

**San Pedro Garza Garcia, Mexico, October 26, 2010** - Axtel, S.A.B. de C.V. ("AXTEL" or "the Company"), a leading Mexican fixed-line integrated telecommunications company, announced today its unaudited third quarter results ended September 30, 2010<sup>(1)</sup>.

Million Pesos	Q3	Q3	3Q10/3Q09	Q2	LTM	
	2010	2009	Δ%	2010	Sep-10	Sep-09 <sup>(1)</sup>
Revenues <sup>(2)</sup>	2,700	2,732	-1%	2,762	10,625	11,205
Costs <sup>(3)</sup>	741	712	4%	749	2,910	3,136
Operating Expenses <sup>(4)</sup>	1,124	1,051	7%	1,093	4,374	3,901
Adjusted EBITDA <sup>(5)</sup>	834	969	-14%	920	3,342	4,033
Adj. EBITDA Margin	30.9%	35.5%	-456 bps	33.3%	31.5%	36.0%
Net (loss) Income	-19	-57	n.a.	-220	-97	-789
Earnings per CPO <sup>(6)</sup>	-0.01	-0.05	n.a.	-0.18	-0.08	-0.63
Capital Expenditures	1,000	616	62%	852	3,358	2,868
Net Debt / Adj EBITDA <sup>(7)</sup>					2.7x	2.1x

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AXTEL



## Highlights:

- ❖ In the third quarter, AXTEL increased RGUs by 61 thousand, including 44 thousand broadband subscribers. For the nine-month period, AXTEL has generated 169 thousand RGUs, including 106 thousand broadband subs. Revenues related to mass-market Internet services increased 59% during the quarter.
- ❖ In September, AXTEL launched the "AXTEL X-tremo" marketing campaign, the first "fiber-to-the-home" broadband service in Mexico with bandwidth offers of up to 100 megabits per second available in certain areas of Monterrey, Mexico and Guadalajara. AXTEL expects to have service in 100 areas with approximately 400 square kilometers of coverage by year-end.
- ❖ On the regulatory front, a recent resolution from authorities on fixed-to-mobile termination rates provides further support to AXTEL's case and enhances competitive conditions within the industry.

## Sources of Revenues

Million Pesos	3Q/3Q09			LTM		
	Q3 2010	Q3 2009	Δ%	Q2 2010	Sep-10	Sep-09
Local	969	998	-3%	982	3,881	3,922
Long Distance	294	290	1%	277	1,113	1,183
Data & Network	612	583	5%	613	2,422	2,496
Int'l. Traffic	315	368	-14%	323	1,224	1,311
Other	358	293	22%	383	1,352	1,376
Largest Wh. Cust	150	199	-24%	184	634	918
	<b>2,700</b>	<b>2,732</b>	<b>-1%</b>	<b>2,762</b>	<b>10,625</b>	<b>11,205</b>

**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. 969 million in the third quarter of 2010, compared to Ps. 998 million for same period in 2009, representing a decrease of Ps. 28 million, or -3%. This is explained by Ps. 13, Ps. 5 and Ps. 11 million decreases in monthly rents and value-added services, measured services and cellular revenues, respectively, reflecting adoption of our price competitive packages introduced in the first quarter of this year and as well as a change in the mix of traffic between residential and business customers. The reduction in voice revenues is being compensated by a significant increase in mass-market internet revenues of Ps. 35 million. For the twelve month period ended September 30, 2010, local revenues totaled Ps. 3,881 million, compared to Ps. 3,922 million registered in the same period in 2009, a Ps. 41 million, or 1%, reduction. Revenues coming from monthly rents and value-added services represented 69% of local revenues during the three-month period ended September 30, 2010.

