2nd Quarter 2012

San Pedro Garza Garcia, Mexico, July 26, 2012 - Axtel, S.A.B. de C.V. ("AXTEL" or "the Company"), a leading Mexican fixed-line integrated telecommunications company, announced today its unaudited second quarter results ended June 30, 2012[1].

Million Pesos	Q2 2012	Q2 2011	2Q12/2Q11 D%	Q1 2012	LTM June-12	LTM June-11[1]
Revenues[2]	2,688	2,693	0%	2,503	10,672	10,771
Costs[3]	820	691	19%	625	2,794	2,963
Operating Expenses[4]	1,165	1,065	9%	1,119	4,607	4,424
Adjusted EBITDA[5]	703	937	-25%	759	3,272	3,383
Adj. EBITDA Margin	26.1%	34.8%	-865 bps	30.3%	30.7%	31.4%
Net (loss) Income	-978	-21	4513%	496	-2,770	-65
Earnings per CPO[6]	-0.78	-0.02	4513%	0.40	-2.21	-0.05
Capital Expenditures	476	511	-7%	502	2,250	3,076
Net Debt / Adj EBITDA[7]					3.4x	3.1x

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AXTEL

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Highlights:

- Broadband subscribers increased 28% as of June 30, 2012 compared to second quarter 2011, totaling 482 thousand. FTTH subscribers reached 76 thousand, representing 16% of total broadband subscribers. Driven by this broadband growth, internet-on-demand revenues increased 51%, representing 20% of total mass market revenues, compared to 14% in the same quarter 2011.

- Integrated services revenues increased 25% year-over-year, and now represent 20% of total corporate and government revenues.

- Adjusted EBITDA in the second quarter 2012 was $703 million. This result was significantly affected by a drastic reduction in international traffic revenues and the final stages of the phase-out of the Nextel contract. The aforementioned factors, in addition to an extraordinary level of non-recurring equipment sales to enterprise customers, which carry a low margin, caused the majority of the EBITDA margin decline. Adjusting for the non-recurring sale of equipment effect, EBITDA margin in the second quarter would have been approximately 29%.

Sources of Revenues

Million Pesos	Q2 2012	Q2 2011	2Q/2Q11 D%	Q1 2012	LTM jun-12	LTM jun-11
Local	915	954	-4%	912	3,706	3,866
Long Distance	275	296	-7%	267	1,110	1,171
Data & Network	685	626	9%	684	2,674	2,558
Int'l. Traffic	167	286	-41%	201	1,059	1,169
Other	595	381	56%	389	1,849	1,403
Largest Wholesale Cust	51	150	-66%	50	274	604
	2,688	**2,693**	**0%**	**2,503**	**10,672**	**10,771**

IMPORTANT DISCLOSURE. Unless otherwise stated, comments in this section exclude revenues generated by our largest wholesale customer (see note 9 for further information).

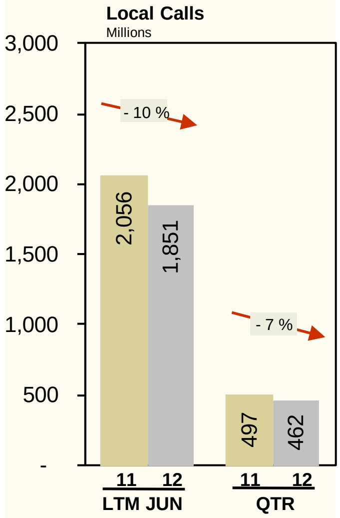
***Local services*.** Local service revenues totaled Ps. 915 million in the second quarter of 2012, compared to Ps. 954 million for same period in 2011, representing a decrease of Ps. 39 million, explained by Ps. 15 million and Ps. 26 million decreases in measured services and cellular revenues, respectively and slightly offset by a 2 million increase in monthly rents. The 20% decrease in measured services is explained by 11% and 10% decreases in billed-traffic volume and prices, respectively. The 14% decrease in cellular revenue is explained by a 15% decrease in price, resulting from a market trend linked to lower interconnection tariffs. This price effect was marginally compensated by a 1% increase in cellular billed-traffic volume. Revenues coming from monthly rents represented 76% of local revenues during the three-month period ended June 30, 2012. For the twelve month period ended June 30, 2012, local revenues totaled Ps. 3,706 million, compared to Ps. 3,866 million registered in the same period in 2011, a decrease of Ps. 160 million or 4% mostly explained by Ps. 121 and 73 million declines in cellular and measured-service revenues compensated by a Ps. 34 million increase in rents.

