

San Pedro Garza Garcia, Mexico, February 23, 2012 - Axtel, S.A.B. de C.V. ("AXTEL" or "the Company"), a leading Mexican fixed-line integrated telecommunications company, announced today its unaudited fourth quarter results ended December 31, 2011<sup>(1)</sup>.

Million Pesos	Q4	Q4	4Q11/4Q10	Q3	LTM	
	2011	2010	D%	2011	Dec-11	Dec-10 <sup>(1)</sup>
Revenues <sup>(2)</sup>	2,768	2,723	2%	2,713	10,829	10,652
Costs <sup>(3)</sup>	678	772	-12%	671	2,799	2,955
Operating Expenses <sup>(4)</sup>	1,190	1,157	3%	1,123	4,456	4,469
Adjusted EBITDA <sup>(5)</sup>	901	794	13%	919	3,575	3,228
Adj. EBITDA Margin	32.5%	29.2%	+336 bps	33.9%	33.0%	30.3%
Net (loss) Income	-1,068	-114	n.a.	-1,021	-2,043	-307
Earnings per CPO <sup>(6)</sup>	-0.85	-0.09	n.a.	-0.82	-1.63	-0.25
Capital Expenditures	789	833	-5%	498	2,531	3,361
Net Debt / Adj EBITDA <sup>(7)</sup>					3.1x	2.9x

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**Highlights:**

- ✓ The Company's EBITDA increased 13% in the fourth quarter compared to the same quarter in 2010. This improvement occurred despite the phasing-out of a large wholesale customer contract. Excluding this customer, EBITDA would have increased 23% year-over-year.
- ✓ Total revenues increased 2% during the quarter, and 5% if the wholesale customer contract is excluded, supported mainly by the combined growth of the mass-market and enterprise core businesses.
- ✓ Broadband subscribers increased 29 thousand in the fourth quarter, totaling 122 thousand in 2011, an increase of 39% for the year. The number of AXTEL X-tremo or FTTH subscribers increased 15 thousand during the quarter, and now represents 11% of the 436 thousand total broadband subscriber base.
- ✓ During the fourth quarter, revenues from integrated IT and telco solutions continued to grow, now representing 27% of the enterprise segment's revenues, or 12% of AXTEL's total revenues.



## Sources of Revenues

Million Pesos	4Q/4Q10			Q3 2011	LTM	LTM
	Q4 2011	Q4 2010	D%		dic-11	dic-10
Local	930	982	-5%	950	3,795	3,886
Long Distance	285	294	-3%	284	1,152	1,132
Data & Network	666	665	0%	639	2,585	2,497
Int'l. Traffic	335	298	13%	355	1,246	1,175
Other	484	325	49%	381	1,585	1,323
Largest Wholesale Cust	69	160	-57%	103	466	638
	<b>2,768</b>	<b>2,723</b>	<b>2%</b>	<b>2,713</b>	<b>10,829</b>	<b>10,652</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. 930 million in the fourth quarter of 2011, compared to Ps. 982 million for same period in 2010, representing a decrease of Ps. 52 million or 5%, explained by Ps. 18 and Ps. 48 million decreases in measured services and cellular revenues, respectively, compensated by a Ps. 14 million increase in monthly rents, which include free local calls and fixed-to-mobile (cellular) minutes modules. The 22% decline in cellular revenue is explained by a 16% decrease in billed-traffic volume and a 7% decrease in billed-traffic prices in the fourth quarter 2011 compared to the same period in 2010. Revenues coming from monthly rents represented 74% of local revenues during the three-month period ended December 31, 2011. For the twelve month period ended December 31, 2011, local revenues totaled Ps. 3,795 million, compared to Ps. 3,886 million registered in the same period in 2010, a decrease of Ps. 91 million or 2%.

**Long distance services.** Revenues totaled Ps. 285 million in the fourth quarter of 2011, compared to Ps. 294 million for same period in 2010, representing a decrease of Ps. 9 million, explained by a 3% decrease in billed-traffic prices and a 1% decline in billed-traffic volume. For the full-year 2011, long distance revenues totaled Ps. 1,152 million compared to Ps. 1,132 million registered in 2010, a Ps. 19 million, or 2%, increase.