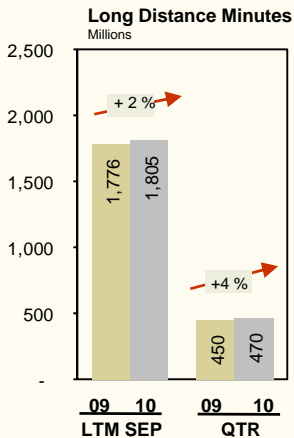
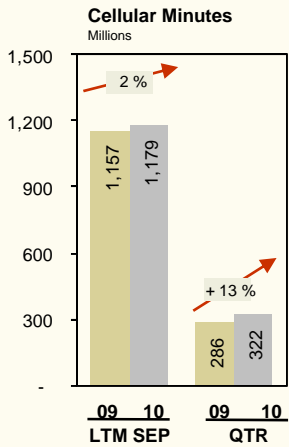
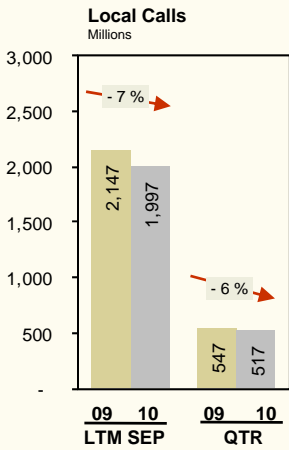
**Long distance services.** Revenues totaled Ps. 294 million in the third quarter of 2010, compared to Ps. 290 million for same period in 2009, representing an increase of Ps. 4 million, or 1%. This is explained by more traffic from selected business customers during the third quarter of 2010. Bill traffic volume increased 2% while revenues per minute declined 3% year-over-year. For the twelve month period ended September 30, 2010, long distance revenues totaled Ps. 1,113 million compared to Ps. 1,183 million registered in the same period in 2009, a Ps. 70 million, or -6%, reduction.

**Data & Network.** Data and network revenues amounted to Ps. 612 million in the third quarter of 2010, compared to Ps. 583 million in the same period in 2009, an increase of Ps. 29 million. Mass-market, or, "on-demand" internet services revenues increased Ps. 35 million year-over-year while dedicated internet and VPN services to business customers declined Ps. 6 million, or 1%, during the same period. Dedicated Internet and VPNs represented 84% of data & network revenues during the quarter. For the twelve month period ended September 30, 2010, data and network services revenues totaled Ps. 2,422 million from Ps. 2,496 million registered in the same period in 2009, a decrease of Ps. 74 million.

**International traffic.** In the third quarter of 2010, international traffic revenues totaled Ps. 315 million, a decrease of Ps. 53 million or -14% versus same quarter of previous year explained by a 7% decline in traffic and a 7% price decrease caused by both, a change in the on-net vs. off-net traffic mix and lower off-net traffic prices. For the twelve month period ended September 30, 2010, revenues decreased -7% compared to the same period in 2009 explained by a 1% increase in traffic negatively affected by a change in the mix of on- and off-net traffic and lower off-net traffic prices.

**Other services.** Quarterly revenue from other services increased Ps. 65 million, or 22%, mostly explained by a Ps. 21 million increase in revenues from integrated services contracts and Ps. 29 million increase in revenues from equipment sales. For the twelve month period ended September 30, 2010, other services revenues totaled Ps. 1,352 million from Ps. 1,376 million registered in the same period in 2009, a decrease of a Ps. 23 million.

## Consumption



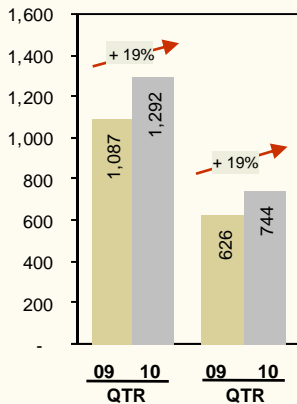
**Local Calls.** Local calls excluding our largest wholesale customer totaled 483 million in the third quarter of 2010, compared to 447 million for same period in 2009, representing an increase of 36 million, or 8%. The volume increase is explained by the 10% growth in the average number of lines in service, while reduced traffic in the aftermath of Hurricane Alex in July and the extended independence celebration holiday in September reduced the ratio of local calls per line in the third quarter of 2010 compared to the same period in 2009. For the twelve month period ended September 30, 2010, local calls totaled 1,790 million excluding our largest wholesale customer, compared to 1,702 million registered in the same period in 2009, an increase of 89 million calls, or 5%.

