

San Pedro Garza Garcia, Mexico, October 27, 2011 - 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, 2011<sup>(1)</sup>.

Million Pesos	Q3	Q3	3Q11/3Q10	Q2	LTM	
	2011	2010	D%	2011	Sep-11	Sep-10 <sup>(1)</sup>
Revenues <sup>(2)</sup>	2,713	2,700	0%	2,693	10,784	10,625
Costs <sup>(3)</sup>	671	741	-9%	691	2,893	2,910
Operating Expenses <sup>(4)</sup>	1,123	1,124	0%	1,066	4,423	4,374
Adjusted EBITDA <sup>(5)</sup>	919	834	10%	935	3,468	3,342
Adj. EBITDA Margin	33.9%	30.9%	+297 bps	34.7%	32.2%	31.5%
Net (loss) Income	-1,021	-19	n.a.	-28	-1,067	-97
Earnings per CPO <sup>(6)</sup>	-0.82	-0.01	n.a.	-0.02	-0.85	-0.08
Capital Expenditures	498	1,000	-50%	511	2,575	3,358
Net Debt / Adj EBITDA <sup>(7)</sup>					3.0x	2.7x

Investor Relations:

Adrian de los Santos  
IR@axtel.com.mx  
+52(81) 8114-1260

Media Relations:

Julio Salinas  
contacto@axtel.com.mx  
+52(81) 8114-1144

**Highlights:**

- ✓ AXTEL broadband subscribers' base continued to grow at attractive and higher than market rates, with net additions of 31 thousand in the third quarter, or 8% higher than the previous quarter. The number of AXTEL X-tremo or FTTH customers also continued growing, now representing 8% of the 407 thousand total broadband subscribers' base.
- ✓ International traffic revenues reported a relevant 24% increase compared to the previous quarter. This resulted from the Company's ability to now terminate long-distance fixed-to-mobile traffic directly through mobile carriers in accordance with the June 2011 agreements signed with such operators.
- ✓ During the quarter, the Company's EBITDA increased 10% compared to the same quarter a year earlier. This also represented an EBITDA margin increase of almost 300 basis points, reaching a level of 33.9% in this quarter. This improvement occurred despite the phasing-out of the contract with a large wholesale customer. Excluding this negative effect, EBITDA would have increased 14% year-over-year.



## Sources of Revenues

Million Pesos	3Q/3Q10				LTM	LTM
	Q3 2011	Q3 2010	D%	Q2 2011	sep-11	sep-10
Local	950	969	-2%	954	3,847	3,881
Long Distance	284	294	-3%	296	1,161	1,113
Data & Network	639	612	4%	626	2,585	2,422
Int'l. Traffic	355	315	13%	286	1,209	1,224
Other	381	358	6%	381	1,426	1,352
Largest Wholesale Cust	103	150	-31%	150	557	634
	<b>2,713</b>	<b>2,700</b>	<b>0%</b>	<b>2,693</b>	<b>10,784</b>	<b>10,625</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. 950 million in the third quarter of 2011, compared to Ps. 969 million for same period in 2010, representing a decrease of Ps. 19 million or 2%, explained by Ps. 25 and Ps. 24 million decreases in measured services and cellular revenues, respectively, compensated by a Ps. 29 million increase in monthly rents, which include free local calls and fixed-to-mobile (cellular) minutes modules. The 11% decline in cellular revenue is explained by a 13% decrease in billed-traffic compensated by a 2% increase in billed-traffic prices in the third quarter 2011 compared to the same period in 2010. Revenues coming from monthly rents represented 73% of local revenues during the three-month period ended September 30, 2011. For the twelve month period ended September 30, 2011, local revenues totaled Ps. 3,847 million, compared to Ps. 3,881 million registered in the same period in 2010, a marginal decrease of Ps. 34 million or 1%.

