

San Pedro Garza Garcia, Mexico, October 25, 2012 - 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, 2012⁽¹⁾.

Million Pesos	Q3	Q3	3Q12/3Q11	Q2	LTM	
	2012	2011	D%	2012	Sept-12	Sept-11 ⁽¹⁾
Revenues ⁽²⁾	2,581	2,713	-5%	2,688	10,540	10,784
Costs ⁽³⁾	741	671	10%	820	2,863	2,893
Operating Expenses ⁽⁴⁾	1,136	1,123	1%	1,165	4,620	4,423
Adjusted EBITDA ⁽⁵⁾	705	919	-23%	703	3,057	3,468
Adj. EBITDA Margin	27.3%	33.9%	-659 bps	26.1%	29.0%	32.2%
Net (loss) Income	363	-1,081	n.a.	-978	-1,177	-1,067
Earnings per CPO ⁽⁶⁾	0.29	-0.86	n.a.	-0.78	-0.94	-0.85
Capital Expenditures	493	498	-1%	476	2,260	2,575
Net Debt / Adj EBITDA ⁽⁷⁾					3.5x	3.0x

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Highlights:

- ✓ During the quarter, AXTEL's core businesses continued to report revenue growth trends. Mass market grew 6% supported by the fiber-to-the-home initiative. Enterprise segment revenues increased 9% despite delays in certain contracts with federal government entities.
- ✓ EBITDA margin in the third quarter reached 27.3%, a 115 bps increase compared to 2Q12, reflecting improved gross margins in core segments and productivity initiatives, which resulted in a reduction of operating expenses.
- ✓ The International traffic segment continued to unfavorably impact third quarter results. However, the relevance of this business has significantly declined, and now represents only 1% of the Company's total gross margin, compared to 9% in third quarter 2011. Therefore, this business's decline, as well as the phase-out of one of AXTEL's major wholesale customer contract, should not be material going forward.



Sources of Revenues

Million Pesos	3Q/3Q11				LTM	LTM
	Q3 2012	Q3 2011	D%	Q2 2012	sep-12	sep-11
Local	900	950	-5%	915	3,657	3,847
Long Distance	282	284	-1%	275	1,108	1,161
Data & Network	704	639	10%	685	2,738	2,585
Int'l. Traffic	141	355	-60%	167	845	1,209
Other	506	381	33%	595	1,974	1,426
Mayor Wholesale Cust.	48	103	-53%	51	218	557
	2,581	2,713	-5%	2,688	10,540	10,784

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

Local services. Local service revenues totaled Ps. 900 million in the third quarter of 2012, compared to Ps. 950 million for same period in 2011, representing a decrease of Ps. 50 million, explained by Ps. 6 million, Ps. 14 million and Ps. 30 million decreases in monthly rents, measured services and cellular revenues, respectively. The 20% decrease in measured services revenues is explained by 2% and 18% decreases in billed-traffic volume and prices respectively. The 16% decrease in cellular revenue is explained by a 21% decrease in price resulting from a market trend linked to lower interconnection tariffs. This price effect was partially compensated by a 7% increase in cellular billed-traffic volume. Revenues coming from monthly rents represented 76% of local revenues during the three-month period ended September 30, 2012. For the twelve month period ended September 30, 2012, local revenues totaled Ps. 3,657 million, compared to Ps. 3,847 million registered in the same period in 2011, a decrease of Ps. 190 million or 5% mostly explained by Ps. 126 million and Ps. 62 million declines in cellular and measured-service revenues.