**Cellular (“Calling Party Pays”).** Minutes of use of calls completed to a cellular line excluding our largest wholesale customer amounted to 167 million in the three-month period ended September 30, 2010, compared to 148 million in the same period in 2009, an increase of 13% equivalent to 19 million minutes due to further penetration of commercial offers including cellular minutes for an additional monthly payment and by more competitive prices vis-à-vis competitors sustained by lower termination tariffs. For the twelve month period ended September 30, 2010 and excluding our largest wholesale customer, cellular minutes increase 68 million, or 12%, from 556 million registered in the twelve-month period ended September 30, 2009, to 624 million in the same period in 2010.

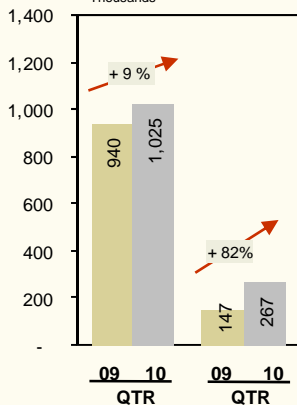
**Long distance.** Excluding our largest wholesale customer which represents less than 3% of total volume, outgoing long distance minutes amounted to 458 million for the three-month period ended September 30, 2010 from 437 million in the same period in 2009, a 5% or 21 million minute increase, resulting from increased traffic of existing business customers. Domestic long distance minutes represented 95% of total traffic during the quarter. For the twelve month period ended September 30, 2010 and excluding our largest wholesale customer, outgoing long distance minutes amounted 1,755 million, compared to 1,737 million registered in the same period in 2009, an increase of 18 million of minutes, or 1%, explained by the existing business customers increased traffic and further penetration of mass-market offers including national and international long distance minutes within a monthly rent.

## Operating Data

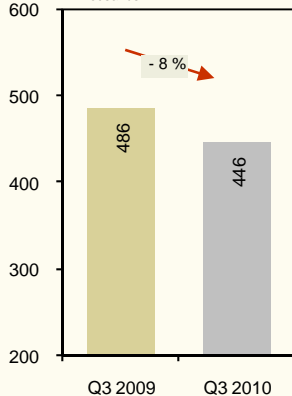
**RGUs & Customers**  
Thousands



**Voice & Broadband RGUs**  
Thousands



**Line Equivalents**  
Thousands



**RGUs and Customers.** As of September 30, 2010, RGUs (Revenue Generating Units) totaled 1,292 thousand, an increase of 19% or 205 thousand from the same date in 2009. During the third quarter of 2010, net additional RGUs totaled 61 thousand, compared to 50 thousand in the third quarter of 2009. As of September 30, 2010, total customers totaled 744 thousand, an increase of 19% or 118 thousand from the same date in 2009. Net customer additions totaled 17 thousand for the quarter. At the end of the third quarter 2010, WiMAX customers reached 321 thousand, compared to 131 thousand a year ago.