**Long distance services.** Revenues totaled Ps. 284 million in the third quarter of 2011, compared to Ps. 294 million for same period in 2010, representing a decrease of Ps. 10 million, explained by a 4% decrease in billed-traffic prices partially compensated by a 1% increase in billed-traffic volume from business customers. For the full-year 2011, long distance revenues totaled Ps. 1,161 million compared to Ps. 1,113 million registered in 2010, a Ps. 48 million, or 4%, increase.

**Data & Network.** Data and network revenues amounted to Ps. 639 million in the third quarter of 2011, compared to Ps. 612 million in the same period in 2010, an increase of Ps. 27 million or 4%, driven by mass-market, or, "on-demand" internet services revenues that increased 48% year-over-year while the combination of dedicated internet and private lines revenues declined 3%. Dedicated Internet and private lines represented 79% of data & network revenues during the quarter. During 2011, data and network services revenues totaled Ps. 2,585 million from Ps. 2,422 million registered in 2010, an increase of Ps. 163 million, or 7%.

**International traffic.** In the third quarter of 2011, international traffic revenues totaled Ps. 355 million, a increase of Ps. 40 million or 13% versus same quarter of previous year, explained by a 4% decline in traffic compensated by a price increase due to better pricing mix, including a higher proportion of long-distance fixed-to-mobile traffic. The latter is explained by the June 2011 agreement signed with mobile carriers which allows the direct termination of this traffic at competitive interconnection rates. For the twelve month period ended September 30, 2011, revenues from International traffic totaled Ps. 1,209 million from Ps. 1,224 million, a decrease of 1% compared to the same period in 2010, partially explained by lower prices and less favorable exchange rates prevailing in the twelve month period ended September 30, 2011 vis-à-vis the same period in 2010.

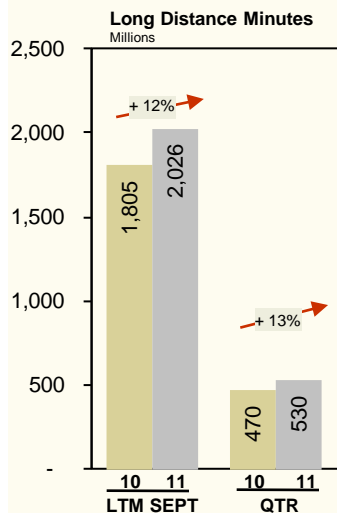
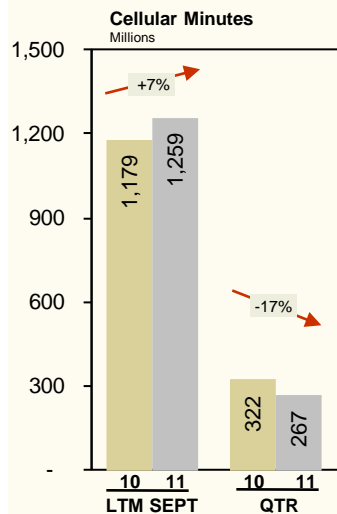
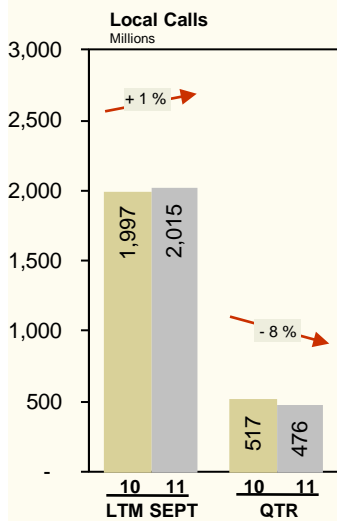
**Other services.** Quarterly revenues from other services totaled Ps. 381 million in the third quarter of 2011, from Ps. 358 million in the same quarter of previous year, an increase of Ps. 23 million or 6%, explained by an increase in revenues from integrated services contracts and a decrease in revenues from interconnection and other services. For the twelve month period ended September 30, 2011, revenues totaled Ps. 1,426 million from Ps. 1,352 million registered in 2010, an increase of Ps. 74 million, or 5%.