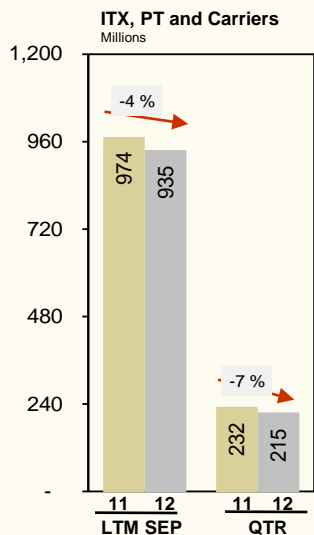
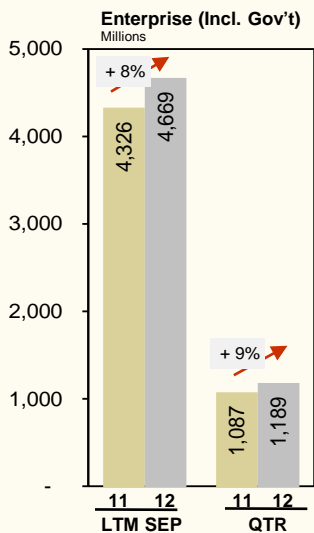
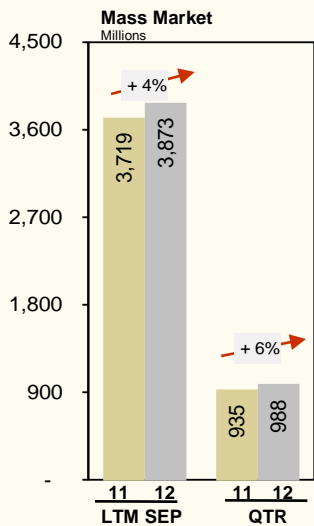
Long distance services. Revenues totaled Ps. 282 million in the third quarter of 2012, compared to Ps. 284 million for same period in 2011, representing a decrease of Ps. 2 million, or 1%, explained by a 12% decrease in billed-traffic prices, offset by a 13% increase in volume. For the twelve month period ended September 30, 2012, long distance revenues totaled Ps. 1,108 million compared to Ps. 1,161 million registered in 2011, a Ps. 53 million, or 5%, decline.

Data & Network. Data and network revenues amounted to Ps. 704 million in the third quarter of 2012, compared to Ps. 639 million in the same period in 2011, a Ps. 65 million increase driven by mass-market internet services revenues, which increased 46% year-over-year, and a 4% increase in dedicated internet; on the other hand, private lines revenues declined 9%. Mass-market internet and dedicated internet, represented 29% and 49% of data & network revenues during the quarter, respectively. During the twelve month period ended September 30, 2012, data and network services revenues totaled Ps. 2,738 million from Ps. 2,585 million registered in 2011, an increase of Ps. 153 million, or 6%.

International traffic. In the third quarter of 2012, international traffic revenues totaled Ps. 141 million, a decrease of Ps. 214 million or 60% versus same quarter of previous year, explained by a 47% decline in prices and a 24% reduction in volume. In peso terms, the decline was partially mitigated by a 7% depreciation of the Mexican peso vis-à-vis the US dollar. For the twelve month period ended September 30, 2012, revenues from International traffic totaled Ps. 845 million from Ps. 1,209 million, a decline of 30% compared to the same period in 2011 explained by a 15% decline in volume and 18% decline in prices.

Other services. Quarterly revenues from other services totaled Ps. 506 million in the third quarter of 2012, from Ps. 381 million in the same quarter of previous year, an increase of Ps. 125 million or 33%, mostly explained by 111 million increases in equipment sales. For the twelve month period ended September 30, 2012, revenues totaled Ps. 1,974 million from Ps. 1,426 million registered in 2011, an increase of Ps. 548 million, or 38%.

Revenues by Segment *



Mass Market. Revenues totaled Ps. 988 million in the third quarter of 2012, compared to Ps. 935 million for the same quarter in 2011, an increase of 6%. This was mainly due to a 44% increase in data, a 6% increase in long distance and a 19% increase in other revenues. On the other hand, local revenues for this segment declined 25 million or 4%. For the twelve month period ended September 30, 2012, revenues totaled Ps. 3,873 million, an increase of 4% compared to the same period in 2011, mostly explained by a 49% increase in data revenues.

Enterprise (including Government). Revenues for this segment amounted to Ps. 1,189 million in the three-month period ended September 30, 2012, an increase of 9% versus the same period in 2011. This is explained by an increase of Ps. 16 million or 9% in long distance revenues and Ps. 100 million or 35% in integrated services and equipment sales, slightly offset by a Ps. 15 million or 6% decline in local revenues. For the twelve month period ended September 30, 2012, revenues increased 8%, from Ps. 4,326 million registered in the twelve-month period ended September 30, 2011, to Ps 4,669 million in 2012, due to an increase of 564 million or 58% in integrated services and equipment sales, partially offset by a decline in local, long distance and data revenues of 8%, 7% and 6%, respectively.

Interconnection, Public Telephony and Carriers. Revenues for this segment declined 7%, from Ps. 232 million in the third quarter 2011 to Ps. 215 million in 2012, due to a decrease in local and long distance revenues, which declined Ps. 10 million and Ps. 22 million respectively and partially offset by an increase in data and other revenues. For the twelve-month period ended September 30, 2012 revenues reached Ps. 935 million, a decline of 4% compared to the same period in 2011, primarily explained by a 35% decrease in local revenues.

