NEXTEL COMMUNICATIONS, INC. AND SUBSIDIARIES
Reconciliations of Non-GAAP Financial Measures for 2002

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 as defined above may not be similar to OIBDA 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 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:

	For the three months ended				For the year ended
	March 31, 2002	June 30, 2002	September 30, 2002	December 31, 2002	December 31, 2002
			(in millions)		
Operating income	$ 169	$ 411	$ 466	$ 490	$ 1,536
Depreciation and amortization	382	405	412	396	1,595
OIBDA	$ 551	$ 816	$ 878	$ 886	$ 3,131

(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, cancellation fees, 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, 2002	June 30, 2002	September 30, 2002	December 31, 2002	December 31, 2002
			(in millions, except for ARPU)		
Service revenues	$ 1,831	$ 2,032	$ 2,139	$ 2,184	$ 8,186
Less: Other revenue	24	26	26	46	122
Subscriber revenues	$ 1,807	$ 2,006	$ 2,113	$ 2,138	$ 8,064
ARPU calculated with Subscriber revenues	$ 68	$ 71	$ 71	$ 69	$ 70
ARPU calculated with Service revenues	$ 69	$ 72	$ 72	$ 71	$ 71

(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, 2002	**June 30, 2002**	**September 30, 2002**	**December 31, 2002**	**December 31, 2002**
	(dollars in millions, except for LRS)				
ARPU calculated with Subscriber revenues	$ 68	$ 71	$ 71	$ 69	$ 70
Divided by: Churn	2.1%	2.1%	2.0%	2.1%	2.1%
Subscriber revenue LRS	$ 3,238	$ 3,381	$ 3,550	$ 3,286	$ 3,333
ARPU calculated with Service revenues	$ 69	$ 72	$ 72	$ 71	$ 71
Divided by: Churn	2.1%	2.1%	2.0%	2.1%	2.1%
Service revenue LRS	$3,286	$ 3,429	$ 3,600	$ 3,381	$ 3,381

(4) Unlevered free cash flow represents OIBDA (see note 1) less capital expenditures, payments for licenses, acquisitions and other adjusted for changes 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. 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, 2002	**June 30, 2002**	**September 30, 2002**	**December 31, 2002**	**December 31, 2002**
			(in millions)		
Net cash provided by operating activities	$ 472	$ 437	$ 604	$ 1,010	$ 2,523
Change in accrued interest on short-term investments	7	6	6	3	22
Net cash used in investing activities	(1,164)	(583)	(265)	(224)	(2,236)
Net changes in short-term investments and other	313	76	(201)	(356)	(168)
Net interest paid, including capitalized interest	149	220	145	192	706
Unlevered free cash flow	$ (223)	$ 156	$ 289	$ 625	$ 847

(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 changes 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. 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, 2002	**June 30, 2002**	**September 30, 2002**	**December 31, 2002**	**December 31, 2002**
			(in millions)		
Net cash provided by operating activities	$ 472	$ 437	$ 604	$ 1,010	$ 2,523
Change in accrued interest on short-term investments	7	6	6	3	22
Net cash used in investing activities	(1,164)	(583)	(265)	(224)	(2,236)
Net changes in short-term investments and other	313	76	(201)	(356)	(168)
Mandatorily redeemable preferred stock dividends	—	—	—	(19)	(19)
Free cash flow	$ (372)	$ (64)	$ 144	$ 414	$ 122

(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. 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, 2002	**June 30, 2002**	**September 30, 2002**	**December 31, 2002**	**December 31, 2002**
	(in millions, except for CPGA)				
Handset and accessory revenues	$ 126	$ 122	$ 140	$ 147	$ 535
Less: Cost of handset and accessory revenues	305	219	235	288	1,047
Handset and accessory subsidy costs	179	97	95	141	512
Plus: Selling and marketing	346	380	412	405	1,543
Costs per statement of operations	525	477	507	546	2,055
Less: Costs unrelated to initial customer acquisition	30	21	29	39	119
Customer acquisition costs	$ 495	$ 456	$ 478	$ 507	$ 1,936
Cost per Gross Add	$ 460	$ 440	$ 460	$ 440	$ 450

(7) Adjusted income available to common stockholders represents our income available to common stockholders excluding the impacts of certain items, which include, among other things, debt and preferred stock retirements and the effect of an adoption of a new accounting standard. 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, 2002		**June 30, 2002**	
		Basic EPS		**Basic EPS**
	(in millions, except per share amounts)			
Income (loss) available to common stockholders	$ (654)	$ (0.82)	$ 325	$ 0.39
Restructuring and impairment charges	35	0.04	—	—
Gain on retirement of debt, net	—	—	(139)	(0.17)
Gain on retirement of mandatorily redeemable preferred stock	—	—	(264)	(0.31)
Gain on deconsolidation of NII Holdings	—	—	—	—
Equity in losses of NII Holdings – pre-bankruptcy emergence	127	0.16	99	0.12
SFAS No. 142 income tax provision adjustment	335	0.42	—	—
Change in fair value of investment	—	—	35	0.04
Adjusted income (loss) available to common stockholders	$ (157)	$ (0.20)	$ 56	$ 0.07

	For the three months ended				For the year ended	
	September 30, 2002		**December 31, 2002**		**December 31, 2002**	
		Basic EPS		**Basic EPS**		**Basic EPS**
	(in millions, except per share amounts)					
Income available to common stockholders	$ 526	$ 0.58	$ 1,463	$ 1.49	$ 1,660	$ 1.88
Restructuring and impairment charges	—	—	—	—	35	0.04
Gain on retirement of debt, net	(208)	(0.23)	(7)	(0.01)	(354)	(0.40)
Gain on retirement of mandatorily redeemable preferred stock	(193)	(0.21)	(28)	(0.03)	(485)	(0.55)
Gain on deconsolidation of NII Holdings	—	—	(1,218)	(1.24)	(1,218)	(1.38)
Equity in losses of NII Holdings – pre-bankruptcy emergence	—	—	—	—	226	0.26
SFAS No. 142 income tax provision adjustment	—	—	—	—	335	0.38
Change in fair value of investment	3	—	(1)	—	37	0.04
Adjusted income available to common stockholders	$ 128	$ 0.14	$ 209	$ 0.21	$ 236	$ 0.27

(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, 2002	June 30, 2002	September 30, 2002	December 31, 2002	December 31, 2002
	(in millions, except for CCPU)				
Cost of service	$ 351	$ 366	$ 383	$ 369	$ 1,469
General and administrative	369	373	371	383	1,496
	$ 720	$ 739	$ 754	$ 752	$ 2,965
CCPU	$ 27	$ 26	$ 25	$ 24	$ 26