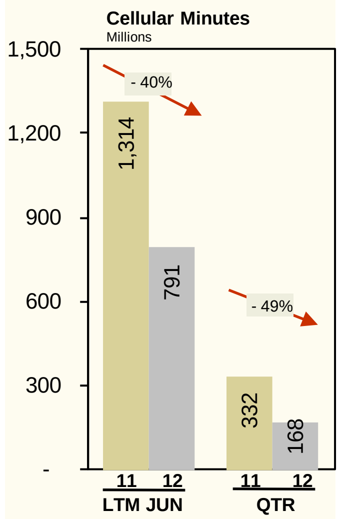
***Long distance services*.** Revenues totaled Ps. 275 million in the second quarter of 2012, compared to Ps. 296 million for same period in 2011, representing a decrease of Ps. 22 million, or 7%, explained by a 2% and 5% decrease in billed-traffic volume and prices, respectively. For the twelve month period ended June 30, 2012, long distance revenues totaled Ps. 1,110 million compared to Ps. 1,171 million registered in 2011, a Ps. 61 million, or 5%, decline.

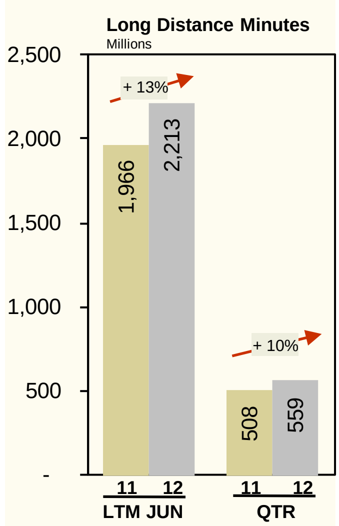
***Data & Network*.** Data and network revenues amounted to Ps. 685 million in the second quarter of 2012, compared to Ps. 626 million in the same period in 2011, a Ps. 59 million increase driven by mass-market, or, “on-demand” internet services revenues, which increased 51% year-over-year, and a 3% increase in dedicated internet. Private lines revenues declined 9%. Mass-market, or, “on-demand” internet services, represented 28% of data & network revenues during the quarter. During the last-twelve-month period ended on June 30, 2012, data and network services revenues totaled Ps. 2,674 million from Ps. 2,558 million registered in 2011, an increase of Ps. 117 million, or 5%.

***International traffic*.** In the second quarter of 2012, international traffic revenues totaled Ps. 167 million, a decrease of Ps. 118 million or 41% versus same quarter of previous year, explained by a blended 24% decline in prices and a 23% reduction in volume. In peso terms, the decline was partially mitigated by a 13% appreciation of the Mexican peso vis-à-vis the US dollar. For the twelve month period ended June 30, 2012, revenues from International traffic totaled Ps. 1,059 million from Ps. 1,169 million, a decline of 9% compared to the same period in 2011 explained by a 10% decline in volume.

***Other services*.** Quarterly revenues from other services totaled Ps. 595 million in the second quarter of 2012, from Ps. 381 million in the same quarter of previous year, an increase of Ps. 214 million or 56%, mostly explained by 49 million and 170 million increases in integrated services and equipment sales, respectively. For the twelve month period ended June 30, 2012, revenues totaled Ps. 1,849 million from Ps. 1,403 million registered in 2011, an increase of Ps. 446 million, or 32%.







Consumption

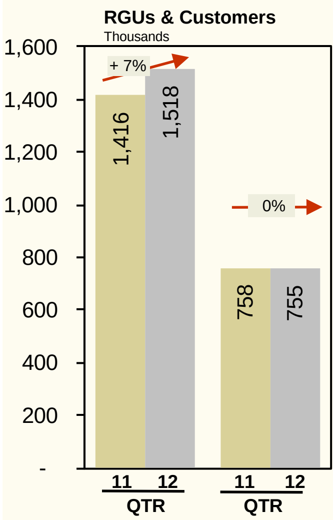
Local Calls. Local calls excluding our largest wholesale customer totaled 450 million calls in the second quarter of 2012, compared to 471 million calls for same period in 2011, representing a decrease of 21 million calls, or 4%. Billed local calls decreased 11 million or 11%, while local calls included in commercial offers declined by 10 million or 3%. Business and residential customers contributed with 9 million and 2 million calls respectively to the billed local calls decline. Local calls included in commercial offers represented 79% of total calls in the second quarter of 2012. For the twelve month period ended June 30, 2012, local calls totaled 1,791 million excluding our largest wholesale customer, compared to 1,922 million registered in the same period in 2011, a decline of 131 million calls, or 7%.