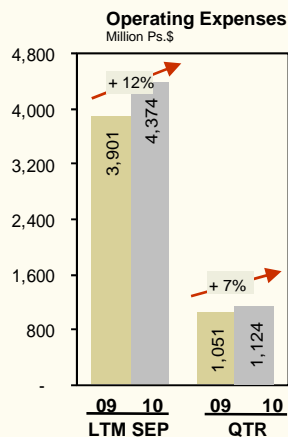
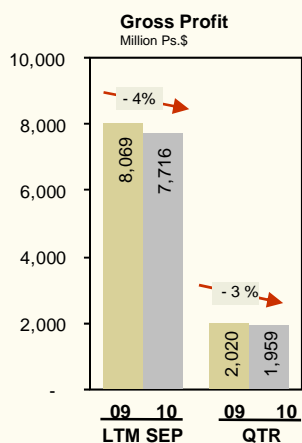
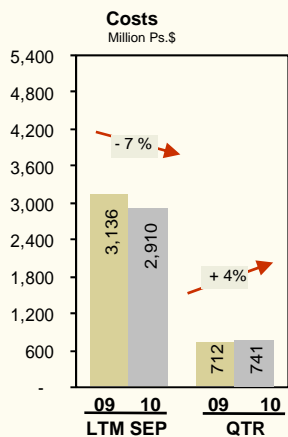
**Voice RGUs (lines in service).** As of September 30, 2010, lines in service totaled 1,025 thousand, an increase of 9% or 85 thousand from the same date in 2009. During the third quarter of 2010, gross additional lines totaled 86 thousand compared to 89 thousand in the third quarter of 2009. Disconnections in the third quarter of 2010 totaled 69 thousand, compared to 62 thousand in the year-earlier quarter. Net adds totaled 16 thousand for the third quarter of 2010, compared to 26 thousand net adds in the same period of 2009. As of September 30, 2010, residential lines represented 68% of total lines in service.

**Broadband RGUs (broadband subscribers).** Broadband subscribers increased 82%, totaling 267 thousand as of September 30, 2010. During the third quarter of 2010, broadband subscribers increased 44 thousand compared to 24 thousand in the same period of 2009. Continuation of positive response from customers to AXTEL's broadband products, our marketing campaign, competitive commercial offers and the reliability of our WiMAX platform contributed to record strong broadband additions in the third quarter. The increase in broadband subscribers comes from new customers as well as up-selling existing subscribers from non-data or dial-up service to broadband access solutions. Broadband penetration reached 26% at the end of the third quarter of 2010, compared to 16% a year ago.

**Internet subscribers.** As of September 30, 2010, Internet subscribers totaled 279 thousand, including 12 thousand dial-up subscribers. As of September 30, 2009, Internet subscribers represented 160 thousand, including 13 thousand dial-up subs.

**Line equivalents (E0 equivalents).** We offer from 64 kilobytes per second ("kpbs") 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 September 30, 2010, line equivalents totaled 446 thousand, a decrease of 40 thousand from 486 thousand registered on the same date in 2009.

## Cost of Revenues and Operating Expenses

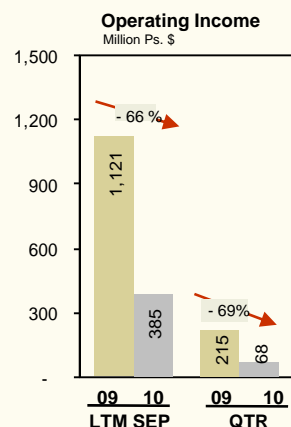
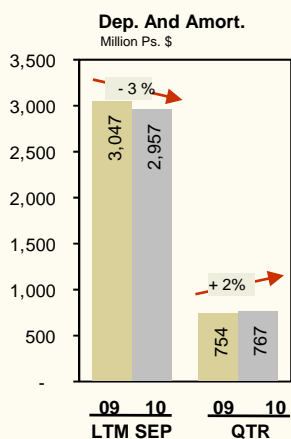
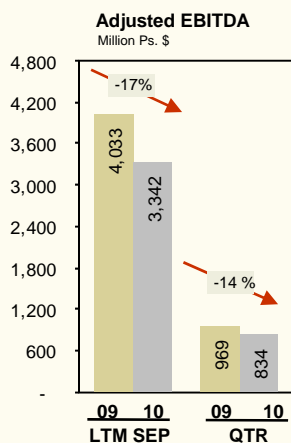


**Cost of Revenues.** For the three-month period ended September 30, 2010, the cost of revenues represented Ps. 741 million, an increase of Ps. 29 million, compared with the same period of year 2009, mostly due to an Ps. 18 million increase in fixed-to-mobile termination costs —traffic increased 13%— and direct costs associated to equipment sales and integrated services contracts, compensated with lower leasing costs on transport and access links. For the twelve month period ended September 30, 2010, cost of revenues reached Ps. 2,910 million, a reduction of Ps. 226 million in comparison with the same period in year 2009 due primarily to Ps. 292 million and Ps. 97 million reductions in long-distance termination and leased links costs, respectively.

