11% of our subscribers were on Nextel Brazil's iDEN network.

The majority of our subscribers purchase services from us by acquiring the subscriber identity module, or SIM, cards from us separately, and using the SIM cards in handsets that they acquire from other sources. As of December 31, 2017, Nextel Brazil had 3.246 million total subscriber units in commercial service, which we estimate to be about 4.2% of total postpaid mobile handsets and other devices in commercial service in Brazil. We refer to these subscriber units in commercial service collectively as our subscriber base.

Operating Strategy

Our goal is to grow our 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 average revenue per user, or ARPU, and lower subscriber turnover; and
- building on the strength of the unique positioning of the Nextel brand.

During 2017, our results of operations were pressured by subscriber losses on our legacy iDEN network, which does not support the high speed data applications sought by many of our current and potential subscribers. Our consolidated operating revenues declined by 12% from 2016 to 2017 due to an 11% decrease in our consolidated subscriber base during 2017, almost all of which was driven by a 58% decrease in our iDEN subscriber base. As a result, our iDEN-based operating revenues decreased from $278.2 million in 2016 to $148.7 million in 2017. While we were able to reduce our cost of revenues and selling, general and administrative expenses by 3% in 2017 to offset a portion of the decline, we generated an operating loss for the period, partially as a result of $179.7 million in impairment, restructuring and other charges we recognized in 2017. As a result of Nextel Brazil's decision to wind down its iDEN network, we expect a significant decrease in iDEN-based operating revenues from 2017 to 2018, which will have a negative impact on operating income in 2018.

In addition, as a result of pressure on our capital resources, over the last several 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 reduced spending on subscriber growth, reductions in capital expenditures, significant reductions in our headquarters staff through the reorganization of certain roles and responsibilities between our Brazil and corporate teams, and headcount reductions in Brazil, all of which were designed to reduce costs while maintaining the support necessary to meet our subscribers' needs. Additionally, during 2017, we reached agreement with our bank lenders to obtain amortization and covenant relief.

Effective in January 2018, we entered into amendments to Nextel Brazil's equipment financing facility and its bank loans with Brazilian lenders, 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. See Note 7 to our consolidated financial statements for more information on these financing arrangements.

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.

Prior to the closing of the initial investment by ice group, we contributed $116.6 million in cash to Nextel Holdings. In connection with and subsequent to the closing of the initial investment, we contributed an additional $56.8 million to Nextel Holdings, representing all of our freely distributable cash outside of Nextel Brazil, including proceeds released from escrowed funds from the sale of Nextel Mexico received to date, less $50.0 million we retained for our expenses outside of the partnership. The investment agreement provided for, after ice group's initial investment, our contribution of proceeds arising from the release of escrowed funds through a 115 account, which is a contribution without the issuance of additional equity. We do not believe that this requirement survives the termination of the investment agreement and intend for all future contributions by us to Nextel Holdings to be made through capital contributions with additional equity being issued to us. ice group has notified us that it believes future escrow proceeds received by us from the escrow account must be contributed to Nextel Holdings through the 115 account without the issuance of equity.

Economic Environment

Recently, Brazil has 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 have resulted in a decline in the amount of consumer disposable income that is available to purchase telecommunications services, leading to lower customer credit and pressure on customer demand, pricing and turnover. According to reports issued by the International Monetary Fund, or the IMF, it is estimated that Brazil's gross domestic product, or GDP, fell about 3% from 2015 to 2016. In addition, Brazil's unemployment rate was about 11% at the end of 2016. In 2017, Brazil's GDP improved by about 1% compared to 2016, but unemployment reached the highest it had been in decades at 12% at the end of 2017. Real wages in Brazil fell in the first half of 2017, but grew steadily in the second half of 2017. In addition, the foreign currency exchange rate in Brazil appreciated in value by almost 9% relative to the U.S. dollar during 2017. Although consumer confidence improved by the end of 2017, it remains at lower levels than those experienced in recent prior years. Most economists expect that lower inflation and interest rates at the end of 2017 will help to accelerate growth in Brazil's economy in 2018.

Competitive Environment

We believe that the wireless communications industry in Brazil has been and will continue to be characterized by intense competition on the basis of price, the types of services offered, speed of data access and quality of service. In recent years, the prices we have been able to charge for services in Brazil have declined as a result of intensified price competition, including the introduction by our competitors of aggressive pricing promotions, such as plans that allow shared minutes between groups of callers and plans that provide more services and in many cases, unlimited calling, for lower rates than some of the plans we offer. In the third quarter of 2017, Nextel Brazil began offering similar types of unlimited voice rate plans in response to the increasingly competitive environment and is actively working to migrate its existing customers to these types of unlimited rate plans and implement other targeted efforts to promote customer loyalty.

We compete with large, well-capitalized competitors in Brazil that have substantial financial and other resources. Nextel Brazil's largest competitors are Vivo, which is owned by Spain's Telefonica and has the largest market share in the São Paulo metropolitan area and Rio de Janeiro; Claro, which is controlled by Mexico's America Movil; TIM, or Telecom Italia Mobile, a subsidiary of Italy's Telecom Italia; and TNL PCS S.A., a subsidiary of Telemar Norte Leste, Brazil's largest wireline incumbent, that offers its services under the brand name "Oi."

Many of our competitors have a larger spectrum position than ours, including more spectrum that can be used to support a wide range of wireless technologies, and have greater coverage areas and/or name recognition than we do, making it easier for them to expand into new markets and offer new products and services. Our competitors typically have more extensive distribution channels than ours or are able to use their scale advantages to acquire subscribers at a lower cost than we can, and they have implemented network technology upgrades, including both WCDMA and LTE, that support high speed data services. Some of these competitors also have the ability to offer bundled telecommunications services that include local, long distance, subscription television and data services, and can offer a larger variety of handsets and other devices with a wide range of prices, brands and features. In addition, the financial strength and operating scale of some of these competitors allows them to offer aggressive pricing plans, including those targeted at attracting our existing subscribers.

In recent years, our largest competitors have increasingly focused their marketing efforts on attracting postpaid subscribers within our target segments by, among other things, enhancing their network quality and their customer care functions, which may minimize the value of our network quality and speed and the quality of our customer service as points of differentiation. In addition, as we have extended our target market to include more high-value consumers, we are increasingly competing more directly for subscribers that are also targeted by our largest competitors.

We compete with other communications service providers based primarily on our simple and attractive pricing plans, high quality customer experience and wireless service offerings. We are continuing to pursue our target market with an expanded message that focuses on our transition to a full service wireless operator capable of providing high quality and high speed data services supported by our WCDMA and LTE network.

We believe that the users who primarily make up our targeted subscriber base are likely to base their purchase decisions on network quality and quality of customer support, as well as on the availability of differentiated features and services that make it easier for them to communicate quickly, efficiently and economically. However, because pricing is one of a number of important factors in potential customers' purchasing decisions, and in light of Brazil's recovering economy discussed above, increased price competition in the customer segments we target could require us to decrease prices or increase service and product offerings, which would lower our revenues, increase our costs or both.

In response to the aggressive nature of Brazil's competitive environment, as well as its recent economic climate, we have taken and are continuing to take the following actions:

- offering flexible rate plans in order to meet our customers' individualized needs, including various unlimited voice rate plans at competitive prices;
- increased our focus on high value customer segments in order to generate higher levels of ARPU;
- expanding our addressable market;
- providing a superior customer-centric experience that cultivates a long-term relationship with our customers;
- streamlining distribution channels, including closing unprofitable retail stores;
- migrating subscribers from our legacy iDEN network to our WCDMA network; and
- reviewing commission and subsidy strategies.

As a result of these and other initiatives, in the fourth quarter of 2017, Nextel Brazil had 325,400 WCDMA gross subscriber additions, 26,800 WCDMA net subscriber additions and WCDMA subscriber turnover of 3.47%.

Our Networks and Wireless Technologies

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

In late 2010, Nextel Brazil participated in a series of spectrum auctions and was the successful bidder for 20 megahertz, or MHz, of spectrum in the 1.9/2.1 gigahertz, or GHz, spectrum bands in 11 of the 13 auction lots covering approximately 98% of the Brazilian population for $714.4 million based on foreign currency exchange rates at the time. Nextel Brazil also successfully bid on 20 MHz of spectrum in the 1.8 GHz band in Rio de Janeiro, Minas Gerais and some states in the north and northeast regions of Brazil for a total bid price of approximately $121.7 million. Nextel Brazil is utilizing this 1.9/2.1 GHz spectrum to support its WCDMA network and is utilizing the 1.8 GHz spectrum to support its LTE-based network. The licenses relating to the spectrum won by Nextel Brazil in the auction were granted in June 2011 and have a term of 15 years. These licenses are renewable once for an additional 15-year period and require Nextel Brazil to meet specified network coverage construction requirements within specified timeframes. In December 2015, Nextel Brazil participated in a spectrum auction and was the successful bidder for 30 MHz of spectrum in the 1.8 GHz band for 455.0 million Brazilian reais, or approximately $116.7 million based on foreign currency exchange rates at the time. Nextel Brazil currently offers LTE services in Rio de Janeiro and São Paulo. These services are automatically available to subscribers with an existing mobile plan and compatible smartphone.

We continue to evaluate ways in which we can use our 800 MHz spectrum to support existing or new services. Our current 800 MHz spectrum holdings are largely contiguous, making it possible to use that spectrum to support future technologies, including LTE-based technologies, if certain technical, operational and regulatory requirements are met, including, for example, the availability of compatible network and subscriber equipment. The availability of that equipment will likely depend upon a number of factors, including the technology decisions made by other wireless carriers and the willingness of infrastructure and device manufacturers to produce the required equipment.

Sales and Distribution

Our target customers include consumer market segments that value our attractive pricing plans, high quality network and our superior level of customer service, as well as the small, medium and large business markets that value our wireless services. We use a variety of distribution channels to reach our target customers, including direct sales representatives, indirect sales agents, retail stores and kiosks, and other subscriber-convenient sales channels such as online purchasing. Nextel Brazil is continuously optimizing the mix of sales channels to take into consideration the methods that best meet local subscriber preferences, most cost effectively sell and provide support to our different segments and facilitate our overall strategy of attracting and retaining subscribers in our targeted segments.

We employ sales representatives who market our services directly to potential and existing customers. The focus of our direct sales force is primarily on customers that value our industry expertise and services, as well as our ability to develop tailored custom communications capabilities that meet the specific needs of these customers. We also utilize indirect sales agents, which mainly consist of local and national non-affiliated dealers that solicit customers for our service and are generally paid through commissions. These dealers participate with Nextel Brazil's direct sales force in varying degrees when pursuing each of our targeted customer groups.

Our sales channels also include distribution through subscriber-convenient channels, including telesales and sales through our Nextel retail stores, shopping center kiosks and other locations. We have realigned these sales channels and locations and have also expanded our marketing through regional and national retailers with store kiosks and handset and prepaid card distribution offers. We also utilize our website as a marketing tool that allows subscribers to compare our various rate plans and research our suite of products and services, including handsets, accessories and special promotions. We use a digital platform and other online purchase tools as additional sales channels to allow subscribers to purchase our services directly without any interaction with a Nextel representative. Subscribers can purchase a SIM card at an accredited point of sale, install the SIM card on an Android or iOS smartphone, download the application, and activate and change rate plans.

Marketing

We are a full service provider of wireless services, offering our customers packages of services and features that combine multiple communications services in one handset, including voice and data services. Since 2002, we have offered services under the Nextel brand under a trademark license agreement with Nextel Communications, Inc. In 2011, we launched a new brand identity, which we believe enhanced the recognition of our brand. As a result of our efforts, the Nextel brand is recognized in Brazil as standing for both quality of service and the customer support we provide. Our marketing strategy is focused on the availability of the broad range of services and features offered by our WCDMA and LTE networks that we believe appeals to a wide range of consumers. The positioning of our brand continues to focus on customers who are attracted to our services and our reputation for providing a high quality customer experience.

Regulation of SMR and PCS Operations

In Brazil, the wireless communications regulations are based on a concept called calling party pays, which requires the mobile carrier of the subscriber initiating a call to pay the mobile carrier of the party receiving the call when mobile calls occur between subscribers of different carriers. These calling party pays charges are based on rates that we refer to as mobile termination rates. In 2012, ANATEL, Brazil's telecommunications regulatory agency, approved regulations to implement a transition to a cost-based model for determining mobile termination rates, and under the current regulations, the mobile termination rates are being gradually reduced over a transition period ending in 2019, when cost-based rates will take effect and we will likely pay the same rates as our competitors.

Foreign Currency Controls, Dividends and Tax Regulation

The purchase and sale of foreign currency in Brazil continues to be subject to regulation by the Central Bank of Brazil despite regulatory changes enacted in 2005 that were designed to reduce the level of government regulation of foreign currency transactions. The purchase of currency for repatriation of capital invested in Brazil and for payment of dividends to foreign stockholders of Brazilian companies may only be made if the original investment of foreign capital and capital increases were registered with the Brazilian Central Bank. Nextel Brazil has registered substantially all of its investments with the Brazilian Central Bank.

Brazilian law provides that the Brazilian government may, for a limited period of time, impose restrictions on the remittance by Brazilian companies to foreign investors of the proceeds of investments in Brazil whenever there is a material imbalance or a serious risk of a material imbalance in Brazil's balance of payments. The Brazilian government may also impose restrictions on the conversion of Brazilian currency into foreign currency.

Employees

As of December 31, 2017, we had 2,288 employees, of which 2,273 were employees of Nextel Brazil. Nextel Brazil is a party to a legally mandated collective bargaining agreement that covers most of its employees and expires on August 31, 2018. NII Holdings is not a party to any collective bargaining agreement. We believe that the relationship between us and our employees, and between Nextel Brazil and its employees, is good.

Access to Public Filings and Board Committee Charters

We maintain an internet website at www.nii.com. Information contained on our website is not part of this annual report on Form 10-K. Stockholders of the Company and the public may access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports filed with or furnished to the SEC under the Securities Exchange Act of 1934, as amended, through the "investor relations" section of our website. This information is provided by a third party link to the SEC's online EDGAR database, is free of charge and may be reviewed, downloaded and printed from our website at any time.

We also provide public access to our code of ethics, entitled the NII Holdings, Inc. Code of Conduct and Business Ethics, and the charters of the following committees of our Board of Directors: the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee. The committee charters may be viewed free of charge on the Investor Relations link of our website at the following address: www.nii.com. You may obtain copies of the committee charters and the Code of Conduct and Business Ethics free of charge by writing to: NII Holdings Investor Relations, 12110 Sunset Hills Road, Suite 600, Reston, Virginia 20190. If a provision of our Code of Conduct and Business Ethics required under the Nasdaq Global Select Market corporate governance standards is materially modified, or if a waiver of our Code of Conduct and Business Ethics is granted to a director or executive officer, we will post a notice of such action on the Investor Relations link of our website at the following address: www.nii.com. Only the Board of Directors or the Audit Committee may consider a waiver of the Code of Business Conduct and Ethics for an executive officer or director.

Item 1A. Risk Factors

Investors should be aware that we and our business are subject to various risks, including the risks described below. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of our common stock could decline due to any of these risks, and investors may lose all or part of any investment. Our actual results could differ materially from those anticipated in any forward-looking statements that we make as a result of a variety of factors, including the risks described below. Please note that additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations.

Risks Relating to Our Business and Results

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

Our free cash flow was negative in 2016 and 2017, and based on our current plans, we expect our free cash flow to remain negative through at least 2018. Our current plans are based on a number of key assumptions relating to, among other things, our ability to manage our capital and operating expenses and to attract and retain customers. If any of our assumptions are not borne out or are otherwise not correct, our free cash flow could continue to be negative for an extended period of time. There can be no assurance that we will succeed in executing on our plans or that we will generate positive free cash flow in the future.

Our current sources of funding include our cash and short-term investments, cash held in escrow to secure our indemnification obligations in connection with the sale of Nextel Mexico, and cash pledged as collateral to secure certain performance bonds relating to our obligations to deploy our WCDMA spectrum in Brazil. We recovered substantially all of our cash pledged to secure performance bonds in January 2018.

Based on the 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 be negative in 2018. In addition, we expect that our capital expenditures for 2018 will be at similar levels to those experienced in 2017. If we do not execute on our business plan, we may need to raise incremental capital to fund our business plan. Furthermore, if the ultimate amount recovered from our cash held in escrow does not meet our current forecasted amount or is delayed for a significant amount of time, we would need to obtain additional funding and/or significantly reduce our planned spending to further preserve our liquidity. If we cannot obtain access to a significant portion of the escrowed funds as anticipated in our business plan and execute on our business plan, or obtain suitable financing if and when it is required, our results of operations and liquidity would be negatively impacted, and we may be unable to settle our obligations as they come due.

2. If we are not able to compete effectively in the highly competitive wireless communications industry, our future growth and operating results will suffer.

Our business involves selling wireless communications services to subscribers, and as a result, our economic success is based on our ability to attract new subscribers and retain current subscribers. Our success will depend on Nextel Brazil's ability to compete effectively with other telecommunications services providers, including other wireless telecommunications companies, internet and cable service providers and providers of fixed wireline services, in Brazil. Our ability to compete successfully will depend on our ability to anticipate and respond to various competitive factors affecting the telecommunications industry in Brazil, including the availability of new services, features and technologies; changes in consumer preferences, demographic trends and economic conditions; our ability to fund our operations; and our competitors' pricing strategies.

Over the past two years, our results of operations, including our operating revenues and operating cash flows, have been negatively affected by a number of factors, including significant deterioration in economic conditions in Brazil that have recently begun a slow recovery, increased competitive pressure, the overall depreciation of the value of the Brazilian real relative to the U.S. dollar from 2015 to 2016, and the decline in our iDEN subscriber base resulting from the limited digital services available on our legacy iDEN network. These and other factors resulted in a reduction in our subscriber growth and revenues at a time when our costs reflected the operation of two networks and had a significant negative impact on our results and our ability to grow our revenue base to a level sufficient to reach the scale required to generate positive operating income.

We believe that the wireless communications industry in Brazil has been and will continue to be characterized by intense competition on the basis of price; the types of services offered; variety, features and pricing of handsets; speed of data access; and quality of service. In recent years, the prices we have been able to charge for services in Brazil have declined as a result of intensified price competition, including the introduction by our competitors of aggressive pricing promotions, such as plans that allow shared minutes between groups of callers and even more aggressive pricing plans that provide more services for lower rates than the plans we offer, which together with the impact of deteriorating economic conditions, reduced the number of new subscribers we added to our network in 2016 and 2017. This increased competition may continue to affect our ability to attract and retain subscribers in the future, which could impact our ability to execute on our business plan and negatively impact our operating results.

a. *The wireless industry in Brazil is highly competitive, making it difficult for us to attract and retain customers. If we are unable to attract and retain customers, our financial performance will be impaired.*

Competition among telecommunications service providers in Brazil is intense as multiple carriers seek to attract and retain customers. Some of the factors contributing to this competitive environment include the current economic environment in Brazil; a higher relative penetration of wireless services compared to historic levels, which drives more aggressive competition as competitors seek to attract and retain customers that support the growth of their businesses in a more saturated market; the development and availability of new products and services, including services supported by new technologies; and the entry of new competitors. We also expect the current trend of alliances, cost-sharing arrangements and consolidation in the wireless and communications industries to continue as companies respond to the need for cost reduction and additional spectrum. This trend may result in the creation of larger and more efficient competitors with greater financial, technical, promotional and other resources to compete with our businesses. In addition, as we continue to pursue our plans to expand our marketing and sales focus on consumers, we will be increasingly seeking to attract customers in segments that have historically been predominantly served by our competitors, many of which are larger companies with more extensive networks, financial resources and benefits of scale that allow them to spend more money on marketing and advertising than us and to exploit scale advantages that allow them to offer products and services at a lower cost.

In order to obtain a competitive advantage, our competitors have, among other things:

- provided discounted or free airtime or other services;
- provided increased handset subsidies;
- offered higher commissions to distributors;
- offered a broader range of handsets and, in some cases, offered those handsets through exclusivity periods;
- expanded their networks to provide more extensive network coverage;
- developed and deployed networks that use new technologies and support new or improved services;
- offered incentives to larger customers to switch service providers, including reimbursement of cancellation fees; and
- offered bundled telecommunications services that include local, long distance and data services.

In addition, number portability requirements, which enable customers to switch wireless providers without changing their wireless numbers, have been implemented in Brazil, making it easier for wireless providers to effectively target and attract their competitors' customers.

The competitive environment in Brazil and competitive strategies of our competitors, including recent price competition, will put pressure on the prices we can charge for our services and for handsets and other devices that we sell in connection with our service offerings. These developments and actions by our competitors could continue to negatively impact our ARPU, our operating results and our ability to attract and retain customers. If we are unable to respond to competition and compensate for declining prices by adding new customers, increasing usage and offering new services, our revenues and profitability could continue to decline.

b. Competition and technological changes in the market for wireless services, including competition driven by our competitors' deployment of long-term evolution or other advanced technologies, could negatively affect our average revenue per subscriber, customer turnover, operating costs and our ability to attract new subscribers, resulting in adverse effects on our revenues, future cash flows, growth and profitability. If we do not keep pace with rapid technological changes or if we fail to offer new services in a manner that delivers a quality customer experience, we may not be able to attract and retain customers.

The wireless telecommunications industry is experiencing significant technological change. Spending by our competitors on new wireless services and network improvements could enable them to obtain a competitive advantage with new technologies or enhancements that we do not offer. Rapid change in technology may lead to the development of wireless communications technologies that support products or services that consumers prefer over the products or services that we offer. If we are unable to keep pace with future advances in competing technologies on a timely basis, or at an acceptable cost, we may not be able to compete effectively and could lose subscribers to our competitors.

While we have deployed and are offering services on our WCDMA network in Brazil and are continuing to expand and supplement that network, including by offering services utilizing LTE technologies in São Paulo and Rio de Janeiro, our competitors in Brazil have launched nationwide new or upgraded networks that use WCDMA and/or LTE technology and offer services that use high speed data transmission capabilities, including internet access and video telephony. These and other future technological advancements may enable competitors to offer features or services we cannot provide or exceed the quality of services we offer, thereby making our services less competitive. In addition, we may not be able to accurately predict technological trends or the success of new services in the market. If our services fail to gain acceptance in the marketplace in the near term, or if costs associated with implementation and completion of the introduction of these services materially increase, our ability to retain and attract customers could continue to be adversely affected.

In Brazil, our current 800 MHz spectrum holdings are largely contiguous, making it possible to use that spectrum to support future technologies, if certain technical, operational and regulatory requirements are met, including, for example, the availability of compatible network and subscriber equipment. Although our spectrum holdings in Brazil are contiguous, they are not located in the same portion of the 800 MHz spectrum band that is currently being used to support LTE network deployments elsewhere in the world including in the United States. Accordingly, it may be necessary to seek regulatory changes and to reconfigure the spectrum band and our spectrum holdings for them to be used to efficiently support LTE technologies.

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

Because of their size, scale and resources, our competitors may be able to offer services to subscribers at prices that are below the prices that we can offer for comparable services. Many of our competitors are well-established companies that have:

- substantially greater financial and marketing resources;
- larger customer bases;
- larger spectrum positions;
- higher profitability and positive free cash flow;
- more access to funding, lower leverage and lower cost of financing; and
- larger service coverage areas than those of our operating companies.

If we cannot compete effectively based on the price of our service offerings and related cost structure, our results of operations may be adversely affected.

d. We are dependent on our competitors for support services that are critical to our operations.

We rely on our competitors for certain support services that are critical to our operations. For example, the services that we provide on our WCDMA network require significant data capacity, and this capacity demand has made it necessary for us to obtain wireline or other connecting circuits between elements of our network such as switches and transmitter and receiver sites that are capable of transporting a significantly higher volume of data traffic. In some instances, the availability of those higher capacity circuits is limited, and in many cases, our access to those circuits is controlled by entities that are affiliated with our competitors. Similarly, we have entered into roaming arrangements with one of our competitors that allow us to expand the coverage of our WCDMA network in Brazil by allowing our subscribers to roam on that competitor's network in areas outside our coverage area. Likewise, we have entered into a 10-year radio access network, or RAN, sharing agreement with the same competitor under which we are permitted to use its tower and equipment infrastructure to transmit telecommunications signals on Nextel Brazil's spectrum. As a result, we are dependent on entities that are or are affiliated with our competitors to provide us with the data transport services needed to support our networks and services, roaming services and infrastructure that enhance our coverage area. Our ability to offer services and our results of operations could be adversely affected if those entities were to allocate limited transport or network capacity to other customers including their wireless affiliates or otherwise make it more difficult for us to obtain the necessary transport and roaming capacity to support our networks and services.

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

In recent years, we have experienced higher customer turnover rates compared to earlier periods, which resulted primarily from the combined impact of weaker economic conditions and a more competitive sales environment in Brazil. In addition, there has been a significant increase in our customer turnover rate for subscribers to services on our iDEN network as customers increasingly prefer services that are supported by high speed data capabilities including services on smartphones. Likewise, WCDMA subscriber turnover increased significantly as a result of more intense competition in the wireless market and the economic factors discussed above.

In addition, we have broadened our target market to include customers that have typically demonstrated a willingness to change service providers more frequently and have increased our usage of control plan payment terms as part of our service plans in order to attract more price sensitive customers. These and other changes in our marketing strategies and the types of customers we target have recently had a negative impact on our consolidated customer turnover rate and could continue to have that impact in the future. Subscriber losses adversely affect our business and results of operations because these losses result in lost revenues and cash flow, drive higher bad debt expenses and require us to attract replacement customers and incur the related sales commissions and other costs. Although attracting new subscribers and retaining existing subscribers are both important to the financial viability of our business, there is an added focus on retaining existing subscribers because the average cost of acquiring a new subscriber is higher. Accordingly, increased levels of subscriber deactivations have had and could continue to have a negative impact on our results, even if we are able to attract new subscribers at a rate sufficient to offset those deactivations. If we experience increases in our customer turnover rate, our results of operations could be adversely affected.

f. If our networks do not perform in a manner that meets subscriber expectations, we will be unable to attract and retain customers.

Customer acceptance of the services we offer on our networks is and will continue to be affected by technology-based differences and by the operational performance and reliability of these networks. We may have difficulty attracting and retaining customers if: we are unable to satisfactorily address and resolve performance or other transmission quality issues as they arise; these issues limit our ability to deploy or expand our network capacity as currently planned; or these issues place us at a competitive disadvantage to other wireless providers.

g. Customer concerns about our financial condition and ability to implement our business plan, including our network development and deployment efforts, may have an additional adverse effect on our ability to attract and retain customers.