Cellular ("Calling Party Pays"). Minutes of use of calls completed to a cellular line excluding our largest wholesale customer amounted to 166 million in the three-month period ended June 30, 2012, compared to 155 million in the same period in 2011, an increase of 7% equivalent to 11 million minutes. Billed cellular minutes increased 1 million or 1%, while minutes in modules included in a monthly rent increased 10 million minutes or 27%. Billed cellular minutes represented 72% of cellular minutes in the second quarter of 2012, compared to 76% in the year-earlier quarter. For the twelve month period ended June 30, 2012 and excluding our largest wholesale customer, cellular minutes declined 7 million, or 1%, from 645 million registered in the twelve-month period ended June 30, 2011, to 638 million in 2012.

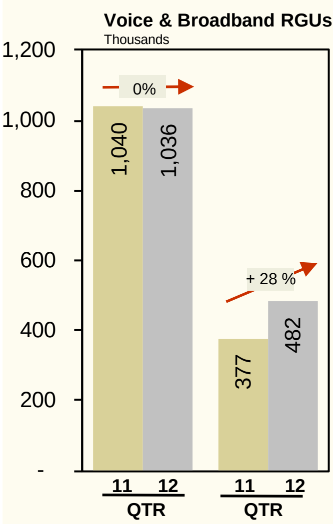
Long distance. Excluding our largest wholesale customer, which represents 16% of total volume, outgoing long distance minutes amounted to 472 million for the three-month period ended June 30, 2012, from 482 million in the same period in 2011, a 2% decrease. This, resulting from a 4% decrease and 5% increase in traffic from business and residential customers, respectively. Billed long distance minutes during the second quarter of 2012 decreased 2% compared to the same period in 2011. Domestic long distance minutes represented 95% of total traffic during the quarter. For the twelve month period ended June 30, 2012 and excluding our largest wholesale customer, outgoing long distance minutes amounted 1,898 million, compared to 1,883 million registered in 2011, an increase of 15 million of minutes, or 1%, explained by increased traffic from residential customers and further penetration of commercial offers including national and North America region long distance minutes within a monthly rent.

Operating Data

RGUs and Customers. As of June 30, 2012, RGUs (Revenue Generating Units) totaled 1,518 thousand, an increase of 7% or 101 thousand versus the same date in 2011. During the second quarter of 2012, net additional RGUs totaled 15 thousand, compared to 24 thousand in the second quarter of 2011, attributable to lower contributions from both voice and broadband RGUs. As of June 30, 2012, customers totaled 755 thousand, a marginal decline of 3 thousand from the same date in 2011. Total customers declined 4 thousand on a sequential basis.

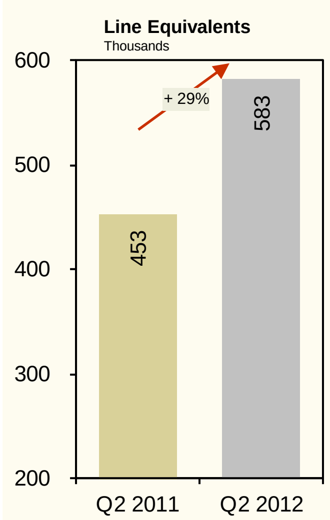


Voice RGUs (lines in service). As of June 30, 2012, lines in service totaled 1,036 thousand, a 4 thousand reduction from the same date in 2011. During the second quarter of 2012, gross additional lines totaled 63 thousand compared to 66 thousand in the second quarter of 2011. Disconnections in the second quarter of 2012 totaled 67 thousand compared to 66 thousand in the year-earlier quarter. Voice-only customers in low-ARPU offers represented the majority of disconnections during the quarter. Lines-in-service in the second quarter of 2012 decreased 4 thousand, compared to 2 thousand net-disconnections in the same period of 2011. As of June 30, 2012, residential lines represented 68% of total lines in service.



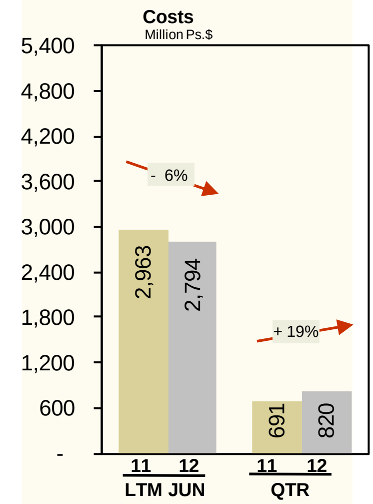
Broadband RGUs (broadband subscribers). Broadband subscribers increased 28% year-over-year totaling 482 thousand subs as of June 30, 2012. During the second quarter of 2012, broadband subscribers increased 18 thousand compared to 25 thousand in the same period of 2011. As of June 30, 2012, WiMAX broadband subs reached 388 thousand, compared to 333 thousand a year ago, while AXTEL X-tremo, or FTTH customers, totaled 76 thousand. The slower pace in broadband additions is mostly attributable to the lesser broadband capacity in the WiMAX network while FTTH's addition pace is not accelerating yet. Broadband penetration reached 46% at the end of the second quarter of 2012, compared to 36% a year ago.