**Gross Profit.** Gross profit is defined as revenues minus cost of revenues. For the third quarter of 2010, the gross profit accounted for Ps. 1,959 million, a decrease of Ps. 61 million compared with the same period in year 2009. The gross profit margin decrease from 73.9% to 72.5% year-over-year, mostly due to reduced business from our largest wholesale customer and pressured margins on the international traffic segment. For the twelve month period ended September 30, 2010, our gross profit totaled Ps. 7,716 million, compared to Ps. 8,069 million recorded in the same period of year 2009, a decrease of Ps. 354 million or -4%.

**Operating expenses.** For the third quarter of year 2010, operating expenses totaled Ps. 1,124 million compared to Ps. 1,051 million for the same period in year 2009. The main reasons for this increase are a 4% inflation adjustment to wages and salaries implemented in July 2010, larger marketing expenses which are supporting mostly our mass-market commercial efforts and a Ps. 39 million increase in maintenance and utilities expenses in the third quarter 2010 compared to same period in 2009. For the twelve month period ended September 30, 2010, operating expenses totaled Ps. 4,374 million, coming from Ps. 3,901 million in the same period in 2009. Personnel represented 46% of total operating expenses in the twelve month period ended September 30, 2010.

## Adjusted EBITDA, D&A and Operating Income



**Adjusted EBITDA<sup>(5)</sup>.** The Adjusted EBITDA totaled Ps. 834 million for the three-month period ended September 30, 2010, compared to Ps. 969 million for the same period in 2009. As a percentage of total revenues, Adjusted EBITDA represented 30.9% of revenues in the third quarter of 2010, 456 bps lower than the margin recorded in the year-earlier quarter. For the twelve-month period ended September 30, 2010, Adjusted EBITDA amounted to Ps. 3,342 million, compared to Ps. 4,033 million in the same period in year 2009.

**Depreciation and Amortization<sup>(10)</sup>.** Depreciation and amortization totaled Ps. 767 million in the three-month period ending on September 30, 2010 compared to Ps. 754 million for the same period in year 2009, a increase of Ps. 13 million or 2% reflecting 17% higher capital expenditures made in the twelve-month period ended September 30, 2010 compared to investments made in the same period in year 2009. Depreciation and amortization for the twelve-month period ended September 30, 2010 reached Ps. 2,957 million, from Ps. 3,047 million in the same period in year 2009, a decrease of Ps. 90 million, or -3%.

**Operating Income (loss).** In the three-month period ended September 30, 2010, the Company recorded an operating income of Ps. 68 million compared to an operating income of Ps. 215 million registered in the same period in year 2009. For the twelve month period ended September 30, 2010 our operating income reached Ps. 385 million when compared to the result registered in the same period of year 2009 of Ps. 1,121 million, a decline of Ps. 736 million.

## CFR, Indebtedness and Cash

### Comprehensive Financial Result

Million Pesos	3Q/3Q09			LTM		LTM
	Q3 2010	Q3 2009	Δ%	Q2 2010	Q3 2010	Q3 2009
Net interest expense	(241)	(289)	-17%	(246)	(906)	(851)
FX gain (loss), net	119	(186)	n.a.	(144)	600	(1,581)
Ch. in FV of fin. Instruments	(13)	204	n.a.	(34)	(55)	219
<b>Total</b>	<b>(135)</b>	<b>(270)</b>	<b>-50%</b>	<b>(423)</b>	<b>(361)</b>	<b>(2,213)</b>

