

**NEXTEL COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Reconciliations of Non-GAAP Financial Measures for 2001**

The tables below include financial information prepared in accordance with Generally Accepted Accounting Principles, or GAAP, as well as other financial measures referred to as non-GAAP. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP.

- (1) OIBDA represents operating income before depreciation and amortization. OIBDA per sub per month represents OIBDA divided by the weighted average subscriber handset units in commercial service on a per month basis. Service revenue margin represents OIBDA divided by service revenues. OIBDA, OIBDA per sub per month and Service revenue margin as defined above may not be similar to OIBDA measures of other companies, are not measurements under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our statement of operations. We believe that OIBDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, spectrum acquisitions and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. Our OIBDA calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the wireless telecommunications industry. OIBDA can be reconciled to our consolidated statements of operations as follows:

	<b>For the three months ended</b>				<b>For the year ended</b>
	<b>March 31, 2001</b>	<b>June 30, 2001</b>	<b>September 30, 2001</b>	<b>December 31, 2001</b>	<b>December 31, 2001</b>
	(in millions, except OIBDA per sub)				
Operating income	\$ 15	\$ 92	\$ 136	\$ 124	\$ 367
Depreciation and amortization	<u>338</u>	<u>369</u>	<u>390</u>	<u>415</u>	<u>1,512</u>
<b>OIBDA</b>	<b><u>\$ 353</u></b>	<b><u>\$ 461</u></b>	<b><u>\$ 526</u></b>	<b><u>\$ 539</u></b>	<b><u>\$ 1,879</u></b>
<b>OIBDA per sub per month</b>	<b><u>\$ 17</u></b>	<b><u>\$ 21</u></b>	<b><u>\$ 22</u></b>	<b><u>\$ 21</u></b>	<b><u>\$ 20</u></b>
<b>Operating income per sub per month</b>	<b><u>\$ 1</u></b>	<b><u>\$ 4</u></b>	<b><u>\$ 6</u></b>	<b><u>\$ 5</u></b>	<b><u>\$ 4</u></b>
<b>Service revenue margin</b>	24%	28%	31%	31%	29%
<b>Operating income margin</b>	1%	6%	8%	7%	6%

- (2) Average monthly revenue per handset/unit in service, or ARPU, is an industry metric that measures revenues per period from our customers divided by the weighted average number of handsets in commercial service during that period, excluding the impact of test markets such as the Boost Mobile program. ARPU as defined above may not be similar to ARPU measures of other companies, is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our statement of operations. We believe that ARPU provides useful information concerning the appeal of our rate plans and service offerings and our performance in attracting and retaining high value customers. Other revenue includes revenues for such services as roaming, service and repair, analog and other. ARPU can be calculated and reconciled to our consolidated statements of operations as follows:

	<b>For the three months ended</b>				<b>For the year ended</b>
	<b>March 31, 2001</b>	<b>June 30, 2001</b>	<b>September 30, 2001</b>	<b>December 31, 2001</b>	<b>December 31, 2001</b>
	(in millions, except for ARPU)				
Service revenues	\$ 1,498	\$ 1,619	\$ 1,693	\$ 1,765	\$ 6,575
Less: Other revenue	<u>14</u>	<u>17</u>	<u>22</u>	<u>25</u>	<u>78</u>
Subscriber revenues	<b><u>\$ 1,484</u></b>	<b><u>\$ 1,602</u></b>	<b><u>\$ 1,671</u></b>	<b><u>\$ 1,740</u></b>	<b><u>\$ 6,497</u></b>
<b>ARPU calculated with Subscriber revenues</b>	<b><u>\$ 71</u></b>	<b><u>\$ 72</u></b>	<b><u>\$ 70</u></b>	<b><u>\$ 69</u></b>	<b><u>\$ 71</u></b>
<b>ARPU calculated with Service revenues</b>	<b><u>\$ 72</u></b>	<b><u>\$ 73</u></b>	<b><u>\$ 71</u></b>	<b><u>\$ 70</u></b>	<b><u>\$ 72</u></b>

- (3) Lifetime Revenue per Subscriber, or LRS, is an industry metric calculated by dividing ARPU (see Note 2) by the customer churn rate. The customer churn rate is an indicator of customer retention and represents the monthly percentage of the customer base that disconnects from service. Customer churn is calculated by dividing the number of handsets disconnected from commercial service during the period by the average number of handsets in commercial service during the period. LRS as defined above may not be similar to LRS measures of other companies, is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our statement of operations. We believe LRS is an indicator of the expected lifetime revenue of our subscribers, assuming that churn and ARPU remain constant as indicated. LRS is calculated as follows:

	For the three months ended				For the year ended
	March 31, 2001	June 30, 2001	September 30, 2001	December 31, 2001	December 31, 2001
ARPU calculated with Subscriber revenues	\$ 71	\$ 72	\$ 70	\$ 69	\$ 71
Divided by: Churn	2.5%	2.3%	2.1%	2.2%	2.3%
<b>Subscriber revenue LRS</b>	<u>\$ 2,840</u>	<u>\$ 3,130</u>	<u>\$ 3,333</u>	<u>\$ 3,136</u>	<u>\$ 3,087</u>
ARPU calculated with Service revenues	\$ 72	\$ 73	\$ 71	\$ 70	\$ 72
Divided by: Churn	2.5%	2.3%	2.1%	2.2%	2.3%
<b>Service revenue LRS</b>	<u>\$ 2,880</u>	<u>\$ 3,174</u>	<u>\$ 3,381</u>	<u>\$ 3,182</u>	<u>\$ 3,130</u>