Internet subscribers. As of June 30, 2012, Internet subscribers totaled 489 thousand, including 8 thousand dial-up subscribers. As of June 30, 2011, Internet subscribers represented 385 thousand, including 8 thousand dial-up subs.

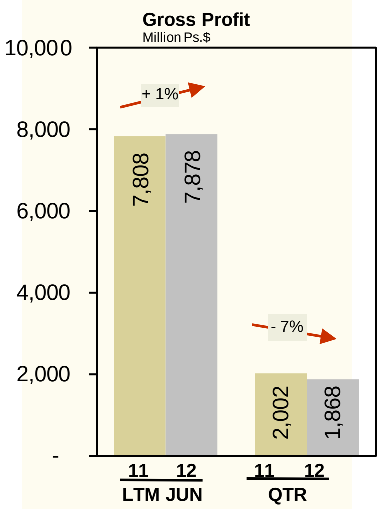


Line equivalents (E0 equivalents). We offer from 64 kilobytes per second ("KBps") up to 100 megabytes per second ("MBps") dedicated data links in all of our thirty-nine existing cities. We account for data links by converting them to E0 equivalents in order to standardize our comparisons versus the industry. As of June 30, 2012, line equivalents totaled 583 thousand, 29% increase.

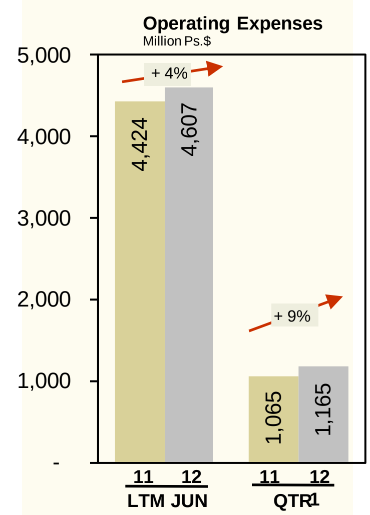
Cost of Revenues and Operating Expenses



Cost of Revenues. For the three-month period ended June 30, 2012, the cost of revenues represented Ps. 820 million, an increase of Ps. 129 million, compared with the same period of year 2011, mainly explained by increases of Ps. 139 million and Ps. 65 million in equipment sales and integrated services; partially offset by a Ps. 88 million decrease in international traffic and fixed-to-mobile termination costs due to lower volume. The fixed-to-mobile lower volume is explained by the phase-out of the contract with Nextel. For the twelve month period ended June 30, 2012, cost of revenues reached Ps. 2,794 million, a decrease of Ps. 170 million in comparison with year 2011, mainly due to decreases in mobile and international traffic costs and an increase in costs related to equipment sales.

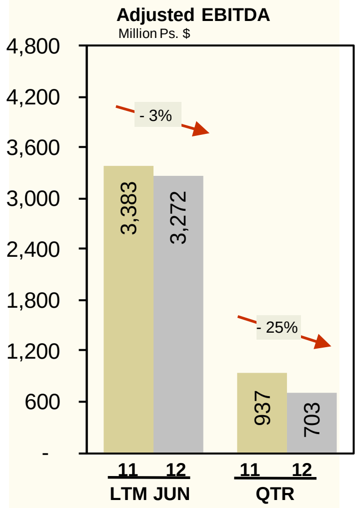


Gross Profit. Gross profit is defined as revenues minus cost of revenues. For the second quarter of 2012, the gross profit accounted for Ps. 1,868 million, a decrease of Ps. 134 million compared with the same period in year 2011. The gross profit margin decreased from 74.3% to 69.5% year-over-year, influenced by: (i) reduced margins of international traffic revenues, as market prices significantly declined, and (ii) an extraordinary level of non-recurrent sale of equipment to enterprise customers in the second quarter 2012. Excluding the effect of sale of equipment, gross profit margin would have been similar to the 75% reported in the first quarter of 2012. For the twelve month period ended June 30, 2012, our gross profit totaled Ps. 7,878 million, compared to Ps. 7,808 million recorded in year 2011, an increase of Ps. 71 million.