**Comprehensive financial result.** Net interest expense for the third quarter 2010 decreased 17% compared to 2009 explained by the US\$300 million issuance of the 2019 Senior Notes and partial prepayments of the 2012 Term Loan and 2013 Senior Notes. The Ps. 119 million FX gain recorded in the third quarter 2010 is explained by the 1% peso appreciation against the U.S. dollar compared to a 2% depreciation recorded in the third quarter of 2009 that generated the Ps. 186 million FX loss. Variations in the change in fair value of financial instruments are partially explained by a 3% decrease and 41% increase in the price of AXTELCPO in the third-quarter 2010 and 2009, respectively, affecting the valuation of the zero-strike-calls. The reduced comprehensive financial loss for the twelve month period ended September 30, 2010, compared to 2009, is mostly explained by the 7% Mexican peso appreciation in the 2010 period, compared to a 25% depreciation for the twelve month period ending September 30, 2009.

### Total Debt as of the end of each period

Million Pesos	Q3 2010	Q3 2009	Q2 2010
2012 Term Loan	-	1,383	-
2013 Senior Notes	-	459	-
2017 Senior Notes	3,438	3,714	3,481
2019 Senior Notes	6,126	4,051	6,202
Other financing and lease obligations	761	1,063	806
Other S-T Financings	-	-	-
Notes Premium	56	4	58
Change in Fair Value of Synd. Loan	-	58	-
<b>Total Debt</b>	<b>10,380</b>	<b>10,731</b>	<b>10,546</b>
(-) Mark-to-market Derivative Instruments	31	337	133
(-) Cash and cash equivalents	1,182	1,932	1,153
<b>Net Debt</b>	<b>9,167</b>	<b>8,462</b>	<b>9,260</b>

**Debt.** The decrease in total debt is mostly explained by (i) Ps. 2,375 million from the 2019 Senior Notes, (ii) Ps. (1,842) million prepayment of 2012 Term Loan and 2013 Senior Notes, (iii) Ps. 255 million in amortizations in financing and lease obligations and (iv) by the non-cash effect of the Mexican peso appreciation against the US dollar affecting favorably the valuation of our debt denominated in foreign-currency.

**Cash.** As of the end of the third quarter of 2010, our cash and equivalents balance totaled Ps. 1,182 million, compared to Ps. 1,932 million a year ago. Fifty one percent of the cash balance is maintained in dollars, the rest in pesos.

## Investments and Derivative Instruments

**Capital Investments.** In the third-quarter of 2010, capital investments totaled Ps. 1,000 million, compared to Ps. 616 million in the year-earlier quarter. Accumulated for the twelve-month period ended September 30, 2010, capital investments totaled Ps. 3,358.3 million, compared to Ps. 2,868 million in the same period in year 2009. Access represented close to 60% of this figure.

**Other Investments.** During the third quarter 2010, the Company acquired 1.3 million fully-funded “zero-strike-calls” (ZSC), settlement in cash, with a strike price of 1 cent, at an average option premium of \$7.45 pesos. As of September 30, 2010, 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 September 30, 2010.