**Data & Network.** Data and network revenues amounted to Ps. 666 million in the fourth quarter of 2011, compared to Ps. 665 million in the same period in 2010, a Ps. 1 million increase driven by mass-market, or, "on-demand" internet services revenues that increased 50% year-over-year while the combination of dedicated internet and private lines revenues declined 9%. Mass-market, or, "on-demand" internet services represented 24% of data & network revenues during the quarter. During 2011, data and network services revenues totaled Ps. 2,585 million from Ps. 2,497 million registered in 2010, an increase of Ps. 89 million, or 4%.

**International traffic.** In the fourth quarter of 2011, international traffic revenues totaled Ps. 335 million, a increase of Ps. 38 million or 13% versus same quarter of previous year, explained by a higher proportion of long-distance fixed-to-mobile traffic and a 9% appreciation of the US dollar against the Mexican peso offsetting declines in dollar prices and a 1% in volume. In June 2011 the Company signed an agreement with mobile carriers allowing the direct termination of international "calling-party-pays" traffic at competitive interconnection rates. For the twelve month period ended December 31, 2011, revenues from International traffic totaled Ps. 1,246 million from Ps. 1,175 million, an increase of 6% compared to the same period in 2010, explained by better traffic mix including a higher proportion of long-distance fixed-to-mobile traffic.

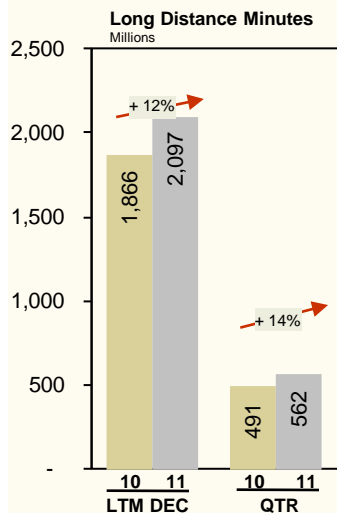
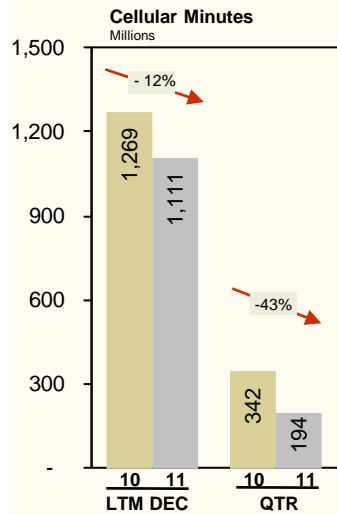
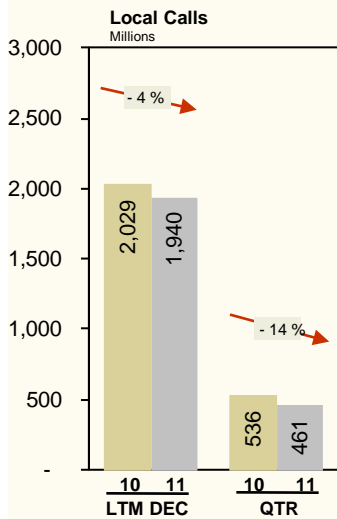
**Other services.** Quarterly revenues from other services totaled Ps. 484 million in the fourth quarter of 2011, from Ps. 325 million in the same quarter of previous year, an increase of Ps. 159 million or 49%, mostly explained by revenues from integrated services provided to federal government entities and private health care institutions. For the twelve month period ended December 31, 2011, revenues totaled Ps. 1,585 million from Ps. 1,323 million registered in 2010, an increase of Ps. 262 million, or 20%.

## Consumption

**Local Calls.** Local calls excluding our largest wholesale customer totaled 445 million calls in the fourth quarter of 2011, compared to 497 million calls for same period in 2010, representing a decrease of Ps. 52 million calls, or 11%. Billed local calls decreased 23 million or 19%, while local calls included in commercial offers also declined 30 million calls or 8%. Business and residential customers contributed with 18 and 4 million calls to the billed local calls decline, respectively. Local calls included in commercial offers represented 78% of total calls in the fourth quarter of 2011. For the twelve month period ended December 31, 2011, local calls totaled 1,843 million excluding our largest wholesale customer, compared to 1,859 million registered in the same period in 2010, a decline of 16 million calls, or 1%.