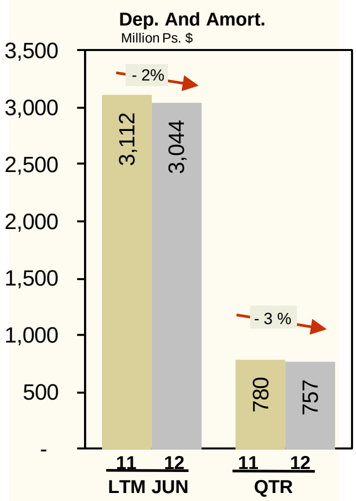


Operating expenses. In the second quarter of year 2012, operating expenses totaled Ps. 1,165 million, Ps. 100 million higher than the Ps. 1,065 million recorded in the same period in year 2011, explained by Ps. 21 and Ps. 43 million increases in rents and maintenance expenses. To some extend, maintenance expenses were affected by extraordinary effects during the quarter, in addition to the depreciation impact on dollar denominated expenses, which also affected dollar-denominated rents. A Ps. 15 million increase in marketing expenses related to "AXTEL X-tremo" campaign also explains the quarterly increase. For the twelve month period ended June 30, 2012, operating expenses totaled Ps. 4,607 million, coming from Ps. 4,420 million in the same period in 2011. Personnel represented 44% of total operating expenses in the twelve month period ended June 30, 2012.

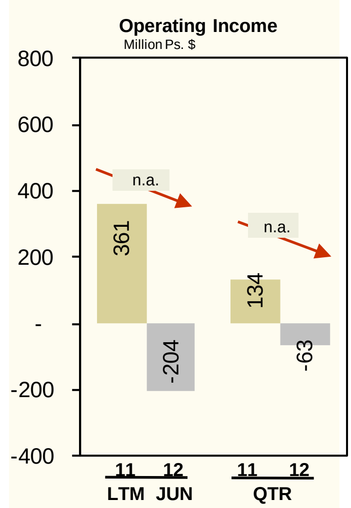
Adjusted EBITDA, D&A and Operating Income



Adjusted EBITDA[5]. The Adjusted EBITDA totaled Ps. 703 million for the three-month period ended June 30, 2012, compared to Ps. 937 million for the same period in 2011. As a percentage of total revenues, Adjusted EBITDA represented 26.1% in the second quarter of 2012, 865 bps lower than the margin recorded in the year-earlier quarter. Excluding the contribution of non-recurring equipment sales, which is a low margin revenue given that no CAPEX investment is required, adjusted EBITDA margin would have been 29%. For the twelve-month period ended June 30, 2012, Adjusted EBITDA amounted to Ps. 3,272 million, compared to Ps. 3,383 million in year 2011.



Depreciation and Amortization[10]. Depreciation and amortization totaled Ps. 757 million in the three-month period ending on June 30, 2012 compared to Ps. 780 million for the same period in year 2011. Depreciation and amortization for the twelve-month period ended June 30, 2012 reached Ps. 3,044 million, from Ps. 3,112 million in the same period in year 2011, a decrease of Ps. 68 million.



Operating Income (loss). In the three-month period ended June 30, 2012, the Company recorded an operating loss of Ps. 63 million compared to an operating income of Ps. 134 million registered in the same period in year 2011. For the twelve month period ended June 30, 2012 our operating loss reached Ps. 204 million when compared to the operating income of Ps. 361 million in the same period of year 2011, a variation of Ps. 565 million, mostly explained by a Ps. 395 million of non-recurrent other expenses recorded in in the fourth quarter of 2011. These included a Ps. 229 million write-off of obsolete equipment, a Ps. 64 million provision for organization restructuring and a Ps. 37 million charge against other assets related for minority-participation investments in telecom-related companies in the U.S.

CFR, Indebtedness and Cash

Comprehensive Financial Result

Million Pesos	Q2 2012	Q2 2011	2Q/2Q11 D%	Q1 2012	LTM Q2 2012	LTM Q2 2011
Net interest expense	(268)	(246)	9%	(260)	(1,028)	(936)
FX gain (loss), net	(703)	111	n.a.	969	(1,433)	623
Ch. in FV of fin. Instruments	(93)	(15)	536%	(14)	(162)	(46)
Total	**(1,064)**	**(150)**	**610%**	**694**	**(2,622)**	**(359)**

Comprehensive financial result. Net interest expense for the second quarter 2012 increased Ps. 22 million vis-à-vis first quarter 2012 due to a larger debt balance and interest payments and commitment fees for the syndicated bank facility and its committed line tranche. During the second quarter 2012, a 4% peso depreciation against the U.S. dollar generated a Ps. 703 million FX loss, compared to an FX gain of Ps. 111 million related to a 3% peso appreciation recorded in the second quarter of 2011. Concerning variations in the fair value of financial instruments, these are partially explained by 31% and 7% declines in the price of AXTELCPO during the second quarters of 2012 and 2011, respectively, which affected the valuation of AXTEL´s position held in its own stock through the zero-strike-calls instruments. The Ps. 2,622 million comprehensive financial loss for year ended in June 2012, compared to a Ps. 359 million comprehensive financial loss for year ended in June 2011, is mainly explained by a 13% depreciation of the Mexican peso against the U.S. dollar in the 2012 period, compared to a 7% appreciation in the 2011 period.