When deciding whether to continue or begin service with us, our customers may take our medium- to long-term operating and financial outlook, particularly to the extent that it is perceived to impact our network deployment and development, into account. If customers or potential customers who are aware of our recent results of operations, or of current and future adjustments to our business in response to those results, become concerned that we will be unable to continue to provide service to them at a quality level that meets their needs, customer deactivations could increase and new subscribers could decrease. We assume that customers will find our services attractive and that we will be able to increase our subscriber base. However, given the factors that have negatively affected our business and the difficulties associated with predicting our ability to overcome these factors, there can be no assurance that these assumptions will prove to be correct. Increases in customer deactivations and decreases in new subscribers would adversely affect our revenues and our ability to generate the cash needed to fund our business and meet our other obligations.

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

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

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

Historically, the value of the Brazilian real relative to the U.S. dollar has been volatile. Recent weakness in the economy in Brazil has led to increased volatility in the real compared to the U.S. dollar. Nearly all of our revenues are earned in Brazilian reais, but we report our results in U.S. dollars. As a result, fluctuations in foreign currency exchange rates have had and can have a significant impact on our reported results that may not reflect the operating trends in our business. In addition, all of our outstanding debt is owed by Nextel Brazil, and 36% of the principal amount of our total debt outstanding is denominated in U.S. dollars. A decline in the value of the Brazilian real makes it more costly for us to service our U.S. dollar-denominated debt obligations and affects our operating results because we generate nearly all of our revenues in Brazilian reais, but we pay for some of our operating expenses and capital expenditures in U.S. dollars. Further, because we report our results of operations in U.S. dollars, a decline in the value of the Brazilian real relative to the U.S. dollar result in reductions in our reported revenues, as well as a reduction in the carrying value of our assets, including the value of cash investments held in Brazilian reais. Depreciation of the Brazilian real also results in increased costs to us for imported equipment. Historically, we have entered into some limited hedging arrangements to mitigate short-term volatility in foreign exchange rates, but have not hedged against long-term movements in foreign exchange rates because the alternatives currently available for hedging against those movements are limited and costly. As a result, if the value of the Brazilian real continues to depreciate relative to the U.S. dollar, we would expect our reported operating results in future periods, and the value of our assets held in Brazilian reais, to be adversely affected.

b. We face economic and political risks operating in Brazil, which may limit our ability to implement our strategy and could negatively impact our financial flexibility, including our ability to repatriate and redeploy profits, and may disrupt our operations or hurt our performance.

Our operations depend on the economy in Brazil, which is considered to be an emerging market and has historically been subject to volatile economic cycles. Recently, Brazil has experienced one of the worst economic recessions in its history. As a result, the economic environment in Brazil has been impacted by years of significant and rapid fluctuation in terms of commodity prices, local consumer prices, employment levels, gross domestic product, interest rates and inflation rates. These economic conditions have affected the wireless telecommunications industry in Brazil, leading to lower customer credit and pressure on customer demand, pricing and customer turnover, and negatively impacting our ability to attract and retain subscribers. It is estimated that Brazil's GDP fell about 3% from 2015 to 2016, but improved by about 1% in 2017 compared to 2016. Brazil's unemployment rate was about 11% at the end of 2016 and reached the highest it had been in decades at 12% at the end of 2017. Real wages in Brazil fell in the first half of 2017, but grew steadily in the second half of 2017. If the current economic conditions worsen, the economic environment in Brazil may negatively impact our ability to meet our business plan.

In addition, in some instances, the economy in Brazil has also been negatively affected by other factors, including volatile political conditions. We are unable to predict the impact that local or national elections and the associated transfer of power from incumbent officials or political parties to newly elected officials or parties may have on the local economy or the growth and development of the local telecommunications industry. Changes in leadership or in the ruling party in Brazil may affect the economic programs developed under the prior administration, which in turn, may adversely affect the economy there. Other risks associated with political instability could include the risk of expropriation or nationalization of our assets by the government. We expect political, economic and social conditions in Brazil to affect our business, including our access to capital markets to obtain funding needed for our business or to refinance our existing indebtedness.

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

Our operations are subject to local laws and regulations in Brazil, which may differ substantially from those in the U.S., and we could become subject to penalties if we do not comply with those local laws and regulations. In addition, we are subject to U.S. laws and regulations, such as the Foreign Corrupt Practices Act, or the FCPA. The FCPA prohibits us from providing anything of value to foreign officials for the purpose of influencing official decisions or obtaining or retaining business. Our employees and agents interact with government officials on our behalf, including interactions necessary to obtain licenses and other regulatory approvals necessary to operate our business and through contracts to provide wireless service to government entities, creating a risk that actions may occur that could violate the FCPA. Although we have implemented policies and procedures designed to ensure compliance with local laws and regulations as well as U.S. laws and regulations, including the FCPA, there can be no assurance that all of our employees, consultants, contractors and agents will abide by our policies. The penalties for violating the FCPA can be severe. Any violations of law, even if prohibited by our policies, could have a material adverse effect on our business.

In addition, in Brazil, government regulatory agencies regulate the licensing, construction, acquisition, ownership and operation of our wireless communications systems, as well as the granting, maintenance and renewal of licenses to use spectrum and radio frequencies. Adoption of new regulations, changes in the current telecommunications laws or regulations or changes in the manner in which they are interpreted or applied could adversely affect our operations by increasing our costs, reducing our revenues or making it more difficult for us to compete. In order to maintain our licenses, we are required to use the related spectrum in an efficient manner. In connection with the shutdown of our iDEN network, we believe we have a plan to meet our spectrum use requirements for the 800 MHz spectrum underlying that network. If ANATEL does not agree that we are meeting our requirements, we could be required to return our 800 MHz spectrum before its expiration. In addition, ANATEL is considering pricing for a conversion of our 800 MHz spectrum from a trunking license for radio services as private systems to public systems. If we are unwilling or unable to pay the conversion price set by ANATEL, we will be unable to renew the spectrum licenses for our 800 MHz spectrum, if a renewal becomes available, and could be subject to forfeiture of this spectrum. Our business may be negatively impacted if changes are implemented that:

- affect the terms of interconnection arrangements that allow our subscribers to complete calls to our competitors' subscribers, including the charges imposed for the completion of those calls;
- establish restrictions that limit or otherwise affect the deployment of transmitter and receiver sites needed to support the coverage and capacity of our networks;
- establish minimum network construction, coverage or quality of service obligations that can result in increased capital investments or require other changes to our business;
- establish prices Nextel Brazil is required to charge for its services or impose other terms of service that can affect our revenues or costs; or
- impose foreign ownership limitations on telecommunications providers that may affect our ability to own and operate our business.

There has also been an increased focus on service and quality standards in Brazil as the local government monitors telecommunications providers' voice quality, customer complaints, call failure rates, capacity to handle call traffic levels in peak calling periods and failed interconnection of calls, which could potentially increase our operating costs and affect rates charged to subscribers. In addition, regulations in Brazil permit third parties, including our competitors, to challenge our actions or decisions of the regulators that potentially benefit us, such as decisions regarding the allocation and licensing of spectrum. If our competitors are successful in pursuing claims such as these, or if the regulators in Brazil take actions against us in response to actions initiated by our competitors, our ability to grow our business and improve our results of operations could be adversely affected.

Finally, rules and regulations affecting placement and construction of our transmitter and receiver sites affect our ability to deploy and operate our networks, and therefore impact our business strategies. In some instances, local governments have adopted very stringent rules and regulations related to the placement and construction of wireless towers, which can significantly impede the planned expansion of our service coverage area or require us to remove or modify existing towers, which can result in unplanned costs, negatively impact network performance and impose new and onerous taxes and fees.

d. We pay significant import duties on our network equipment and handsets, and any increases could impact our financial results.

Our operations are highly dependent upon the successful and cost-efficient importation of network equipment and handsets and other devices from locations outside Brazil. Network equipment and handsets may be subject to significant import duties and other taxes. Any significant increase in import duties in the future could significantly increase our costs. To the extent we cannot pass these costs on to our customers, our financial results will be negatively impacted.

e. We are subject to taxes, which may reduce the revenues of our operating subsidiary in Brazil, reduce the amounts we receive from Nextel Brazil, increase our tax costs and impact our cash flows.

The government in Brazil, including the local municipalities, has increasingly turned to new taxes, as well as aggressive interpretations of current tax law, as a method of increasing revenue. For example, Nextel Brazil is required to pay two types of income taxes, which include a corporate income tax and a social contribution tax, and is subject to various types of non-income related taxes, including value-added tax, excise tax, service tax, importation tax and property tax. In addition, the reduction in tax revenues resulting from the economic downturn that has occurred in the last several years has led to proposals and new laws that increase the taxes imposed on sales of handsets and on telecommunications services. The provisions of new tax laws may attempt to prohibit us from passing these taxes on to our customers or our ability to do so may be limited by competitive conditions. These taxes may reduce the amount of earnings that we can generate from our services or in some cases may result in operating losses.

In addition, 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. These judicial guarantees are not released until a pending matter is resolved. Future judicial guarantees could be material and could negatively impact our cash flows.

Distributions of earnings and other payments, including interest, received from Nextel Brazil may be subject to withholding taxes imposed by Brazil. Any of these taxes will reduce the amount of after-tax cash we can receive from our operations.

In general, a U.S. corporation may claim a foreign tax credit against its Federal income tax expense for foreign withholding taxes and, under certain circumstances, for its share of foreign income taxes paid directly by foreign corporate entities in which the company owns 10% or more of the voting stock. Our ability to claim foreign tax credits is, however, subject to numerous limitations, and we may incur incremental tax costs as a result of these limitations or because we do not have U.S. Federal taxable income.

We may also be required to include in our income for U.S. Federal income tax purposes our proportionate share of specified earnings of our foreign corporate subsidiaries that are classified as controlled foreign corporations, without regard to whether distributions have been actually received from these subsidiaries.

f. We have entered into a number of agreements that are subject to enforcement in foreign countries, which may limit efficient dispute resolution.

A number of the agreements that we and our subsidiaries enter into with third parties are governed by the laws of, and are subject to dispute resolution in the courts of or through arbitration proceedings in, the countries or regions in which the operations are located. We cannot accurately predict whether these forums will provide effective and efficient means of resolving disputes that may arise. Even if we are able to obtain a satisfactory decision through arbitration or a court proceeding, we could have difficulty enforcing any award or judgment on a timely basis. Our ability to obtain or enforce relief in the U.S. is also uncertain.

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

Nextel Brazil must connect its telecommunication networks with those of other carriers in order to provide the services we offer. We incur costs relating to these interconnection arrangements and for local, long distance and data transport services relating to the connection of our transmitter sites and other network equipment. These costs include interconnection charges and fees, charges for terminating calls on the other carriers' networks and transport costs, most of which are measured based on the level of our use of the related services. We are able to recover a portion of these costs through revenues earned from charges we are entitled to bill other carriers for terminating calls on our network, but because users of mobile telecommunications services who purchase those services under contract generally, and our customers in particular, tend to make more calls that terminate on other carriers' networks and because we have a smaller number of customers than most other carriers, we incur more charges than we are entitled to receive under these arrangements. The terms of the interconnection and transport arrangements, including the rates that we pay, are subject to varying degrees of local regulation, and often require us to negotiate agreements with the other carriers, most of which are our competitors, in order to provide our services. Our costs relating to these interconnection and transport arrangements are subject to fluctuation both as a result of changes in regulations and the negotiations with the other carriers. Changes in our customers' calling patterns that result in more of our customers' calls terminating on our competitors' networks and changes in the interconnection arrangements either as a result of regulatory changes or negotiated terms that are less favorable to us could result in increased costs for the related services that we may not be able to recover through increased revenues, which could adversely impact our financial results.

5. We own Nextel Brazil through a partnership with ice group.

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.

a. Our interests and the interests of our stockholders may not align with the interests of ice group, and actions by ice group could negatively impact our performance.

ice group currently owns 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. The shareholders agreement remains in effect, and we intend to continue to meet all of our obligations in the shareholders agreement.

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.

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

b. ice group's second investment in Nextel Holdings was not completed, which could negatively impact us.

On July 20, 2017, we and ice group completed ice group's initial $50.0 million investment in Nextel Holdings. In the second stage of the transaction, ice group had an option to invest an additional $150.0 million in Nextel Holdings, which would have increased its ownership to 60%. ice group's option to make this second investment was discretionary, and it chose not to exercise this option prior to its expiration. ice group's decision not to exercise its option may result in various negative consequences, including the potential need to obtain additional funding in the future. If we are unsuccessful in raising additional capital, if and when needed, our results of operations and liquidity, as well as our ability to invest in and grow our business, could be negatively impacted, which could negatively impact future operating results.

In addition, our business may have been adversely affected by the failure to pursue other beneficial opportunities due to the focus of management on our partnership with ice group. We have incurred substantial expenses in connection with the negotiation and completion of the ice group investment, and we may not realize the full expected benefits of our partnership with ice group. In addition, ice group has a significant influence over Nextel Holdings' operations and certain rights pursuant to the shareholders agreement, which could make it more difficult to pursue another transaction or obtain additional funding. ice group's failure to complete the second investment may also result in negative reactions from the financial markets or from our customers, vendors and employees, which could have a material adverse effect on our stock price, business and cash flows, financial condition and results of operations.

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

As described in “Part II. Item 9A. Controls and Procedures,” included in this annual report on Form 10-K, we disclosed a material weakness in internal control over financial reporting due to a continuing material weakness in our information and communication process and our control environment. During 2017, we did not have a sufficient number of experienced resources at Nextel Brazil, which impacted, among other things, our ability to reach timely conclusions and validate the completeness and accuracy of information used to support various accounting analyses, which resulted in immaterial misstatements, some of which were corrected, and control deficiencies across multiple accounts. Management is committed to dedicating the resources necessary to ensure sustained effective control design and operation is achieved, and will continue to work to ensure we maintain sufficient experienced resources, automate processes, and monitor risks related to new accounting requirements or changes that could place an unmanageable strain on our resources.

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

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

Our business depends upon third party distribution channels for securing a portion of the new customers to our services. In some instances, we rely on these third party dealers and retailers to serve as the primary contact between us and the customer and to interact with other third parties on our behalf. As a result, there may be risks associated with the actions taken by our distributors or the operators of our other retail channels, including potential risks associated with the failure of our distributors or other retail channels to follow regulatory requirements. The volume of our new customer additions, our ability to retain customers and our profitability could also be adversely affected if these third party dealers or retailers terminate their relationship with us, if there are adverse changes in our relationships with them, if we alter our compensation arrangements with these dealers or retailers or if the financial condition of these dealers or retailers deteriorates.

8. If our licenses to provide mobile services are not renewed, or are modified or revoked, our business may be restricted.

Wireless communications licenses and spectrum allocations are subject to ongoing review and, in some cases, to modification or early termination for failure to comply with applicable regulations. If Nextel Brazil fails to comply with the terms of its licenses and other regulatory requirements, including installation deadlines and minimum loading or service availability requirements, they could be fined or their licenses could be revoked. We believe that Nextel Brazil is in compliance with the applicable operational requirements of its licenses in all material respects. Further, compliance with these requirements is a condition for eligibility for license renewal. Most of our wireless communications licenses have fixed terms and are not renewed automatically. Because governmental authorities have discretion to grant or renew licenses, our licenses may not be renewed or, if renewed, renewal may not be on acceptable economic terms. In addition, regulations in Brazil permit third parties, including our competitors, to challenge the award and use of our licenses. If our competitors are successful in pursuing claims such as these, or if regulators in Brazil take actions modifying or revoking our licenses in response to these claims, our ability to grow our business and improve our results of operations could be materially adversely affected.

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

Our ability to achieve our long-range business goals and to grow profitably is dependent on our ability to manage changes to our business model and cost structure that are necessary to allow us to pursue our plans to expand both our service offerings and our targeted customer segments, including by implementing new and more efficient supporting business systems and processes. Our inability to complete these efforts in a timely fashion, or to manage the related costs, could have an adverse impact on our business.

a. We may be limited in our ability to grow unless we successfully expand network capacity and launch competitive services.

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

- expand the capacity and coverage of our network in Brazil;
- secure sufficient transmitter and receiver sites at appropriate locations to meet planned system coverage and capacity targets;
- obtain adequate quantities of base radios and other system infrastructure equipment; and
- obtain an adequate volume and mix of handsets to meet customer demand.

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

In addition, as we launch a broader array of services on our network in Brazil, we must develop, test and deploy new supporting technologies, software applications and systems intended to enhance our competitiveness both by supporting existing and new services and features, and by reducing the costs associated with providing those services. Successful deployment and implementation of new services and technology depend, in part, on the willingness and ability of third parties to develop new handsets and applications that are attractive to our customers and that are available in a timely manner. We may not be able to successfully expand our new network in Brazil as needed or complete the development and deployment of competitive services. Failure to successfully expand our network coverage and capacity and the services we offer could also be expected to result in subscriber dissatisfaction that could affect our ability to retain subscribers and could have an adverse effect on our results of operations and growth prospects. If this occurs, we may be unable to recover the substantial investment we have made in our new networks and the related costs we have incurred and will continue to incur to offer these new services.

b. Failure to successfully implement core information technology and operating systems may adversely affect our business operations.

Our business strategy envisions growing our business by successfully building and expanding our network in Brazil, expanding our product and service offerings and expanding our target customer base. Even if we do expand our business, if we fail to manage our growth effectively, our financial results could be adversely affected. Separately, growth may place a strain on our management systems and resources. We must continue to refine and expand our business development and sales capabilities; our network operations and information technology infrastructure; and the hardware, software, systems, processes and people to effectively support current and future sales, customer service and information requirements of our business in an efficient and cost-effective manner. In addition, failure to prioritize technology initiatives and effectively allocate resources in order to achieve our strategic goals could result in a failure to realize those goals, including the expected benefits of our growth, and could negatively affect our financial results.

Changes to our networks and business strategies require us to implement new operating and supporting systems to improve our ability to address the needs of our customers, as well as to create additional efficiencies and strengthen our internal controls over financial reporting. We may not be able to successfully implement these new systems in an effective or timely manner or we could fail to complete all necessary data reconciliation or other conversion controls when implementing the new systems. In addition, we may incur significant increases in costs and encounter extensive delays in the implementation and rollout of these new systems. Failure to effectively implement our new operating systems may adversely affect our results of operations, customer perceptions and internal controls over financial reporting.

As our business evolves, we must continue to hire, train, supervise and manage new employees. We cannot assure you that we will be able to allocate our human resources optimally or identify and hire qualified employees or retain valued employees. If we are unable to manage our operations, our results of operations could be adversely affected.

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

Nextel Communications, Inc., or Nextel Communications, has licensed to us the right to use “Nextel” and other of its trademarks on a perpetual basis in Latin America. However, Nextel Communications may terminate the license on 60 days’ notice if we commit one of several specified defaults (namely, unauthorized use, failure to maintain agreed quality controls or a change in control of NII Holdings). If there is a change in control of one of our subsidiaries, upon 90 days’ notice, Nextel Communications may terminate the sublicense granted by us to the subsidiary with respect to the licensed marks. The loss of the use of the “Nextel” name and trademark could require us to incur significant costs to establish a new brand, which could have a material adverse effect on our operations.

11. Our reputation and business could be negatively impacted by cyber security threats and other material disruptions of our wireless networks.

Our information technology and other systems, including those of our third party service providers, that maintain and transmit our proprietary information and our subscribers’ information, including credit card information, location data, or other personal information may be compromised by a malicious third party penetration of our network security or impacted by advertent or inadvertent actions or inactions by our employees and agents. As a result, our subscribers’ information may be lost, disclosed, accessed, used, corrupted, destroyed, or taken without the subscribers’ consent. Cyber attacks, such as the use of malware, computer viruses, denial of service attacks, or other means for disruption or unauthorized access, have increased in frequency, scope, and potential harm in recent years. We also purchase equipment and software from third parties that could contain software defects, Trojan horses, malware, or other means by which third parties could access our network or the information stored or transmitted on such network or equipment.

While to date we have not been subject to cyber attacks or other cyber incidents that, individually or in the aggregate, have been material to our operations or financial condition, the preventive actions we take to reduce the risk of cyber incidents and protect our information technology and networks may not be sufficient to repel a cyber attack in the future. In addition, the costs of such preventative actions may be significant, which may adversely affect our results of operations. While we maintain information security policies and procedures designed to comply with relevant privacy and security laws and restrictions, any major compromise of our data or network security; failure to prevent or mitigate a loss of our services or network, our proprietary information, or our subscribers’ information; and delays in detecting any such compromise or loss, could disrupt our operations, impact our reputation and subscribers’ willingness to purchase our service, and subject us to significant additional expenses, including lost revenues from business interruption, ransom and litigation, which could be material.

In addition to cyber attacks, major equipment failures and the disruption of our wireless networks as a result of natural disasters, severe weather, terrorist attacks, acts of war, or other breaches of network or information technology security, even for a limited period of time, may result in significant expenses, result in a loss of subscribers or impair our ability to attract new subscribers, which in turn could have a material adverse effect on our business, results of operations and financial condition. In the past, more stringent network performance standards and reporting obligations have been adopted by the government in Brazil in order to ensure quality of service during unforeseen disturbances. We could be required to make significant investments in our existing networks in order to comply with these types of network performance standards. Any of these occurrences could damage our reputation, adversely impact subscriber and investor confidence and could negatively impact our results of operations and financial condition.

Risks Relating to Our Common Stock

12. If our stock price does not remain above $1.00, our common stock could be delisted from The NASDAQ Stock Market, which could have a material adverse effect on the liquidity of our common stock.

On June 14, 2017, we received a notice (the "Notice") from The NASDAQ Stock Market LLC ("Nasdaq") indicating that the bid price of our common stock for the prior 30 consecutive business days had closed below the minimum $1.00 per share required for continued listing on the Nasdaq Global Select Market under Nasdaq Listing Rule 5450(a)(1), and we were provided with a grace period of 180 calendar days, or until December 11, 2017, to regain compliance with the minimum bid price requirement. On December 12, 2017, we received a staff determination letter from Nasdaq indicating that we had failed to regain compliance with the minimum closing bid price requirement, that we were not eligible for a second 180-day grace period and that we would be delisted from the Nasdaq Global Select Market. We requested a hearing before a Nasdaq listing qualifications panel, which automatically stayed the delisting of our common stock pending the issuance of a determination by the panel. At our hearing in February 2018, we were granted an extension through June 11, 2018 to regain compliance with the minimum bid share price necessary for continued listing on the Nasdaq Global Select Market, which requires us to maintain a closing bid price of at least $1.00 for a minimum of ten consecutive business days. During the extension, our common stock will continue to trade on the Nasdaq Global Select Market. On March 8, 2018, the closing bid price of our common stock was above $1.00 for the tenth consecutive business day, and we are now in compliance with all Nasdaq Listing Rules. If we are unable to continue to maintain a closing bid price of at least $1.00, there is a risk that our common stock could be delisted from Nasdaq, and thereafter trading in our common stock, if any, may be conducted through the over-the-counter or other markets. As a consequence of such delisting, an investor could find it more difficult to dispose of, or to obtain quotations as to the price of, our common stock. Delisting of our common stock could also result in lower prices per share of our common stock than would otherwise prevail.

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

As of February 28, 2018, funds associated with 683 Capital Management, Joseph D. Samberg, Exile Capital Management and Capital World Investors owned approximately 13.5%, 12.2%, 9.9% and 9.5%, respectively, of our outstanding common stock. Capital World Investors also has certain additional rights under our registration rights agreement dated June 26, 2015. Circumstances may arise in which these stockholders may have an interest in pursuing or preventing acquisitions, divestitures or other transactions, including the issuance of additional shares or debt, that, in their judgment, could enhance their investment in us or another company in which they invest. Such transactions might adversely affect us or other holders of our common stock. In addition, our significant concentration of share ownership may adversely affect the trading price of our common shares because investors may perceive disadvantages in owning shares in companies with significant stockholders.

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

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

- concentration of our business operations in Brazil;
- low trading volumes for our common stock and the inability to sustain an active trading marketing for our common stock;
- actual or anticipated fluctuations in our quarterly and annual results and those of other public companies in our industry;
- industry cycles and trends;
- mergers and strategic alliances in the telecommunications industry;

- changes in government regulation;
- potential or actual military conflicts or acts of terrorism;
- the failure of securities analysts to publish research about us, or shortfalls in our operating results from levels forecast by securities analysts;
- future sales of our common stock by our stockholders, including in particular, those stockholders whose shares were included in our Registration Statement on Form S-3;
- announcements concerning us or our competitors; and
- the general state of the securities market.

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

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

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

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

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

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal executive and administrative offices are located in Reston, Virginia, where we rent temporary office space on a month-to-month basis. In addition, Nextel Brazil leases office space in São Paulo and Rio de Janeiro. Nextel Brazil also leases transmitter and receiver sites under various individual site leases. As of December 31, 2017, Nextel Brazil had 6,871 constructed sites at leased and owned locations, including those constructed for its networks. In addition, Nextel Brazil also had 1,970 radio access network, or RAN, sharing sites, 153 global system for mobile, or GSM, sites and 511 indoor sites as of December 31, 2017.

Item 3. Legal Proceedings

We are subject to other claims and legal actions that may arise in the ordinary course of business. We do not believe that any of these pending claims or legal actions will have a material effect on our business, financial condition, results of operations or cash flows. See Note 9 to our consolidated financial statements at the end of this annual report on Form 10-K for more information.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

1. *Market for Common Stock*

Our common stock trades on the Nasdaq Global Select Market under the trading symbol "NIHD." The following table sets forth on a per share basis the reported high and low sales prices for our common stock, as reported on the market at the time, for the quarters indicated.

	Price Range of Common Stock	
	High	**Low**
2016		
First Quarter	$5.72	$3.01
Second Quarter	5.65	2.64
Third Quarter	3.63	2.05
Fourth Quarter	3.33	1.70
2017		
First Quarter	$3.45	$1.05
Second Quarter	1.30	0.36
Third Quarter	0.80	0.40
Fourth Quarter	0.55	0.22

2. *Number of Stockholders of Record*

As of March 7, 2018, there were approximately 51 holders of record of our common stock, including the Depository Trust Corporation, which acts as a clearinghouse for multiple brokerage and custodial accounts.