**Cellular (“Calling Party Pays”).** Minutes of use of calls completed to a cellular line excluding our largest wholesale customer amounted to 157 million in the three-month period ended December 31, 2011, compared to 172 million in the same period in 2010, a decrease of 9% equivalent to 15 million minutes. Billed cellular minutes decreased 22 million or 16%, while minutes in modules included in a monthly rent increased 7 million minutes or 21%. Billed cellular minutes represented 74% of cellular minutes in the fourth quarter of 2011. For the year 2011 and excluding our largest wholesale customer, cellular minutes declined 29 million, or 4%, from 648 million registered in the twelve-month period ended December 31, 2010, to 619 million in 2011.

**Long distance.** Excluding our largest wholesale customer, which represents 15% of total volume, outgoing long distance minutes amounted to 480 million for the three-month period ended December 31, 2011, from 472 million in the same period in 2010, a 2% or 8 million minute increase, resulting from 1% and 5% increases in traffic from business and residential customers, respectively. Billed long distance minutes during the fourth quarter of 2011 remained at similar level 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 December 31, 2011 and excluding our largest wholesale customer, outgoing long distance minutes amounted 1,905 million, compared to 1,809 million registered in 2010, an increase of 96 million of minutes, or 5%, 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

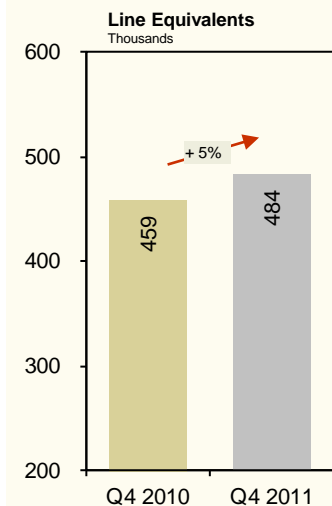
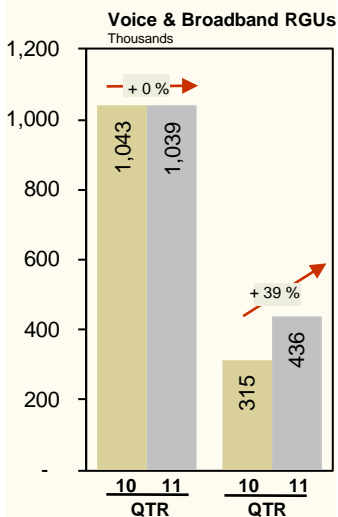
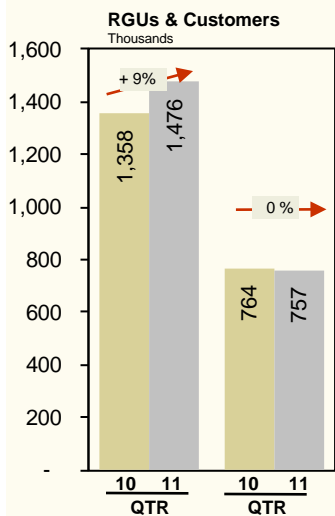
**RGUs and Customers.** As of December 31, 2011, RGUs (Revenue Generating Units) totaled 1,476 thousand, an increase of 9% or 117 thousand from the same date in 2010. During the fourth quarter of 2011, net additional RGUs totaled 29 thousand, compared to 66 thousand in the fourth quarter of 2010, attributable to lower contributions from both voice and broadband RGUs. As of December 31, 2011, total customers totaled 757 thousand, a decline of 1% or 6 thousand from the same date in 2010. Total customers remained unchanged on a sequential basis.

**Voice RGUs (lines in service).** As of December 31, 2011, lines in service totaled 1,039 thousand, a 4 thousand reduction from the same date in 2010. During the fourth quarter of 2011, gross additional lines totaled 72 thousand compared to 83 thousand in the fourth quarter of 2010. Disconnections in the fourth quarter of 2011 totaled 72 thousand compared to 64 thousand in the year-earlier quarter. Voice-only customers in low-ARPU offers represented the majority of disconnections during the quarter. Lines-in-service in the fourth quarter of 2011 remained unchanged, compared to 18 thousand net-adds in the same period of 2010. As of December 31, 2011, residential lines represented 68% of total lines in service.

**Broadband RGUs (broadband subscribers).** Broadband subscribers increased 39% year-over-year totaling 436 thousand subs as of December 31, 2011. During the fourth quarter of 2011, broadband subscribers increased 29 thousand compared to 48 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 fourth quarter. Broadband penetration reached 42% at the end of the fourth quarter of 2011, compared to 30% a year ago. As of the end of December 2011, WiMAX broadband subs reached 368 thousand, compared to 280 thousand a year ago, while AXTEL X-tremo, or FTTH, customers totaled 48 thousand.