Total Debt as of the end of each period

Million Pesos	Q2 2012	Q2 2011	Q1 2012
2017 Senior Notes	3,758	3,256	3,521
2019 Senior Notes	6,696	5,801	6,274
Other financing obligations	232	287	259
Financial Leases	540	210	561
Bank Facilities	824	341	786
Notes Premium	45	51	47
Total Debt	**12,095**	**9,947**	**11,448**
(-) Mark-to-market Derivative Instruments	(32)	(227)	(107)
(-) Cash and cash equivalents	843	906	526
Net Debt	**11,284**	**9,267**	**11,029**

Debt. At the end of the second quarter of 2012, total debt increased Ps. 2,148 million in comparison with the same date in 2011, explained by (i) a Ps. 402 million net increase in bank debt related to the Syndicated Bank Facility obtained in November 2011, (ii) an increase of Ps. 239 million in leases and financial obligations and (iii) a Ps. 1,514 million non-cash increase caused by the 13% depreciation of the Mexican peso.

Cash. As of the end of the second quarter of 2012, our cash and equivalents balance totaled Ps. 843 million (equivalent to $62 million), compared to Ps. 906 million a year ago, and Ps. 526 million at the beginning of the quarter. As of the end of the quarter, 42% percent of the cash balance is maintained in dollars, the rest in pesos.

Investments and Derivative Instruments

Capital Investments. In the second quarter of 2012, capital investments totaled Ps. 476 million, or $35 million, compared to Ps. 511 million, or $37 million, in the year-earlier quarter. Accumulated for the twelve-month period ended June 30, 2012, capital investments totaled Ps. 2,250 million, or $165 million, compared to Ps. 3,076 million, or $225 million, in year 2011.

Other Investments. As of June 30, 2012, the Company maintained an economic position equivalent to 30.4 million AXTELCPOs in ZSC.

Derivative Instruments. The following table summarizes the Company's derivatives position as of June 30, 2012.

	AXTEL receives	AXTEL pays	Other
Interest-Only Cross-Currency Swap (MXN/US$)			
Notional	US$44 million	Ps. 614 million	
Interest	libor + 4% quarterly	5.06% quarterly	
Principal payments	n.a.	n.a.	
Expiration Date			Nov. 2012
Estimated Fair Value			Ps. (2.1) million
Full Cross-Currency Swap (MXN/US$) - Principal included			
Notional	US$44 million	Ps. 593 million	
Interest	libor + 4% quarterly	11.51% quarterly	
Principal payments	n.a.	n.a.	
Expiration Date			Nov. 2012 - Nov. 2015
Estimated Fair Value			Ps. (30.2) million
Zero-strike Equity Call Option			
Notional			30.4 million AXTELCPO
Value	30.4 million AXTELCPO	Strike price: ¢1 per CPO	
Settlement			In cash
Expiration Date			July 2012
Valuation			Ps. 90.6 million

During the days the exchange rate was above Ps. 14 per US dollar in this quarter, the foreign-exchange rate derivative transactions, excluding those related to the Bank Facility, were unwind contributing with approximately US$10 million to the cash reserves of the Company. The Company will closely monitor the foreign exchange volatility in order to re-enter into similar transactions at foreign exchange and interest-rate curves levels that the Company considers appropriate.

Other important information

1) We are presenting financial information based on International Financial Reporting Standards (IFRS) in nominal pesos for the following periods:

   – Consolidated income statement information for the three-month periods ending on June 30 and March 31, 2012, and June 30, 2011; and twelve-month period ending on June 30, 2012, and

   – Balance sheet information as of June 30, 2012 and 2011; and March 31, 2012.

For illustrative purposes only, we are presenting information for the twelve-month period ending on June 30, 2011 which was prepared based on Mexican financial reporting standards (FRS) in nominal pesos.

2) Revenues are derived from:

   i. Local services. We generate revenue by enabling our customers to originate and receive calls within a defined local service area and by providing offers with local calls, calls completed on a cellular line ("calling party pays," or CPP calls) and long distance minutes included in the monthly rent. Customers are charged a flat monthly fee for a variety of commercial offers and in certain offers, a per call fee for local calls ("measured service"), a per minute usage fee for CPP calls and value added services.

   ii. Long distance services. We generate revenues by providing long distance services (domestic and international) for our customers' completed calls from AXTEL lines.

   iii. Data & network. We generate revenues by providing data, Internet access and network services, like virtual private networks and private lines.

   iv. International traffic. We generate revenues terminating international traffic from foreign carriers.

   v. Other services. Include among others, activation fees, customer premises equipment (''CPE'') sales and revenues generated from integrated telecommunications services provided to corporate customers, financial institutions and government entities.