3. *Dividends*

We have not paid any dividends on our common stock and do not plan to pay dividends on our common stock for the foreseeable future. We anticipate that for the foreseeable future any cash flow generated from our operations will be used to invest in our business and operations and to make contractual payments under our financing facilities in accordance with our business plan.

4. *Issuer Purchases of Equity Securities*

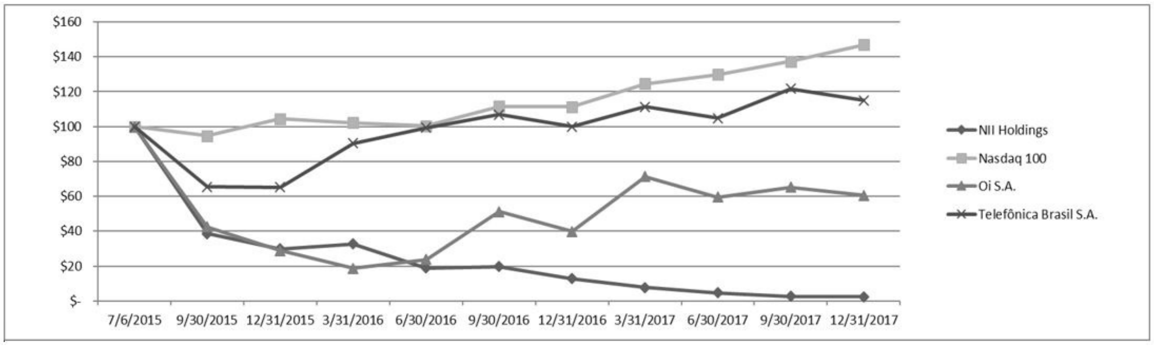
(b) The following table presents information related to repurchases of our common stock during the three months ended December 31, 2017:

Period	Total Number of Shares Purchased		Average Price Per Share	Total Number of Shares Purchased as Part of Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
October 1, 2017 - October 31, 2017	78	(1)	$ 0.43	78	
November 1, 2017 - November 30, 2017	35	(1)	0.36	35	
December 1, 2017 - December 31, 2017	—	(1)	—	—	
Total	113	(1)	0.41	113	$ —

(1) Pursuant to a general authorization, which was not publicly announced, whereby we are authorized to repurchase shares of our common stock to satisfy employee withholding tax obligations related to stock-based compensation.

Performance Graph

The following graph presents the cumulative total stockholder return on our common stock as listed on the Nasdaq Global Select Market from July 6, 2015 through December 31, 2017. This graph also compares our common stock to the cumulative total stockholder return on the Nasdaq 100 Index, the common stock of Oi S.A. and Telefônica Brasil S.A. The graph assumes an initial investment of $100 in our common stock as of July 6, 2015 and in each of the comparative indices or peer issuers, and that all dividends were reinvested.



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

Index	3/31/2017	6/30/2017	9/30/2017	12/31/2017
NII Holdings	$ 7.70	$ 4.74	$ 2.73	$ 2.49
Nasdaq 100	$ 124.56	$ 129.80	$ 137.35	$ 146.92
Oi S.A.	$ 71.35	$ 59.62	$ 65.17	$ 60.50
Telefônica Brasil S.A.	$ 111.43	$ 104.93	$ 121.73	$ 114.98

Item 6. Selected Financial Data

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

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

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

The tables below set forth selected consolidated financial data for the periods or as of the dates indicated and should be read in conjunction with the consolidated financial statements and notes thereto in Item 8 of this report and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7 of this report. The selected consolidated financial data presented below includes the results of Nextel Brazil and our corporate headquarters. In connection with the sale of Nextel Argentina, Nextel Mexico, Nextel Chile and Nextel Peru, we have included the results of these former operating companies for all periods presented as discontinued operations in the tables below. For more information regarding material uncertainties in our business, see Note 1 and Note 9 to our consolidated financial statements.

	Successor Company			Predecessor Company		
	Year Ended December 31,	Year Ended December 31,	Six Months Ended December 31,	Six Months Ended June 30,	Year Ended December 31,	
	2017	2016	2015	2015	2014	2013
	(in thousands, except per share data)					
Consolidated Statement of Operations Data:						
Operating revenues	$ 869,767	$ 985,046	$ 529,434	$ 683,711	$ 1,848,954	$ 2,203,040
Impairment, restructuring and other charges	$ 179,727	$ 1,384,811	$ 32,308	$ 36,792	$ 105,664	$ 121,578
Foreign currency transaction (losses) gains, net	$ (1,271)	$ 76,615	$ (99,737)	$ (63,948)	$ (51,149)	$ (92,456)
Net (loss) income from continuing operations	$ (351,666)	$ (1,533,879)	$ (292,491)	$ 1,519,401	$ (1,224,671)	$ (1,200,425)
Net (loss) income from continuing operations per common share, basic	$ (3.51)	$ (15.32)	$ (2.93)	$ 8.73	$ (7.11)	$ (6.98)
Net (loss) income from continuing operations per common share, diluted	$ (3.51)	$ (15.32)	$ (2.93)	$ 8.71	$ (7.11)	$ (6.98)

	Successor Company			Predecessor Company	
	December 31,			December 31,	
	2017	2016	2015	2014	2013
	(in thousands)				
Consolidated Balance Sheet Data:					
Total assets	$ 1,105,098	$ 1,418,509	$ 2,729,908	$ 5,374,034	$ 8,679,954
Long-term debt, including current portion	$ 655,707	$ 756,316	$ 665,067	$ 925,271	$ 5,298,412
Liabilities subject to compromise	$ —	$ —	$ —	$ 4,593,493	$ —

Impairment, Restructuring and Other Charges. During 2017, we reviewed our Nextel Brazil segment for potential impairment and determined that the carrying value of this segment was not fully recoverable. As a result, we recorded non-cash asset impairment charges of $57.9 million to reduce the carrying values of Nextel Brazil's long-lived assets to their respective fair values. In addition, in 2017, Nextel Brazil recognized $70.5 million in restructuring costs primarily related to future lease costs for certain transmitter and receiver sites in low-usage areas and $34.2 million in restructuring costs related to a change in the scope of its radio access network, or RAN, sharing implementation. During 2016, we reviewed our Nextel Brazil segment for potential impairment and determined that the carrying value of our Nextel Brazil segment was not fully recoverable. As a result, we recorded a non-cash asset impairment charge of $1.34 billion to reduce the carrying values of Nextel Brazil's long-lived assets to their respective fair values. During the six months ended December 31, 2015 and the six months ended June 30, 2015, we recognized $32.3 million and $36.8 million, respectively, in impairment, restructuring and other charges primarily related to the shutdown or abandonment of certain transmitter and receiver sites in Brazil, retail store closures related to the realignment of distribution channels and restructuring charges incurred in connection with the realignment of our organization and staffing structure. During 2014, we recognized $105.7 million in impairment, restructuring and other charges primarily related to the discontinuation of certain projects related to the next generation of our push-to-talk services, restructuring charges incurred in connection with the realignment of our organization and staffing structure, and other asset impairment charges related to store closures and the shutdown or abandonment of transmitter and receiver sites in Brazil. During 2013, we recognized $121.6 million in impairment, restructuring and other charges primarily related to the discontinuation of our use of software relating to customer relationship management, the restructuring of certain outsourcing agreements to manage our network infrastructure and restructuring charges incurred in connection with staff reductions and the realignment of our organization.

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

Net (Loss) Income From Continuing Operations. For the years ended December 31, 2017 and 2016, net loss from continuing operations included the $57.9 million and the $1.34 billion non-cash asset impairment charges, respectively, to reduce the carrying values of Nextel Brazil's long-lived assets to their respective fair values discussed above. For the six months ended June 30, 2015, net income from continuing operations included $1,956.9 million in reorganization items, which represented a $1,775.8 million gain we recognized in connection with the settlement of our liabilities subject to compromise upon our emergence from Chapter 11 and a $261.8 million gain we recognized as a result of the implementation of fresh start accounting, partially offset by professional fees and other costs incurred in connection with our Chapter 11 filing.

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

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

Forward-Looking and Cautionary Statements

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

While we provide forward-looking statements to assist in the understanding of our anticipated future financial performance, we caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date that we make them. Forward-looking statements are based on current expectations and assumptions that are subject to significant risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Except as otherwise required by law, we undertake no obligation to publicly release any updates to forward-looking statements to reflect events after the date of this annual report on Form 10-K, including unforeseen events.

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

- our ability to attract and retain customers;
- our ability to satisfy the requirements of our debt obligations;
- our ability to access sufficient debt or equity capital to meet any future operating and financial needs;
- our ability to meet established operating goals and generate cash flow;
- the availability of other funding sources, including the proceeds from the sale of Nextel Mexico held in escrow;
- risks associated with our partnership with ice group;
- general economic conditions in Brazil and in the market segments that we are targeting for our services;
- the political and social conditions in Brazil, including political instability, which may affect Brazil's economy and the regulatory environment there;
- the impact of foreign currency exchange rate volatility in the local currency in Brazil when compared to the U.S. dollar and the impact of related currency depreciation in Brazil;
- our having reasonable access to and the successful performance of the technology being deployed in our service areas, and improvements thereon, including technology deployed in connection with 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;

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

Introduction

The following is a discussion and analysis of:

- our consolidated financial condition as of December 31, 2017 and 2016 and our consolidated results of operations for the years ended December 31, 2017 and 2016, for the six-month periods ended December 31, 2015 and June 30, 2015 and for the combined twelve-month period ended December 31, 2015; and
- significant factors which we believe could affect our prospective financial condition and results of operations.

Historical results may not indicate future performance. See "Item 1A. — Risk Factors" for risks and uncertainties that may impact our future performance.

We refer to our majority-owned Brazilian operating company, Nextel Telecomunicações Ltda., as Nextel Brazil.

A. Executive Overview

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 September 2017, Nextel Brazil decided to wind down its iDEN operations with a target to cease all iDEN services in mid-2018. As a result, Nextel Brazil has provided notice of the eventual shutdown to its remaining iDEN subscribers and is currently working to actively migrate the remainder of its legacy iDEN subscriber base to its WCDMA network by proactively promoting attractive service offerings. As of December 31, 2017, 11% of our subscribers were on Nextel Brazil's iDEN network.

The majority of our subscribers purchase services from us by acquiring the SIM cards from us separately, and using the SIM cards in handsets that they acquire from other sources. As of December 31, 2017, Nextel Brazil had about 3.246 million total subscriber units in commercial service, which we estimate to be about 4.2% 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 addition, as a result of pressure on our capital resources, over the last several 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 reduced spending on subscriber growth, reductions in capital expenditures, significant reductions in our headquarters staff through the reorganization of certain roles and responsibilities between our Brazil and corporate teams, and headcount reductions in Brazil, all of which were designed to reduce costs while maintaining the support necessary to meet our subscribers' needs. Additionally, during 2017, we reached agreement with our bank lenders to obtain amortization and covenant relief.

Effective in January 2018, we entered into amendments to Nextel Brazil's equipment financing facility and its bank loans with Brazilian lenders, 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. See Note 7 to our consolidated financial statements for more information on these financing arrangements.

In 2018, we expect that projected lower customer turnover will allow us to grow our WCDMA subscriber base 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 "*C. Liquidity and Capital Resources*" and "*D. Future Capital Needs and Resources*" for more information.

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.

Prior to the closing of the initial investment by ice group, we contributed $116.6 million in cash to Nextel Holdings. In connection with and subsequent to the closing of the initial investment, we contributed an additional $56.8 million to Nextel Holdings, representing all of our freely distributable cash outside of Nextel Brazil, including proceeds released from escrowed funds from the sale of Nextel Mexico received to date, less $50.0 million we retained for our expenses outside of the partnership.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires us to make estimates and judgments that affect the amounts reported in those financial statements and accompanying notes. We consider the accounting policies and estimates addressed below to be the most important to our financial position and results of operations, either because of the significance of the financial statement item or because they require the exercise of significant judgment and/or use of significant estimates. Although we believe that the estimates we use are reasonable, due to the inherent uncertainty involved in making those estimates, actual results reported in future periods could differ from those estimates.

Revenue Recognition. While our current revenue recognition policy does not require the exercise of significant judgment or the use of significant estimates, we believe that our policy is significant as revenue is a key component of our results of operations.

Operating revenues primarily consist of wireless service revenues and revenues generated from the sale of handsets and accessories. We present our operating revenues net of value-added taxes, but we include certain revenue-based taxes that are our primary obligation.

Service revenues primarily consist of fixed monthly access charges. Other components of service revenue include revenues from calling party pays programs, variable charges for usage in excess of plan limits, long-distance charges and international roaming revenues derived from calls placed by our subscribers on other carriers' networks. We recognize service revenue as service is provided, net of credits and adjustments for service discounts. We recognize excess usage, local, long distance and calling party pays revenue at contractual rates per minute as minutes are used. We record cash received in excess of revenues earned as deferred revenues. We recognize handset revenue when title and risk of loss passes to the customer.

Other revenues primarily include amounts generated from our handset maintenance programs, roaming revenues generated from other companies' subscribers that roam on our networks and rental revenues from third party tenants that rent space on our transmitter and receiver sites. We recognize revenue generated from our handset maintenance programs on a monthly basis at fixed amounts over the service period. We recognize roaming revenues at contractual rates per minute as minutes are used. We recognize revenues from third party tenants on a monthly basis based on the terms set by the underlying agreements.

Allowance for Doubtful Accounts. We establish an allowance for doubtful accounts receivable sufficient to cover probable and reasonably estimable losses. We estimate this allowance based on historical experience, aging of accounts receivable and collections trends. Actual write-offs in the future could be impacted by general economic and business conditions, as well as fluctuations in subscriber deactivations, that are difficult to predict and therefore may differ from our estimates. A 10% increase in our consolidated allowance for doubtful accounts as of December 31, 2017 would have resulted in $4.2 million of additional bad debt expense for the year ended December 31, 2017.

Depreciation of Property, Plant and Equipment. We record our network assets and other improvements that extend the useful lives of the underlying assets at cost and depreciate those assets over their estimated useful lives with the exception of property, plant and equipment owned as of the date of our implementation of fresh start accounting. As a result of the application of fresh start accounting in connection with our emergence from Chapter 11 and the non-cash asset impairment charges we recorded in 2016 and 2017, we adjusted all existing property, plant and equipment to its estimated fair value and revised the associated depreciable lives. We calculate depreciation using the straight-line method based on estimated useful lives ranging from 3 to 30 years for network equipment, communication towers and network software and 3 to 10 years for software, office equipment, furniture and fixtures, and other, which includes non-network internal use software. We amortize leasehold improvements over the shorter of the lease terms or the useful lives of the improvements. Our networks are highly complex and, due to constant innovation and enhancements, certain components of those networks may lose their utility sooner than expected. We periodically reassess the economic life of these components and make adjustments to their useful lives after considering historical experience and capacity requirements, consulting with the vendor and assessing new product and market demands and other factors. When our assessment indicates that the economic life of a network component is shorter than originally anticipated, we depreciate its remaining book value over its revised useful life. Further, the deployment of any new technologies could adversely affect the estimated remaining useful lives of our network assets, which could significantly impact future results of operations.

Amortization of Intangible Assets. Our intangible assets primarily consist of our telecommunications licenses and our customer relationships. We calculate amortization on our licenses using the straight-line method based on estimated useful lives of 26 to 30 years. We calculate amortization on our customer relationships using the straight-line method based on an estimated useful life of 4 years. While the terms of our licenses, including renewals, range from 10 to 40 years, the political and regulatory environment in Brazil is continuously changing and, as a result, the cost of renewing our licenses beyond that range could be significant. In addition, the wireless telecommunications industry is experiencing significant technological change, and the commercial life of any particular technology is difficult to predict. In light of these uncertainties, we classify our licenses as definite lived intangible assets. Many of our licenses are subject to renewal after the initial term, provided that we have complied with applicable rules and policies in each of our markets. We intend to comply, and believe we have complied, with these rules and policies in all material respects as they relate to licenses that are material to our business. However, because governmental authorities have discretion as to the renewal of licenses, our licenses may not be renewed or we may be required to pay significant renewal fees, either of which could have a significant impact on the estimated useful lives of our licenses, which could significantly impact future results of operations. As a result of the implementation of fresh start accounting, we revised the remaining estimated useful lives of our licenses to include renewal periods in cases where it is probable that a renewal will occur.

Valuation of Long-Lived Assets. We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the total of the expected undiscounted future cash flows is less than the carrying value of our assets, we recognize a loss for the difference between the estimated fair value and the carrying value of the assets.

In 2017, we reviewed our Nextel Brazil segment for potential impairment and determined that the carrying value of this segment was not fully recoverable. As a result, in 2017, we recorded non-cash asset impairment charges of $57.9 million to reduce the carrying values of Nextel Brazil's long-lived assets to their respective fair values. We allocated these impairment charges on a pro rata basis between property, plant and equipment and spectrum licenses.

During 2016, we reviewed our Nextel Brazil segment for potential impairment and determined that the carrying value of our Nextel Brazil segment was not fully recoverable. As a result, in 2016, we recorded a non-cash asset impairment charge of $1.34 billion to reduce the carrying values of Nextel Brazil's long-lived assets to their respective fair values.

Foreign Currency. We translate Nextel Brazil's results of operations from the Brazilian real to the U.S. dollar using average exchange rates for the relevant period. We translate assets and liabilities using the exchange rate in effect at the relevant reporting date. We report the resulting gains or losses from translating foreign currency financial statements as other comprehensive income or loss. Because we translate Nextel Brazil's operations using average exchange rates, its operating trends may be impacted by the translation.

We report the effect of changes in exchange rates on U.S. dollar-denominated assets and liabilities held by Nextel Brazil as foreign currency transaction gains or losses. We report the effect of changes in exchange rates on intercompany transactions of a long-term investment nature as part of the cumulative foreign currency translation adjustment in our consolidated financial statements. The intercompany transactions that, in our view, are of a long-term investment nature include certain intercompany loans and advances from our U.S. and Luxembourg subsidiaries to Nextel Brazil. In contrast, we report the effect of exchange rates on U.S. dollar-denominated intercompany loans and advances to our foreign subsidiaries that are due, or for which repayment is anticipated in the foreseeable future, as foreign currency transaction gains or losses in our consolidated statements of comprehensive loss. As a result, our determination of whether intercompany loans and advances are of a long-term investment nature can have a significant impact on how we report foreign currency transaction gains and losses in our consolidated financial statements.

Loss Contingencies. We account for and disclose loss contingencies such as pending litigation and actual or possible claims and assessments in accordance with the Financial Accounting Standards Board's, or the FASB's, authoritative guidance on accounting for contingencies. We accrue for loss contingencies if it is probable that a loss will occur and if the loss can be reasonably estimated. We disclose, but do not accrue for, material loss contingencies if it is reasonably possible that a loss will occur or if the loss cannot be reasonably estimated. We do not accrue for or disclose loss contingencies if there is only a remote possibility that the loss will occur. The FASB's authoritative guidance requires us to make judgments regarding future events, including an assessment relating to the likelihood that a loss may occur and an estimate of the amount of such loss. In assessing loss contingencies, we often seek the assistance of our legal counsel and in some instances, of third party legal counsel. As a result of the significant judgment required in assessing and estimating loss contingencies, actual losses realized in future periods could differ significantly from our estimates. We currently estimate the reasonably possible losses related to matters for which we have not accrued liabilities, as they are not deemed probable, to be approximately $760.0 million as of December 31, 2017.

Income Taxes. We account for income taxes using the asset and liability method, under which we recognize deferred income taxes for differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities, as well as for tax loss carryforwards and tax credit carryforwards. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recoverable or settled. We recognize the effect on deferred taxes of a change in tax rates in income in the period that includes the enactment date. We provide a valuation allowance against deferred tax assets if, based upon the weight of available evidence, we do not believe it is "more-likely-than-not" that some or all of the deferred tax assets will be realized.

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

We are subject to income taxes in both the U.S. and the non-U.S. jurisdictions in which we operate. Certain of our entities are under examination by the relevant taxing authorities for various tax years. We regularly assess the potential outcome of current and future examinations in each of the taxing jurisdictions when determining the adequacy of the provision for income taxes. We have only recorded financial statement benefits for tax positions that we believe reflect the "more-likely-than-not" criteria of the FASB's authoritative guidance on accounting for uncertainty in income taxes, and we have established income tax reserves in accordance with this guidance where necessary. Once a financial statement benefit for a tax position is recorded or a tax reserve is established, we adjust it only when there is more information available or when an event occurs necessitating a change. While we believe that the amount of the recorded financial statement benefits and tax reserves reflect the more-likely-than-not criteria, it is possible that the ultimate outcome of current or future examinations may result in a reduction to the tax benefits previously recorded on our consolidated financial statements or may exceed the current income tax reserves in amounts that could be material.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act, or the Tax Act. The Tax Act makes broad and complex changes to the U.S. tax code. In connection with this legislation, we have recorded our U.S. deferred tax asset and corresponding valuation allowance as of December 31, 2017 at the 21% tax rate with no impact to our income tax expense. In addition, we have determined that no tax liability needs to be recorded for the one-time transition tax as our international subsidiaries have negative cumulative foreign earnings. We are electing to treat the tax on global intangible low-taxed income as an expense in the period in which we become liable for this tax and are not currently recording a deferred tax liability for this item. In accordance with Staff Accounting Bulletin, or SAB No. 118, "Income Tax Accounting Implications of the Tax Cuts and Jobs Act," our measurement period remains open with respect to the above items in order to allow us to evaluate all possible impacts of evolving guidance to be issued by the Internal Revenue Service and the FASB.

B. 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 using the average exchange rates for the years ended December 31, 2017 and 2016 and for the combined twelve-month period ended December 31, 2015. The following table presents the average exchange rates we used to translate Nextel Brazil's results of operations, as well as changes from the average exchange rates utilized in prior periods.

	Successor Company			Predecessor Company	Combined		
	Year Ended December 31, 2017	Year Ended December 31, 2016	Six Months Ended December 31, 2015	Six Months Ended June 30, 2015	Year Ended December 31, 2015	2016 to 2017 Percent Change	2015 to 2016 Percent Change
Brazilian real	3.19	3.49	3.70	2.97	3.33	8.6%	(4.8)%

The following table presents the currency exchange rates in effect at the end of each of the quarters in 2017 and 2016, as well as at the end of 2015. If the value of the exchange rate of the Brazilian real depreciates relative to the U.S. dollar, our future operating results and the values of our assets held in local currencies will be adversely affected.

	Successor Company								
	2017				2016				2015
	December	September	June	March	December	September	June	March	December
Brazilian real	3.31	3.17	3.31	3.13	3.26	3.25	3.21	3.56	3.90

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 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 year ended December 31, 2016 to amounts that would have resulted if the average foreign currency exchange rates for the year ended December 31, 2016 were the same as the average foreign currency exchange rates that were in effect for the year ended December 31, 2017; and (ii) by comparing the constant currency financial measures for the year ended December 31, 2016 to the actual financial measures for the year ended December 31, 2017. This constant currency comparison applies consistent exchange rates to the operating revenues earned in foreign currencies and to the other components of segment earnings for the year ended December 31, 2016. The constant currency information reflected in the tables below is not a measurement under accounting principles generally accepted in the U.S. and should be considered in addition to, but not as a substitute for, the information contained in our results of operations.

1. Year Ended December 31, 2017 vs. Year Ended December 31, 2016

a. Consolidated

	Successor Company		Actual Change from Previous Year		Constant Currency Change from Previous Year
	Year Ended December 31, 2017	**Year Ended December 31, 2016**	**Dollars**	**B(W) Change**	**B(W) Change**
	(dollars in thousands)				
Brazil segment (losses) earnings	$ (31,071)	$ 67,186	$ (98,257)	(146)%	(142)%
Corporate segment losses and eliminations	(24,174)	(36,821)	12,647	34 %	34 %
Consolidated segment (losses) earnings	(55,245)	30,365	(85,610)	(282)%	(251)%
Impairment, restructuring and other charges	(179,727)	(1,384,811)	1,205,084	87 %	88 %
Depreciation and amortization	(37,187)	(172,383)	135,196	78 %	80 %
Operating loss	(272,159)	(1,526,829)	1,254,670	82 %	84 %
Interest expense, net	(118,605)	(113,732)	(4,873)	(4)%	9 %
Interest income	41,507	37,689	3,818	10 %	1 %
Foreign currency transaction (losses) gains, net	(1,271)	76,615	(77,886)	(102)%	(102)%
Other expense, net	(7,930)	(9,711)	1,781	18 %	25 %
Loss from continuing operations before reorganization items and income tax benefit	(358,458)	(1,535,968)	1,177,510	77 %	79 %
Reorganization items	445	(803)	1,248	155 %	155 %
Income tax benefit	6,347	2,892	3,455	119 %	119 %
Net loss from continuing operations	(351,666)	(1,533,879)	1,182,213	77 %	79 %
Income (loss) from discontinued operations, net of income taxes	1,005	(19,994)	20,999	105 %	105 %
Net loss	(350,661)	(1,553,873)	1,203,212	77 %	79 %
Net loss attributable to noncontrolling interest	(49,647)	—	(49,647)	*NM*	*NM*
Net loss attributable to NII Holdings	$ (301,014)	$ (1,553,873)	$ 1,252,859	81 %	82 %

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NM-Not Meaningful

We define segment (losses) earnings as operating loss before depreciation, amortization and impairment, restructuring and other charges. We recognized consolidated segment losses of $55.2 million in 2017 compared to consolidated segment earnings of $30.4 million in 2016. 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

Consolidated impairment, restructuring and other charges recognized in 2017 included the following:

- $70.5 million in restructuring charges, most of which related to future lease costs for certain transmitter and receiver sites that are no longer required in Nextel Brazil's business;
- a $57.9 million non-cash asset impairment charge to reduce the carrying values of Nextel Brazil's long-lived assets to their respective fair values;
- $34.2 million in restructuring charges related to a change in the scope of Nextel Brazil's radio access network, or RAN, sharing implementation;
- $9.3 million in other non-cash asset impairment charges primarily related to the abandonment of certain transmitter and receiver sites that were no longer required in Nextel Brazil's business; and
- $6.5 million in severance and other related costs resulting from the separation of certain executive level employees in Brazil.