## Consumption

**Local Calls.** Local calls excluding our largest wholesale customer totaled 456 million calls in the third quarter of 2011, compared to 483 million calls for same period in 2010, representing a decrease of Ps. 27 million calls, or 6%. Billed local calls decreased 26 million or 21%, while local calls included in commercial offers remained unchanged. Business and residential customers contributed with 21 and 5 million calls to this decline, respectively. Local calls included in commercial offers represented 79% of total calls in the third quarter of 2011. For the twelve month period ended September 30, 2011, local calls totaled 1,895 million excluding our largest wholesale customer, compared to 1,790 million registered in the same period in 2010, an increase of 105 million calls, or 6%.

**Cellular (“Calling Party Pays”).** Minutes of use of calls completed to a cellular line excluding our largest wholesale customer amounted to 156 million in the three-month period ended September 30, 2011, compared to 167 million in the same period in 2010, a decrease of 7% equivalent to 11 million minutes. Billed cellular minutes decreased 18 million or 13%, while minutes in modules included in a monthly rent increased 7 million minutes or 23%. Billed cellular minutes represented 75% of cellular minutes in the third quarter of 2011. For the year 2011 and excluding our largest wholesale customer, cellular minutes increased 10 million, or 2%, from 624 million registered in the twelve-month period ended September 30, 2010, to 634 million in 2011.

**Long distance.** Excluding our largest wholesale customer, which represents 11% of total volume, outgoing long distance minutes amounted to 471 million for the three-month period ended September 30, 2011, from 458 million in the same period in 2010, a 3% or 13 million minute increase, resulting from 2% and 5% increases in traffic from business and residential customers, respectively. Billed long distance minutes increased 2 million during the third quarter of 2011 compared to the same period in 2010. Domestic long distance minutes represented 95% of total traffic during the quarter. For the twelve month period ended September 30, 2011 and excluding our largest wholesale customer, outgoing long distance minutes amounted 1,897 million, compared to 1,755 million registered in 2010, an increase of 142 million of minutes, or 8%, explained by increased traffic from business customers and further penetration of mass-market offers including national and international long distance minutes within a monthly rent.



## Operating Data

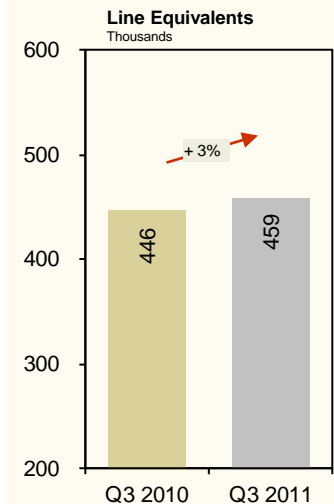
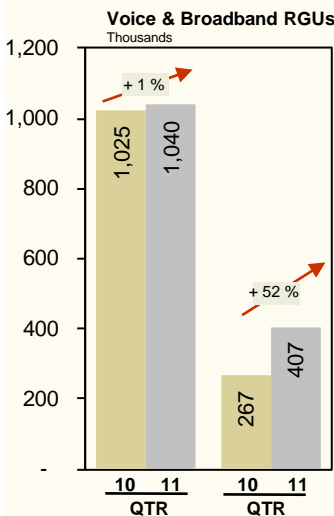
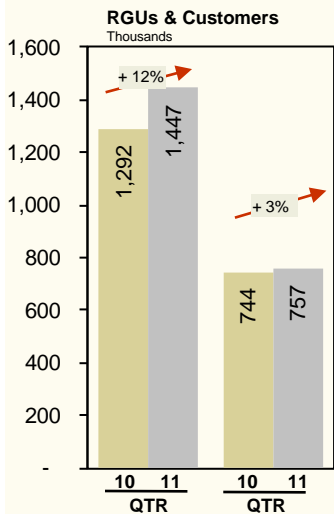
**RGUs and Customers.** As of September 30, 2011, RGUs (Revenue Generating Units) totaled 1,447 thousand, an increase of 12% or 155 thousand from the same date in 2010. During the third quarter of 2011, net additional RGUs totaled 30 thousand, compared to 61 thousand in the third quarter of 2010, attributable to lower contributions from both voice and broadband RGUs. As of September 30, 2011, total customers totaled 757 thousand, an increase of 2% or 13 thousand from the same date in 2010. Customer additions declined 1 thousand in the quarter.