3) Cost of revenues include expenses related to the termination of our customers' cellular and long distance calls in other carriers' networks, as well as expenses related to billing, payment processing, operator services and our leasing of private circuit links.

4) Operating expenses include costs incurred in connection with general and administrative matters which incorporate compensation and benefits, the costs of leasing land related to our operations and costs associated with sales and marketing and the maintenance of our network.

5) Adjusted EBITDA is defined as net income plus interest, taxes, depreciation and amortization, and further adjusted for extraordinary or non-recurrent income and expenses. For additional detail on the Adjusted EBITDA Reconciliation, go to AXTEL's web site at www.axtel.com.mx

6) Earnings per CPO are calculated dividing the net income by the average number of Series A and Series B shares outstanding during the period divided by seven. The number of outstanding Series A and Series B shares was 96,636,627 and 8,672,716,596, respectively, as of June 30, 2012.

Other important information

7) Net Debt to Adjusted EBITDA: The figure comes from dividing the net debt, including cash and mark-to-market of derivative instruments, at the end of the period by the respective Adjusted EBITDA.

8) Revenue Generating Unit, or RGU, represents individual service subscriber who generates recurring revenue for the Company. Total RGUs include the sum of all lines in service and broadband service customers or subscribers

9) Breakdown of AXTEL's revenues including its major wholesale customer:

Sources of Revenues

Million Pesos	Q2 2012	Q2 2011	Q1 2012	LTM jun-12	LTM jun-11
Local	919	1,089	917	3,813	4,427
Long Distance	311	303	303	1,242	1,193
Data & Network	687	628	685	2,683	2,565
Int'l. Traffic	167	286	201	1,059	1,169
Other	604	387	396	1,876	1,418
	2,688	**2,693**	**2,503**	**10,672**	**10,771**

10) 802.16e WiMAX is a IP-based voice and data wireless technology designed to deliver voice and data solutions, under fixed, portable, nomadic and mobile environments, to residential and business customers.

11) Depreciation and amortization includes depreciation of all communications network and equipment and amortization of pre-operating expenses and cost of spectrum licenses, among others.

About AXTEL

AXTEL is a Mexican telecommunications company that provides local and long distance telephony, broadband Internet, data and built-to-suit communications solutions in 39 cities and long distance connectivity to business and residential customers in over 200 cities. AXTEL provides telecommunications services using a suite of technologies including FWA, WiMAX, copper, fiber optic, point to multipoint radios and traditional point to point microwave access, among others.

AXTELCPO trades on the Mexican Stock Exchange and is part of the IPC Index. AXTEL's American Depositary Shares are eligible for trading in The PORTAL Market, a subsidiary of the NASDAQ Stock Market, Inc.

Visit AXTEL's Investor Relations Center on www.axtel.com.mx

Axtel, S.A.B. de C.V. and Subsidiaries

Unaudited Consolidated Balance Sheet
June 30, 2012 and 2011 and March 31, 2012
(figures in Thousands of Mexican pesos)

ASSETS	June-2012	March-2012	June-2011
Current assets:			
Cash and equivalents	693,593	460,594	776,862
Restricted cash	149,643	64,978	129,306
Accounts receivable	2,486,110	2,191,240	2,051,950
Refundable taxes and other accounts receivable	291,927	267,708	257,547
Advances to suppliers	131,673	126,722	93,829
Inventories	124,394	136,658	152,666
Financial Instruments (Zero Strike Call)	90,546	130,350	196,893
Financial Instruments (others)	-	29,958	-
Total current assets	**3,967,886**	**3,408,208**	**3,659,053**
Non current assets			
Property, plant and equipment, net	14,934,705	15,199,464	15,519,273
Long-term accounts receivable	16,981	16,082	20,905
Intangible assets, net	244,838	254,919	285,163
Deferred income taxes	1,833,067	1,730,543	1,644,277
Investment in assoc. Cos. & other investments	9,651	9,649	45,952
Other assets	187,300	179,194	182,627
Total non current assets	**17,226,542**	**17,389,851**	**17,698,197**
TOTAL ASSETS	**21,194,428**	**20,798,059**	**21,357,250**
LIABILITIES			
Current liabilities			
Account payable & Accrued expenses	2,419,699	2,102,365	2,269,704
Accrued Interest	289,284	63,390	251,158
Short-term debt	-	-	266,418
Current portion of long-term debt	355,810	362,173	341,276
Taxes payable	156,882	71,321	101,685
Derivative Financial Instruments	32,362	136,696	226,651
Deferred Revenue	548,264	554,333	529,311
Other accounts payable	163,112	146,261	156,263
Total current liabilities	**3,965,413**	**3,436,539**	**4,142,466**
Long-term debt			
Long-term debt	11,567,479	10,905,403	9,206,641
Employee Benefits	24,231	23,083	22,163
Deferred revenue	33,900	33,900	33,900
Asset retirement obligation & other LT accounts	281,119	272,448	256,024
Total long-term debt	**11,906,729**	**11,234,834**	**9,518,728**
TOTAL LIABILITIES	**15,872,142**	**14,671,373**	**13,661,194**
STOCKHOLDERS EQUITY			
Capital stock	6,625,536	6,625,536	6,625,536
Additional paid-in capital	644,710	644,710	644,710
Reserve for repurchase of shares	162,334	162,334	162,334
Cumulative earnings (losses)	(2,087,978)	(1,110,457)	533,158
Change in the fair value of derivative instruments	(22,316)	(195,437)	(269,682)
TOTAL STOCKHOLDERS EQUITY	**5,322,286**	**6,126,686**	**7,696,056**
TOTAL LIABILITIES AND STOCKHOLDERS EQ	**21,194,428**	**20,798,059**	**21,357,250**