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

- $21.4 million in restructuring charges related to the early termination of leases for approximately 600 transmitter and receiver sites in connection with the RAN sharing agreement Nextel Brazil entered into with Telefonica Brazil, S.A., or Telefonica, in May 2016;
- $11.0 million in non-cash asset impairment charges primarily related to the abandonment of transmitter and receiver sites in Brazil;
- $10.8 million in restructuring charges primarily related to future lease costs for certain transmitter and receiver sites that are no longer required in Nextel Brazil's business and office closures; and
- $3.2 million in severance and other related costs at the corporate level as a result of the separation of employees in an effort to further streamline our organizational structure and reduce general and administrative expenses.

The restructuring charges related to future lease costs and Nextel Brazil's RAN sharing agreement discussed above had no impact on our current cash balances and are not expected to impact our projected future cash flows.

2. Depreciation and amortization

The $135.2 million, or 78%, decrease in consolidated depreciation and amortization on a reported basis, and 80% decrease on a constant currency basis, in 2017 compared to 2016 resulted primarily from the $1.34 billion non-cash asset impairment charge we recognized in 2016.

3. Interest expense, net

Consolidated net interest expense increased $4.9 million, or 4%, on a reported basis in 2017 compared to 2016 as a result of the impact of the appreciation in the Brazilian real on our reported results. Consolidated net interest expense decreased 9% on a constant currency basis over the same period primarily due to principal payments under Nextel Brazil's equipment financing facility and bank loans, partially offset by interest incurred under Nextel Brazil's spectrum financing arrangement.

4. Foreign currency transaction (losses) gains, net

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

b. Nextel Brazil

	Successor Company				Actual Change from Previous Year		Constant Currency Change from Previous Year
	Year Ended December 31, 2017	% of Nextel Brazil's Operating Revenues	Year Ended December 31, 2016	% of Nextel Brazil's Operating Revenues	Dollars	B(W) Change	B(W) Change
	(dollars in thousands)						
Service and other revenues	$ 847,773	97 %	$ 963,041	98 %	$ (115,268)	(12)%	(20)%
Handset and accessory revenues	21,888	3 %	21,837	2 %	51	—	(8)%
Cost of handsets and accessories	(40,207)	(5)%	(29,273)	(3)%	(10,934)	(37)%	(26)%
Handset and accessory net subsidy	(18,319)	(2)%	(7,436)	(1)%	(10,883)	(146)%	(125)%
Cost of service (exclusive of depreciation and amortization)	(374,637)	(43)%	(364,648)	(37)%	(9,989)	(3)%	6 %
Selling and marketing expenses	(108,490)	(13)%	(116,538)	(12)%	8,048	7 %	15 %
General and administrative expenses	(377,398)	(43)%	(407,233)	(41)%	29,835	7 %	15 %
Segment (losses) earnings	$ (31,071)	(4)%	$ 67,186	7 %	$ (98,257)	(146)%	(142)%

The average value of the Brazilian real appreciated relative to the U.S. dollar during 2017 by 9% compared to the average value that prevailed during 2016. As a result, the components of Nextel Brazil's results of operations for 2017, after translation into U.S. dollars, reflect higher revenues and expenses in U.S. dollars than would have occurred if the Brazilian real had not appreciated relative to the U.S. dollar. To the extent the value of the Brazilian real depreciates relative to the U.S. dollar, Nextel Brazil's future reported results of operations will be adversely affected.

We use the term "subscriber unit," which we also refer to as a subscriber, to represent an active 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 2016 and 2017. 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, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
	(subscribers in thousands)							
iDEN subscriber units	1,552.0	1,315.1	1,127.8	962.1	822.7	686.3	563.3	449.7
WCDMA subscriber units	2,744.7	2,708.7	2,717.1	2,746.3	2,815.2	2,874.6	2,864.8	2,845.8
Total subscriber units in commercial service — beginning of period	4,296.7	4,023.8	3,844.9	3,708.4	3,637.9	3,560.9	3,428.1	3,295.5
iDEN net subscriber losses	(195.2)	(149.7)	(130.8)	(110.1)	(115.4)	(103.5)	(100.3)	(76.6)
WCDMA net subscriber (losses) additions	(77.7)	(29.2)	(5.7)	39.6	38.4	(29.3)	(32.3)	26.8
Total net subscriber losses	(272.9)	(178.9)	(136.5)	(70.5)	(77.0)	(132.8)	(132.6)	(49.8)
Migrations from iDEN to WCDMA	41.7	37.6	34.9	29.3	21.0	19.5	13.3	23.5
iDEN subscriber units	1,315.1	1,127.8	962.1	822.7	686.3	563.3	449.7	349.6
WCDMA subscriber units	2,708.7	2,717.1	2,746.3	2,815.2	2,874.6	2,864.8	2,845.8	2,896.1
Total subscriber units in commercial service — end of period	4,023.8	3,844.9	3,708.4	3,637.9	3,560.9	3,428.1	3,295.5	3,245.7
Total subscriber turnover	4.34%	3.99%	3.99%	3.65%	3.71%	3.95%	4.47%	3.83%
iDEN subscriber turnover	4.80%	4.46%	4.65%	4.71%	5.52%	5.88%	6.89%	6.36%
WCDMA subscriber turnover	4.10%	3.78%	3.73%	3.31%	3.23%	3.53%	4.04%	3.47%

Nextel Brazil's WCDMA subscriber turnover steadily decreased throughout 2016 as a result of various actions Nextel Brazil implemented in an effort to retain existing subscribers. These actions included the implementation of new simplified rate plans, the issuance of loyalty discounts and customer care credits, more customer self-care offerings, better delivery of service and other actions to improve our customers' overall experience. 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, Nextel Brazil's WCDMA subscriber turnover declined in the fourth quarter of 2017. We expect that Nextel Brazil's WCDMA subscriber turnover levels will be lower in the first half of 2018 than in the fourth quarter of 2017.

The following table represents Nextel Brazil's average monthly revenue per subscriber, or ARPU, for subscribers on both its iDEN and WCDMA networks for each of the quarters in 2016 and 2017, as well as for the years ended December 31, 2016 and 2017, in both U.S. dollars (US$) and in Brazilian reais (BRL). We calculate service ARPU by dividing service revenues per period by the weighted average number of subscriber units in commercial service during that period.

	Three Months Ended				Year Ended	Three Months Ended				Year Ended
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	December 31, 2017
Total service ARPU (US$)	16	19	21	20	19	21	19	19	18	19
WCDMA service ARPU (US$)	16	20	21	21	20	22	20	19	18	20
iDEN service ARPU (US$)	15	16	19	18	16	17	15	15	14	16
Total service ARPU (BRL)	62	66	67	67	65	65	62	59	57	61
WCDMA service ARPU (BRL)	64	70	69	69	68	68	65	61	58	63
iDEN service ARPU (BRL)	57	56	60	59	58	54	49	47	47	50

During the first half of 2017, Nextel Brazil's WCDMA service ARPU in Brazilian reais decreased compared to recent prior quarters as the 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 is taking actions in an effort to stabilize WCDMA service ARPU in 2018.

Nextel Brazil's iDEN network does not support data services that are competitive with the higher speed data services offered by its competitors or that are available on its WCDMA network. As a result, Nextel Brazil has had to offer iDEN service plans with lower ARPU levels to retain subscribers on its iDEN network and offer incentives to transition those subscribers to services on its WCDMA network. Nextel Brazil has experienced net subscriber losses and overall declines in its iDEN service ARPU. 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 in mid-2018. As a result, Nextel Brazil has provided notice of the eventual shutdown to its remaining iDEN subscribers and is actively working to migrate the remainder of its legacy iDEN subscriber base to its WCDMA network by proactively promoting attractive service offerings. As a result of this decision, we expect a significant decrease in iDEN-based operating revenue from 2017 to 2018, which will have a negative impact on operating income in 2018.

Results Overview.

Recently, Brazil has 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 the past two years. Although by the end of 2017, Brazil's economy was beginning to recover, the growth is slow with gradual improvements.

Nextel Brazil's segment earnings decreased $98.3 million, or 146%, on a reported basis, and 142% on a constant currency basis, in 2017 compared to 2016 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 $115.3 million, or 12%, on a reported basis, and 20% on a constant currency basis, in 2017 compared to 2016 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 2.815 million subscribers as of the end of 2016 to 2.896 million subscribers as of the end of 2017. Despite the overall growth in its WCDMA subscriber base, Nextel Brazil's WCDMA-based service and other revenues decreased 6% on a constant currency basis from 2016 to 2017 due to a decrease in local currency WCDMA service ARPU.

Nextel Brazil's iDEN-based service and other revenues decreased $132.2 million, or 47%, from 2016 to 2017, or 52% on a constant currency basis, as a result of a 58% decrease in Nextel Brazil's iDEN subscriber base from 823 thousand subscribers as of the end of 2016 to 350 thousand subscribers as of the end of 2017 and the decline in local currency iDEN service ARPU.

2. Handset and accessory net subsidy

Nextel Brazil recognized $18.3 million in handset and accessory net subsidy in 2017 compared to $7.4 million in 2016. In 2017 and 2016, approximately 90% of our WCDMA gross subscriber additions utilized existing handsets rather than purchasing a new handset from Nextel Brazil, resulting in relatively low levels of handset and accessory net subsidy.

3. Cost of service

Cost of service increased $10.0 million, or 3%, on a reported basis in 2017 compared to 2016. On a constant currency basis, Nextel Brazil's cost of service decreased 6% over the same period 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, partially offset by expenses related to Nextel Brazil's RAN sharing agreement. Nextel Brazil will continue to incur rent expenses related to iDEN transmitter and receiver sites subsequent to their shutdown until these leases end.

4. Selling and marketing expenses

Selling and marketing expenses decreased $8.0 million, or 7%, on a reported basis, and 15% on a constant currency basis, in 2017 compared to 2016 as a result of a change in the mix between direct and indirect commissions to less costly channels, as well as lower advertising expenses due to fewer television marketing campaigns.

5. General and administrative expenses

General and administrative expenses decreased $29.8 million, or 7%, on a reported basis, and 15% on a constant currency basis, in 2017 compared to 2016 primarily resulting from a decrease in certain consulting costs.

c. Corporate

	Successor Company		Actual Change from Previous Year	
	Year Ended December 31, 2017	Year Ended December 31, 2016	Dollars	B(W) Change
	(dollars in thousands)			
Service and other revenues	$ 106	$ 168	$ (62)	(37)%
Selling, general and administrative expenses	(24,280)	(36,989)	12,709	34 %
Segment losses	$ (24,174)	$ (36,821)	$ 12,647	34 %

Segment losses decreased $12.6 million, or 34%, in 2017 compared to 2016 primarily due to reductions in payroll costs resulting from fewer general and administrative personnel following reductions in force and lower information technology costs resulting from the reorganization of certain roles and responsibilities between our Brazil and corporate teams. General and administrative expenses for 2017 included approximately $2.1 million of transaction costs related to our partnership agreement with ice group.

2. *Year Ended December 31, 2016 vs. Combined Period Ended December 31, 2015*

a. Consolidated

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

NM-Not Meaningful

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

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

1. Impairment, restructuring and other charges

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

- $21.4 million in restructuring charges related to the early termination of leases for approximately 600 transmitter and receiver sites in connection with the RAN sharing agreement Nextel Brazil entered into with Telefonica Brazil, S.A., or Telefonica, in May 2016;
- $11.0 million in non-cash asset impairment charges primarily related to the abandonment of transmitter and receiver sites in Brazil;
- $10.8 million in restructuring charges primarily related to future lease costs for certain transmitter and receiver sites that are no longer required in Nextel Brazil's business and office closures; and
- $3.2 million in severance and other related costs at the corporate level as a result of the separation of employees in an effort to further streamline our organizational structure and reduce general and administrative expenses.

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

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

The restructuring charges related to future lease costs and Nextel Brazil's RAN sharing agreement discussed above had no impact on our cash balances.

2. Depreciation and amortization

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

3. Interest expense, net

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

4. Foreign currency transaction gains (losses), net

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

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

5. Reorganization items

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

b. *Nextel Brazil*

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

The average value of the Brazilian real depreciated relative to the U.S. dollar during the year ended December 31, 2016 by 5% compared to the average value that prevailed during the year ended December 31, 2015. As a result, the components of Nextel Brazil's results of operations for 2016, after translation into U.S. dollars, reflect lower revenues and expenses in U.S. dollars than would have occurred if the Brazilian real had not depreciated relative to the U.S. dollar. If the value of the Brazilian real depreciates relative to the U.S. dollar, Nextel Brazil's future reported results of operations will be adversely affected.

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

1. Service and other revenues

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

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

2. Handset and accessory net subsidy

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

3. Cost of service

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

4. Selling and marketing expenses

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

5. General and administrative expenses

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

c. *Corporate*

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

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

C. Liquidity and Capital Resources

We define working capital as total current assets less total current liabilities. As of December 31, 2017, we had working capital of $216.5 million compared to a working capital deficit of $119.7 million as of December 31, 2016. The change from a working capital deficit to working capital is the result of the classification of the majority of Nextel Brazil's equipment financing facility and bank loans as long-term debt as of December 31, 2017 compared to the entirety of these balances being classified as current portion of long-term debt as of December 31, 2016. As of December 31, 2017, our working capital included $193.9 million in cash and cash equivalents, of which $5.9 million was held by Nextel Brazil in Brazilian reais, and $16.7 million in short-term investments, all of which was held in Brazilian reais. In addition, as of December 31, 2017, we had $50.3 million of cash collateral securing certain performance bonds relating to our obligations to deploy spectrum in Brazil, all of which we recorded as a component of prepaid expenses and other in our consolidated balance sheet. In January 2018, we recovered substantially all of the cash securing these performance bonds. As of December 31, 2017, we also had $110.0 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 consolidated balance sheet. We recently reached an agreement with the Mexican tax authorities related to the audits of Nextel Mexico's income tax returns for the years 2010 and 2011. Specifically, we agreed to incremental tax liabilities of $36.9 million to settle all open issues related to these tax years. We expect to utilize existing tax credits to settle these liabilities, although it is possible that we may need to settle a portion of these liabilities using cash that is currently held in escrow. We expect to receive a release of some of the $72.4 million in previously escrowed funds related to the 2010 and 2011 income tax audits in the next few months.

A substantial portion of our U.S. dollar-denominated cash, cash equivalents and short-term investments is held in bank deposits, and our cash, cash equivalents and short-term investments held in Brazilian reais are typically maintained in a combination of money market funds, highly liquid overnight securities and fixed income investments. The values of our cash, cash equivalents and short-term investments that are held in Brazilian reais will fluctuate in U.S. dollars based on changes in the exchange rate of the Brazilian real relative to the U.S. dollar.

Cash Flows

	Successor Company			Predecessor Company	
	Year Ended December 31, 2017	Year Ended December 31, 2016	Six Months Ended December 31, 2015	Six Months Ended June 30, 2015	Combined Year Ended December 31, 2015
Cash and cash equivalents, beginning of period	$ 257,380	$ 342,184	$ 423,135	$ 334,194	$ 334,194
Net cash used in operating activities	(87,138)	(45,205)	(78,485)	(254,757)	(333,242)
Net cash provided by (used in) investing activities	71,795	54,450	(976)	1,027,821	1,026,845
Net cash used in financing activities	(48,690)	(93,004)	(25,068)	(778,231)	(803,299)
Effect of exchange rate changes on cash and cash equivalents	541	(1,045)	916	(9,152)	(8,236)
Change in cash and cash equivalents related to discontinued operations	—	—	22,662	103,260	125,922
Cash and cash equivalents, end of period	$ 193,888	$ 257,380	$ 342,184	$ 423,135	$ 342,184

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

We used $87.1 million of cash in our operating activities during 2017 primarily to fund operating losses and interest expense. We used $45.2 million of cash in our operating activities during 2016, which represents a $288.0 million improvement from the combined year ended December 31, 2015, largely caused by lower operating losses resulting from cost reduction efforts and the sale of our operations in Mexico, partially offset by a $76.9 million upfront payment related to Nextel Brazil's roaming and RAN sharing agreements with Telefonica. We used $78.5 million and $254.8 million of cash in our operating activities during the six months ended December 31, 2015 and June 30, 2015, respectively, primarily to fund operating losses and interest expense. We used $176.3 million less cash during the six months ended December 31, 2015 compared to the six months ended June 30, 2015 primarily as a result of lower operating losses in Brazil and cash conservation efforts both in Brazil and at the corporate level.

Our investing activities provided us with $71.8 million of cash during 2017 primarily due to $53.5 million in cash released from escrow, $33.5 million of net cash returned to us from the release of performance bonds and $59.4 million in net proceeds received from maturities of our short-term investments in Brazil, partially offset by $66.5 million in cash capital expenditures.

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

We used $1.0 million of cash in our investing activities during the six months ended December 31, 2015, primarily due to $76.6 million in cash capital expenditures and $50.5 million in deposits to secure certain performance bonds relating to our obligations to deploy spectrum in Brazil, offset by net cash proceeds of $153.8 million that we received in connection with the sale of Nextel Argentina (excluding $18.1 million of U.S. treasury notes received as part of the proceeds). Our investing activities provided us with $1,027.8 million in cash during the six months ended June 30, 2015, primarily due to the sale of Nextel Mexico for which we received net proceeds of $1.448 billion, including $187.5 million in cash deposited in escrow. The net proceeds from the sale of Nextel Mexico were partially offset by $88.5 million in cash capital expenditures and $20.0 million in deposits to secure certain performance bonds relating to our obligations to deploy spectrum in Brazil.

We used $48.7 million of cash in our financing activities during 2017 primarily due to $48.9 million in semi-annual principal payments under Nextel Brazil's equipment financing facility and $36.5 million in principal payments under Nextel Brazil's bank loans, partially offset by $50.0 million in cash we received in connection with our partnership agreement with ice group.

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

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

D. Future Capital Needs and Resources

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

Our ability to generate sufficient net cash from our operating activities in the future is dependent upon, among other things:

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

Due to the impact of our recent and projected results of operations and other factors, we expect our access to the capital markets in the near term may be limited. See "— *Future Outlook.*" for more information.

Capital Needs and Contractual Obligations. We currently anticipate that our future capital needs will principally consist of funds required for:

- operating expenses and capital expenditures relating to our existing network and the 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.

The following table sets forth the amounts and timing of contractual payments for our most significant contractual obligations determined as of December 31, 2017. The information included in the table below reflects future unconditional payments and is based upon, among other things, the current terms of the relevant agreements and certain assumptions, such as future interest rates. Most of the amounts included in the table below will be settled in Brazilian reais. Future events could cause actual payments to differ significantly from these amounts. See "Forward-Looking and Cautionary Statements."

	Payments due by Period				
Contractual Obligations	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**	**Total**
			(in thousands)		
Capital leases and tower financing obligations (1)	$ 48,354	$ 85,916	$ 84,314	$ 621,495	$ 840,079
Operating leases (2)	127,430	213,871	168,047	151,364	660,712
Equipment financing (3)	14,421	23,767	79,059	195,953	313,200
Bank loans (4)	18,684	37,045	82,180	171,917	309,826
Spectrum financing (5)	—	63,239	74,263	85,288	222,790
Purchase obligations (6)	57,081	54,224	20,335	—	131,640
Other long-term obligations (7)	1,682	395	1,490	105,270	108,837
Total contractual commitments	$ 267,652	$ 478,457	$ 509,688	$ 1,331,287	$ 2,587,084

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(1) These amounts represent principal and interest payments due under our co-location agreements, our tower financing arrangements and our sale of towers in Brazil in 2013, which are guaranteed by NIIT.

(2) These amounts principally include future lease costs related to our transmitter and receiver sites and switches, as well as our office facilities.

(3) These amounts represent principal and interest payments associated with a U.S. dollar-denominated loan agreement with the China Development Bank in Brazil to finance infrastructure equipment, which is guaranteed by Nextel Holdings.
(4) These amounts represent principal and interest payments associated with Nextel Brazil's bank loans.
(5) These amounts represent principal and interest payments in connection with the amount Nextel Brazil borrowed to acquire 30MHz of spectrum in the 1.8 GHz band in July 2016.
(6) These amounts include maximum contractual purchase obligations under various agreements with our vendors, including the roaming and RAN sharing agreements that Nextel Brazil entered into with Telefonica in May 2016. See Note 9 to our consolidated financial statements for more information regarding these agreements.
(7) These amounts include our current estimates of asset retirement obligations based on our expectations as to future retirement costs, inflation rates and timing of retirements, as well as amounts related to our uncertain income tax positions.

Capital Expenditures. Our capital expenditures, including capitalized interest, were $51.1 million and $51.3 million for the years ended December 31, 2017 and 2016, $72.6 million for the six months ended December 31, 2015 and $69.2 million for the six months ended June 30, 2015. 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 in Brazil and deploy LTE;
- the extent to which we expand the coverage of our network in new or existing market areas;
- the number of additional transmitter and receiver sites we build in order to increase system capacity, maintain system quality and meet our regulatory requirements, as well as the costs associated with the installation of network infrastructure and switching equipment; and
- the costs we incur in connection with non-network related information technology projects.

Our future capital expenditures may also be affected by future technology improvements, technology choices and our available capital.

Future Outlook. As of December 31, 2017, our consolidated sources of funding included $210.6 million in cash and short-term investments, $110.0 million in cash held in escrow to secure our indemnification obligations in connection with the sale of Nextel Mexico, and $50.3 million in cash pledged as collateral to secure certain performance bonds relating to our obligations to deploy our WCDMA spectrum in Brazil. In January 2018, we recovered substantially all of the cash securing these performance bonds. In addition, we recently reached an agreement with the Mexican tax authorities related to the audits of Nextel Mexico's income tax returns for the years 2010 and 2011. We expect to receive a release of some of the $72.4 million in previously escrowed funds related to the 2010 and 2011 income tax audits in the next few months. 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 be negative for 2018. We expect our capital expenditures for 2018 to be similar to the levels experienced in 2017.

In October 2017, Nextel Brazil entered into an amended and restated equipment financing facility and sixth amendments to its 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. 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 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 lower subscriber turnover and a decrease in certain costs compared to 2017. In addition, it assumes that we will recover substantially all of the amount held 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 amount of time, our business could be negatively impacted, and we would need to obtain additional funding and/or significantly reduce our capital and operational spending to further preserve our liquidity.

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 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.

E. Effect of Inflation and Foreign Currency Exchange

Our net assets are subject to foreign currency exchange risks since they are primarily maintained in Brazilian reais. Additionally, some of Nextel Brazil's debt is denominated entirely in U.S. dollars, which exposes us to foreign currency exchange risks. We conduct business solely in Brazil where the rate of inflation has historically been significantly higher than that of the U.S. We seek to protect our earnings from inflation and possible currency depreciation by periodically adjusting the local currency prices charged by Nextel Brazil for sales of handsets and services to its subscribers. We routinely monitor our foreign currency exposure and the cost effectiveness of hedging instruments.

Inflation is not currently a material factor affecting our business, although rates of inflation in Brazil have been historically volatile. General operating expenses such as salaries, employee benefits and lease costs are, however, subject to normal inflationary pressures. From time to time, we may experience price changes in connection with the purchase of system infrastructure equipment and handsets, but we do not currently believe that any of these price changes will be material to our business.

F. Effect of New Accounting Standards

In May 2014, the FASB issued Accounting Standards Codification, or ASU, No. 2014-09, "Revenue from Contracts with Customers," or ASC 606, which 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 for all contracts open at that date. Prior periods will not be retroactively adjusted. 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 disclose the results under both the new and old standards for the first year after adoption, beginning in the first quarter of 2018.

During the first quarter of 2018, we will record a cumulative adjustment to accumulated deficit that is primarily composed of the following:

- a net contract asset related to the portion of our revenues associated with service plans that are sold concurrently with a subsidized handset; and
- an asset related to costs incurred to acquire a contract, which primarily relates to the deferral of commission expenses.

The future impact of ASC 606 on our revenues primarily relates to contracts with customers where the customer also purchases a subsidized handset from us, which comprises approximately 10% of our new subscribers. A portion of our revenues will be reallocated from service and other revenues to handset and accessory revenues, and these revenues will be recognized at an earlier point in time compared to our current accounting under the existing authoritative guidance. The earlier revenue recognition results in the creation of a contract asset for revenues recognized prior to contractual billing. Given current business trends, we do not expect a material change in total operating revenues.

The timing of expense recognition related to certain of our contract acquisition costs, primarily sales commissions, will be impacted as these expenses will be capitalized and amortized under the new standard rather than being expensed as incurred under existing authoritative guidance. We expensed approximately $36.6 million of contract acquisition costs during the year ended December 31, 2017.

While we have reached conclusions on the key accounting assessments related to adopting this standard, we are continuing to finalize our assessment of the resulting quantitative impacts. Based on currently available information, we estimate that our opening accumulated deficit balance on January 1, 2018 will decrease by between $20.0 million and $30.0 million, primarily related to the deferral of previously expensed contract acquisition costs. We do not expect to recognize a material net contract asset.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," which replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASU No. 2016-02 will require lessees to recognize most leases on their balance sheet as liabilities, with corresponding "right-of-use" assets, and is effective for interim and annual reporting periods beginning after December 15, 2018, subject to early adoption. The new standard allows us to make an accounting policy election not to recognize lease assets and liabilities on the balance sheet for leases with a term of 12 months or less. The accounting applied by a lessor is largely unchanged from previous guidance. In transition, lessees and lessors 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 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 are currently evaluating the adoption methods, as well as the additional effects ASU No. 2016-02 will have on our consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash," which provides guidance regarding cash flow statement classification and presentation of changes in restricted cash. We implemented this new standard on January 1, 2018. The amendments in this ASU require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Entities will also be required to reconcile this total to amounts on the consolidated balance sheet and disclose the nature of the restrictions. We expect that the adoption of this ASU will reclassify changes in restricted cash and other deposits from cash provided by (used in) investing activities to a component of the reconciliation of the beginning of period to end of period change in cash and cash equivalents for all periods presented.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our revenues are primarily denominated in Brazilian reais, while a portion of our operations are financed in U.S. dollars. As a result, fluctuations in the Brazilian real relative to the U.S. dollar expose us to foreign currency exchange risks. These risks include the impact of translating our local currency reported earnings into U.S. dollars when the U.S. dollar strengthens against the Brazilian real.

We occasionally enter into derivative transactions for hedging or risk management purposes. We have not and will not enter into any derivative transactions for speculative or profit generating purposes. In the past, Nextel Brazil has entered into hedge agreements to manage foreign currency risk on certain forecasted transactions. The fair values of these instruments were not material.

Interest rate changes expose our fixed rate long-term borrowings to changes in fair value and expose our variable rate long-term borrowings to changes in future cash flows. As of December 31, 2017, approximately 34% of our consolidated principal amount of debt was fixed rate debt, and the remaining 66% of our total consolidated debt was variable rate debt.

