

**NEXTEL COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Reconciliations of Non-GAAP Financial Measures for 2003**

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. Nextel made a determination that its historical financial statements should be restated to correct certain errors relating to the accounting for operating leases. As the correction relates solely to accounting treatment, it does not affect Nextel's historical or future cash flow or the timing of payments under its relevant leases.

- (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. OIBDA margin represents OIBDA divided by service revenues. OIBDA, OIBDA per sub per month and OIBDA 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, OIBDA per sub per month and OIBDA margin provide useful information to investors because they are indicators 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, OIBDA per sub per month and OIBDA margin calculations are commonly used as some 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:

	For the three months ended				For the year ended
	March 31, 2003	June 30, 2003	September 30, 2003	December 31, 2003	December 31, 2003
	As restated	As restated	As restated	As restated	As restated
(dollars in millions, except OIBDA per sub)					
Operating income	\$ 488	\$ 578	\$ 695	\$ 743	\$ 2,504
Depreciation and amortization	413	422	429	430	1,694
<b>OIBDA</b>	<b>\$ 901</b>	<b>\$ 1,000</b>	<b>\$ 1,124</b>	<b>\$ 1,173</b>	<b>\$ 4,198</b>
<b>OIBDA per sub per month</b>	<b>\$ 28</b>	<b>\$ 29</b>	<b>\$ 31</b>	<b>\$ 31</b>	<b>\$ 30</b>
<b>Operating income per sub per month</b>	<b>\$ 15</b>	<b>\$ 17</b>	<b>\$ 19</b>	<b>\$ 20</b>	<b>\$ 18</b>
<b>OIBDA margin</b>	<b>41%</b>	<b>42%</b>	<b>43%</b>	<b>43%</b>	<b>42%</b>
<b>Operating income margin</b>	<b>22%</b>	<b>24%</b>	<b>27%</b>	<b>28%</b>	<b>25%</b>

- (2) Average monthly revenue per handset/unit in service, or ARPU, is an industry metric that measures service revenues per period 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 from Boost Mobile, roaming, analog and other. ARPU can be calculated and reconciled to our consolidated statements of operations as follows:

	For the three months ended				For the year ended
	March 31, 2003	June 30, 2003	September 30, 2003	December 31, 2003	December 31, 2003
(in millions, except for ARPU)					
Service revenues	\$ 2,210	\$ 2,385	\$ 2,599	\$ 2,698	\$ 9,892
Less: Other revenue	24	33	46	59	162
<b>Subscriber revenues</b>	<b>\$ 2,186</b>	<b>\$ 2,352</b>	<b>\$ 2,553</b>	<b>\$ 2,639</b>	<b>\$ 9,730</b>
<b>ARPU calculated with Subscriber revenues</b>	<b>\$ 67</b>	<b>\$ 69</b>	<b>\$ 71</b>	<b>\$ 70</b>	<b>\$ 69</b>
<b>ARPU calculated with Service revenues</b>	<b>\$ 68</b>	<b>\$ 70</b>	<b>\$ 72</b>	<b>\$ 72</b>	<b>\$ 71</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, 2003	June 30, 2003	September 30, 2003	December 31, 2003	December 31, 2003
ARPU calculated with Subscriber revenues	\$ 67	\$ 69	\$ 71	\$ 70	\$ 69
Divided by: Churn	1.9%	1.6%	1.4%	1.5%	1.6%
<b>Subscriber revenue LRS</b>	<u>\$ 3,526</u>	<u>\$ 4,313</u>	<u>\$ 5,071</u>	<u>\$ 4,667</u>	<u>\$ 4,313</u>
ARPU calculated with Service revenues	\$ 68	\$ 70	\$ 72	\$ 72	\$ 71
Divided by: Churn	1.9%	1.6%	1.4%	1.5%	1.6%
<b>Service revenue LRS</b>	<u>\$ 3,579</u>	<u>\$ 4,375</u>	<u>\$ 5,143</u>	<u>\$ 4,800</u>	<u>\$ 4,438</u>