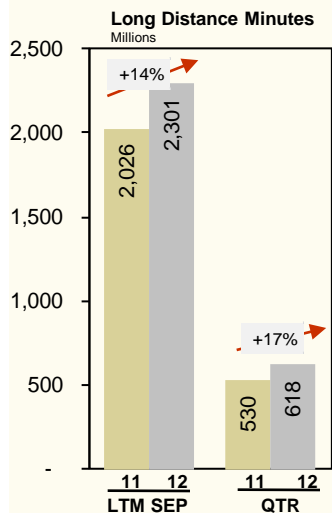
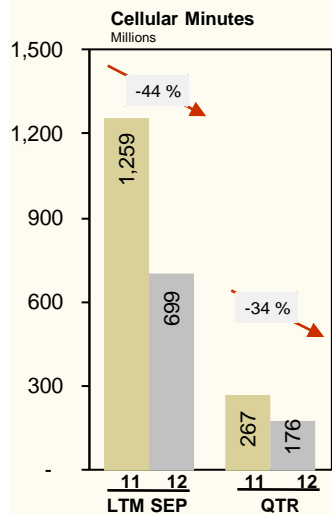
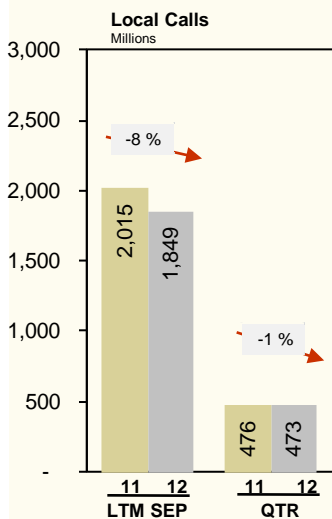
(*) Excludes International Traffic and Major Wholesale Customer

Consumption

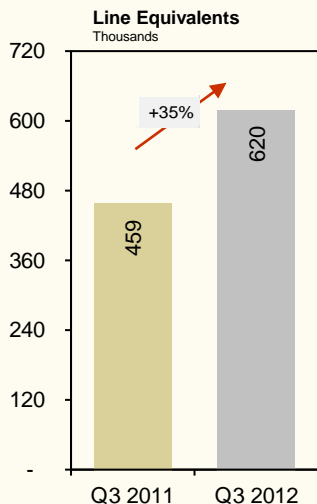
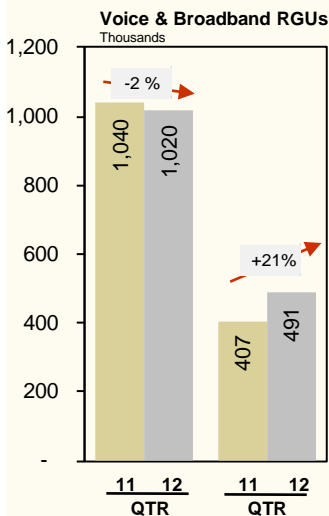
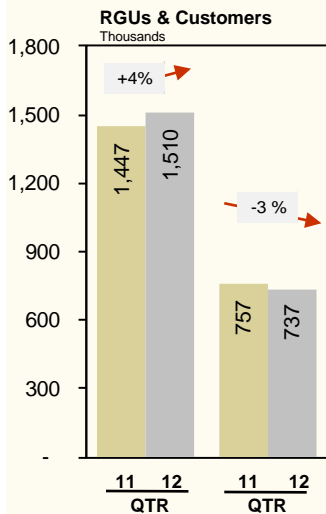
Local Calls. Local calls excluding our major wholesale customer totaled 466 million in the third quarter of 2012, compared to 456 million for same period in 2011, representing an increase of 10 million, or 2%. Billed local calls decreased 2 million or 2%; while local calls included in commercial offers increased by 13 million or 4%, mainly due to an increase in calls from the business sector. Local calls included in commercial offers represented 80% of total calls in the third quarter of 2012. For the twelve month period ended September 30, 2012, local calls totaled 1,802 million excluding our major wholesale customer, compared to 1,895 million registered in the same period in 2011, a decline of 93 million calls, or 5%.

Cellular (“Calling Party Pays”). Minutes of use of calls completed to a cellular line excluding our major wholesale customer amounted to 173 million in the three-month period ended September 30, 2012, compared to 156 million in the same period in 2011, an increase of 11% equivalent to 17 million minutes. Billed cellular minutes increased 8 million or 7%, while minutes in modules included in a monthly rent increased 9 million minutes or 24%. Billed cellular minutes represented 72% of cellular minutes in the third quarter of 2012, compared to 75% in the year-earlier quarter. For the twelve month period ended September 30, 2012 and excluding our major wholesale customer, cellular minutes increased 21 million, or 3%, from 634 million registered in the twelve-month period ended September 30, 2011, to 655 million in 2012.