The table below presents projected principal amounts, related interest rates by year of maturity and aggregate amounts as of December 31, 2017 for both our fixed and variable rate debt obligations, all of which have been determined at their fair values. See Note 3 to our consolidated financial statements for more information. The changes in the fair values of our debt obligations compared to their fair values as of December 31, 2016 reflect changes in applicable market conditions and changes in other company-specific conditions during 2017. In addition, the interest rates presented below reflect the impact of the implementation of fresh start accounting on our capital lease obligations. All of the information in the table is presented in U.S. dollar equivalents, which is our reporting currency. The actual cash flows associated with our debt obligations are denominated in U.S. dollars (US$) and Brazilian reais (BRL).

	Successor Company									
	Year of Maturity						2017		2016	
	1 Year	2 Years	3 Years	4 Years	5 Years	Thereafter	Total	Fair Value	Total	Fair Value
	(dollars in thousands)									
Fixed Rate (BRL)	$ 4,478	$ 24,510	$ 25,622	$ 25,589	$ 24,900	$ 122,924	$ 228,023	$ 218,449	$ 222,789	$ 214,164
Average Interest Rate	99.1%	22.7%	25.0%	24.8%	22.9%	49.8%	39.3%		42.1%	
Variable Rate (US$)	$ 1,200	$ 1,200	$ 1,200	$ 1,200	$ 57,558	$ 182,267	$ 244,625	$ 237,958	$ 293,550	$ 280,893
Average Interest Rate	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%		3.5%	
Variable Rate (BRL)	$ 977	$ 977	$ 977	$ 977	$ 46,853	$ 148,370	$ 199,131	$ 144,301	$ 237,235	$ 221,075
Average Interest Rate	8.8%	8.8%	8.8%	8.8%	9.6%	9.6%	9.6%		19.1%	

Item 8. Financial Statements and Supplementary Data

We have listed the consolidated financial statements required under this Item in Part IV, Item 15(a)(1) of this annual report on Form 10-K. We have also listed the financial statement schedules required under Regulation S-X in Part IV, Item 15(a)(2) of this annual report on Form 10-K. The financial statements and schedules appear following the signature page of this annual report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods required by the Securities and Exchange Commission, or the SEC, and that such information is accumulated and communicated to the Company's management, including our principal executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

As of December 31, 2017, 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, as described below. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, that creates a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

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

Changes in Internal Control over Financial Reporting

Over the course of 2017, we took a number of actions that improved Nextel Brazil's control environment and information and communication processes.

In April 2017 and September 2017, respectively, Nextel Brazil hired a new chief executive officer and a new chief financial officer, both of whom have enhanced the monitoring of compliance with internal control objectives by formalizing internal control accountability measures across the organization in Brazil. As a result of these and other actions demonstrating an increased commitment to establishing an appropriate tone at the top in Nextel Brazil, we believe this previously disclosed control deficiency underlying the control environment component of our material weakness has been remediated.

To address the previously disclosed deficiencies in our information and communication process, we performed risk assessments and detailed walkthroughs of the processes related to leases, accrued liabilities and operating expenses. We identified the key information required for these processes and designed and implemented controls over such information. The controls we implemented over accrued liabilities and operating expenses operated effectively over a sufficient period of time to allow us to conclude we have remediated this component of the material weakness. However, the controls we implemented over information related to leases did not operate consistently, and we have concluded that further improvements will be required to consider these controls effective.

As a result of these and other actions, we observed meaningful decreases in both the number of new deficiencies identified throughout the year and the number of unremediated deficiencies at December 31, 2017. In addition, we have implemented and will continue to implement controls related to our adoption of ASU No. 2014-09, “Revenue from Contracts with Customers,” which is effective as of January 1, 2018. These improvements, some of which were implemented in the fourth quarter, as well as the items discussed below, have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Securities Exchange Act of 1934, as amended). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In order to evaluate the effectiveness of internal control over financial reporting, management conducted an assessment using the criteria established in *Internal Control - Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded the Company's internal control over financial reporting was not effective as of December 31, 2017 due to a continuing material weakness in our information and communication process and our control environment. Because our overall control environment lacks automation, we depend on a large number of personnel to validate the completeness and accuracy of information used to support accounting analyses, to revise control activities to be responsive to changes in our business and to manage the financial statement close process. During 2017, we did not have a sufficient number of experienced resources at Nextel Brazil, which impacted, among other things, our ability to reach timely conclusions and validate the completeness and accuracy of information used to support various accounting analyses, which resulted in immaterial misstatements, some of which were corrected, and control deficiencies across multiple accounts. These matters create a reasonable possibility that a material misstatement to our consolidated financial statements will not be prevented or detected on a timely basis.

KPMG LLP, an independent registered public accounting firm, has expressed an adverse report on the operating effectiveness of our internal control over financial reporting as of December 31, 2017. KPMG LLP’s report appears on Page F-3 of this annual report on Form 10-K.

Plan for Remediation of Nextel Brazil's Material Weakness

Management is committed to dedicating the resources necessary to ensure sustained effective control design and operation is achieved, 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.

Item 9B. Other Information

None.

PART III

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

The information required by this item will be provided by being incorporated herein by reference to the Company's definitive proxy statement for the 2018 Annual Meeting of Stockholders, which we expect will be held on May 3, 2018.

Item 11. Executive Compensation

The information required by this item will be provided by being incorporated herein by reference to the Company's definitive proxy statement for the 2018 Annual Meeting of Stockholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be provided by being incorporated herein by reference to the Company's definitive proxy statement for the 2018 Annual Meeting of Stockholders.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be provided by being incorporated herein by reference to the Company's definitive proxy statement for the 2018 Annual Meeting of Stockholders.

Item 14. Principal Accountant Fees and Services

The information required by this item will be provided by being incorporated herein by reference to the Company's definitive proxy statement for the 2018 Annual Meeting of Stockholders.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

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

(2) Financial Statement Schedules. The following financial statement schedules are filed as part of this report. Schedules other than the schedules listed below are omitted because they are either not required or not applicable.

(3) List of Exhibits.

Exhibit Number	Exhibit Description	Form	Exhibit	Incorporated by Reference Filing Date	Filed Herewith
2.1	First Amended Joint Plan of Reorganization Proposed by the Debtors and Debtors in Possession and the Official Committee of Unsecured Creditors	8-K	2.1	06/22/15	
3.1	Amended and Restated Certificate of Incorporation of NII Holdings.	S-8	3.1	06/26/15	
3.2	Fifth Amended and Restated Bylaws of NII Holdings.	S-8	3.2	06/26/15	
4.1	Registration Rights Agreement, dated June 26, 2015, by and among NII Holdings and the stockholders party thereto.	8-K	10.1	06/30/15	
10.1	Fourth Amended and Restated Trademark License Agreement, dated July 27, 2011, between Nextel Communications, Inc. and NII Holdings.	10-Q	10.1	11/08/11	
10.2	Amendment No. 3 to Fourth Amended and Restated Trademark License Agreement with Nextel Communications, Inc. and NII Holdings, dated June 1, 2015.	10-K	10.2	03/03/16	
10.3	Purchase and Sale Agreement, dated as of January 26, 2015, between New Cingular Wireless Services, Inc., NIHD Telecom Holdings, B.V., NIU Holdings LLC, Comunicaciones de Mexico S.A. de C.V., Nextel International (Uruguay) LLC, NII International Telecom S.C.A., NII International Holdings S.à r.l., NII Global Holdings, Inc., NII Capital Corp. and NII Holdings.	8-K	10.1	01/26/15	
10.4	Amended and Restated Credit Agreement, effective January 5, 2018, among Nextel Telecomunicações Ltda., the Guarantors and China Development Bank, as Lender, Administrative Agent and Arranger (Sinosure).	8-K	10.1	11/01/17	
10.5	Amended and Restated Credit Agreement, effective January 5, 2018, among Nextel Telecomunicações Ltda., the Guarantors and China Development Bank, as Lender, Administrative Agent and Arranger (Non-Sinosure).	8-K	10.2	11/01/17	
10.6	Parent Guaranty Agreement, effective January 5, 2018, between Nextel Holdings S.à r.l., as Parent Guarantor, and China Development Bank, as Administrative Agent under the Sinosure Credit Agreement and Non-Sinosure Credit Agreement.	8-K	10.4	11/01/17	
10.7	Shareholder Undertaking Agreement, dated April 20, 2012, between NII Holdings, Inc., and China Development Bank Corporation (as Sinosure Administrative Agent and Non-Sinosure Administrative Agent).	10-K	10.16	03/03/16	
10.8	Amendment No. 6 and Consolidation to Bank Credit Certificate, effective January 5, 2018, between Nextel Telecomunicações Ltda. and Caixa Economica Federal.	8-K	10.8	11/01/17	
10.9	Amendment No. 6 and Consolidation to Bank Credit Certificate, effective January 5, 2018, between Nextel Telecomunicações Ltda. and Banco do Brasil, S.A.	8-K	10.6	11/01/17	
10.10	Investment Agreement, dated June 5, 2017, among NII Holdings, Inc., AINMT Holdings AB and AINMT Brazil Holdings B.V., among others.	8-K	10.1	06/06/17	
10.11	Shareholders Agreement in Relation to Nextel Holdings S.à r.l., dated June 5, 2017, among NII International Telecom and AINMT Brazil Holdings B.V., among others.	8-K	10.2	06/06/17	
10.12	NII Holdings Severance Plan.	10-K	10.16	02/28/13	
10.13(+)	NII Holdings Change of Control Severance Plan.	8-K	10.2	12/22/15	
10.14(+)	NII Holdings 2015 Incentive Compensation Plan.	S-8	4.1	06/26/15	
10.15(+)	Form of Restricted Stock Award Agreement (Employees).	8-K	10.3	06/30/15	
10.16(+)	Form of Nonqualified Stock Option Agreement (Employees).	8-K	10.4	06/30/15	
10.17(+)	Form of Director and Executive Officer Indemnification Agreement.	10-K	10.32	03/03/16	

10.18(+)	Form of Separation and Release Agreement for Daniel Freiman and Shana Smith.				*
10.19(+)	Offer Letter for Steven M. Shindler, dated April 30, 2013.	8-K	10.1	05/02/13	
10.20(+)	Separation and Release Agreement between NII Holdings, Inc. and Steven Shindler, dated July 25, 2017.	8-K	10.1	07/27/17	
10.21(+)	Employment Agreement between Nextel Telecomunicações Ltda. and Roberto Rittes, dated April 24, 2017.	8-K	10.2	07/27/17	
10.22(+)	First Amendment to Employment Agreement between Nextel Telecomunicações Ltda. and Roberto Rittes, dated January 12, 2018.				*
10.23(+)	Letter Agreement between NII Holdings, Inc. and Daniel Freiman, dated July 25, 2017.	8-K	10.3	07/27/17	
10.24(+)	Letter Agreement between NII Holdings, Inc. and Shana Smith, dated July 25, 2017.	8-K	10.4	07/27/17	
10.25(+)	Employment Agreement between Nextel Telecomunicações Ltda. and Francisco Tosta Valim Filho, dated August 25, 2015.	10-K	10.37	03/03/16	
10.26(+)	Separation, Release and Other Covenants Agreement between Nextel Telecomunicações Ltda. and Francisco Tosta Valim Filho, dated May 23, 2017.	8-K	10.1	05/24/17	
21.1	Subsidiaries of NII Holdings.				*
23.1	Consent of KPMG LLP.				*
31.1	Statement of Chief Executive Officer Pursuant to Rule 13a-14(a).				*
31.2	Statement of Chief Financial Officer Pursuant to Rule 13a-14(a).				*
32.1	Statement of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.				*
32.2	Statement of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.				*
99.1	Form of Restated Articles of Association of Nextel Holdings S.à r.l.	8-K	99.1	06/07/17	
99.2	Form of Second Restated Articles of Association of Nextel Holdings S.à r.l.	8-K	99.2	06/07/17	
101	The following materials from the NII Holdings, Inc. Annual Report on Form 10-K for the year ended December 31, 2017 formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Comprehensive (Loss) Income, (iii) Consolidated Statements of Changes in Stockholders' (Deficit) Equity, (iv) Consolidated Statements of Cash Flows and (v) Notes to Consolidated Financial Statements.				*

+ Indicates Management Compensatory Plan, Contract or Arrangement.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NII HOLDINGS, INC.

By: /s/ TIMOTHY M. MULIERI

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

March 15, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 15, 2018.

Signature	Title
/s/ ROBERTO RITTES Roberto Rittes	Chief Executive Officer, Nextel Brazil (Principal Executive Officer)
/s/ DANIEL E. FREIMAN Daniel E. Freiman	Chief Financial Officer (Principal Financial Officer)
/s/ KEVIN L. BEEBE Kevin L. Beebe	Chairman of the Board of Directors
/s/ JAMES V. CONTINENZA James V. Continenza	Director
/s/ HOWARD S. HOFFMANN Howard S. Hoffmann	Director
/s/ RICARDO KNOEPFELMACHER Ricardo Knoepfelmacher	Director
/s/ CHRISTOPHER T. ROGERS Christopher T. Rogers	Director
/s/ ROBERT A. SCHRIESHEIM Robert A. Schriesheim	Director
/s/ STEVEN M. SHINDLER Steven M. Shindler	Director

NII HOLDINGS, INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
NII Holdings, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of NII Holdings, Inc. and subsidiaries (the Company) as of December 31, 2017 and 2016 (Successor), the related consolidated statements of comprehensive (loss) income, changes in stockholders' (deficit) equity, and cash flows for the years ended December 31, 2017 and 2016 (Successor), for the six-month periods ended December 31, 2015 (Successor) and June 30, 2015 (Predecessor), and the related notes and financial statement schedules listed in the accompanying index (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016 (Successor), and the results of its operations and its cash flows for the years ended December 31, 2017 and 2016, and for the six-month periods ended December 31, 2015 (Successor) and June 30, 2015 (Predecessor), in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 15, 2018 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Fresh-Start Reporting

As discussed in Note 3 to the consolidated financial statements, on June 26, 2015, the Company satisfied the conditions to emerge from Chapter 11 bankruptcy proceedings. Accordingly, the accompanying consolidated financial statements as of and for the years ended December 31, 2017 and 2016 (Successor) and for the six-month period ended December 31, 2015 (Successor) have been prepared in accordance with Accounting Standards Codification Topic 852, *Reorganizations*. The Company applied fresh-start reporting as of June 30, 2015 and recognized net assets at fair value, resulting in a lack of comparability with the consolidated financial statements of the Predecessor.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP
We have served as the Company's auditor since 2014.

McLean, Virginia
March 15, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
NII Holdings, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited NII Holdings, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weakness, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2017 and 2016 (Successor), the related consolidated statements of comprehensive (loss) income, changes in stockholders' (deficit) equity, and cash flows for the years ended December 31, 2017 and 2016 (Successor), for the six-month periods ended December 31, 2015 (Successor) and June 30, 2015 (Predecessor), and the related notes and financial statement schedules listed in the accompanying index (collectively, the consolidated financial statements), and our report dated March 15, 2018 expressed an unqualified opinion on those consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness related to an insufficient number of experienced resources at Nextel Brazil, which impacted, among other things, the Company's ability to reach timely conclusions and validate the completeness and accuracy of information used to support accounting analyses across multiple accounts was identified and included in management's assessment. The material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2017 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP
McLean, Virginia
March 15, 2018

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

	Successor Company	
	December 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 193,888	$ 257,380
Short-term investments	16,711	73,859
Accounts receivable, net of allowance for doubtful accounts of $42,011 and $54,221	106,715	153,806
Handset and accessory inventory	3,163	8,295
Prepaid expenses and other	254,461	280,145
Total current assets	574,938	773,485
Property, plant and equipment, net	117,262	129,475
Intangible assets, net	194,694	243,681
Other assets	218,204	271,868
Total assets	$ 1,105,098	$ 1,418,509
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current liabilities		
Accounts payable	$ 42,284	$ 69,186
Accrued expenses and other	300,815	271,899
Deferred revenues	7,314	11,614
Current portion of long-term debt	7,990	540,474
Total current liabilities	358,403	893,173
Long-term debt	647,717	215,842
Other long-term liabilities	220,925	143,472
Total liabilities	1,227,045	1,252,487
Commitments and contingencies (Note 9)		
Stockholders' (deficit) equity		
Undesignated preferred stock, par value $0.001, 10,000 shares authorized, no shares issued or outstanding	—	—
Common stock, par value $0.001, 140,000 shares authorized, 100,384 shares issued and outstanding — 2017, 100,258 shares issued and outstanding — 2016	100	100
Paid-in capital	2,139,299	2,076,612
Accumulated deficit	(2,135,770)	(1,834,756)
Accumulated other comprehensive loss	(46,903)	(75,934)
Total NII Holdings stockholders' (deficit) equity	(43,274)	166,022
Noncontrolling interest	(78,673)	—
Total (deficit) equity	(121,947)	166,022
Total liabilities and stockholders' (deficit) equity	$ 1,105,098	$ 1,418,509

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

NII HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(in thousands, except per share amounts)

	Successor Company			Predecessor Company
	Year Ended December 31,		Six Months Ended December 31,	Six Months Ended June 30,
	2017	2016	2015	2015
Operating revenues				
Service and other revenues	$ 847,879	$ 963,209	$ 501,130	$ 643,904
Handset and accessory revenues	21,888	21,837	28,304	39,807
	869,767	985,046	529,434	683,711
Operating expenses				
Cost of service (exclusive of depreciation and amortization included below)	374,637	364,648	212,852	256,085
Cost of handsets and accessories	40,207	29,273	46,904	121,143
Selling, general and administrative	510,168	560,760	311,703	419,699
Impairment, restructuring and other charges	179,727	1,384,811	32,308	36,792
Depreciation	22,192	135,429	64,108	126,789
Amortization	14,995	36,954	21,256	27,089
	1,141,926	2,511,875	689,131	987,597
Operating loss	(272,159)	(1,526,829)	(159,697)	(303,886)
Other (expense) income				
Interest expense, net	(118,605)	(113,732)	(55,563)	(82,820)
Interest income	41,507	37,689	17,200	15,327
Foreign currency transaction (losses) gains, net	(1,271)	76,615	(99,737)	(63,948)
Other expense, net	(7,930)	(9,711)	(1,176)	(137)
	(86,299)	(9,139)	(139,276)	(131,578)
Loss from continuing operations before reorganization items and income tax benefit (provision)	(358,458)	(1,535,968)	(298,973)	(435,464)
Reorganization items (Note 3)	445	(803)	1,467	1,956,874
Income tax benefit (provision) (Note 11)	6,347	2,892	5,015	(2,009)
Net (loss) income from continuing operations	(351,666)	(1,533,879)	(292,491)	1,519,401
Income (loss) from discontinued operations, net of income taxes (Note 6)	1,005	(19,994)	11,608	221,114
Net (loss) income	(350,661)	(1,553,873)	(280,883)	1,740,515
Net loss attributable to noncontrolling interest	(49,647)	—	—	—
Net (loss) income attributable to NII Holdings	$ (301,014)	$ (1,553,873)	$ (280,883)	$ 1,740,515
Net (loss) income from continuing operations per common share, basic	$ (3.51)	$ (15.32)	$ (2.93)	$ 8.73
Net income (loss) from discontinued operations per common share, basic	0.01	(0.20)	0.12	1.27
Net (loss) income attributable to NII Holdings per common share, basic	$ (3.50)	$ (15.52)	$ (2.81)	$ 10.00
Net (loss) income from continuing operations per common share, diluted	$ (3.51)	$ (15.32)	$ (2.93)	$ 8.71
Net income (loss) from discontinued operations per common share, diluted	0.01	(0.20)	0.12	1.27
Net (loss) income attributable to NII Holdings per common share, diluted	$ (3.50)	$ (15.52)	$ (2.81)	$ 9.98
Weighted average number of common shares outstanding, basic	100,332	100,098	100,000	172,363
Weighted average number of common shares outstanding, diluted	100,332	100,098	100,000	172,691
Comprehensive (loss) income, net of income taxes				
Foreign currency translation adjustment	$ 7,696	$ 169,785	$ (248,781)	$ (205,899)
Reclassification adjustment for sale of Nextel Argentina, Nextel Mexico and Nextel Chile (Note 6)	—	—	(1,672)	421,953
Other	—	—	4,734	2,956
Other comprehensive income (loss)	7,696	169,785	(245,719)	219,010
Net (loss) income attributable to NII Holdings	(301,014)	(1,553,873)	(280,883)	1,740,515
Total comprehensive (loss) income attributable to NII Holdings	$ (293,318)	$ (1,384,088)	$ (526,602)	$ 1,959,525

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

NII HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' (DEFICIT) EQUITY
(in thousands)

	Common Stock							
	Shares	Amount	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' (Deficit) Equity	Noncontrolling Interest	Total (Deficit) Equity
Balance, January 1, 2015 — Predecessor Company	172,363	$ 172	$ 1,517,081	$ (2,150,664)	$ (1,331,353)	$ (1,964,764)	$ —	$ (1,964,764)
Net income	—	—	—	1,740,515	—	1,740,515	—	1,740,515
Other comprehensive income	—	—	—	—	219,010	219,010	—	219,010
Share-based compensation activity	—	—	5,239	—	—	5,239	—	5,239
Balance, June 30, 2015 — Predecessor Company	172,363	172	1,522,320	(410,149)	(1,112,343)	—	—	—
Elimination of Predecessor Company's equity	(172,363)	(172)	(1,522,320)	410,149	1,112,343	—	—	—
Issuance of Successor Company's common stock	100,000	100	2,067,565	—	—	2,067,665	—	2,067,665
Balance, July 1, 2015 — Successor Company	100,000	100	2,067,565	—	—	2,067,665	—	2,067,665
Net loss	—	—	—	(280,883)	—	(280,883)	—	(280,883)
Other comprehensive loss	—	—	—	—	(245,719)	(245,719)	—	(245,719)
Share-based compensation activity	1	—	2,932	—	—	2,932	—	2,932
Balance, December 31, 2015 — Successor Company	100,001	100	2,070,497	(280,883)	(245,719)	1,543,995	—	1,543,995
Net loss	—	—	—	(1,553,873)	—	(1,553,873)	—	(1,553,873)
Other comprehensive income	—	—	—	—	169,785	169,785	—	169,785
Share-based compensation activity	257	—	6,115	—	—	6,115	—	6,115
Balance, December 31, 2016 — Successor Company	100,258	100	2,076,612	(1,834,756)	(75,934)	166,022	—	166,022
Net loss	—	—	—	(301,014)	—	(301,014)	(49,647)	(350,661)
Other comprehensive income	—	—	—	—	7,696	7,696	1,604	9,300
Share-based compensation activity	126	—	4,797	—	—	4,797	170	4,967
Sale of noncontrolling interest	—	—	57,890	—	21,335	79,225	(30,800)	48,425
Balance, December 31, 2017 — Successor Company	100,384	$ 100	$ 2,139,299	$ (2,135,770)	$ (46,903)	$ (43,274)	$ (78,673)	$ (121,947)

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

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

	Successor Company			Predecessor Company
	Year Ended December 31,	Year Ended December 31,	Six Months Ended December 31,	Six Months Ended June 30,
	2017	2016	2015	2015
Cash flows from operating activities:				
Net (loss) income	$ (350,661)	$ (1,553,873)	$ (280,883)	$ 1,740,515
Adjustments to reconcile net (loss) income to net cash used in operating activities:				
(Income) loss from discontinued operations	(1,005)	19,994	(11,608)	(221,114)
Amortization of debt (premiums) discounts and financing costs	(3,297)	(4,570)	181	18,753
Depreciation and amortization	37,187	172,383	85,364	153,878
Provision for losses on accounts receivable	76,518	77,883	32,279	65,396
Provision for inventory obsolescence	1,033	1,731	2,156	—
Foreign currency transaction losses (gains), net	1,271	(76,615)	99,737	63,948
Impairment charges, restructuring charges and losses on disposal of fixed assets	68,529	1,352,667	13,354	31,471
Deferred income tax (benefit) provision	(568)	(3,183)	(2,513)	905
Share-based compensation expense	4,967	6,076	2,923	5,239
Reorganization items in connection with emergence from Chapter 11	—	—	—	(1,775,787)
Fresh start adjustments, net	—	—	—	(248,709)
Other, net	2,636	1,898	(3,829)	(11,083)
Changes in assets and liabilities:				
Accounts receivable	(30,534)	(58,951)	(38,756)	(35,013)
Prepaid value-added taxes	13,879	15,894	9,311	50,564
Handset and accessory inventory	4,139	17,273	13,940	7,513
Prepaid expenses and other	(13,358)	8,903	(21,027)	(26,688)
Other long-term assets	(5,341)	(41,447)	20,981	47,253
Accrued value-added taxes	19,211	(7,565)	(285)	(7,941)
Other long-term liabilities	88,460	41,851	23,876	(32,819)
Accounts payable, accrued expenses and other	(204)	(15,554)	(46,674)	18,565
Total operating cash used in continuing operations	(87,138)	(45,205)	(101,473)	(155,154)
Total operating cash provided by (used in) discontinued operations	—	—	22,988	(99,603)
Net cash used in operating activities	(87,138)	(45,205)	(78,485)	(254,757)
Cash flows from investing activities:				
Capital expenditures	(66,536)	(61,291)	(76,630)	(88,485)
Purchases of investments	(629,364)	(1,075,119)	(558,883)	(757,714)
Proceeds from sales of investments	688,714	1,102,492	575,838	756,546
Purchase of licenses	(2,289)	(16,936)	(4,018)	(5,391)
Change in restricted cash and other deposits	27,516	67,894	(51,235)	(57,074)
Other, net	275	(2,243)	4,697	3,501
Total investing cash provided by (used in) continuing operations	18,316	14,797	(110,231)	(148,617)
Total investing cash provided by discontinued operations	53,479	39,653	109,255	1,176,438
Net cash provided by (used in) investing activities	71,795	54,450	(976)	1,027,821
Cash flows from financing activities:				
Proceeds from partnership agreement	50,000	—	—	—
Repayments under equipment financing facility and bank loans	(85,949)	(90,843)	(24,452)	(124)
Repayments under capital leases and other	(9,522)	(2,161)	(616)	(1,884)
Claims paid to senior noteholders	—	—	—	(745,221)
Net proceeds from debtor-in-possession loan	—	—	—	340,375
Repayment of debtor-in-possession loan	—	—	—	(340,375)
Other, net	(3,219)	—	—	(4,291)
Total financing cash used in continuing operations	(48,690)	(93,004)	(25,068)	(751,520)
Total financing cash used in discontinued operations	—	—	—	(26,711)
Net cash used in financing activities	(48,690)	(93,004)	(25,068)	(778,231)
Effect of exchange rate changes on cash and cash equivalents	541	(1,045)	916	(9,152)
Change in cash and cash equivalents related to discontinued operations	—	—	22,662	103,260

Net (decrease) increase in cash and cash equivalents	(63,492)	(84,804)	(80,951)	88,941
Cash and cash equivalents, beginning of period	257,380	342,184	423,135	334,194
Cash and cash equivalents, end of period	$ 193,888	$ 257,380	$ 342,184	$ 423,135

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

1. Summary of Operations

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. We refer to our majority-owned Brazilian operating company, Nextel Telecomunicações Ltda., as Nextel Brazil. Our consolidated results from continuing operations in this annual report on Form 10-K include the results of operations of Nextel Brazil and our corporate headquarters.