- (4) Cost per Gross Add, or CPGA, is an industry metric that is calculated by dividing our selling, marketing and handset and accessory subsidy costs, excluding costs unrelated to initial customer acquisition, by our new subscribers during the period, or gross adds. Costs unrelated to initial customer acquisition include the costs associated with retaining existing customers and costs associated with test markets such as the Boost Mobile program. CPGA as defined above may not be similar to CPGA measures of other companies, is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our statement of operations. We believe CPGA is a measure of the relative cost of customer acquisition. CPGA can be calculated and reconciled to our consolidated statements of operations as follows:

	For the three months ended				For the year ended
	March 31, 2001	June 30, 2001	September 30, 2001	December 31, 2001	December 31, 2001
	(in millions, except for CPGA)				
Handset and accessory revenues	\$ 105	\$ 103	\$ 114	\$ 117	\$ 439
Less: Cost of handset and accessory revenues	<u>318</u>	<u>279</u>	<u>292</u>	<u>325</u>	<u>1,214</u>
Handset and accessory subsidy costs	213	176	178	208	775
Plus: Selling and marketing	<u>326</u>	<u>306</u>	<u>298</u>	<u>322</u>	<u>1,252</u>
Statement of Operations costs	539	482	476	530	2,027
Less: Costs unrelated to initial customer acquisition	<u>39</u>	<u>52</u>	<u>36</u>	<u>38</u>	<u>165</u>
Customer acquisition costs	<u>\$ 500</u>	<u>\$ 430</u>	<u>\$ 440</u>	<u>\$ 492</u>	<u>\$ 1,862</u>
<b>Cost per Gross Add from customer acquisition costs</b>	<u>\$ 475</u>	<u>\$ 430</u>	<u>\$ 445</u>	<u>\$ 468</u>	<u>\$ 465</u>
<b>Cost per Gross Add from Statement of Operations costs</b>	<u>\$ 515</u>	<u>\$ 480</u>	<u>\$ 480</u>	<u>\$ 505</u>	<u>\$ 500</u>

- (5) Cash cost per handset/unit, or CCPU, is calculated by dividing the sum of our cost of service and general and administrative expenses by the weighted average number of handsets in commercial service during the period. CCPU as defined above may not be similar to CCPU measures of other companies, is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our statement of operations. CCPU is commonly used within our industry as an indicator of the cash expenses associated with ongoing business operations on a per handset basis. Our management uses CCPU as an integral part of internal reporting and believes CCPU is also useful to investors to evaluate our ability to scale costs associated with providing services to customers and managing our core business operations. CCPU can be reconciled to our consolidated statements of operations as follows:

	For the three months ended				For the year ended
	March 31, 2001	June 30, 2001	September 30, 2001	December 31, 2001	December 31, 2001
	(in millions, except for CCPU)				
Cost of service	\$ 309	\$ 323	\$ 347	\$ 345	\$ 1,324
General and administrative	<u>297</u>	<u>353</u>	<u>344</u>	<u>351</u>	<u>1,345</u>
	<u>\$ 606</u>	<u>\$ 676</u>	<u>\$ 691</u>	<u>\$ 696</u>	<u>\$ 2,669</u>
<b>CCPU</b>	<u>\$ 29</u>	<u>\$ 29</u>	<u>\$ 29</u>	<u>\$ 28</u>	<u>\$ 29</u>

- (6) The ratio of long-term debt and preferred stock to OIBDA (see note 1) is calculated by dividing the total of our long-term debt and preferred stock as of the end of the relevant quarter by the applicable quarter's OIBDA on an annualized basis, which is calculated by multiplying the quarter's OIBDA by four. The ratio of long-term debt and preferred stock to OIBDA as defined above may not be similar to measures of other companies, are not measurements under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our financial statements. The ratio of long-term debt and preferred stock to OIBDA is a credit metric commonly used by investors and credit agencies as an indicator of financial risk, including our ability to repay or refinance our debt obligations. The ratio of long-term debt and preferred stock to OIBDA can be reconciled to our financial statements as follows:

<b><u>For the three months ended</u></b> <b><u>December 31, 2001</u></b>	
(in millions, except for ratios)	
Long-term debt	\$ 13,864
Preferred stock	<u>2,114</u>
	<u>\$ 15,978</u>
Divided by Q4 OIBDA (note 1) annualized	\$ 2,156
<b>Ratio of long-term debt and preferred stock to OIBDA</b>	<b>7.4x</b>
Long-term debt	\$ 13,864
Preferred stock	<u>2,114</u>
	<u>\$ 15,978</u>
Divided by Q4 operating income (note 1) annualized	\$ 496
<b>Ratio of long-term debt and preferred stock to operating income</b>	<b>32.2x</b>

- (7) The return on invested capital (ROIC) is calculated by dividing OIBDA (see note 1) by the total of our gross property, plant and equipment and our net intangible assets. ROIC as defined above may not be similar to measures of other companies, are not measurements under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our financial statements. ROIC is a metric commonly used by investors and credit agencies as an indicator of whether value is being created in the company. ROIC can be reconciled to our financial statements as follows:

<b><u>For the year ended</u></b> <b><u>December 31, 2001</u></b> (dollars in millions)	
OIBDA	\$ 1,879
Divided by:	
Property, plant and equipment, gross	\$ 12,543
Intangible assets, net	<u>5,851</u>
	\$ 18,394
<b>ROIC with OIBDA</b>	<b>10.2%</b>
Operating income	\$ 367
Divided by:	
Property, plant and equipment, gross	\$ 12,543
Intangible assets, net	<u>5,851</u>
	\$ 18,394
<b>ROIC with operating income</b>	<b>2.0%</b>