Long distance. Excluding our major wholesale customer, which represents 14% of total volume, outgoing long distance minutes amounted to 529 million for the three-month period ended September 30, 2012, from 472 million in the same period in 2011, a 12% increase. This, resulting from a 4% and 14% increase in traffic from residential and business customers, respectively. Billed long distance minutes during the third quarter of 2012 increased 13% compared to the same period in 2011 mainly due to an increase in calls from enterprise customers. Domestic long distance minutes represented 95% of total traffic during the quarter. For the twelve month period ended September 30, 2012 and excluding our major wholesale customer, outgoing long distance minutes amounted 1,955 million, compared to 1,897 million registered in 2011, an increase of 58 million of minutes, or 3%, explained by increased traffic from residential and enterprise 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 September 30, 2012, RGUs (Revenue Generating Units) totaled 1,510 thousand, an increase of 4% or 64 thousand versus the same date in 2011. During the third quarter of 2012, RGU net-disconnections totaled 7 thousand, compared to 31 thousand net-additions in the third quarter of 2011, attributable to a greater number of disconnections from voice RGUs. As of September 30, 2012, customers totaled 737 thousand, a decline of 20 thousand from the same date in 2011. Total customers declined 19 thousand on a sequential basis.

Voice RGUs (lines in service). As of September 30, 2012, lines in service totaled 1,020 thousand, a 20 thousand reduction from the same date in 2011. During the third quarter of 2012, gross additional lines totaled 59 thousand compared to 75 thousand in the third quarter of 2011. Disconnections for both the third quarter of 2012 and 2011 totaled 75 thousand each. Voice-only customers in low-ARPU offers represented the majority of disconnections during the quarter. Lines-in-service during the third quarter of 2012 decreased 16 thousand, compared to no change in the same period of 2011. As of September 30, 2012, residential lines represented 67% of total lines in service.

Broadband RGUs (broadband subscribers). Broadband subscribers increased 21% year-over-year totaling 491 thousand subs as of September 30, 2012. During the third quarter of 2012, broadband subscribers increased 9 thousand compared to 31 thousand in the same period of 2011. As of September 30, 2012, WiMAX broadband subs reached 383 thousand, compared to 353 thousand a year ago, while AXTEL X-tremo, or FTTH customers, totaled 91 thousand. The slower pace in broadband additions is explained by the fact that no material investments have been made in WiMAX technology recently and that its capacity utilization is growing as bandwidth consumption per customer continues increasing. Broadband penetration reached 48% at the end of the third quarter of 2012, compared to 39% a year ago.

Internet subscribers. As of September 30, 2012, Internet subscribers totaled 498 thousand, including 7 thousand dial-up subscribers. As of September 30, 2011, Internet subscribers represented 415 thousand, including 8 thousand dial-up subs.

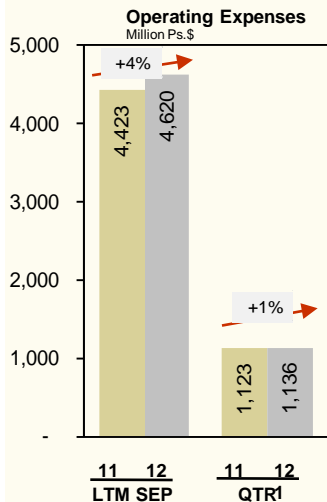
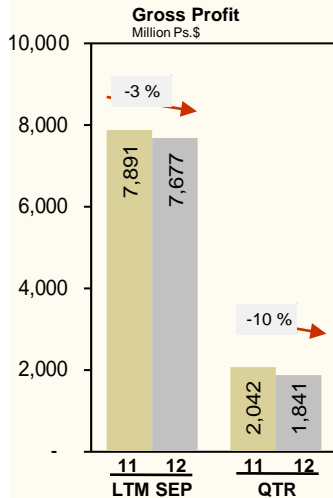
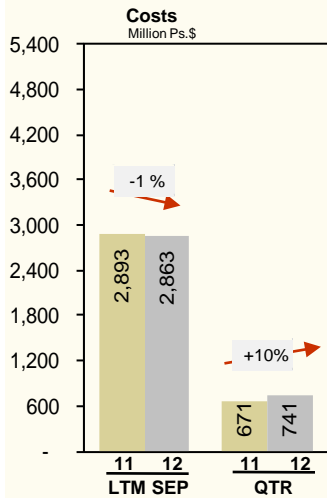
Line equivalents (E0 equivalents). We offer from 64 kilobytes per second ("KBps") up to 100 megabytes per second ("MBps") dedicated data links in all of our thirty-nine existing cities. We account for data links by converting them to E0 equivalents in order to standardize our comparisons versus the industry. As of September 30, 2012, line equivalents totaled 620 thousand, 35% increase.