- (4) Unlevered free cash flow represents OIBDA (see note 1) less capital expenditures, payments for licenses, acquisitions and other, adjusted for increases or decreases in working capital and other. Unlevered free cash flow as defined above may not be similar to unlevered free cash flow 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 cash flows. We believe that unlevered free cash flow provides useful information to investors, analysts and our management about the cash generated by our core operations and our ability to fund interest payments, preferred stock dividends, scheduled debt maturities and other financing activities, including discretionary refinancing and retirement of debt and the purchase or sale of investments. Unlevered free cash flow can be reconciled to our consolidated statements of cash flows as follows:

	For the three months ended				For the year ended
	March 31, 2003	June 30, 2003	September 30, 2003	December 31, 2003	December 31, 2003
	(in millions)				
Net cash provided by operating activities	\$ 813	\$ 703	\$ 878	\$ 918	\$ 3,312
Change in accrued interest on short-term investments	3	3	3	2	11
Net cash used in investing activities	(678)	(421)	(501)	(461)	(2,061)
Proceeds from sales of investments	—	—	—	(248)	(248)
Net changes in short-term investments and other	78	56	45	135	314
Net interest paid, including capitalized interest	156	216	216	211	799
<b>Unlevered free cash flow</b>	<u>\$ 372</u>	<u>\$ 557</u>	<u>\$ 641</u>	<u>\$ 557</u>	<u>\$ 2,127</u>

- (5) Free cash flow represents OIBDA (see note 1) less capital expenditures, payments for licenses, acquisitions and other, net interest paid, preferred stock dividends, adjusted for increases or decreases in working capital and other. Free cash flow as defined above may not be similar to free cash flow 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 cash flows. We believe that free cash flow provides useful information to investors, analysts and our management about the cash generated by our core operations after interest and dividends and our ability to fund scheduled debt maturities and other financing activities, including discretionary refinancing and retirement of debt and the purchase or sale of investments. Free cash flow can be reconciled to our consolidated statements of cash flows as follows:

	For the three months ended				For the year ended
	March 31, 2003	June 30, 2003	September 30, 2003	December 31, 2003	December 31, 2003
	(in millions)				
Net cash provided by operating activities	\$ 813	\$ 703	\$ 878	\$ 918	\$ 3,312
Change in accrued interest on short-term investments	3	3	3	2	11
Net cash used in investing activities	(678)	(421)	(501)	(461)	(2,061)
Proceeds from sales of investments	—	—	—	(248)	(248)
Net changes in short-term investments and other	78	56	45	135	314
Mandatorily redeemable preferred stock dividends	(15)	(27)	(15)	—	(57)
<b>Free cash flow</b>	<u>\$ 201</u>	<u>\$ 314</u>	<u>\$ 410</u>	<u>\$ 346</u>	<u>\$ 1,271</u>

(6) 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. CPGA excludes the impact of test market, 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. Costs unrelated to initial customer acquisition include the revenues and costs associated with retaining existing customers and with test markets, such as the Boost Mobile program. CPGA can be calculated and reconciled to our consolidated statements of operations as follows:

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	For the three months ended				For the year ended
	March 31, 2003	June 30, 2003	September 30, 2003	December 31, 2003	December 31, 2003
	(in millions, except for CPGA)				
Handset and accessory revenues	\$ 161	\$ 171	\$ 288	\$ 308	\$ 928
Less: Cost of handset and accessory revenues	310	315	415	455	1,495
Handset and accessory subsidy costs	149	144	127	147	567
Plus: Selling and marketing	411	444	482	477	1,814
Statement of Operations costs	560	588	609	624	2,381
Less: Boost costs and costs unrelated to initial customer acquisition	60	68	89	88	305
Customer acquisition costs	<u>\$ 500</u>	<u>\$ 520</u>	<u>\$ 520</u>	<u>\$ 536</u>	<u>\$ 2,076</u>
<b>Cost per Gross Add from customer acquisition costs</b>	<u>\$ 450</u>	<u>\$ 460</u>	<u>\$ 450</u>	<u>\$ 485</u>	<u>\$ 460</u>
<b>Cost per Gross Add from Statement of Operations costs</b>	<u>\$ 505</u>	<u>\$ 520</u>	<u>\$ 530</u>	<u>\$ 565</u>	<u>\$ 530</u>