**Voice RGUs (lines in service).** As of September 30, 2011, lines in service totaled 1,040 thousand, an increase of 1% or 15 thousand from the same date in 2010. During the third quarter of 2011, gross additional lines totaled 76 thousand compared to 86 thousand in the third quarter of 2010. Disconnections in the third quarter of 2011 totaled 75 thousand compared to 69 thousand in the year-earlier quarter. Voice-only customers in low-ARPU offers represented the majority of disconnections during the quarter. Net-adds in the third quarter of 2011 resulted unchanged, compared to 16 thousand net-adds in the same period of 2010. As of September 30, 2011, residential lines represented 69% of total lines in service.

**Broadband RGUs (broadband subscribers).** Broadband subscribers increased 52% year-over-year totaling 407 thousand subs as of September 30, 2011. During the third quarter of 2011, broadband subscribers increased 31 thousand compared to 44 thousand in the same period of 2010. Continued positive response from customers to AXTEL's "Acceso Universal" and "AXTEL X-tremo" services, our marketing efforts, competitive commercial offers and the reliability of our network contributed to increase the number of broadband subs in the third quarter. Broadband penetration reached 39% at the end of the third quarter of 2011, compared to 26% a year ago. As of the end of September 2011, WiMAX broadband subs reached 353 thousand, compared to 231 thousand a year ago, while AXTEL X-tremo, or FTTH, customers totaled 32 thousand.

**Internet subscribers.** As of September 30, 2011, Internet subscribers totaled 415 thousand, including 8 thousand dial-up subscribers. As of September 30, 2010, Internet subscribers represented 279 thousand, including 12 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 September 30, 2011, line equivalents totaled 459 thousand.

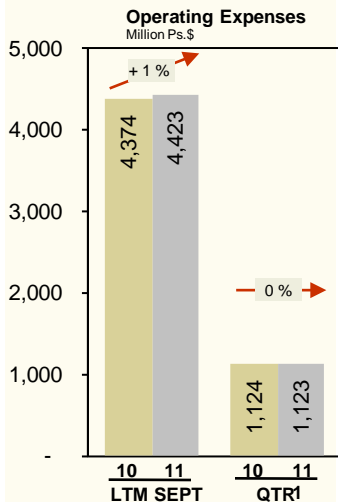
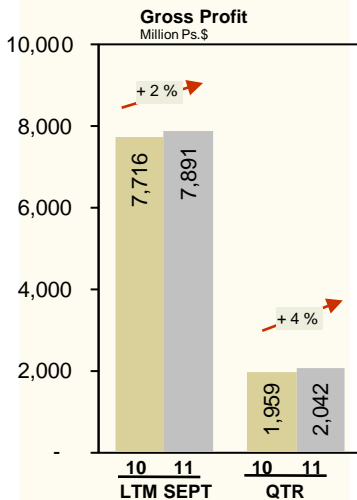
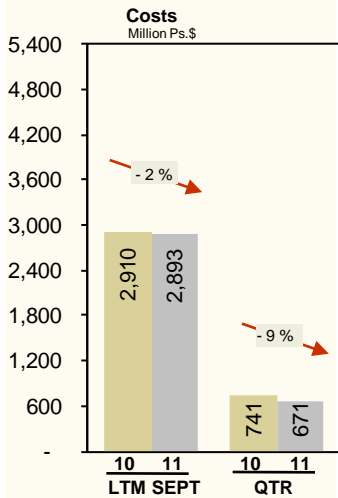


## Cost of Revenues and Operating Expenses

**Cost of Revenues.** For the three-month period ended September 30, 2011, the cost of revenues represented Ps. 671 million, a decrease of Ps. 70 million, compared with the same period of year 2010, mainly explained by a (i) decrease in long-distance termination rates resulting from Cofetel June's resolution, (ii) lower fixed-to mobile costs due to a decrease of 17% in traffic volume — mostly linked to the phasing-out of the largest wholesale customer— and (iii) a 13% lower international traffic costs resulting from a 4% lower volume and 7.6 % lower peso-dollar exchange rate. For the twelve month period ended September 30, 2011, cost of revenues reached Ps. 2,894 million, a decrease of Ps. 16 million in comparison with year 2010, mainly due to a decrease in equal access and not equal access international traffic, and domestic long distance calls costs.