Cost of Revenues and Operating Expenses

Cost of Revenues. For the three-month period ended September 30, 2012, the cost of revenues represented Ps. 741 million, an increase of Ps. 70 million, compared with the same period of year 2011, mainly explained by cost increases in sales of equipment, long distance termination and internet links of Ps. 111 million, 22 million and 15 million, respectively. These increases were partially offset by a Ps. 99 million decrease in international traffic and fixed-to-mobile termination costs due to lower volume as a result of strong competition in the international traffic business and the phase-out of the contract with Nextel regarding the fixed-to-mobile traffic. For the twelve month period ended September 30, 2012, cost of revenues reached Ps. 2,863 million, a decrease of Ps. 30 million in comparison with year 2011, mainly due to decreases in mobile and international traffic costs and partially offset by increase in costs related to equipment sales.

Gross Profit. Gross profit is defined as revenues minus cost of revenues. For the third quarter of 2012, the gross profit accounted for Ps. 1,841 million, a decrease of Ps. 201 million compared with the same period in year 2011. The gross profit margin decreased from 75.3% to 71.3% year-over-year, influenced by reduced margins of international traffic revenues, as market prices significantly declined, and the phase-out of the contract with Nextel. Excluding the effect of international traffic and Nextel, gross profit margin would have been 75%. For the twelve month period ended September 30, 2012, our gross profit totaled Ps. 7,677 million, compared to Ps. 7,890 million recorded in year 2011, a decrease of Ps. 214 million.

Operating expenses. In the third quarter of year 2012, operating expenses totaled Ps. 1,136 million, Ps. 13 million, or 1%, higher than the same period in 2011. This is mostly explained by Ps. 13 and 15 million increases in rents and maintenance expenses respectively, partially offset by a decline in other items such as personnel and other operating expenses. For the twelve month period ended September 30, 2012, operating expenses totaled Ps. 4,620 million, coming from Ps. 4,423 million in the same period in 2011. Personnel represented 44% of total operating expenses in the twelve month period ended September 30, 2012.

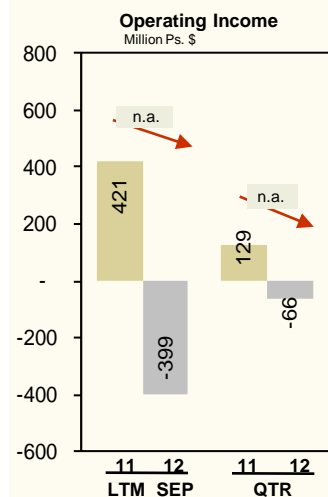
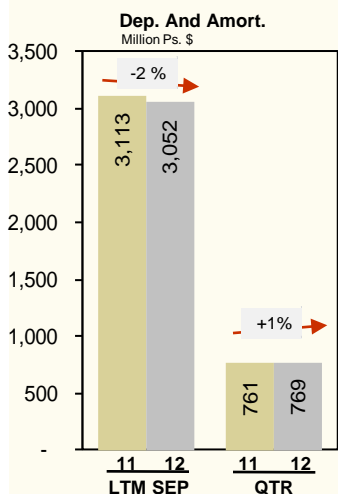
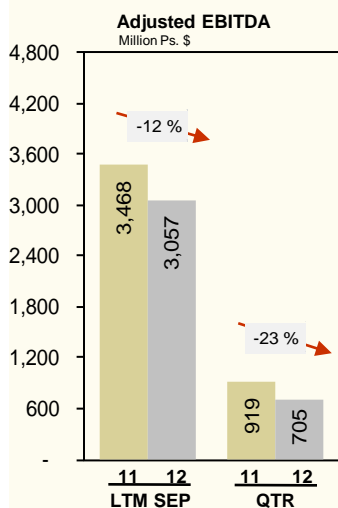


Adjusted EBITDA, D&A and Operating Income

Adjusted EBITDA⁽⁵⁾. The Adjusted EBITDA totaled Ps. 705 million for the three-month period ended September 30, 2012, compared to Ps. 919 million for the same period in 2011. As a percentage of total revenues, Adjusted EBITDA represented 27.3% in the third quarter of 2012, 659 bps lower than the margin recorded in the year-earlier quarter. For the twelve-month period ended September 30, 2012, Adjusted EBITDA amounted to Ps. 3,057 million, compared to Ps. 3,468 million in year 2011.