We provide wireless communication services under the Nextel™ brand in Brazil with our principal operations located in major urban and suburban centers with high population densities and related transportation corridors of that country where 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 September 2017, Nextel Brazil decided to wind down its integrated digital enhanced network, or iDEN, operations with a target to cease all iDEN services in mid-2018. As a result, Nextel Brazil has provided notice of the eventual shutdown to its remaining iDEN subscribers and is currently working to actively migrate the remainder of its legacy iDEN subscriber base to its WCDMA network by proactively promoting attractive service offerings. As of December 31, 2017, 11% of our subscribers were on Nextel Brazil's iDEN network.

As of December 31, 2017, Nextel Brazil had about 3.246 million total subscriber units in commercial service.

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

Prior to the fourth quarter of 2017, and as previously disclosed, there was substantial doubt about whether our results of operations would provide us with sufficient liquidity to settle our obligations as they became due, principally the amounts due under Nextel Brazil's equipment financing facility and its bank loans.

Effective in January 2018, Nextel Brazil entered into an amended and restated equipment financing facility and sixth amendments to its bank loans with Brazilian lenders. 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 of December 31, 2017, our consolidated sources of funding included $210.6 million in cash and short-term investments, $110.0 million in cash held in escrow to secure our indemnification obligations in connection with the sale of Nextel Mexico, and $50.3 million in cash pledged as collateral to secure certain performance bonds relating to our obligations to deploy our WCDMA spectrum in Brazil. In January 2018, we recovered substantially all of the cash securing these performance bonds.

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. As a result, we believe that there is no longer substantial doubt surrounding our ability to continue as a going concern.

Our business plan is based on a number of assumptions, including lower subscriber turnover and a decrease in certain costs compared to 2017. In addition, it assumes that we will recover substantially all of the amount held 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 amount of time, our business could be negatively impacted, and we would need to obtain additional funding and/or significantly reduce our planned capital and operational spending to further preserve our liquidity.

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.

Prior to the closing of the initial investment by ice group, we contributed $116.6 million in cash to Nextel Holdings. In connection with and subsequent to the closing of the initial investment, we contributed an additional $56.8 million to Nextel Holdings, representing all of our freely distributable cash outside of Nextel Brazil, including proceeds released from escrowed funds from the sale of Nextel Mexico received to date, less $50.0 million we retained for our expenses outside of the partnership.

2. Summary of Significant Accounting Policies

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

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States, or the U.S., requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty involved in making estimates, actual results to be reported in future periods could differ from our estimates.

Principles of Consolidation. The consolidated financial statements include the accounts of NII Holdings and our subsidiaries. Our decision to consolidate an entity is based on our control of the entity through direct and indirect majority interest in the entity. We eliminate all intercompany transactions, including intercompany profits and losses, in consolidation.

Concentrations of Risk. Substantially all of our revenues are generated from our operations located in Brazil. Regulatory entities in Brazil regulate the licensing, construction, acquisition, ownership and operation of our networks, and certain other aspects of our business, including some of the rates we charge our subscribers. Changes in the current telecommunications statutes or regulations in Brazil could adversely affect our business. In addition, as of December 31, 2017, 87% of our total assets were owned by Nextel Brazil. Political, financial and economic developments in Brazil could impact the recoverability of our assets.

Financial instruments that potentially subject us to significant amounts of credit risk consist of cash, cash equivalents, short-term investments and accounts receivable. Our cash and cash equivalents are deposited with high-quality financial institutions. At times, we maintain cash balances in excess of Federal Deposit Insurance Corporation (or the foreign country equivalent institution) limits. Our short-term investments are composed of certain investments made by Nextel Brazil. See Note 8 for further information. Our accounts receivable are generally unsecured. We routinely assess the credit worthiness of our subscribers and maintain allowances for probable losses, where necessary.

Foreign Currency. We translate Nextel Brazil's results of operations from Brazilian reais to U.S. dollars using average exchange rates during the relevant period, while we translate assets and liabilities at the exchange rate in effect at the reporting date. We translate equity balances at historical rates. We report the resulting gains or losses from translating foreign currency financial statements as other comprehensive income or loss.

In general, monetary assets and liabilities held by Nextel Brazil that are denominated in U.S. dollars give rise to realized and unrealized foreign currency transaction gains and losses, which we record in our consolidated statement of comprehensive (loss) income as foreign currency transaction gains or losses. We report the effects of changes in exchange rates associated with certain U.S. dollar-denominated intercompany loans and advances to our foreign subsidiaries that are of a long-term investment nature as other comprehensive income or loss in our consolidated financial statements. We have determined that certain U.S. dollar-denominated intercompany loans and advances to Nextel Brazil are of a long-term investment nature.

Cash and Cash Equivalents. We consider all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents, except for certain certificates of deposit in Brazil that are redeemable on demand. We classify these certificates of deposit as short-term investments. Cash equivalents primarily consist of money market funds and other similarly structured funds.

Short-Term Investments. We classify investments in debt securities as available-for-sale as of the balance sheet date and report them at fair value. We record unrealized gains and losses, net of income tax, as other comprehensive income or loss. We report realized gains or losses, as determined on a specific identification basis, and other-than-temporary declines in value, if any, in net other expense in our consolidated statement of comprehensive (loss) income. See Note 8 for additional information.

Handset and Accessory Inventory. We record handsets and accessories at the lower of cost or their net realizable value. We determine cost by the weighted average costing method. We expense handset costs at the time of sale and classify such costs in cost of handsets and accessories. Inventory cost includes amounts associated with non-income based taxes.

We analyze the net realizable value of handset and accessory inventory on a periodic basis. This analysis includes an assessment of the obsolescence of individual devices, our sales forecasts and other factors. For the year ended December 31, 2017 and 2016, we recorded losses related to inventory obsolescence of $1.0 million and $1.7 million, respectively. In addition, for the six months ended December 31, 2015, we recorded losses related to inventory obsolescence of $2.2 million. We did not record any losses related to inventory obsolescence during the six months ended June 30, 2015.

Property, Plant and Equipment. We record property, plant and equipment, including improvements that extend useful lives or enhance functionality, at cost, while we charge maintenance and repairs to expense as incurred.

We capitalize internal and external costs incurred to develop internal-use software, which consist primarily of costs related to configuration, interfaces, installation and testing. We also capitalize internal and external costs incurred to develop specified upgrades and enhancements if they result in significant additional functionalities for our existing software. We expense all costs related to evaluation of software needs, data conversion, training, maintenance and other post-implementation operating activities.

We calculate depreciation using the straight-line method based on estimated useful lives ranging from 3 to 30 years for network equipment, communication towers and network software and 3 to 10 years for software, office equipment, furniture and fixtures, and other, which includes non-network internal use software. We include depreciation expense on our capital leases in accumulated depreciation. We amortize leasehold improvements over the shorter of the lease terms or the useful lives of the improvements.

Construction in progress includes internal and external labor, materials, transmission and related equipment, engineering, site development, interest and other costs relating to the construction and development of our wireless network. We do not depreciate assets under construction until they are ready for their intended use. We capitalize interest and other costs, including labor and software upgrades, which are applicable to the construction of, and significant improvements that enhance functionality to, our network equipment.

As of June 30, 2015, in connection with the implementation of fresh start accounting, we adjusted our property, plant and equipment to its estimated fair value and revised the depreciable lives. We will continue to periodically review the depreciation method, useful lives and estimated salvage value of our property, plant and equipment and revise those estimates if current estimates are significantly different from previous estimates.

Asset Retirement Obligations. We record an asset retirement obligation, or ARO, and an associated asset retirement cost, or ARC, when we have a legal obligation in connection with the retirement of tangible long-lived assets. Our obligations arise from certain of our leases and relate primarily to the cost of removing our communication towers and network equipment from leased sites. We recognize an ARO, and the associated ARC, in the period in which it is incurred at fair value computed using discounted cash flow techniques. The liability is then accreted over time until the obligation is settled and the ARC is depreciated over the useful life of the related assets.

We make adjustments for changes to either the timing or amount of the estimated future settlement obligation in the period incurred. We recognize increases in the present value of the AROs as an additional liability and add this amount to the carrying amount of the associated ARC. We record decreases as a reduction in both the recorded liability and the carrying amount of the associated ARC.

As of December 31, 2017 and 2016, our asset retirement obligations were included as a component of other long-term liabilities in our consolidated balance sheet and are as follows (in thousands):

Balance, January 1, 2016 — Successor Company	$	19,642
New asset retirement obligations		198
Change in assumptions		(1,619)
Accretion		2,552
Settlement of asset retirement obligations		(441)
Foreign currency translation and other		7,274
Balance, December 31, 2016 — Successor Company		27,606
New asset retirement obligations		486
Change in assumptions		(9,181)
Accretion		1,677
Settlement of asset retirement obligations		(9,375)
Foreign currency translation and other		112
Balance, December 31, 2017 — Successor Company	$	11,325

Derivative Financial Instruments. We occasionally enter into derivative transactions for hedging or risk management purposes. We record all derivative instruments as either assets or liabilities on our consolidated balance sheet at their fair value. We have not and will not enter into any derivative transactions for speculative or profit generating purposes. See Note 8 for additional information.

Valuation of Long-Lived Assets. We review long-lived assets such as property, plant and equipment and identifiable intangible assets with definite useful lives, which include our telecommunications licenses, for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the total of the expected undiscounted future cash flows of the asset or asset group is less than the carrying amount of the asset, we recognize a loss, if any, for the difference between the fair value and carrying value of the asset.

Intangible Assets. Our intangible assets consist of our telecommunications licenses and our customer relationships. We calculate amortization on our licenses using the straight-line method based on an estimated useful life of 26 to 30 years. We calculate amortization on our customer relationships using the straight-line method based on an estimated useful life of 4 years.

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

Revenue Recognition. Operating revenues primarily consist of wireless service revenues and revenues generated from the sale of handsets and accessories. We present our operating revenues net of value-added taxes, but we include certain revenue-based taxes that are our primary obligation.

Service revenues primarily consist of fixed monthly access charges. Other components of service revenue include revenues from calling party pays programs, where applicable, variable charges for usage in excess of plan limits, long-distance charges, international roaming revenues derived from calls placed by our subscribers on other carriers' networks and revenues generated from broadband data services we provide on our WCDMA network, net of credits and adjustments for service discounts. We recognize excess usage, local, long distance and calling party pays revenue at contractual rates per minute as minutes are used. We record cash received in excess of revenues earned as deferred revenues. We recognize service revenue as service is provided. We recognize handset revenue when title and risk of loss passes to the customer.

Other revenues primarily include amounts generated from our handset maintenance programs, roaming revenues generated from other companies' subscribers that roam on our networks and co-location rental revenues from third party tenants that rent space on our towers. We recognize revenue generated from our handset maintenance programs on a monthly basis at fixed amounts over the service period. We recognize roaming revenues at contractual rates per minute as minutes are used. We recognize co-location revenues from third party tenants on a monthly basis based on the terms set by the underlying agreements.

We expect our revenue recognition policies to change in the first quarter of 2018 in connection with the implementation of Accounting Standards Update, or ASU, No. 2014-09, "Revenue from Contracts with Customers," or ASC 606.

Revenue-Based Taxes. We record revenue-based taxes and other excise taxes on a gross basis as a component of both service and other revenues and selling, general and administrative expenses in our consolidated financial statements. For the years ended December 31, 2017 and 2016, we recognized $28.2 million and $46.9 million in revenue-based taxes and other excise taxes, respectively. For the six months ended December 31, 2015 and the six months ended June 30, 2015, we recognized $30.9 million and $39.0 million in revenue-based taxes and other excise taxes, respectively.

Accounts Receivable. Accounts receivable represents amounts due from subscribers, net of an allowance for doubtful accounts, and includes amounts that have been billed to customers and amounts that have not yet been billed.

Allowance for Doubtful Accounts. We establish an allowance for doubtful accounts receivable sufficient to cover probable and reasonably estimated losses. We estimate this allowance based on historical experience, aging of accounts receivable and recent collections trends. While we believe that the estimates we use are reasonable, actual results could differ from those estimates.

Advertising Costs. We expense costs related to advertising and other promotional expenditures as incurred. Advertising costs totaled $26.9 million and $30.9 million for the years ended December 31, 2017 and 2016, respectively. We recognized $21.6 million in advertising costs during the six months ended December 31, 2015 and $28.7 million during the six months ended June 30, 2015, respectively.

Share-Based Compensation. We measure and recognize compensation expense for all share-based compensation awards based on estimated fair values. We account for share-based awards exchanged for employee services in accordance with the authoritative guidance for stock compensation. Under that guidance, share-based compensation expense is measured at the grant date, based on the estimated fair value of the award when settled in shares, and is recognized over the employee's requisite service period. Compensation expense is amortized on a straight-line basis over the requisite service period for the entire award, which is generally the vesting period of the award. See Note 12 for more information.

Net (Loss) Income Per Common Share, Basic and Diluted. Basic net (loss) income per common share is computed by dividing adjusted net (loss) income attributable to common shares by the weighted average number of common shares outstanding for the period. Diluted net (loss) income per common share reflects the potential dilution of securities that could participate in our earnings, but not securities that are antidilutive, including stock options with an exercise price greater than the average market price of our common stock.

Our unvested restricted stock awards, or RSAs, contain non-forfeitable rights to dividends, whether paid or unpaid. As a result, our RSAs are considered participating securities because their holders have the right to participate in earnings with common stockholders. We use the two-class method to allocate net income between common shares and other participating securities.

ice group's investment in Nextel Holdings was made in the form of cumulative preferred shares. Under the terms of this agreement, liquidation proceeds or distributions of Nextel Brazil's future earnings will be allocated first to ice group until its cumulative dividends and original investment have been recouped. Earnings will then be allocated to us to the extent of our investment and pro rata thereafter. ice group is entitled to receive a 2% annual dividend on its cumulative preferred voting stock in Nextel Holdings. ice group's preferred shares are considered participating securities. As presented for the year ended December 31, 2017, our calculation of basic net loss from continuing operations per common share includes $49.6 million in net loss attributable to noncontrolling interest and $0.5 million related to undeclared dividends on ice group's preferred stock.

As presented for the year ended December 31, 2017, we did not include 3.4 million stock options and 0.3 million in restricted common shares in our calculation of diluted net loss from continuing operations per common share because their effect would have been antidilutive. In addition, as presented for the year ended December 31, 2016, we did not include 3.5 million stock options and 0.8 million in restricted common shares in our calculation of diluted net loss from continuing operations per common share because their effect would have been antidilutive. As presented for the six months ended December 31, 2015 and the six months ended June 30, 2015, we did not include 2.2 million and 4.8 million stock options, respectively, in our calculation of diluted net (loss) income from continuing operations per common share because their effect would have been antidilutive. In addition, for the six months ended December 31, 2015, we did not include an immaterial amount of restricted common shares in our calculation of diluted net (loss) income from continuing operations per common share because their effect would have been antidilutive.

Income Taxes. We account for income taxes using the asset and liability method, under which we recognize deferred income taxes for the tax consequences attributable to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities, as well as for tax loss carryforwards and tax credit carryforwards. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recoverable or settled. We recognize the effect on deferred taxes of a change in tax rates in income in the period that includes the enactment date. We recognize a valuation allowance on deferred tax assets unless it is determined that it is “more-likely-than-not” that the asset will be realized.

New Accounting Pronouncements. In May 2014, the Financial Accounting Standards Board, or the FASB, issued Accounting Standards Codification, or ASC, No. 2014-09, “Revenue from Contracts with Customers,” or ASC 606, which 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 for all contracts open at that date. Prior periods will not be retroactively adjusted. 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 disclose the results under both the new and old standards for the first year after adoption, beginning in the first quarter of 2018.

During the first quarter of 2018, we will record a cumulative adjustment to accumulated deficit that is primarily composed of the following:

- a net contract asset related to the portion of our revenues associated with service plans that are sold concurrently with a subsidized handset; and
- an asset related to costs incurred to acquire a contract, which primarily relates to the deferral of commission expenses.

The future impact of ASC 606 on our revenues primarily relates to contracts with customers where the customer also purchases a subsidized handset from us, which comprises approximately 10% of our new subscribers. A portion of our revenues will be reallocated from service and other revenues to handset and accessory revenues, and these revenues will be recognized at an earlier point in time compared to our current accounting under the existing authoritative guidance. The earlier revenue recognition results in the creation of a contract asset for revenues recognized prior to contractual billing. Given current business trends, we do not expect a material change in total operating revenues.

The timing of expense recognition related to certain of our contract acquisition costs, primarily sales commissions, will be impacted as these expenses will be capitalized and amortized under the new standard rather than being expensed as incurred under existing authoritative guidance. We expensed approximately $36.6 million of contract acquisition costs during the year ended December 31, 2017.

While we have reached conclusions on the key accounting assessments related to adopting this standard, we are continuing to finalize our assessment of the resulting quantitative impacts. Based on currently available information, we estimate that our opening accumulated deficit balance on January 1, 2018 will decrease by between $20.0 million and $30.0 million, primarily related to the deferral of previously expensed contract acquisition costs. We do not expect to recognize a material net contract asset.

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842),” which replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASU No. 2016-02 will require lessees to recognize most leases on their balance sheet as liabilities, with corresponding “right-of-use” assets, and is effective for interim and annual reporting periods beginning after December 15, 2018, subject to early adoption. The new standard allows us to make an accounting policy election not to recognize lease assets and liabilities on the balance sheet for leases with a term of 12 months or less. The accounting applied by a lessor is largely unchanged from previous guidance. In transition, lessees and lessors 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 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 are currently evaluating the adoption methods, as well as the additional effects ASU No. 2016-02 will have on our consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash," which provides guidance regarding cash flow statement classification and presentation of changes in restricted cash. We implemented this new standard on January 1, 2018. The amendments in this ASU require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Entities will also be required to reconcile this total to amounts on the consolidated balance sheet and disclose the nature of the restrictions. We expect that the adoption of this ASU will reclassify changes in restricted cash and other deposits from cash provided by (used in) investing activities to a component of the reconciliation of the beginning of period to end of period change in cash and cash equivalents for all periods presented.

3. Emergence from Chapter 11 Proceedings and Fresh Start Accounting

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

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

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

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

- $500.0 million aggregate principal amount of 8.875% senior notes due 2019 issued by NII Capital Corp. pursuant to an indenture, dated as of December 15, 2009, among NII Capital Corp. (as issuer), each of the guarantors party thereto and U.S. Bank National Association (as successor trustee) and all amendments, supplements or modifications thereto and extensions thereof; and

- $800.0 million aggregate principal amount of 10.0% senior notes due 2016 issued by NII Capital Corp. pursuant to an indenture, dated as of August 18, 2009, among NII Capital Corp. (as issuer), each of the guarantors party thereto and Wilmington Savings Fund Society, FSB (as successor trustee) and all amendments, supplements or modifications thereto and extensions thereof.

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

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

Reorganization Items.

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

	Successor Company			Predecessor Company
	Year Ended		Six Months Ended	Six Months Ended
	December 31, 2017	December 31, 2016	December 31, 2015	June 30, 2015
Gain on settlement of liabilities subject to compromise	$ —	$ —	$ —	$ 1,775,787
Net gain on fresh start fair value adjustments	—	—	—	261,772
Reorganization-related professional fees and other costs	445	(803)	1,467	(80,685)
Total reorganization items	$ 445	$ (803)	$ 1,467	$ 1,956,874

4. Impairment, Restructuring and Other Charges

Long-Lived Asset Impairments.

During 2016, we reviewed our Nextel Brazil segment for potential impairment and compared the carrying value of Nextel Brazil's long-lived assets to our estimate of undiscounted future cash flows. Our estimate of undiscounted future cash flows was probability-weighted and took into consideration our ability to obtain capital necessary to fund our business plan. In addition, we assumed that the proceeds from any potential sale of Nextel Brazil would be significantly less than its carrying value. Based on our estimates, we determined that the carrying value of our Nextel Brazil segment was not fully recoverable. As a result, we recorded a non-cash asset impairment charge of $1.34 billion to reduce the carrying values of Nextel Brazil's long-lived assets to their respective fair values. We estimated the fair value of our Nextel Brazil segment using a market approach based on our market capitalization and combined it with the fair value of our outstanding debt obligations to determine the impairment charge. See Note 8 for more information on our estimate of the fair value of our debt obligations. We allocated the non-cash asset impairment charge first to reduce the $36.8 million carrying value of our trademark intangible asset to zero, and the remainder between property, plant and equipment and spectrum licenses on a pro rata basis.

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 non-cash asset impairment charges of $57.9 million in 2017 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 the same approach applied in 2016 and allocated these impairment charges on a pro rata basis between property, plant and equipment and spectrum licenses.

During the fourth quarter of 2017, we reviewed our Nextel Brazil segment for potential impairment and determined that its carrying value was recoverable as of December 31, 2017.

Other Asset Impairments.

During 2017 and 2016, Nextel Brazil recognized $9.3 million and $11.0 million in non-cash asset impairment charges, respectively, primarily related to the abandonment of certain transmitter and receiver sites that are no longer required in its business.

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

Restructuring Charges.

In 2017, as a result of a change in the scope of Nextel Brazil's radio access network, or RAN, sharing implementation, Nextel Brazil determined that RAN sharing would no longer be utilized for approximately 800 transmitter and receiver sites. As a result, Nextel Brazil recognized $34.2 million in restructuring costs, of which $17.5 million relates to the present value of future payments to which Nextel Brazil was committed and the remainder relates to the impairment of certain prepayments and other deferred costs attributable to these transmitter and receiver sites.

In 2017, Nextel Brazil recognized $70.5 million in restructuring costs, the majority of which related to future lease costs for approximately 1,200 transmitter and receiver sites in low-usage areas in connection with Nextel Brazil's RAN sharing agreement. In addition, Nextel Brazil recognized $6.5 million in severance and other related costs in 2017 related to the separation of approximately 200 employees, which included 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 exchange of unused transmitter and receiver sites for other sites needed in its wireless network. As of December 31, 2017, Nextel Brazil had $27.6 million in accrued restructuring charges related to transmitter and receiver sites that could be exchanged, a portion of which may be reversed in the future.

In 2016, Nextel Brazil recognized $21.4 million in restructuring costs related to the early termination of leases for approximately 600 transmitter and receiver sites in connection with Nextel Brazil's RAN sharing agreement.

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

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

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

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

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

	Successor Company			Predecessor Company
	Year Ended December 31,		Six Months Ended December 31,	Six Months Ended June 30,
	2017	2016	2015	2015
Brazil	$ 178,467	$ 1,340,610	$ 23,968	$ 28,072
Corporate	1,260	44,201	8,340	8,720
Total impairment, restructuring and other charges	$ 179,727	$ 1,384,811	$ 32,308	$ 36,792

In addition, as of December 31, 2017, the total of our accrued restructuring charges was as follows (in thousands):

Balance, January 1, 2017 — Successor Company	$ 24,103
Restructuring charges	95,363
Cash payments and other	(6,315)
Foreign currency translation adjustment	(3,380)
Balance, December 31, 2017 — Successor Company	$ 109,771

5. Supplemental Financial Statement Information

Prepaid Expenses and Other.

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

	Successor Company December 31, 2017	Successor Company December 31, 2016
	(in thousands)	
Cash in escrow	$ 110,024	$ 163,435
Cash collateral related to performance bonds	50,340	30,928
Brazil judicial deposits	43,648	—
Value-added taxes	27,635	29,829
Prepayment for roaming and RAN sharing agreements	4,586	27,731
Other prepaid assets	14,231	23,020
Other current assets	3,997	5,202
	$ 254,461	$ 280,145

Property, Plant and Equipment, Net.

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

	Successor Company December 31, 2017	Successor Company December 31, 2016
	(in thousands)	
Land	$ 489	$ 675
Building and leasehold improvements	935	1,489
Network equipment, communication towers and network software	82,493	95,298
Software, office equipment, furniture and fixtures and other	22,498	10,952
Less: Accumulated depreciation and amortization	(11,461)	—
	94,954	108,414
Construction in progress	22,308	21,061
	$ 117,262	$ 129,475

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

Intangible Assets, Net.

Our intangible assets, net include the following:

		Successor Company					
		December 31, 2017			December 31, 2016		
	Average Useful Life (Years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
		(in thousands)					
Amortizable intangible assets:							
Licenses	26	$ 189,920	$ (5,426)	$ 184,494	$ 226,426	$ —	$ 226,426
Customer relationships	4	15,300	(5,100)	10,200	17,255	—	17,255
		$ 205,220	$ (10,526)	$ 194,694	$ 243,681	$ —	$ 243,681

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

Based on the carrying amount of our intangible assets as of December 31, 2017 and current exchange rates, we estimate amortization expense for each of the next five years to be as follows (in thousands):

Years	Estimated Amortization Expense
2018	$ 14,464
2019	11,064
2020	7,664
2021	7,664
2022	7,664

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.

Other Assets.

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

	Successor Company	
	December 31,	
	2017	2016
	(in thousands)	
Brazil judicial deposits	$ 110,758	$ 85,123
Prepayment for roaming and RAN sharing agreements	23,747	37,433
Cash collateral related to performance bonds	—	56,523
Other	83,699	92,789
	$ 218,204	$ 271,868

Accrued Expenses and Other.

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

	Successor Company	
	December 31,	
	2017	2016
	(in thousands)	
Contingencies	$ 78,006	$ 56,171
Network system and information technology	48,702	50,286
Payroll related items and commissions	32,613	45,187
Non-income based taxes	30,044	28,158
Capital expenditures	10,198	17,514
Other	101,252	74,583
	$ 300,815	$ 271,899

Other Long-Term Liabilities.