**Gross Profit.** Gross profit is defined as revenues minus cost of revenues. For the third quarter of 2011, the gross profit accounted for Ps. 2,042 million, an increase of Ps. 83 million compared with the same period in year 2010. The gross profit margin increased from 72.5% to 75.2% year-over-year, influenced by: (i) the reduction in long-distance termination rates established by Cofetel and (ii) a higher margin mix of international traffic, due to a larger proportion of fixed-to-mobile long distance traffic resulting from the agreement signed with the mobile carriers in June 2011—this allows AXTEL to directly terminate this traffic at competitive interconnection rates. For the twelve month period ended September 30, 2011, our gross profit totaled Ps. 7,891 million, compared to Ps. 7,716 million recorded in year 2010, an increase of Ps. 175 million.

**Operating expenses.** In the third quarter of year 2011, operating expenses totaled Ps. 1,123 million, 1 million lower than the Ps. 1,124 million recorded in the same period in year 2010. This is explained by reductions in advertising and personnel expenses and increases in maintenance and sales commissions related to a larger network infrastructure and commercial initiatives in the mass market segment. For the twelve month period ended September 30, 2011, operating expenses totaled Ps. 4,423 million, coming from Ps. 4,374 million in the same period in 2010. Personnel represented 45% of total operating expenses in the twelve month period ended September 30, 2011.

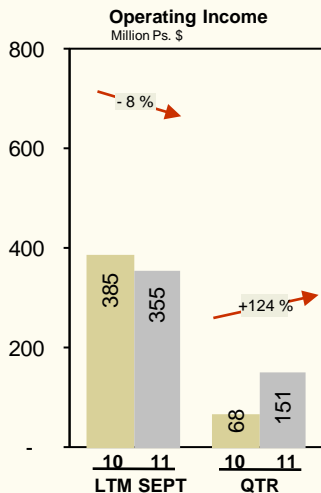
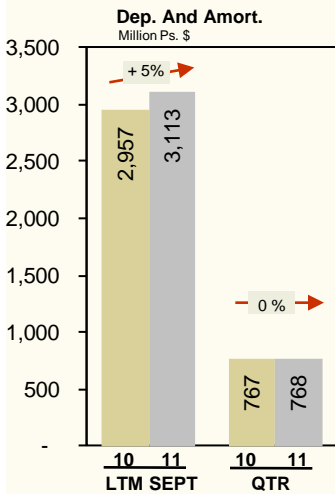
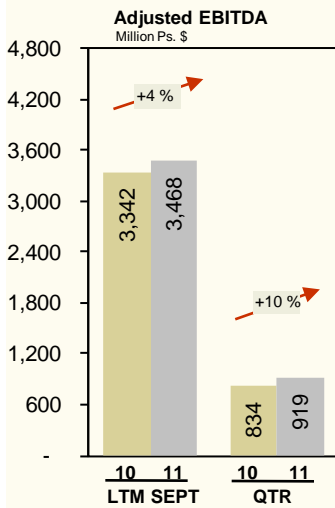


## Adjusted EBITDA, D&A and Operating Income

**Adjusted EBITDA<sup>(5)</sup>.** The Adjusted EBITDA totaled Ps. 919 million for the three-month period ended September 30, 2011, compared to Ps. 835 million for the same period in 2010. As a percentage of total revenues, Adjusted EBITDA represented 33.9% in the third quarter of 2011, 297 bps higher than the margin recorded in the year-earlier quarter. For the twelve-month period ended September 30, 2011, Adjusted EBITDA amounted to Ps. 3,468 million, compared to Ps. 3,342 million in year 2010.