Depreciation and Amortization⁽¹⁰⁾. Depreciation and amortization totaled Ps. 769 million in the three-month period ending on September 30, 2012 compared to Ps. 761 million for the same period in year 2011. Depreciation and amortization for the twelve-month period ended September 30, 2012 reached Ps. 3,052 million, from Ps. 3,113 million in the same period in year 2011, a decrease of Ps. 61 million.

Operating Income (loss). In the three-month period ended September 30, 2012, the Company recorded an operating loss of Ps. 66 million compared to an operating income of Ps. 129 million registered in the same period in year 2011. For the twelve month period ended September 30, 2012 our operating loss reached Ps. 399 million when compared to the operating income of Ps. 421 million in the same period of year 2011, a variation of Ps. 820 million, mostly explained by a Ps. 244 million decline in income, Ps. 197 million increase in expenses and Ps. 395 million of non-recurrent other expenses recorded in in the fourth quarter of 2011. These other expenses include 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⁽¹⁾

Comprehensive Financial Result

Million Pesos	3Q/3Q11				LTM	LTM
	Q3 2012	Q3 2011	D%	Q2 2012	Q3 2012	Q3 2011
Net interest expense	(237)	(249)	5%	(268)	(1,016)	(938)
FX gain (loss), net	613	(1,234)	n.a.	(703)	414	(643)
Ch. in FV of fin. Instruments	6	(43)	n.a.	(93)	(112)	(76)
Total	382	(1,526)	n.a.	(1,064)	(714)	(1,658)

Comprehensive financial result. Net interest expense for the third quarter 2012 slightly decreased Ps. 12 million vis-à-vis third quarter 2011 due to a 4% peso appreciation. During the third quarter 2012, a 2% peso appreciation against the U.S. dollar generated a Ps. 613 million FX gain, compared to an FX loss of Ps. 1,234 million related to a 4% peso depreciation recorded in the third quarter of 2011. Concerning variations in the fair value of financial instruments, these are partially explained by 7% increase and a 22% decline in the price of AXTELCPO during the third 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. 714 million comprehensive financial loss for year ended in September 2012, compared to a Ps. 1,658 million comprehensive financial loss for year ended in September 2011, is mainly explained by a 4% appreciation of the Mexican peso against the U.S. dollar in the 2012 period, compared to a 7% depreciation in the 2011 period.

Total Debt as of the end of each period

Million Pesos	Q3 2012	Q3 2011	Q2 2012
2017 Senior Notes	3,552	3,691	3,758
2019 Senior Notes	6,329	6,577	6,696
Other financing obligations	175	365	232
Financial Leases	487	152	540
Bank Facilities	791	341	824
Notes Premium	44	50	45
Total Debt	11,378	11,176	12,095
(+/-) Mark-to-market Derivative Instruments	48	(164)	32
(-) Cash and cash equivalents	(678)	(643)	(843)
Net Debt	10,748	10,368	11,284

Debt. At the end of the third quarter of 2012, total debt increased Ps. 202 million in comparison with the same date in 2011, explained by (i) a Ps. 472 million net increase in bank debt related to the Syndicated Bank Facility obtained in November 2011, (ii) an increase of Ps. 336 million in leases and financial obligations (including a Ps. 354 million increase in the renewal of the Avantel/Telmex IRU) and (iii) a Ps. 416 million non-cash decrease caused by the 4% appreciation of the Mexican peso.

Cash. As of the end of the third quarter of 2012, our cash and equivalents balance totaled Ps. 678 million (equivalent to \$52 million), compared to Ps. 643 million a year ago, and Ps. 843 million at the beginning of the quarter. As of the end of the quarter, 31% percent of the cash balance is maintained in dollars, the rest in pesos.

Investments and Derivative Instruments

Capital Investments. In the third quarter of 2012, capital investments totaled Ps. 493 million, or \$37 million, compared to Ps. 498 million in the year-earlier quarter. Accumulated for the twelve-month period ended September 30, 2012, capital investments totaled Ps. 2,260 million, or \$169 million, compared to Ps. 2,575 million, or \$212 million, in year 2011.