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

	Successor Company	
	December 31,	
	2017	2016
	(in thousands)	
Accrued lease termination and other restructuring charges	$ 92,463	$ 31,365
Non-current withholding taxes	67,356	55,078
Other	61,106	57,029
	$ 220,925	$ 143,472

Accumulated Other Comprehensive Loss. As of December 31, 2017 and 2016, the tax impact on our accumulated other comprehensive loss was not material. In addition, as of December 31, 2017 and 2016, all of our accumulated other comprehensive loss represented cumulative foreign currency translation adjustment.

Supplemental Cash Flow Information.

	Successor Company			Predecessor Company
	Year Ended December 31,	Year Ended December 31,	Six Months Ended December 31,	Six Months Ended June 30,
	2017	2016	2015	2015
	(in thousands)			
Capital expenditures				
Cash paid for capital expenditures, including capitalized interest	$ 66,536	$ 61,291	$ 76,630	$ 88,485
Change in capital expenditures accrued and unpaid or financed, including accreted interest capitalized	(15,433)	(9,984)	(4,018)	(19,282)
	$ 51,103	$ 51,307	$ 72,612	$ 69,203
Interest costs				
Interest expense, net	$ 118,605	$ 113,732	$ 55,563	$ 82,820
Interest capitalized	1,669	283	2,142	2,556
	$ 120,274	$ 114,015	$ 57,705	$ 85,376
Cash paid for interest, net of amounts capitalized	$ 91,297	$ 105,636	$ 59,914	$ 65,598

In connection with the completion of the sale of Nextel Argentina to Grupo Clarin in January 2016, the promissory note that was initially issued in connection with this transaction was canceled. See Note 6 for more information. In addition, as of December 31, 2016, we recorded $125.7 million as a component of long-term debt on our consolidated balance sheet in connection with the signing of the license agreement related to our acquisition of 30MHz of spectrum in the 1.8 GHz band in July 2016. Other than these two transactions, we did not have any significant non-cash investing or financing activities during the years ended December 31, 2017 and 2016.

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

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

6. Discontinued Operations

Sale of Nextel Argentina. On September 11, 2015, NII Mercosur Telecom, S.L.U. and NII Mercosur Moviles, S.L.U., both of which were indirect subsidiaries of NII Holdings, entered into a binding agreement with Grupo Clarin relating to the sale of all of the outstanding equity interests of Nextel Communications Argentina, S.R.L., or Nextel Argentina. This agreement provided for aggregate cash consideration of $178.0 million, of which $159.0 million was paid at signing in connection with the transfer of a 49% equity interest in Nextel Argentina and the grant of a call option that allowed Grupo Clarin or any of its affiliates to acquire the remaining 51% equity interest in Nextel Argentina upon receipt of required approvals from the regulatory authorities in Argentina. We received the remaining cash consideration in October 2015, including $6.0 million deposited in escrow to satisfy potential indemnification claims. On January 27, 2016, the agreement was amended to permit Grupo Clarin or any of its affiliates to exercise the right to acquire the remaining 51% equity interest prior to receiving regulatory approval, and Grupo Clarin and its affiliates immediately acquired the remaining 51% of Nextel Argentina for no additional proceeds. In the second half of 2016, $5.4 million in escrow was released to us, and we entered into a mutual release agreement with Grupo Clarin for all current and future claims. As a result, we have no further obligations in connection with this transaction.

Sale of Nextel Mexico. On April 30, 2015, we, together with our wholly-owned subsidiary NIU Holdings LLC, completed the sale of our Mexican operations to New Cingular Wireless, an indirect subsidiary of AT&T. The transaction was structured as a sale of all of the outstanding stock of the parent company of Comunicaciones Nextel de Mexico, S.A. de C.V., or Nextel Mexico, for a purchase price of $1.875 billion, including $187.5 million deposited in escrow to satisfy potential indemnification claims. The net proceeds from this sale were $1.448 billion after deducting Nextel Mexico's outstanding indebtedness and applying other specified purchase price adjustments. In 2016, we paid $4.0 million, plus interest, out of escrow to settle an indemnification claim. As of December 31, 2017, $73.5 million of the cash held in escrow has been released to us and $110.0 million 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 other than for claims relating to the 2012 tax year totaling not more than $3.8 million.

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 audit of Nextel Mexico’s income tax return for 2010 and $36.9 million related to the 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.

We recently reached an agreement with the Mexican tax authorities related to the audits of Nextel Mexico's income tax returns for the years 2010 and 2011. Specifically, we agreed to incremental tax liabilities of $36.9 million to settle all open issues related to these tax years. We expect to utilize existing tax credits to settle these liabilities, although it is possible that we may need to settle a portion of these liabilities using cash that is currently held in escrow. We expect to receive a release of some of the $72.4 million in previously escrowed funds related to the 2010 and 2011 income tax audits in the next few months. As of December 31, 2017, we had accrued $1.5 million related to the 2011 income tax audit. 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 remaining tax audits or indemnity claims.

Sale of Nextel Peru. In August 2013, our wholly-owned subsidiaries NII Mercosur Telecom, S.L. and NII Mercosur Moviles, S.L., completed the sale of all of the outstanding equity interests of our wholly-owned subsidiary, Nextel del Peru, S.A., or Nextel Peru, to Empresa Nacional de Telecomunicaciones S.A. and one of its subsidiaries, Entel Inversiones, S.A., which we refer to collectively as Entel. In connection with this sale, $50.0 million was placed in escrow. Through December 31, 2015, we paid $15.6 million in response to certain claims. In December 2016, we paid $17.3 million out of the escrow account to settle all outstanding claims with Entel, and the remaining $17.1 million in escrow was released to us. As a result, Entel released us from all current and future indemnification obligations, and we have no further obligations in connection with this transaction.

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

	Successor Company			Predecessor Company
	Year Ended December 31, 2017	Year Ended December 31, 2016	Six Months Ended December 31, 2015	Six Months Ended June 30, 2015
Operating revenues	$ —	$ —	$ 75,450	$ 599,038
Operating expenses	—	—	(60,863)	(675,245)
Other income (expense), net	—	—	1,159	(49,974)
Income (loss) before income tax provision	—	—	15,746	(126,181)
Income tax provision	—	—	(4,770)	(8,065)
	—	—	10,976	(134,246)
Income (loss) on disposal of Nextel Argentina, Nextel Mexico and Nextel Peru	1,005	(19,994)	632	355,360
Income (loss) from discontinued operations, net of income taxes	$ 1,005	$ (19,994)	$ 11,608	$ 221,114

7. Debt

The components of our debt are as follows:

	Successor Company December 31, 2017	Successor Company December 31, 2016
	(in thousands)	
Brazil equipment financing	$ 242,883	$ 291,597
Brazil bank loans	200,567	242,076
Brazil spectrum financing	122,044	125,684
Brazil capital lease and tower financing obligations	90,213	96,722
Other	—	237
Total debt	655,707	756,316
Less: current portion	(7,990)	(540,474)
	$ 647,717	$ 215,842

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 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 in expenses related to creditors 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, 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. 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.

Brazil Equipment Financing Facility. In April 2012, Nextel Brazil entered into a U.S. dollar-denominated loan agreement with the China Development Bank, under which Nextel Brazil was able to borrow up to $500.0 million to finance infrastructure equipment and certain other costs related to the deployment of its WCDMA network. A portion of this financing has a floating interest rate based on LIBOR plus 2.90% (an all-in interest rate of 4.46% and 4.22% as of December 31, 2017 and 2016, respectively), and the remainder has a floating interest rate based on LIBOR plus 1.80% (an all-in interest rate of 3.36% and 3.12% as of December 31, 2017 and 2016, respectively). This financing is guaranteed by Nextel Holdings. In addition, the terms of this financing limit Nextel Brazil's ability to pay dividends and other upstream payments. Loans under this agreement 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 February 2026. Assets purchased using the amounts borrowed under Nextel Brazil's equipment financing facility are pledged as collateral. A portion of Nextel Brazil's accounts receivable is also pledged as collateral under its equipment financing facility. As of December 31, 2017, we had $244.6 million in principal amount outstanding under Nextel Brazil's equipment financing facility. Nextel Brazil does not have the ability to borrow additional amounts under this facility.

Brazil Bank Loans. In December 2011, Nextel Brazil borrowed the equivalent of $341.2 million from a Brazilian bank. Because this loan is denominated in Brazilian reais, the payments for principal and interest will fluctuate in U.S. dollars based on changes in the exchange rate of the Brazilian real relative to the U.S. dollar. In October 2012, Nextel Brazil entered into an additional Brazilian real-denominated bank loan agreement, under which Nextel Brazil borrowed the equivalent of approximately $196.9 million. Prior to the effectiveness of the sixth amendments to these bank loans discussed above, both of these loan agreements had floating interest rates equal to 139.54% of the local Brazilian borrowing rate (an all-in interest rate of 9.63% and 19.05% as of December 31, 2017 and 2016, respectively). As a result of the effectiveness of the loan amendments, both of the loan agreements have floating interest rates equal to 127.00% of the local Brazilian borrowing rate for 48 months from January 2018. After this period elapses, the interest rates will return to 139.54% of the local Brazilian borrowing rate for the remainder of the loan period. 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. A portion of Nextel Brazil's accounts receivable is pledged as collateral under these bank loans. As of December 31, 2017, we had $199.1 million in principal amount outstanding under Nextel Brazil's bank loans.

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

Capital Leases and Tower Financing Obligations.

Site-Related Capital Lease Obligations. We have entered into various agreements under which we are entitled to lease space on towers or other structures owned by third parties and to install our transmitter and receiver equipment in that space.

Tower Financing Obligations. From 2002 to 2008, we sold and subsequently leased back space on certain transmitter and receiver sites in Brazil. Due to our continuing involvement with these properties, we account for these transactions as financing arrangements. As a result, we did not recognize any gains from the sales of these towers under these arrangements, and we maintain the tower assets on our consolidated balance sheets. In addition, we recognized the proceeds received as financing obligations. We recognize ground rent payments as operating expenses in cost of service and tower base rent payments as interest expense and a reduction in the financing obligation using the effective interest method. In addition, we recognize co-location rent payments made by the third party lessees to the owner of the site as other operating revenues because of our continuing involvement with the tower assets. During the years ended December 31, 2017 and 2016, we recognized $8.1 million and $7.7 million, respectively, in other operating revenues related to these co-location lease arrangements. During the six months ended December 31, 2015 and the six months ended June 30, 2015, we recognized $3.6 million and $7.8 million in other operating revenues, respectively, related to these arrangements.

Debt Maturities.

For the years subsequent to December 31, 2017, scheduled annual maturities of all debt outstanding are as follows (in thousands):

Year	Principal Repayments
2018	$ 6,655
2019	26,687
2020	27,799
2021	27,766
2022	129,311
Thereafter	453,561
Total	$ 671,779

8. Fair Value Measurements

Available-for-Sale Securities.

As of December 31, 2017 and 2016, available-for-sale securities held by Nextel Brazil included $16.7 million and $73.8 million, respectively, in investment funds. These funds invest primarily in Brazilian government bonds, long-term bank certificates of deposit and Brazilian corporate debentures. During the years ended December 31, 2017 and 2016, the six months ended December 31, 2015 and the six months ended June 30, 2015, we did not have any material unrealized gains or losses associated with these investments.

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

Debt Instruments.

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

	Successor Company			
	December 31,			
	2017		2016	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(in thousands)			
Brazil equipment financing	$ 242,883	$ 237,958	$ 291,597	$ 280,893
Bank loans and other	200,567	144,312	242,313	221,458
Brazil spectrum financing	122,044	128,225	125,684	117,059
	$ 565,494	$ 510,495	$ 659,594	$ 619,410

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

Derivative Instruments.

We occasionally enter into derivative transactions for risk management purposes. We have not and will not enter into any derivative transactions for speculative or profit generating purposes. Nextel Brazil did not have any derivative instruments as of December 31, 2017. As of December 31, 2016, Nextel Brazil had an immaterial amount of derivative instruments that we classified as short-term investments in our consolidated balance sheets. We consider this measurement to be Level 3 in the fair value hierarchy. Nextel Brazil entered into foreign currency option agreements to manage the foreign currency exposures associated with the forecasted purchase of handsets and other U.S. dollar-denominated payments. We do not apply hedge accounting to these derivative instruments. As a result, we have included all changes in the fair value of these instruments as a component of other expense, net in our consolidated statement of comprehensive (loss) income. For the year ended December 31, 2016, Nextel Brazil recognized $3.3 million in net realized losses, resulting from the changes in estimated fair value of these derivative instruments. Unrealized losses recognized during 2016 were not material. For the six months ended December 31, 2015 and June 30, 2015, Nextel Brazil recognized $5.2 million and $6.3 million in net realized gains, respectively, resulting from the changes in the estimated fair value of these derivative instruments. In addition, for the six months ended December 31, 2015 and June 30, 2015, Nextel Brazil recorded an immaterial amount of unrealized losses resulting from the changes in the estimated fair value of these derivative instruments.

Other Financial Instruments.

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

9. Commitments and Contingencies

Capital and Operating Lease Commitments.

We have co-location capital lease obligations on some of our transmitter and receiver sites in Brazil. See Note 7 for further information regarding these agreements.

We lease various cell sites, office facilities and other assets under operating leases. Some of these leases provide for annual increases in our rent payments based on changes in locally-based consumer price indices. The remaining terms of our cell site leases range from less than one to fifteen years and are generally renewable for additional terms. The remaining terms of our office leases range from less than one to ten years. We have not included reasonably assured renewal periods in our calculation of future minimum payments for operating lease obligations shown in the table below. For the year ended December 31, 2017, total rent expense under operating leases was $178.5 million, of which approximately $63.2 million related to rent payments for certain transmitter and receiver sites that Nextel Brazil is not fully utilizing. For the year ended December 31, 2016, total rent expense under operating leases was $164.6 million. In addition, during the six months ended December 31, 2015 and the six months ended June 30, 2015, total rent expense under operating leases was $76.4 million and $93.4 million, respectively.

For years subsequent to December 31, 2017, future minimum payments for all capital and operating lease obligations that have initial or remaining noncancelable lease terms exceeding one year, net of rental income, are as follows (in thousands):

	Capital Leases	Operating Leases	Total
2018	$ 48,354	$ 127,430	$ 175,784
2019	43,026	112,280	155,306
2020	42,890	101,591	144,481
2021	43,016	90,622	133,638
2022	41,298	77,425	118,723
Thereafter	621,495	151,364	772,859
Total minimum lease payments	840,079	660,712	1,500,791
Less: imputed interest	(749,866)	—	(749,866)
Total	$ 90,213	$ 660,712	$ 750,925

Brazil RAN Sharing Commitment.

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

We are allocating the aggregate 800 million Brazilian reais in minimum payments on a relative fair value basis to the services being received. We are recognizing approximately 318 million Brazilian reais on a ratable basis over a period of five years for the amended roaming agreement, which began in August 2016, and approximately 482 million Brazilian reais over a period of approximately seven years for the RAN sharing agreement, which began in October 2016. In 2017, Nextel Brazil recorded approximately 116 million Brazilian reais, or approximately $36.9 million based on foreign currency exchange rates at the time, of the total 482 million Brazilian reais related to the RAN sharing agreement as a component of restructuring costs as a result of a change in the scope of this arrangement.

Equipment, Handsets and Other Commitments.

We are a party to purchase agreements with various suppliers, under which we have committed to purchase equipment, network services and handsets that will be used or sold in the ordinary course of business. As of December 31, 2017, we are committed to purchase $131.6 million in total under these arrangements, which includes amounts related to the RAN sharing agreement discussed above, $57.1 million of which we are committed to pay in 2018, $54.2 million of which we are committed to pay in 2019 and 2020 combined and $20.3 million of which we are committed to pay in 2021 and 2022 combined. These amounts do not represent our entire anticipated purchases in the future, but represent only those items that are the subject of contractual obligations. Our commitments are generally determined based on noncancelable quantities or termination amounts. We also purchase products and services as needed with no firm commitment. Amounts actually paid under some of these agreements will likely be higher due to variable components of these agreements. The more significant variable components that determine the ultimate obligation owed include such items as hours contracted, subscribers and other factors. In addition, we are a party to various arrangements that are conditional in nature and obligate us to make payments only upon the occurrence of certain events, such as the delivery of functioning software or a product.

Contingencies.

Nextel Brazil has received various assessment notices from 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. As of December 31, 2017 and 2016, Nextel Brazil also had contingencies related to certain consumer, contract and labor-related matters, some of which are secured by judicial guarantees. Nextel Brazil may in the future be subject to litigation involving tax and other matters requiring judicial deposits of cash that will not be released until the pending matter is resolved.

As of December 31, 2017 and 2016, Nextel Brazil had accrued liabilities of $81.2 million and $76.8 million, respectively, related to contingencies, of which $7.4 million and $1.4 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 $760.0 million as of December 31, 2017. 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.

10. Capital Stock

Common Stock. Holders of our common stock are entitled to one vote per share on all matters submitted for action by the stockholders and share equally, share for share, if dividends are declared on the common stock. If our Company is partially or completely liquidated, dissolved or wound up, whether voluntarily or involuntarily, the holders of the common stock are entitled to share ratably in the net assets remaining after payment of all liquidation preferences, if any, applicable to any outstanding preferred stock. There are no redemption or sinking fund provisions applicable to the common stock.

Undesignated Preferred Stock. Our Board of Directors has the authority to issue undesignated preferred stock of one or more series and in connection with the creation of such series, to fix by resolution the designation, voting powers, preferences and relative, participating, optional and other special rights of such series, and the qualifications, limitations and restrictions thereof. As of December 31, 2017, we had not issued any shares of undesignated preferred stock.

Common Stock Reserved for Issuance. In connection with our emergence from Chapter 11, our Board of Directors adopted an incentive compensation plan, which contemplates grants of up to 5,263,158 shares of our common stock to directors and employees of the reorganized company, including potential grants of restricted stock, restricted stock units and options to purchase shares of our common stock. Under the 2015 Incentive Compensation Plan, we had 1,183,767 shares of our common stock reserved for future issuance as of December 31, 2017.

11. Income Taxes

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

	Successor Company			Predecessor Company
	Year Ended December 31,	Year Ended December 31,	Six Months Ended December 31,	Six Months Ended June 30,
	2017	2016	2015	2015
U.S.	$ (41,143)	$ (53,843)	$ (1,820)	$ 1,745,628
Non-U.S.	(316,870)	(1,482,928)	(295,686)	(224,218)
Total	$ (358,013)	$ (1,536,771)	$ (297,506)	$ 1,521,410

	Successor Company			Predecessor Company
	Year Ended December 31,	Year Ended December 31,	Six Months Ended December 31,	Six Months Ended June 30,
	2017	2016	2015	2015
Current:				
Federal	$ —	$ —	$ —	$ —
Foreign	5,779	(291)	2,502	(1,104)
Total current income tax benefit (provision)	5,779	(291)	2,502	(1,104)
Deferred:				
Federal	—	2,864	(403)	(814)
State, net of Federal tax benefit (provision)	—	319	(45)	(91)
Foreign	568	—	2,961	—
Total deferred income tax benefit (provision)	568	3,183	2,513	(905)
Total income tax benefit (provision)	$ 6,347	$ 2,892	$ 5,015	$ (2,009)

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

	Successor Company			Predecessor Company
	Year Ended December 31,	Year Ended December 31,	Six Months Ended December 31,	Six Months Ended June 30,
	2017	2016	2015	2015
Statutory Federal tax rate	35%	35%	35%	35%
Reorganization items	—	—	—	(46)
Effect of foreign operations	—	(2)	(12)	—
Effect of statutory Federal tax rate change on deferred tax asset	(37)	—	—	—
Change in deferred tax asset valuation allowance	16	(32)	(20)	9
Effect of permanent differences	(12)	—	—	—
Other, net	—	(1)	(1)	2
Effective tax rate	2%	—	2%	—

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

	Successor Company	
	December 31,	
	2017	2016
	(in thousands)	
Deferred tax assets:		
Net operating losses and capital loss carryforwards	$ 6,509,165	$ 6,363,915
Allowance for doubtful accounts	20,122	17,867
Accrued expenses	53,867	54,263
Accrual for contingent liabilities	27,016	24,669
Intangible assets	121,122	130,983
Property, plant and equipment	143,701	253,882
Leasing related activity	27,519	25,822
Equity compensation	1,151	1,182
Long term debt	55,146	53,159
Inventory reserve	717	1,729
Other	1,004	17,573
	6,960,530	6,945,044
Valuation allowance	(6,957,569)	(6,945,044)
Total deferred tax asset	2,961	—
Deferred tax liabilities:		
Other	2,432	—
Total deferred tax liability	2,432	—
Net deferred tax asset	$ 529	$ —

As of December 31, 2017, we had $1.4 billion of net operating loss carryforwards for U.S. Federal and state income tax purposes, which expire in various amounts beginning in 2027 through 2037. Due to our emergence from bankruptcy on June 26, 2015, the timing and manner in which we will utilize the net operating loss carryforwards in any year will be limited relating to changes in our ownership. The annual limitation is $40.2 million, and some of our net operating loss carryforwards will expire before use in the future due to this limitation. As a result of this limitation, our net operating loss carryforwards for U.S. Federal and state income tax purposes are $898.9 million.

As of December 31, 2017, our Brazilian subsidiaries had $2.1 billion of net operating loss carryforwards that can be carried forward indefinitely, but the amount that we can utilize annually is limited to 30% of Brazilian taxable income before the net operating loss deduction. Our foreign subsidiaries' ability to utilize the foreign tax net operating losses in any single year ultimately depends upon their ability to generate sufficient taxable income.

As of December 31, 2017, our holding companies in Luxembourg each had net operating losses ranging from $1.1 billion to $8.7 billion that can be carried forward indefinitely. An immaterial amount of losses generated in 2017 can be carried forward 17 years. Our holding companies in Spain had $964.2 million of net operating loss carryforwards that can be carried forward 18 years. Given the nature of activities that are considered taxable in these jurisdictions and the activities engaged in by the holding companies, these net operating loss carryforwards will never be utilized by our holding companies.

The deferred tax asset valuation allowances that our subsidiaries and holding companies had as of December 31, 2017 and 2016 are as follows:

	Successor Company	
	2017	2016
	(in millions)	
Brazil	$ 1,162.5	$ 1,089.9
U.S.	240.4	367.2
Luxembourg	5,313.7	5,275.9
Spain	241.0	212.0
Total	$ 6,957.6	$ 6,945.0

The realization of deferred tax assets is dependent on the generation of future taxable income sufficient to realize our tax loss carryforwards and other tax deductions. Valuation allowances are required to be recognized on deferred tax assets unless it is determined that it is “more-likely-than-not” that the asset will be realized. As of December 31, 2017, we continued to record full valuation allowances on the deferred tax assets of our foreign operating companies, our U.S. parent company and subsidiaries and our foreign holding companies due to substantial negative evidence, including the recent history of cumulative losses and the projected losses for 2018 and subsequent years.

We are subject to income taxes in both the U.S. and the non-U.S. jurisdictions in which we operate and to potential examination by the relevant tax authorities. The earliest years that remain subject to examination by jurisdiction are: U.S. - 2007; Brazil - 2012, and Luxembourg, Netherlands and Spain - 2009. We regularly assess the potential outcome of future examinations in each of the taxing jurisdictions when determining the adequacy of our provision for income taxes. We have only recorded financial statement benefits for tax positions which we believe reflect the “more-likely-than-not” criteria incorporated in the FASB’s authoritative guidance on accounting for uncertainty in income taxes, and we have established income tax accruals in accordance with this authoritative guidance where necessary. Once a financial statement benefit for a tax position is recorded or a tax accrual is established, we adjust it only when there is more information available or when an event occurs necessitating a change. While we believe that the amounts of the recorded financial statement benefits and tax accruals reflect the more-likely-than-not criteria, it is possible that the ultimate outcome of current or future examinations may result in a reduction to the tax benefits previously recorded on the financial statements or may exceed the current income tax reserves in amounts that could be material.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act, or the Tax Act. The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to: (1) reducing the U.S. Federal corporate tax rate from 35 percent to 21 percent; (2) requiring companies to pay a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries; and (3) requiring a current inclusion in U.S. Federal taxable income of certain earnings of controlled foreign corporations, known as global intangible low-taxed income.

We have prepared an analysis of the effect of the Tax Act on our U.S. income taxes and have formed the following conclusions:

- In response to the reduction in the U.S. Federal tax rate to 21%, which was effective January 1, 2018, we have recorded our deferred tax asset and corresponding valuation allowance as of December 31, 2017 at the 21% tax rate with no impact to our income tax expense;

- We have determined that no tax liability needs to be recorded for the one-time transition tax as our international subsidiaries have negative cumulative foreign earnings; and

- We are electing to treat the tax on global intangible low-taxed income as an expense in the period in which we become liable for this tax and are not currently recording a deferred tax liability for this item.

In accordance with Staff Accounting Bulletin, or SAB No. 118, “Income Tax Accounting Implications of the Tax Cuts and Jobs Act, ” our measurement period remains open with respect to the above items in order to allow us to evaluate all possible impacts of evolving guidance to be issued by the Internal Revenue Service and the FASB.

12. Employee Stock and Benefit Plans

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

On the date of our emergence from Chapter 11, we made grants of 564,311 shares of restricted stock, 41,721 restricted stock units and 1,580,208 options to purchase shares of common stock. Subsequent to this date, we made grants of an additional 468,069 shares of restricted stock and 5,071,457 options to purchase shares of common stock. Stock options, restricted stock awards and restricted stock units are also granted to certain new employees on the later of the date of hire or the date that the grant is approved.

Stock Option Awards

For the years ended December 31, 2017 and 2016, the six months ended December 31, 2015 and the six months ended June 30, 2015, we recognized $2.6 million, $2.8 million, $1.0 million and $1.5 million, respectively, in share-based compensation expense related to stock options. The amounts recognized in our consolidated statements of comprehensive (loss) income for tax benefits related to share-based payment arrangements in 2017, 2016 and both periods in 2015 were not material. We include substantially all share-based compensation expense as a component of selling, general and administrative expenses. As of December 31, 2017, there was $1.1 million in unrecognized compensation cost related to non-vested employee stock option awards. We expect this cost to be recognized over a weighted average period of 1.50 years. The amount of cash paid for exercises under all share-based payment arrangements was immaterial for 2017, 2016 and both periods in 2015.