**Depreciation and Amortization<sup>(10)</sup>.** Depreciation and amortization totaled Ps. 768 million in the three-month period ending on September 30, 2011 compared to Ps. 767 million for the same period in year 2010. Depreciation and amortization for the twelve-month period ended September 30, 2011 reached Ps. 3,113 million, from Ps. 2,957 million in the same period in year 2010, an increase of Ps. 156 million, or 5%.

**Operating Income (loss).** In the three-month period ended September 30, 2011, the Company recorded an operating income of Ps. 151 million compared to an operating income of Ps. 68 million registered in the same period in year 2010. For the twelve month period ended September 30, 2011 our operating income reached Ps. 356 million when compared to the result registered in the same period of year 2010 of Ps. 385 million, a decline of Ps. 29 million.



## CFR, Indebtedness and Cash

### Comprehensive Financial Result

Million Pesos	3Q/3Q10			LTM		LTM
	Q3 2011	Q3 2010	D%	Q2 2011	Q3 2011	Q3 2010
Net interest expense	(242)	(241)	1%	(240)	(938)	(906)
FX gain (loss), net	(1,148)	119	-1068%	106	(643)	600
Ch. in FV of fin. Instruments	(43)	(13)	238%	(15)	(76)	(55)
<b>Total</b>	<b>(1,433)</b>	<b>(135)</b>	<b>962%</b>	<b>(148)</b>	<b>(1,658)</b>	<b>(361)</b>

**Comprehensive financial result.** Net interest expense for the third quarter 2011 increased Ps. 1 million vis-à-vis third quarter 2010. During the third quarter 2011, a 12% peso depreciation against the U.S. dollar generated a Ps. 1,148 million FX loss, compared to a FX gain of Ps. 119 million recorded in the third quarter of 2010. Although not registered in the *Comprehensive Financial Result* account, this FX loss was partially offset by a Ps. 409 million positive variation under financial instruments in the balance sheet related to the hedge positions held through *cross-currency-swaps* instruments. The mark-to-market value of these positions increased from a Ps. 245 million negative value in the second quarter of 2011 to a Ps. 164 million positive valuation in the third quarter of 2011 (see table below). Concerning variations in the fair value of financial instruments, these are partially explained by 22% and 3% declines in the price of AXTELCPO during the third quarters of 2011 and 2010, respectively, which affected the valuation of AXTEL's position held in its own stock through the zero-strike-calls instruments. The Ps. 1,658 million comprehensive financial loss for year ended in September 2011, compared to a Ps. 361 million comprehensive financial loss for year ended in September 2010, is mainly explained by a 7% depreciation of the Mexican peso against the U.S. dollar in the 2011 period, compared to a 8% appreciation in the 2010 period.

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

Million Pesos	Q3 2011	Q3 2010	Q2 2011
2017 Senior Notes	3,691	3,438	3,256
2019 Senior Notes	6,577	6,126	5,801
Other financing obligations	365	419	287
Financial Leases	152	342	210
Committed Bank Facilities	341	-	341
Notes Premium	50	56	51
<b>Total Debt</b>	<b>11,176</b>	<b>10,380</b>	<b>9,947</b>
(-) Mark-to-market Derivative Instruments	164	31	(245)
(-) Cash and cash equivalents	643	1,182	906
<b>Net Debt</b>	<b>10,368</b>	<b>9,167</b>	<b>9,285</b>

**Debt.** During the third quarter of 2011, total debt increased Ps. 796 million in comparison with the same quarter of 2010, explained by an increase of \$253 million in the 2017 Senior Notes and \$451 million in the 2019 Senior Notes caused by the 12% depreciation of the Mexican peso. During the third quarter of 2011, new debt totaled Ps. 30 million while debt reductions summed Ps. 35 million.