Other Investments. As of September 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 September 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. (1.4) 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. (46.7) million
Zero-strike Equity Call Option			
Notional Value	30.4 million AXTELCPO	Strike price: ¢1 per CPO	30.4 million AXTELCPO
Settlement			In cash
Expiration Date			January 2013
Valuation			Ps. 96.9 million

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 September 30 and June 30, 2012, and September 30, 2011; and twelve-month period ending on September 30, 2012, and
 - Balance sheet information as of September 30, 2012 and 2011; and June 30, 2012.

For illustrative purposes only, we are presenting information for the twelve-month period ending on September 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 September 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	Q3 2012	Q3 2011	Q2 2012	LTM sep-12	LTM sep-11
Local	904	1,024	919	3,692	4,339
Long Distance	316	306	311	1,253	1,201
Data & Network	706	642	687	2,747	2,593
Int'l. Traffic	141	355	167	845	1,209
Other	514	386	604	2,004	1,443
	2,581	2,713	2,688	10,540	10,784

- 10) Depreciation and amortization includes depreciation of all communications network and equipment and amortization of pre-operating expenses and cost of spectrum licenses, among others.
- 11) Subject to market conditions, the Company's liquidity position and its contractual obligations, from time to time, the Company may acquire its senior unsecured notes in the open market or in privately negotiated transactions.

About AXTEL

Axtel is a Mexican telecommunications company with a significant growth in the broadband segment, and one of the leading companies in information and communication technologies solutions in the corporate, financial and government sectors. The Company serves all market segments -corporate, financial, government, wholesale and residential with the most robust offering of integrated communications services in Mexico. Its world-class network consists of different access technologies like fiber optic, fixed wireless access, point to point and point to multipoint links, in order to offer solutions tailored to the needs of its customers.

AXTELCPO trades on the Mexican Stock Exchange since 2005. 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
September 30, 2012 and 2011 and June 30, 2012
(figures in Thousands of Mexican pesos)

ASSETS	September-2012	June-2012	September-2011
Current assets:			
Cash and equivalents	666,592	693,593	587,654
Restricted cash	11,321	149,643	55,797
Accounts receivable	2,547,063	2,486,110	2,242,526
Refundable taxes and other accounts receivable	231,085	291,927	336,251
Advances to suppliers	195,216	131,673	131,294
Inventories	118,244	124,394	134,054
Financial Instruments (Zero Strike Call)	96,927	90,546	153,747
Financial Instruments (others)	-	-	171,097
Total current assets	<u>3,866,448</u>	<u>3,967,886</u>	<u>3,812,420</u>
Non current assets			
Property, plant and equipment, net	14,681,691	14,934,705	15,226,209
Long-term accounts receivable	15,530	16,981	19,895
Intangible assets, net	234,757	244,838	275,083
Deferred income taxes	1,891,017	1,833,067	1,868,280
Investment in assoc. Cos. & other investments	9,651	9,651	46,687
Other assets	183,803	187,300	178,504
Total non current assets	<u>17,016,449</u>	<u>17,226,542</u>	<u>17,614,658</u>
TOTAL ASSETS	<u>20,882,897</u>	<u>21,194,428</u>	<u>21,427,078</u>
LIABILITIES			
Current liabilities			
Account payable & Accrued expenses	2,648,146	2,419,699	2,277,275
Accrued Interest	63,816	289,284	65,933
Short-term debt	-	-	341,276
Current portion of long-term debt	325,372	355,810	249,988
Taxes payable	148,819	156,882	134,940
Derivative Financial Instruments	48,121	32,362	13,917
Deferred Revenue	565,538	548,264	527,198
Other accounts payable	176,252	163,112	181,236
Total current liabilities	<u>3,976,064</u>	<u>3,965,413</u>	<u>3,791,763</u>
Long-term debt			
Long-term debt	10,887,328	11,567,479	10,456,457
Employee Benefits	25,313	24,231	23,032
Deferred revenue	33,900	33,900	33,900
Asset retirement obligation & other LT accounts payable	286,040	281,119	260,535
Total long-term debt	<u>11,232,581</u>	<u>11,906,729</u>	<u>10,773,924</u>
TOTAL LIABILITIES	<u>15,208,645</u>	<u>15,872,142</u>	<u>14,565,687</u>
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)	(1,725,108)	(2,087,978)	(547,792)
Change in the fair value of derivative instruments	(33,220)	(22,316)	(23,397)
TOTAL STOCKHOLDERS EQUITY	<u>5,674,252</u>	<u>5,322,286</u>	<u>6,861,391</u>
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	<u>20,882,897</u>	<u>21,194,428</u>	<u>21,427,078</u>