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

	Number of Options	Weighted Average Exercise Price per Option	Weighted Average Remaining Life	Aggregate Intrinsic Value
Outstanding, December 31, 2016	3,276,105	$ 10.14		
Granted	2,250,000	$ 0.58		
Exercised	—	—		
Forfeited	(2,168,407)	$ 11.02		
Outstanding, December 31, 2017	3,357,698	$ 3.16	8.83	—
Exercisable, December 31, 2017	660,677	$ 9.02	7.48	—

There were no options exercised during the year ended December 31, 2017. As of December 31, 2017, our vested stock options had an intrinsic value of zero. Generally, our stock options are non-transferable, except by will or laws of descent or distribution, and the actual value of the stock options that a recipient may realize, if any, will depend on the excess of the market price on the date of exercise over the exercise price. If a participant's employment is terminated without cause prior to the date options are available to be exercised, the participant will receive stock options on a pro-rata basis based on the fraction of the performance period that has elapsed from the beginning of the performance period until the participant's termination. If the participant does not exercise the pro-rata shares within 90 days of the employee's termination, the options are considered forfeited and are available for reissuance under the terms of the 2015 Incentive Compensation Plan.

The weighted average fair value of the stock option awards on their grant dates using the Black-Scholes-Merton option-pricing model were $0.22 and $1.48 for each option granted during the years ended December 31, 2017 and 2016 and $2.98 for the period from June 26, 2015 to December 31, 2015, based on the following assumptions:

	Successor Company		
	Year Ended		Period from June 26, 2015
	December 31, 2017	December 31, 2016	to December 31, 2015
Risk free interest rate	1.53%	1.53% - 1.90%	1.71% - 2.05%
Expected stock price volatility	40.87%	40.71% - 40.87%	31.73% - 41.92%
Expected term in years	5.16	5.16	5.16 - 6.00
Expected dividend yield	—	—	—

The expected term of stock option awards granted represents the period that we expect our stock option awards will be outstanding and was determined based on a Monte Carlo model of stock prices and option disposition intensity. The intensity is based on models of stock price path, time dependent suboptimal voluntary exercise and post-vest termination. The risk free interest rate for the grant date of options granted is consistent with the zero-coupon U.S. Treasury rate curve. Expected volatility takes into consideration a blended historical and implied volatility of comparable companies' option contracts.

Restricted Stock and Restricted Stock Unit Awards

For the years ended December 31, 2017 and 2016, the six months ended December 31, 2015 and the six months ended June 30, 2015, we recognized $2.0 million, $3.4 million, $1.9 million and $2.3 million, respectively, in share-based compensation expense related to restricted stock and restricted stock units. The amounts recognized in our consolidated statements of comprehensive (loss) income for tax benefits related to share-based payment arrangements for the years ended December 31, 2017 and 2016, the six months ended December 31, 2015 and the six months ended June 30, 2015 were not material. We include substantially all share-based compensation expense as a component of selling, general and administrative expenses.

As a result of the Company's emergence from Chapter 11 proceedings, all prior restricted stock awards and restricted stock units granted under the 2012 Incentive Compensation Plan were canceled. As of December 31, 2017, restricted stock represented both non-vested restricted stock awards and restricted stock units. Our restricted stock awards generally vest thirty-three percent per year over a three-year period. The following table summarizes restricted stock activity under the 2015 Incentive Compensation Plan, for the year ended December 31, 2017:

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Restricted stock awards as of December 31, 2016	522,442	$10.65
Granted	—	—
Vested	(185,387)	$12.06
Forfeited	(239,705)	$7.38
Restricted stock awards as of December 31, 2017	97,350	$15.99

If a participant's employment is terminated without cause prior to the vesting dates, the participant will receive restricted stock on a pro-rata basis based on the fraction of the performance period that has elapsed from the beginning of the performance period until the participant's termination. Any unvested shares are forfeited and available for reissuance under the terms of the 2015 Incentive Compensation Plan. The fair value of our restricted stock is determined based on the quoted price of our common stock at the grant date. As of December 31, 2017, there was $0.8 million in unrecognized compensation cost related to restricted stock. We expect this cost to be recognized over a weighted average period of 0.48 years. For the year ended December 31, 2017, the value of our vested restricted stock awards was immaterial.

13. Segment Information

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

	Brazil	Corporate and Eliminations	Consolidated
		(in thousands)	
Year Ended December 31, 2017 - Successor Company			
Operating revenues	$ 869,661	$ 106	$ 869,767
Segment losses	$ (31,071)	$ (24,174)	$ (55,245)
Less:			
Impairment, restructuring and other charges			(179,727)
Depreciation and amortization			(37,187)
Foreign currency transaction losses, net			(1,271)
Interest expense and other, net			(85,028)
Loss from continuing operations before reorganization items and income tax provision			$ (358,458)
Capital expenditures	$ 51,103	$ —	$ 51,103
Year Ended December 31, 2016 - Successor Company			
Operating revenues	$ 984,878	$ 168	$ 985,046
Segment earnings (losses)	$ 67,186	$ (36,821)	$ 30,365
Less:			
Impairment, restructuring and other charges			(1,384,811)
Depreciation and amortization			(172,383)
Foreign currency transaction gains, net			76,615
Interest expense and other, net			(85,754)
Loss from continuing operations before reorganization items and income tax provision			$ (1,535,968)
Capital expenditures	$ 51,307	$ —	$ 51,307
Six Months Ended December 31, 2015 - Successor Company			
Operating revenues	$ 529,332	$ 102	$ 529,434
Segment losses	$ (15,925)	$ (26,100)	$ (42,025)
Less:			
Impairment, restructuring and other charges			(32,308)
Depreciation and amortization			(85,364)
Foreign currency transaction losses, net			(99,737)
Interest expense and other, net			(39,539)
Loss from continuing operations before reorganization items and income tax provision			$ (298,973)
Capital expenditures	$ 72,112	$ 500	$ 72,612
Six Months Ended June 30, 2015 - Predecessor Company			
Operating revenues	$ 683,611	$ 100	$ 683,711
Segment losses	$ (75,234)	$ (37,982)	$ (113,216)
Less:			
Impairment, restructuring and other charges			(36,792)
Depreciation and amortization			(153,878)
Foreign currency transaction losses, net			(63,948)
Interest expense and other, net			(67,630)
Loss from continuing operations before reorganization items and income tax provision			$ (435,464)
Capital expenditures	$ 68,385	$ 818	$ 69,203
December 31, 2017 - Successor Company			
Identifiable assets	$ 957,495	$ 147,603	$ 1,105,098
December 31, 2016 - Successor Company			
Identifiable assets	$ 1,000,098	$ 418,411	$ 1,418,509

14. Quarterly Financial Data (Unaudited)

	Successor Company			
	First	Second	Third	Fourth
	(in thousands, except per share amounts)			
2017				
Operating revenues	$ 250,955	$ 225,134	$ 204,808	$ 188,870
Operating loss	(79,849)	(68,931)	(83,372)	(40,007)
Net loss from continuing operations	(92,675)	(87,467)	(94,428)	(77,096)
Net (loss) income from discontinued operations	(38)	2,697	(92)	(1,562)
Net loss from continuing operations, per common share, basic	$ (0.92)	$ (0.87)	$ (0.94)	$ (0.77)
Net income (loss) from discontinued operations, per common share, basic	$ —	$ 0.02	$ —	$ (0.02)
Net loss from continuing operations, per common share, diluted	$ (0.92)	$ (0.87)	$ (0.94)	$ (0.77)
Net income (loss) from discontinued operations, per common share, diluted	$ —	$ 0.02	$ —	$ (0.02)

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

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

The sum of the per share amounts do not equal the annual amounts due to changes in the number of weighted average common shares outstanding during the year.

NII HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT

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

	Successor Company	
	December 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 28,167	$ 54,101
Short-term intercompany receivables	—	1,242
Prepaid expenses and other	104	—
Total current assets	28,271	55,343
Long-term intercompany receivables	15	3,146
Other assets	2	112,503
Total assets	$ 28,288	$ 170,992
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current liabilities		
Short-term intercompany payables	$ 1,439	$ 4,570
Total current liabilities	1,439	4,570
Other long-term liabilities	148,796	400
Total liabilities	150,235	4,970
Total (deficit) equity	(121,947)	166,022
Total liabilities and stockholders' (deficit) equity	$ 28,288	$ 170,992

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

	Successor Company			Predecessor Company
	Year Ended December 31, 2017	Year Ended December 31, 2016	Six Months Ended December 31, 2015	Six Months Ended June 30, 2015
Operating revenues	$ —	$ —	$ —	$ —
Operating expenses				
Selling, general and administrative	—	—	—	429
Impairment, restructuring and other charges	—	36,839	—	—
Depreciation and amortization	—	1,116	744	—
	—	37,955	744	429
Operating loss	—	(37,955)	(744)	(429)
Other (expense) income				
Interest expense, net	—	—	—	(119)
Intercompany interest expense	—	(117,078)	(118,365)	(159,117)
Interest income	—	—	—	37
Intercompany interest income	231	197	97	125
Equity in (loss) income of affiliates	(300,107)	(1,401,998)	(167,324)	1,793,151
Other (expense) income, net	(1,138)	(206)	(3)	995
	(301,014)	(1,519,085)	(285,595)	1,635,072
(Loss) income before reorganization items and income tax benefit	(301,014)	(1,557,040)	(286,339)	1,634,643
Reorganization items	—	—	(373)	68,355
Income tax benefit (provision)	—	3,183	(448)	(1,002)
Net (loss) income from continuing operations	(301,014)	(1,553,857)	(287,160)	1,701,996
(Loss) income from discontinued operations, net of income taxes	—	(16)	6,277	38,519
Net (loss) income	$ (301,014)	$ (1,553,873)	$ (280,883)	$ 1,740,515
Comprehensive (loss) income, net of income taxes				
Foreign currency translation adjustment	$ 7,696	$ 169,785	$ (248,781)	$ (205,899)
Reclassification adjustment for sale of Nextel Argentina, Nextel Mexico and Nextel Peru	—	—	(1,672)	421,953
Other	—	—	4,734	2,956
Other comprehensive income (loss)	7,696	169,785	(245,719)	219,010
Net (loss) income	(301,014)	(1,553,873)	(280,883)	1,740,515
Total comprehensive (loss) income	$ (293,318)	$ (1,384,088)	$ (526,602)	$ 1,959,525

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

	Successor Company			Predecessor Company
	Year Ended December 31,	Year Ended December 31,	Six Months Ended December 31,	Six Months Ended June 30,
	2017	2016	2015	2015
Cash flows from operating activities:				
Net (loss) income	$ (301,014)	$ (1,553,873)	$ (280,883)	$ 1,740,515
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities	284,932	1,554,075	280,910	(1,735,521)
Net cash (used in) provided by operating activities	(16,082)	202	27	4,994
Cash flows from investing activities:				
Investments in subsidiaries	(10,043)	(36,356)	(29,690)	(61,405)
Return of investments in subsidiaries	162	34,260	35,315	23
Other, net	—	(16)	—	—
Net cash (used in) provided by investing activities	(9,881)	(2,112)	5,625	(61,382)
Cash flows from financing activities:				
Other, net	29	—	—	—
Net cash provided by financing activities	29	—	—	—
Net (decrease) increase in cash and cash equivalents	(25,934)	(1,910)	5,652	(56,388)
Cash and cash equivalents, beginning of period	54,101	56,011	50,359	106,747
Cash and cash equivalents, end of period	$ 28,167	$ 54,101	$ 56,011	$ 50,359

1. Basis of Presentation

NII Holdings, Inc., or NII Holdings, our parent company, is a holding company that conducts substantially all of its business operations through Nextel Brazil. See Note 1 to our consolidated financial statements for more information. As specified in Nextel Brazil's local financing agreements, there are restrictions on the parent company's ability to obtain funds from certain of its subsidiaries through dividends, loans or advances. These condensed financial statements have been presented on a "parent company only" basis. In accordance with this parent company only presentation, we have presented our parent company's investments in consolidated subsidiaries under the equity method. These condensed parent company only financial statements should be read in conjunction with our consolidated financial statements included elsewhere herein.

2. Dividends From Subsidiaries

For the year ended December 31, 2016, NII Holdings' consolidated subsidiaries declared and paid $33.9 million in cash dividends to the parent company. NII Holdings' consolidated subsidiaries did not declare any dividends to the parent company during the year ended December 31, 2017, the six months ended December 31, 2015 or the six months ended June 30, 2015.

NII HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions and Other Adjustments (1)		Balance at End of Period
Year Ended December 31, 2017 — Successor Company					
Allowance for doubtful accounts	$ 54,221	$ 76,518	$ (88,728)		$ 42,011
Valuation allowance for deferred tax assets	$ 6,945,044	$ 28,637	$ (16,112)		$ 6,957,569
Year Ended December 31, 2016 — Successor Company					
Allowance for doubtful accounts	$ 39,033	$ 77,883	$ (62,695)		$ 54,221
Valuation allowance for deferred tax assets	$ 5,290,813	$ 1,555,006	$ 99,225		$ 6,945,044
Six Months Ended December 31, 2015 — Successor Company					
Allowance for doubtful accounts	$ —	$ 32,279	$ 6,754	**(2)**	$ 39,033
Valuation allowance for deferred tax assets	$ 4,388,792	$ 1,010,438	$ (108,417)		$ 5,290,813
Six Months Ended June 30, 2015 — Predecessor Company					
Allowance for doubtful accounts	$ 30,749	$ 65,396	$ (96,145)	**(3)**	$ —
Valuation allowance for deferred tax assets	$ 4,447,133	$ 22,828	$ (81,169)		$ 4,388,792

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

Exhibit 10.18

FORM OF AMENDED AND RESTATED SEPARATION AND RELEASE AGREEMENT

This Amended and Restated Separation and Release Agreement ("Agreement") is made by and between NII Holdings, Inc., a Delaware corporation ("NII"), and ______ (hereinafter "Employee") on March 8, 2018. NII and Employee are collectively referred to as the "Parties" and individually as a "Party."

RECITALS:

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

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

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

WHEREAS, this Agreement replaces and supersedes the prior Amended and Restated Separation and Release Agreement dated July 25, 2017 and all amendments thereto.

AGREEMENT:

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

1. Termination of Employment; Separation Benefits

A. Employee will be terminated from employment due to job elimination on April 1, 2019 or on an earlier date in the sole discretion of NII as described below (the "Termination Date"). In consideration of Employee's acceptance of this Agreement:

1) NII shall pay Employee two times annual base salary. Using Employee's base salary as of March 8, 2018, this would be $931,500. This amount is subject to increase based on the base salary in effect on the Termination Date and shall be paid to Employee in one lump sum, payable within twenty (20) business days of the Termination Date or the Effective Date (as defined below).

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

3) In the event that NII triggers a payment pursuant to the Key Employee Incentive Plan (the "KEIP"), as provided for in NII's bankruptcy proceedings concluded in June 2015, NII

shall pay to Employee his portion of the KEIP pursuant to the terms and conditions of the KEIP and when payments are made to other eligible employees.

B. The Parties hereby agree that if NII determines in its sole discretion that the transition of Employee's responsibilities is substantially complete prior to the Termination Date, then NII may accelerate the Termination Date with at least 60 days prior written notice without any additional base salary or benefits owed to the Employee after the amended Termination Date other than as provided in this Agreement.

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

2. Consideration

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

3. Complete Release

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

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

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

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

4. <u>Non-Release of Future Claims</u>

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

5. <u>Encouragement to Consult with Attorney</u>

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

6. Period for Review and Consideration of Agreement

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

7. Employee's Right to Revoke Agreement

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

8. No Future Lawsuits

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

9. Disclaimer of Liability

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

10. Confidential Information/Return of Property

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

11. Statements Regarding the Parties

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

12. Cooperation with Litigation

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

13. Litigation Assistance

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

14. Execution of Documents

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

15. Invalid Provisions

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

16. Acknowledgment

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

17. Entire Agreement

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

18. Successorship

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

19. Governing Law

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

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

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

______________________________	______________________________
Date	Employee
	NII HOLDINGS, INC.
March 8, 2018	By: ______________________________

Exhibit 10.22

PRIMEIRO ADITIVO AO CONTRATO DE TRABALHO

FIRST AMENDMENT TO THE EMPLOYMENT AGREEMENT

Pelo presente instrumento, de um lado:

By this instrument:

1 . **NEXTEL TELECOMUNICAÇÕES LTDA.**, com sede na Cidade de São Paulo, Estado de São Paulo, na Avenida das Nações Unidas, 14.171, 27º andar, Torre "C" - Crystal Tower, Condomínio Rochaverá Corporate Towers, Vila Gertrudes, CEP 04794-000, inscrita perante o CNPJ/MF sob o nº 66.970.229/0001-67, neste ato representada por seu representante legal, a seguir denominada simplesmente **EMPREGADORA**; e

1 . **NEXTEL TELECOMUNICAÇÕES LTDA**, with head offices in the City of São Paulo, State of São Paulo, at Avenida das Nações Unidas, 14.171, 27th floor, Tower "C" - Crystal Tower, Condominium Rochaverá Corporate Towers, Vila Gertrudes, Zip Code 04794-000, enrolled with Taxpayer Registration CNPJ/MF under no. 66.970.229/0001-67, hereby represented by its legal representatives, hereinafter referred to as **EMPLOYER**; and

2 . **Mr. ROBERTO RITTES,** residente e domiciliado na Rua Covenção de Itu 57, Cidade de São Paulo, Estado de São Paulo, portador da CTPS de nº 15775, Série 197, portador do RG nº 26801865-0, inscrito no CPF/MF sob o nº 225.282.758-65, aqui denominado simplesmente **EMPREGADO**,

2 . **Mr**. **ROBERTO RITTES**, resident and domiciled at Rua Convenção de Itu, 57 city of São Paulo, State of São Paulo, bearer of Employment Booklet No. 15775 Series 197, Identity Card No. 26801865-0 enrolled with the CPF/MF under no. 225.282.758-65, hereinafter referred to as **EMPLOYEE**,

EMPREGADO e **EMPREGADORA** são doravante também denominadas, em conjunto, como "**Partes**" e, individualmente, como "**Parte**".

EMPLOYER and **EMPLOYEE** are hereinafter individually referred to as a "**Party**", and jointly referred to as "**Parties**".

CONSIDERANDO QUE:

WITNESSETH:

A. CONSIDERANDO que as Partes firmaram em 24 de abril de 2017 o Contrato de Trabalho (o "Contrato");

A. WHEREAS, the Parties entered into on April 24, 2017 an Employment Agreement (the "Agreement");

B. CONSIDERANDO que as Partes desejam mutuamente alterar certos termos e condições do Contrato.

B. WHEREAS, the Parties mutually agree to modify certain terms and conditions of the Agreement.

Resolvem as Partes celebrar o presente Aditivo ao Contrato (o "Aditivo"), nos termos e condições que seguem.

The Parties hereby agree to execute this First Amendment to the Agreement (the "Amendment"), under the following terms and conditions.

CLAUSULA PRIMEIRA – BÔNUS ANUAL

1.1 Pelo presente instrumento e na melhor forma de direito, as Partes resolvem, de comum acordo, alterar o limite do Bônus Anual do **EMPREGADO** e a periodicidade de pagamento em caso de atingimento das metas. Dessa forma, a Cláusula 5.1 passa a vigorar com a seguinte redação:

5.1. O **EMPREGADO** fará jus a um Bônus Anual de até R$ R$ 3.840.000,00 (três milhões, oitocentos e quarenta mil reais), composto por um pagamento anual em data a ser determinada p e l a **EMPREGADORA** se as metas mínimas anuais especificadas forem atingidas. As Partes reconhecem e concordam que as métricas e metas de desempenho específicas d o **EMPREGADO** serão estabelecidas pelo Comitê de Remuneração do Conselho de Administração da NII Holdings, Inc. ("NII"), controladora do **EMPREGADOR**, com base no orçamento anual do **EMPREGADOR** e um plano de bônus e pagamento será condicionado ao atingimento das metas mínimas em todas métricas de desempenho e sujeito à aprovação do Comitê de Remuneração do Conselho de Administração da NII. Todos os valores aqui indicados são brutos.

SECTION ONE – ANNUAL BONUS

1.1 According to the present instrument and under the best terms of law, the Parties, by mutual agreement, decide to change the limit of the Annual Bonus of the **EMPLOYEE** and the period of payment in case minimum targets are achieved. Accordingly, Section 5.1 shall read as follows:

5.1. The **EMPLOYEE** will be entitled to an Annual Bonus of up to 3,840,000 Reais (three million, eight hundred and forty thousand reais), comprised of one annual payment to be made on the date determined by the **EMPLOYER**, if specified minimum annual targets are achieved. The Parties acknowledge and agree that the **EMPLOYEE**'s specific performance measures and targets will be set by the Compensation Committee of the Board of Directors of NII Holdings, Inc. ("NII"), the ultimate controlling parent of **EMPLOYER,** based on the **EMPLOYER**'s annual budget and a bonus plan, and the payment is contingent on achieving minimum thresholds for all performance measures and subject to approval by the Compensation Committee of the Board of Directors of NII. All amounts herein are gross.

CLÁUSULA SEGUNDA - RATIFICAÇÃO

2.1 Todos os demais termos e condições estabelecidos no Contrato e não expressamente alterados pelo presente Aditivo permanecem inalterados, sendo, nesta oportunidade, expressamente ratificados pelas Partes.

E por estarem assim justas e contratadas, as Partes assinam o presente Aditivo em 02 (duas) vias, para que produzam os mesmos efeitos legais, na presença de 02 (duas) testemunhas.

[*Página de assinatura ao Primeiro Aditivo ao Contrato de Trabalho datado de 24 de abril de 2017]*

São Paulo, 12 de janeiro de 2018

CLAUSE TWO - RATIFICATION

2.1 All other terms and conditions established in the Agreement and not expressly modified by this Amendment remain unchanged, being, on this occasion, expressly ratified by the Parties.

In witness hereof, the Parties sign the present Amendment in 02 (two) counterparts, to produce the same legal effects, in the presence of 02 (two) witnesses.

[*Signature page to the First Amendment to the Employment Agreement dated April 24th, 2017]*

São Paulo, January 12th, 2018

/s/ Luana Pedersini de Matos

NEXTEL TELECOMUNICAÇÕES LTDA.

/s/ Roberto Rittes

ROBERTO RITTES

Testemunhas: / Witnesses:

1. ___________________________	2. ___________________________
Nome: / Name:	Nome: / Name:
CPF: / Id#:	CPF: / Id#:

Exhibit 21.1

SUBSIDIARIES OF NII HOLDINGS, INC.

(as of December 31, 2017)

Corporation	Jurisdiction of Incorporation
Nextel International Services, Ltd.	Delaware, USA
NII Capital Corp.	Delaware, USA
NII International Holdings S.à r.l.	Luxembourg
NII International Services S.à r.l.	Luxembourg
NII International Telecom	Luxembourg
NII Mercosur Móviles, S.L.	Spain
NII Mercosur Telecom, S.L.	Spain
NIU Holdings, LLC	Delaware, USA
Nextel Holdings S.à r.l.	Luxembourg
NII International Mobile S.à r.l.	Luxembourg
McCaw International (Brazil), LLC	Virginia, USA
Airfone Holdings, LLC	Delaware, USA
Nextel Participações Ltda.	Brazil
Nextel Telecomunicações Ltda.	Brazil
Nextel Telecomunicações de Longa Distancia Ltda.	Brazil
Sunbird Participações Ltda.	Brazil
Sunbird Telecomunicações Ltda.	Brazil

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
NII Holdings, Inc.:

We consent to the incorporation by reference in the registration statements (No. 333-205259 and 333-205665) on Forms S-8 and S-3, respectively, of NII Holdings, Inc. of our reports dated March 15, 2018, with respect to the consolidated balance sheets of NII Holdings, Inc. and subsidiaries (the Company) as of December 31, 2017 and 2016 (Successor), the related consolidated statements of comprehensive (loss) income, changes in stockholders' (deficit) equity, and cash flows for the years ended December 31, 2017 and 2016 (Successor), for the six-month periods ended December 31, 2015 (Successor) and June 30, 2015 (Predecessor), the related notes and financial statement schedules (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of December 31, 2017, which reports appear in the December 31, 2017 annual report on Form 10-K of NII Holdings, Inc.

Our report dated March 15, 2018, on the effectiveness of internal control over financial reporting as of December 31, 2017, expresses our opinion that the Company did not maintain effective internal control over financial reporting as of December 31, 2017 because of the effect of a material weakness on the achievement of the objectives of the control criteria. A material weakness related to an insufficient number of experienced resources at Nextel Brazil, which impacted, among other things, the Company's ability to reach timely conclusions and validate the completeness and accuracy of information used to support accounting analyses across multiple accounts was identified.

Our report dated March 15, 2018, on the consolidated financial statements, contains an explanatory paragraph that states that on June 26, 2015, the Company satisfied the conditions to emerge from Chapter 11 bankruptcy proceedings. Accordingly, the consolidated financial statements as of and for the years ended December 31, 2017 and 2016 (Successor) and for the six-month period ended December 31, 2015 (Successor) have been prepared in accordance with Accounting Standards Codification Topic 852, *Reorganizations*. The Company applied fresh-start reporting as of June 30, 2015 and recognized net assets at fair value, resulting in lack of comparability with the consolidated financial statements of the Predecessor.

/s/ KPMG LLP
McLean, Virginia
March 15, 2018

Exhibit 31.1

CERTIFICATION PURSUANT TO

RULE 13a-14(a)

I, Roberto Rittes, certify that:

1. I have reviewed this annual report on Form 10-K for the period ended December 31, 2017 of NII Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2018

/s/ ROBERTO RITTES

Roberto Rittes

Principal Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO

RULE 13a-14(a)

I, Daniel E. Freiman, certify that:

1. I have reviewed this annual report on Form 10-K for the period ended December 31, 2017 of NII Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2018

/s/ DANIEL E. FREIMAN

Daniel E. Freiman
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K for the period ended December 31, 2017 (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.

March 15, 2018

/s/ ROBERTO RITTES

Roberto Rittes

Principal Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K for the period ended December 31, 2017 (the “Report”) of NII Holdings, Inc. and subsidiaries (the “Company”), I, Daniel E. Freiman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge and belief:

1. The Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 15, 2018

/s/ DANIEL E. FREIMAN

Daniel E. Freiman
Chief Financial Officer