**Cash.** As of the end of the third quarter of 2011, our cash and equivalents balance totaled Ps. 644 million (equivalent to US\$ 48 million), compared to Ps. 1,182 million a year ago. Sixty-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 2011, capital investments totaled Ps. 488 million, or US\$36 million, compared to Ps. 1,000 million, or US\$75 million, in the year-earlier quarter. Accumulated capital investments totaled Ps. 1,724 million for the first three quarters of 2011, equivalent to US\$ 143 million considering the prevailing exchange rate at the time the investments were incurred. Accumulated for the twelve-month period ended September 30, 2011, capital investments totaled Ps. 2,600 million, compared to Ps. 2,974 million in year 2010. Access represented close to 60% of this figure.

**Other Investments.** As of September 30, 2011, 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, 2011.

	AXTEL receives	AXTEL pays	Other
<b>Interest-Only Cross-Currency Swap (MXN/US\$)</b>			
Notional	US\$275 million	Ps. 3,039 million	
Interest	7.63% semi-annual	8.43% semi-annual	
Principal payments	n.a.	n.a.	
Dates			Feb. 2010 - Feb. 2012
Estimated Fair Value			Ps. 17.6 million
<b>Interest-Only Cross-Currency Swap (MXN/US\$)</b>			
Notional	US\$275 million	Ps. 3,408 million	
Interest	7.63% semi-annual	8.27% semi-annual	
Principal payments	n.a.	n.a.	
Expiration Date			Aug. 2012 - Aug. 2014
Estimated Fair Value			Ps. 55.8 million
<b>Interest-Only Cross-Currency Swap (MXN/US\$)</b>			
Notional	US\$490 million	Ps. 6,321 million	
Interest	9.0% semi-annual	9.60% semi-annual (avg.)	
Principal payments	n.a.	n.a.	
Expiration Date			Sept. 2014
Estimated Fair Value			Ps. 91.1 million
<b>Zero-strike Equity Call Option</b>			
Notional			30.4 million AXTELCPO
Value	30.4 million AXTELCPO times CPO's market price	Strike price: ¢1 per CPO	
Settlement			In cash
Expiration Date			February 2012
Valuation			Ps. 153.8 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 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 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, 2011.
- 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 2011	Q3 2010	Q2 2011	LTM sep-11	LTM sep-10
Local	1,024	1,112	1,089	4,339	4,470
Long Distance	306	298	303	1,201	1,130
Data & Network	642	614	628	2,593	2,430
Int'l. Traffic	355	315	286	1,209	1,224
Other	386	361	387	1,443	1,372
	<b>2,713</b>	<b>2,700</b>	<b>2,693</b>	<b>10,784</b>	<b>10,625</b>

- 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](http://www.axtel.com.mx)

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

Unaudited Consolidated Balance Sheet

September 30, 2011 and 2010

(figures in Thousands of Mexican pesos)

<b>ASSETS</b>	<u>sep-11</u>	<u>sep-10</u>
<b>Current assets:</b>		
Cash and equivalents	643,451	1,182,271
Accounts receivable	2,242,526	2,270,949
Refundable taxes and other accounts receivable	336,251	478,434
Prepaid Expenses	131,294	43,073
Inventories	134,054	160,280
Financial Instruments	332,175	362,440
<b>Total current assets</b>	<u>3,819,751</u>	<u>4,497,447</u>
<b>Non current assets</b>		
Property, plant and equipment, net	15,209,176	15,597,574
Long-term accounts receivable	19,895	16,849
Telephone concession rights	464,743	532,194
Intangible Assets	20,182	28,015
Deferred income tax	1,293,526	1,236,508
Deferred IETU	219,790	99,705
Deferred employee's profit sharing	15,991	11,551
Investment in shares of associated company	46,687	41,560
Other assets	313,209	349,380
<b>Total non current assets</b>	<u>17,603,199</u>	<u>17,913,336</u>
<b>TOTAL ASSETS</b>	<u>21,422,950</u>	<u>22,410,783</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Account payable & Accrued expenses	2,277,275	2,777,523
Accrued Interest	65,933	60,112
Short-term debt	341,276	-
Current portion of long-term debt	249,988	424,508
Taxes payable	134,940	115,493
Financial Instruments	13,953	105,237
Deferred Revenue	527,198	516,072
Other accounts payable	181,236	445,760
<b>Total current liabilities</b>	<u>3,791,799</u>	<u>4,444,705</u>
<b>Long-term debt</b>		
Long-term debt	10,584,419	9,955,867
Severance, seniority premiums and other post-retirement benefits	85,825	65,946
Deferred revenue	33,900	43,576
Other long-term liabilities	13,847	16,963
<b>Total long-term debt</b>	<u>10,717,991</u>	<u>10,082,352</u>
<b>TOTAL LIABILITIES</b>	<u>14,509,790</u>	<u>14,527,057</u>
<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)	(1,534,599)	(467,198)
Change in the fair value of derivative instruments	(18,321)	(115,156)
<b>TOTAL STOCKHOLDERS EQUITY</b>	<u>6,913,160</u>	<u>7,883,726</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<u>21,422,950</u>	<u>22,410,783</u>