	AXTEL receives	AXTEL pays	Other
<b>Full Cross-Currency Swap (MXN/US\$)</b>			
Notional	US\$17.6 million	Ps. 194.7 million	
Interest	Libor + 150 bps quarterly	TIIE + 135 bps monthly	
Principal payments	US\$17.6 million in 5 equal quarterly installments of US\$2.5 million and a last payment of US\$5 million	Ps. 194.7 million in 5 equal quarterly installments of Ps. 27.8 million and a last payment of Ps. 55.6 million	
Expiration Date			Feb. 2012
Estimated Fair Value			Ps. 26.3 million
<b>Interest-Only Cross-Currency Swap (MXN/US\$)</b>			
Notional	US\$275 million	Ps. 3,039 million	
Interest	7.63% semi-annual	8.54% semi-annual	
Principal payments	n.a.	n.a.	
Expiration Date			Feb. 2012
Estimated Fair Value			Ps. 11.9 million
<b>Interest-Only Cross-Currency Swap (MXN/US\$)</b>			
Notional	US\$490 million	Ps. 6,321 million	
Interest	9.0% semi-annual	9.44% semi-annual (avg.)	
Principal payments	n.a.	n.a.	
Expiration Date			Sept. 2014
Estimated Fair Value			Ps. (7.4) million
<b>Zero-strike Equity Call Option</b>			
Notional			30.4 million AXTELCPO
Value	30.4 million AXTELCPO times CPO price	Strike price: ¢1 per CPO	
Settlement			In cash
Expiration Date			January 2011
Valuation			Ps. 226.4 million



### ***Other important information***

- 1) Figures in this release are presented 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 Internet access included in the monthly rent. Customers are charged a flat monthly fee for basic service, a per call fee for local calls (“measured service”), a per minute usage fee for calls completed on a cellular line (“calling party pays,” or CPP calls) and value added services. The Company also provide customers with commercial offers including limited or unlimited local calls, minutes of CPP calls, minutes of long distance, value added services and Internet access for a flat monthly rent.
  - 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 unusual or non-recurring items. For additional detail on the Adjusted EBITDA Reconciliation, go to AXTEL’s web site at [www.axtel.com.mx](http://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 September 30, 2010.
- 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.

## Other important information

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

### Sources of Revenues

Million Pesos	Q3 2010	Q3 2009	Q2 2010	LTM	LTM
				Sep-10	Sep-09
Local	1,112	1,181	1,156	4,470	4,777
Long Distance	298	297	280	1,130	1,203
Data & Network	614	585	615	2,430	2,505
Int'l. Traffic	315	368	323	1,224	1,311
Other	361	300	389	1,372	1,409
	<b>2,700</b>	<b>2,732</b>	<b>2,762</b>	<b>10,625</b>	<b>11,205</b>

- 10) 802.16e WiMAX is a new 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](http://www.axtel.com.mx)

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

Unaudited Consolidated Balance Sheet

September 30, 2010 and 2009

(figures in Thousands of Mexican pesos)

<b>ASSETS</b>	<b>Sep-10</b>	<b>Sep-09</b>
<b>Current assets:</b>		
Cash and equivalents	1,182,271	1,932,092
Accounts receivable	2,695,986	2,150,235
Refundable taxes and other accounts receivable	207,831	214,216
Prepaid Expenses	43,073	26,496
Inventories	160,280	172,461
Financial Instruments	362,440	599,072
<b>Total current assets</b>	<b>4,651,881</b>	<b>5,094,572</b>
<b>Non current assets</b>		
Property, plant and equipment, net	15,597,574	15,052,211
Long-term accounts receivable	16,849	19,349
Telephone concession rights	532,194	599,645
Intangible Assets	28,015	78,368
Deferred income tax	1,236,508	1,204,283
Deferred IETU	99,705	54,264
Deferred employee's profit sharing	11,551	16,520
Investment in shares of associated company	41,560	15,974
Other assets	349,380	351,830
<b>Total non current assets</b>	<b>17,913,336</b>	<b>17,392,444</b>
<b>TOTAL ASSETS</b>	<b>22,565,217</b>	<b>22,487,016</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Account payable & Accrued expenses	2,931,957	2,272,879
Accrued Interest	60,112	75,703
Short-term debt	-	-
Current portion of long-term debt	424,508	812,910
Taxes payable	115,493	89,642
Financial Instruments	105,237	-
Deferred Revenue	516,072	500,863
Other accounts payable	445,760	476,252
<b>Total current liabilities</b>	<b>4,599,139</b>	<b>4,228,249</b>
<b>Long-term debt</b>		
Long-term debt	9,955,867	9,918,141
Severance, seniority premiums and other post-retirement benefits	65,946	73,904
Deferred revenue	43,576	101,630
Other long-term liabilities	16,963	13,676
<b>Total long-term debt</b>	<b>10,082,352</b>	<b>10,107,351</b>
<b>TOTAL LIABILITIES</b>	<b>14,681,491</b>	<b>14,335,600</b>
<b>STOCKHOLDERS EQUITY</b>		
Capital stock	7,562,075	7,562,075
Additional paid-in capital	741,671	741,671
Reserve for repurchase of shares	162,334	162,334
Cumulative earnings (losses)	(467,198)	(370,449)
Change in the fair value of derivative instruments	(115,156)	55,785
<b>TOTAL STOCKHOLDERS EQUITY</b>	<b>7,883,726</b>	<b>8,151,416</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>22,565,217</b>	<b>22,487,016</b>