Axtel, S.A.B. de C.V. and Subsidiaries
Unaudited Consolidated Income Statement
Periods ended June 30, 2012 and 2011
(figures in Thousands of Mexican pesos)

	Second Quarter ended June 30			LTM ended June 30		
	2012	2011	D%	2012	2011	D%
Rental. Installation, service and other income	2,688,047	2,693,345	0%	10,672,129	10,770,910	-1%
Operating cost and expenses						
Cost of sales and services	(819,985)	(691,464)	19%	(2,793,722)	(2,963,394)	-6%
Selling and administrative expenses	(1,165,249)	(1,064,753)	9%	(4,606,570)	(4,424,034)	4%
Other income (expenses), net	(8,643)	(23,140)	-63%	(431,420)	89,639	n.a.
Depreciation and amortization	(756,809)	(780,187)	-3%	(3,044,418)	(3,111,649)	-2%
	(2,750,686)	(2,559,544)	7%	(10,876,130)	(10,409,438)	4%
Operating income (loss)	(62,639)	133,801	n.a.	(204,001)	361,472	n.a.
Comprehensive financing result:						
Interest expense	(273,109)	(250,744)	9%	(1,049,191)	(960,827)	9%
Interest income	4,844	4,462	9%	21,289	24,426	-13%
Foreign exchange gain (loss), net	(703,090)	111,094	n.a.	(1,432,515)	623,002	n.a.
Change in the fair value of derivative inst.	(92,736)	(14,584)	536%	(161,814)	(45,772)	254%
Comprehensive financing result, net	(1,064,091)	(149,772)	610%	(2,622,231)	(359,171)	630%
Income (loss) before income taxes, and equity in results of assoc. Cos.	(1,126,730)	(15,971)	6955%	(2,826,232)	2,301	n.a.
Income tax	-	-		-	-	-
Deferred income tax	133,647	1,068	12414%	304,459	(115,457)	n.a.
IETU	(27,512)	(9,949)	177%	(90,130)	(62,307)	45%
Deferred IETU	43,073	3,721	1058%	(9,135)	110,451	n.a.
Total income tax	149,208	(5,160)	n.a.	205,194	(67,313)	n.a.
Equity in results of associated company	1	(60)	n.a.	(98)	(59)	66%
Net Income (Loss)	(977,521)	(21,191)	4513%	(2,621,136)	(65,071)	3928%

Axtel, S.A.B. de C.V. and Subsidiaries

International financial reporting standards Adjusted EBITDA Reconciliation
(Figures in Thousands of Mexican pesos)

		Second Quarter ended June 30				LTM ended June 30		
		2012	2011	D%		2012	2011	D%
Net Income (Loss)	Ps.$	(977,521)	(21,191)	4513%	Ps.$	(2,621,136)	(65,071)	3928%
Other income (expense), Net		(8,643)	(23,140)	-63%		(431,420)	89,639	n.a.
Depreciation and Amortization		(756,809)	(780,187)	-3%		(3,044,418)	(3,111,649)	-2%
Interest Expense, Net		(268,265)	(246,282)	9%		(1,027,902)	(936,401)	10%
Total Income Tax		149,208	(5,160)	-2992%		205,194	(67,313)	n.a.
EBITDA		(93,012)	1,033,578	-109%		1,677,410	3,960,653	-58%
FX Gain (Loss), Net		(703,090)	111,094	n.a.		(1,432,515)	623,002	n.a.
Change in the fair value of derivative instruments		(92,736)	(14,584)	536%		(161,814)	(45,772)	254%
Equity in results of an associate company		1	(60)	n.a.		(98)	(59)	66%
Adjusted EBITDA	Ps.$	702,813	937,128	-25%	Ps.$	3,271,837	3,383,482	-3%