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

Unaudited Consolidated Income Statement  
 Periods ended September 30, 2011 and 2010  
 (figures in Thousands of Mexican pesos)

	Third Quarter ended September 30			LTM ended September 30		
	2011	2010	D%	2011	2010	D%
Total Revenues	Ps.\$ 2,713,156	2,699,680	0.5%	Ps.\$ 10,784,385	10,625,210	1.5%
Operating cost and expenses						
Cost of sales and services	(671,161)	(741,077)	-9.4%	(2,893,478)	(2,909,518)	-0.6%
Selling and administrative expenses	(1,122,687)	(1,124,129)	-0.1%	(4,422,592)	(4,373,804)	1.1%
Depreciation and amortization	(768,109)	(766,902)	0.2%	(3,112,857)	(2,956,868)	5.3%
Total Operating Costs and Expenses	(2,561,957)	(2,632,108)	-2.7%	(10,428,927)	(10,240,190)	1.8%
Operating income (loss)	151,199	67,572	123.8%	355,458	385,020	-7.7%
Comprehensive financing result:						
Interest expense	(262,701)	(246,636)	6.5%	(976,892)	(928,557)	5.2%
Interest income	20,474	5,923	245.7%	38,977	22,190	75.7%
Net interest income (expense)	(242,227)	(240,713)	0.6%	(937,915)	(906,367)	3.5%
Foreign exchange gain (loss), net	(1,147,752)	118,614	N/A	(643,362)	600,035	N/A
Change in the fair value of derivative instruments	(43,284)	(12,817)	237.7%	(76,239)	(54,849)	39.0%
Comprehensive financing result, net	(1,433,263)	(134,916)	962.3%	(1,657,516)	(361,181)	358.9%
Employee's profit sharing	(1,629)	(1,275)	27.8%	(6,833)	(6,341)	7.8%
Deferred employees' profit sharing	(440)	(315)	39.7%	4,440	(4,969)	N/A
Other income (expenses), net	(29,443)	(5,888)	400.1%	67,997	(38,819)	N/A
Other income (expenses), net	(31,512)	(7,478)	321.4%	65,604	(50,129)	N/A
Income (loss) before income taxes, and equity in results of associated company	(1,313,576)	(74,822)	1655.6%	(1,236,454)	(26,290)	N/A
Income Tax	(1,848)	(1,565)	18.1%	(8,179)	(7,501)	9.0%
Deferred income tax	272,004	58,028	368.7%	98,519	(38,823)	N/A
IETU	(11,789)	(24,891)	-52.6%	(41,309)	(63,415)	-34.9%
Deferred IETU	34,143	24,510	39.3%	120,084	45,442	164.3%
Total income tax and employees' profit sharing	292,510	56,082	421.6%	169,115	(64,297)	N/A
Equity in results of an associate company	-	4	-100.0%	(62)	(6,162)	-99.0%
Net Income (Loss)	Ps.\$ (1,021,066)	(18,736)	5349.8%	Ps.\$ (1,067,401)	(96,749)	1003.3%