**Axtel, S.A.B. de C.V. and Subsidiaries**  
 Unaudited Consolidated Income Statement  
 Periods ended September 30, 2010 and 2009  
 (figures in Thousands of Mexican pesos)

	Third Quarter ended September 30			LTM ended September 30		
	2010	2009	Δ%	2010	2009	Δ%
Total Revenues	Ps.\$ 2,699,680	2,731,811	-1.2%	Ps.\$ 10,625,210	11,204,930	-5.2%
Operating cost and expenses						
Cost of sales and services	(741,077)	(711,814)	4.1%	(2,909,518)	(3,135,611)	-7.2%
Selling and administrative expenses	(1,124,129)	(1,051,090)	6.9%	(4,373,804)	(3,901,447)	12.1%
Depreciation and amortization	(766,902)	(753,945)	1.7%	(2,956,868)	(3,047,018)	-3.0%
Total Operating Costs and Expenses	(2,632,108)	(2,516,849)	4.6%	(10,240,190)	(10,084,076)	1.5%
Operating income (loss)	67,572	214,962	-68.6%	385,020	1,120,854	-65.6%
Comprehensive financing result:						
Interest expense	(246,636)	(293,033)	-15.8%	(928,557)	(893,639)	3.9%
Interest income	5,923	4,166	42.2%	22,190	42,375	-47.6%
Net interest income (expense)	(240,713)	(288,867)	-16.7%	(906,367)	(851,264)	6.5%
Foreign exchange gain (loss), net	118,614	(185,552)	N/A	600,035	(1,580,791)	N/A
Change in the fair value of derivative instruments	(12,817)	204,057	N/A	(54,849)	218,863	N/A
Comprehensive financing result, net	(134,916)	(270,362)	-50.1%	(361,181)	(2,213,192)	-83.7%
Employee's profit sharing	(1,275)	(2,729)	-53.3%	(6,341)	(6,608)	-4.0%
Deferred employees' profit sharing	(315)	3,253	N/A	(4,969)	6,462	N/A
Other income (expenses), net	(5,888)	(15,498)	-62.0%	(38,819)	(29,344)	32.3%
Other income (expenses), net	(7,478)	(14,974)	-50.1%	(50,129)	(29,490)	70.0%
Income (loss) before income taxes, and equity in results of associated company	(74,822)	(70,374)	N/A	(26,290)	(1,121,828)	N/A
Income Tax	(1,565)	(5,486)	-71.5%	(7,501)	(6,767)	N/A
Deferred income tax	58,028	35,067	65.5%	(38,823)	343,088	N/A
IETU	(24,891)	(6,384)	289.9%	(63,415)	(57,230)	10.8%
Deferred IETU	24,510	(10,097)	N/A	45,442	54,264	-16.3%
Total income tax and employees' profit sharing	56,082	13,100	328.1%	(64,297)	333,355	N/A
Equity in results of an associate company	4	(14)	N/A	(6,162)	(585)	N/A
Net Income (Loss)	Ps.\$ (18,736)	(57,288)	-67.3%	Ps.\$ (96,749)	(789,058)	-87.7%