(7) Adjusted income available to common stockholders represents our income available to common stockholders excluding certain gains, losses and other charges that do not relate to the ongoing operations of our wireless business. Adjusted income available to common stockholders as defined above may not be similar to adjusted income available to common stockholders 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 adjusted income available to common stockholders is useful because it allows investors to evaluate our operating results and related financial performance for different periods on a more comparable basis by excluding items that do not relate to the ongoing operations of our wireless business. Adjusted income available to common stockholders can be reconciled to our consolidated statements of operations as follows:

	For the three months ended					
	March 31, 2003		June 30, 2003		September 30, 2003	
	Basic EPS		Basic EPS		Basic EPS	
	As restated		As restated		As restated	
	(in millions, except per share amounts)					
Income available to common stockholders	\$ 203	\$ 0.20	\$ 266	\$ 0.26	\$ 338	\$ 0.32
Loss on retirement of debt, net	5	—	2	—	132	0.13
Reduction in fair value of investments	—	—	2	—	—	—
Loss on retirement of mandatorily redeemable preferred stock	2	—	5	0.01	—	—
Adjusted income available to common stockholders	\$ 210	\$ 0.21	\$ 275	\$ 0.27	\$ 470	\$ 0.45

	For the three months ended December 31, 2003		For the year ended December 31, 2003	
	Basic EPS		Basic EPS	
	As restated		As restated	
	(in millions, except per share amounts)			
Income available to common stockholders	\$ 639	\$ 0.58	\$ 1,446	\$ 1.38
Loss on retirement of debt, net	106	0.10	245	0.23
Realized gain on investments	(213)	(0.19)	(213)	(0.20)
Reduction in fair value of investments	—	—	2	—
Loss on retirement of mandatorily redeemable preferred stock	—	—	7	0.01
<b>Adjusted income available to common stockholders</b>	<b>\$ 532</b>	<b>\$ 0.49</b>	<b>\$ 1,487</b>	<b>\$ 1.42</b>

- (8) 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, 2003	June 30, 2003	September 30, 2003	December 31, 2003	December 31, 2003
	<u>As restated</u>	<u>As restated</u>	<u>As restated</u>	<u>As restated</u>	<u>As restated</u>
	(in millions, except for CCPU)				
Cost of service	\$ 374	\$ 412	\$ 446	\$ 442	\$ 1,674
General and administrative	<u>375</u>	<u>385</u>	<u>420</u>	<u>459</u>	<u>1,639</u>
	<u>\$ 749</u>	<u>\$ 797</u>	<u>\$ 866</u>	<u>\$ 901</u>	<u>\$ 3,313</u>
<b>CCPU</b>	<u>\$ 23</u>	<u>\$ 23</u>	<u>\$ 24</u>	<u>\$ 24</u>	<u>\$ 24</u>

- (9) 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:

	For the three months ended			
	March 31, 2003	June 30, 2003	September 30, 2003	December 31, 2003
	<u>As restated</u>	<u>As restated</u>	<u>As restated</u>	<u>As restated</u>
	(in millions, except for ratios)			
Long-term debt	\$ 11,823	\$ 11,737	\$ 12,204	\$ 10,037
Preferred stock	<u>947</u>	<u>861</u>	<u>96</u>	<u>99</u>
	<u>\$ 12,770</u>	<u>\$ 12,598</u>	<u>12,300</u>	<u>\$ 10,136</u>
Divided by quarterly OIBDA (note 1) annualized	\$ 3,604	\$ 4,000	\$ 4,496	\$ 4,692
<b>Ratio of long-term debt and preferred stock to OIBDA</b>	3.5x	3.1x	2.7x	2.2x
Long-term debt	\$ 11,823	\$ 11,737	\$ 12,204	\$ 10,037
Preferred stock	<u>947</u>	<u>861</u>	<u>96</u>	<u>99</u>
	<u>\$ 12,770</u>	<u>\$ 12,598</u>	<u>12,300</u>	<u>\$ 10,136</u>
Divided by quarterly operating income (note 1) annualized	\$ 1,952	\$ 2,312	\$ 2,780	\$ 2,972
<b>Ratio of long-term debt and preferred stock to operating income</b>	6.5x	5.4x	4.4x	3.4x