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

Unaudited Consolidated Income Statement
 Periods ended September 30, 2012 and 2011
 (figures in Thousands of Mexican pesos)

	Third Quarter ended September 30			LTM ended September 30		
	2012	2011	D%	2012	2011	D%
Rental, installation, service and other income	2,581,419	2,713,155	-5%	10,540,393	10,784,385	-2%
Operating cost and expenses						
Cost of sales and services	(740,817)	(671,160)	10%	(2,863,379)	(2,893,478)	-1%
Selling and administrative expenses	(1,135,969)	(1,122,482)	1%	(4,620,057)	(4,422,592)	4%
Other income (expenses), net	(1,887)	(29,444)	-94%	(403,863)	65,604	n.a.
Depreciation and amortization	(768,754)	(761,171)	1%	(3,052,000)	(3,112,857)	-2%
	<u>(2,647,427)</u>	<u>(2,584,257)</u>	<u>2%</u>	<u>(10,939,299)</u>	<u>(10,363,323)</u>	<u>6%</u>
Operating income (loss)	<u>(66,008)</u>	<u>128,898</u>	<u>n.a.</u>	<u>(398,906)</u>	<u>421,062</u>	<u>n.a.</u>
Comprehensive financing result:						
Interest expense	(242,330)	(269,141)	-10%	(1,022,380)	(976,892)	5%
Interest income	5,451	20,474	-73%	6,266	38,977	-84%
Foreign exchange gain (loss), net	612,516	(1,234,471)	n.a.	414,471	(643,362)	n.a.
Change in the fair value of derivative inst.	6,381	(43,147)	n.a.	(112,286)	(76,239)	47%
Comprehensive financing result, net	<u>382,018</u>	<u>(1,526,285)</u>	<u>n.a.</u>	<u>(713,929)</u>	<u>(1,657,516)</u>	<u>-57%</u>
Income (loss) before income taxes, and equity in results of assoc. Cos.	<u>316,010</u>	<u>(1,397,387)</u>	<u>n.a.</u>	<u>(1,112,835)</u>	<u>(1,236,454)</u>	<u>-10%</u>
Income tax	-	-		-	-	
Deferred income tax	15,353	296,221	-95%	23,591	90,340	-74%
IETU	(6,417)	(13,637)	-53%	(82,910)	(41,309)	101%
Deferred IETU	37,924	33,853	12%	(5,064)	120,084	n.a.
Total income tax	<u>46,860</u>	<u>316,437</u>	<u>-85%</u>	<u>(64,383)</u>	<u>169,115</u>	<u>n.a.</u>
Equity in results of associated company	-	-	n.a.	(98)	(62)	58%
Net Income (Loss)	<u>362,870</u>	<u>(1,080,950)</u>	<u>n.a.</u>	<u>(1,177,316)</u>	<u>(1,067,401)</u>	<u>10%</u>

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

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

	Third Quarter ended September 30			LTM ended September 30		
	2012	2011	D%	2012	2011	D%
Net Income (Loss)	Ps.\$ 362,870	(1,080,950)	n.a.	Ps.\$ (1,177,316)	(1,067,401)	10%
Other income (expense), Net	(1,887)	(29,444)	-94%	(403,863)	65,604	n.a.
Depreciation and Amortization	(768,754)	(761,171)	1%	(3,052,000)	(3,112,857)	-2%
Interest Expense, Net	(236,879)	(248,667)	-5%	(1,016,114)	(937,915)	8%
Total Income Tax	<u>46,860</u>	<u>316,437</u>	<u>-85%</u>	<u>(64,383)</u>	<u>169,115</u>	<u>n.a.</u>
EBITDA	1,323,530	(358,105)	n.a.	3,359,044	2,748,652	22%
FX Gain (Loss), Net	612,516	(1,234,471)	n.a.	414,471	(643,362)	n.a.
Change in the fair value of derivative instruments	6,381	(43,147)	n.a.	(112,286)	(76,239)	47%
Equity in results of an associate company	<u>-</u>	<u>-</u>	<u>n.a.</u>	<u>(98)</u>	<u>(62)</u>	<u>58%</u>
Adjusted EBITDA	Ps.\$ <u>704,633</u>	<u>919,513</u>	<u>-23%</u>	Ps.\$ <u>3,056,957</u>	<u>3,468,315</u>	<u>-12%</u>