(10) The ratio of net debt and preferred stock to OIBDA (see note 1) is calculated by dividing the total of our long-term debt less cash, cash equivalents and short-term investments (net debt) plus 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 net 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 net 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 net debt and preferred stock to OIBDA can be reconciled to our financial statements as follows:

	<b>March 31, 2003</b>	<b>For the three months ended</b>			<b>December 31, 2003</b>
	<u>As restated</u>	<u>As restated</u>	<u>As restated</u>	<u>As restated</u>	<u>As restated</u>
		(dollars in millions)			
Long-term debt	\$ 11,823	\$ 11,737	\$ 12,204	\$ 10,037	
Less: cash, cash equivalents and short-term investments	(2,277)	(2,420)	(3,563)	(1,971)	
Net debt	9,546	9,317	8,641	8,066	
Preferred stock	947	861	96	99	
	<u>\$ 10,493</u>	<u>\$ 10,178</u>	<u>\$ 8,737</u>	<u>\$ 8,165</u>	
Divided by quarterly OIBDA (note 1) annualized	\$ 3,604	\$ 4,000	\$ 4,496	\$ 4,692	
<b>Ratio of net debt and preferred stock to OIBDA</b>	2.9x	2.5x	1.9x	1.7x	
Long-term debt	\$ 11,823	\$ 11,737	\$ 12,204	\$ 10,037	
Less: cash, cash equivalents and short-term investments	(2,277)	(2,420)	(3,563)	(1,971)	
Net debt	9,546	9,317	8,641	8,066	
Preferred stock	947	861	96	99	
	<u>\$ 10,493</u>	<u>\$ 10,178</u>	<u>\$ 8,737</u>	<u>\$ 8,165</u>	
Divided by quarterly operating income (note 1) annualized	\$ 1,952	\$ 2,312	\$ 2,780	\$ 2,972	
<b>Ratio of net debt and preferred stock to operating income</b>	5.4x	4.4x	3.1x	2.7x	

(11) The ratio of OIBDA (see note 1) to interest expense is calculated by dividing OIBDA by interest expense. The ratio of OIBDA to interest expense 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 OIBDA to interest expense is a credit metric commonly used by investors and credit agencies as an indicator of a company's ability to cover scheduled interest payments with funds generated from operations. The ratio of OIBDA to interest expense can be reconciled to our financial statements as follows:

	<b>March 31, 2003</b>	<b>For the three months ended</b>			<b>For the year ended December 31, 2003</b>
	<u>As restated</u>	<u>As restated</u>	<u>As restated</u>	<u>As restated</u>	<u>As restated</u>
		(dollars in millions)			
OIBDA	\$ 901	\$ 1,000	\$ 1,124	\$ 1,173	\$ 4,198
Divided by interest expense	\$ 225	\$ 219	\$ 220	\$ 180	\$ 844
<b>Ratio of OIBDA to interest expense</b>	4.0x	4.6x	5.1x	6.5x	5.0x
Operating income	\$ 488	\$ 578	\$ 695	\$ 743	\$ 2,504
Divided by interest expense	\$ 225	\$ 219	\$ 220	\$ 180	\$ 844
<b>Ratio of Operating income to interest expense</b>	2.2x	2.6x	3.2x	4.1x	3.0x

(12) 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>For the year</b> <b>ended</b> <b><u>December 31, 2003</u></b> <b><u>As restated</u></b> (dollars in millions)
OIBDA	\$ 4,198
Divided by:	
Property, plant and equipment, gross	\$ 14,655
Intangible assets, net	<u>7,038</u>
	\$ 21,693
<b>ROIC with OIBDA</b>	19.4%
Operating income	\$ 2,504
Divided by:	
Property, plant and equipment, gross	\$ 14,655
Intangible assets, net	<u>7,038</u>
	\$ 21,693
<b>ROIC with operating income</b>	11.5%