**Internet subscribers.** As of December 31, 2011, Internet subscribers totaled 444 thousand, including 8 thousand dial-up subscribers. As of December 31, 2010, Internet subscribers represented 327 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 December 31, 2011, line equivalents totaled 484 thousand.

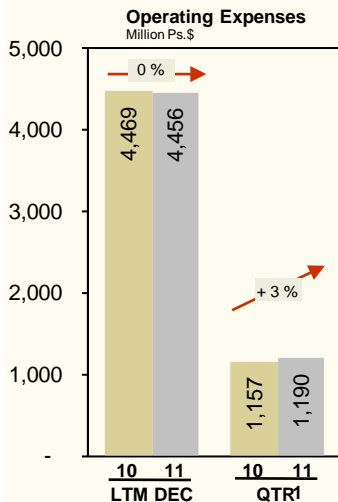
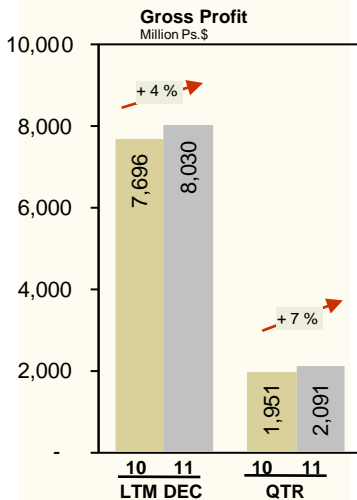
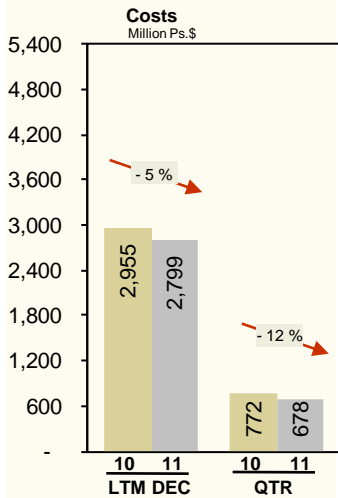


## Cost of Revenues and Operating Expenses

**Cost of Revenues.** For the three-month period ended December 31, 2011, the cost of revenues represented Ps. 678 million, a decrease of Ps. 94 million, compared with the same period of year 2010, mainly explained by a (i) lower fixed-to mobile costs due to a decrease of 43% in traffic volume —traffic from the phasing-out wholesale customer explains 90% of the decline in volume—, (ii) decrease in long-distance termination rates and (iii) a 17% lower international traffic costs resulting from lower termination rates. For the twelve month period ended December 31, 2011, cost of revenues reached Ps. 2,799 million, a decrease of Ps. 156 million in comparison with year 2010, mainly due to decreases in costs of fixed-to mobile traffic, international traffic and domestic long distance calls.

**Gross Profit.** Gross profit is defined as revenues minus cost of revenues. For the fourth quarter of 2011, the gross profit accounted for Ps. 2,091 million, an increase of Ps. 139 million compared with the same period in year 2010. The gross profit margin increased from 71.6% to 75.5% year-over-year, influenced by: (i) the reduction in long-distance termination rates which affected positively long-distance and international traffic segments, and (ii) better margins from enterprise customers' revenues influenced by a larger contribution of integrated services. For the twelve month period ended December 31, 2011, our gross profit totaled Ps. 8,030 million, compared to Ps. 7,696 million recorded in year 2010, an increase of Ps. 334 million.

**Operating expenses.** In the fourth quarter of year 2011, operating expenses totaled Ps. 1,190 million, 33 million higher than the Ps. 1,157 million recorded in the same period in year 2010, explained by (i) an increase in maintenance expenses related to a larger number of sites, (ii) increases in sales commissions associated to "AXTEL X-tremo" subscribers, and (iii) the peso devaluation which affected certain dollar denominated maintenance expenses related to network and IT software licensing. For the twelve month period ended December 30, 2011, operating expenses totaled Ps. 4,456 million, coming from Ps. 4,469 million in the same period in 2010. Personnel represented 45% of total operating expenses in the twelve month period ended December 31, 2011.

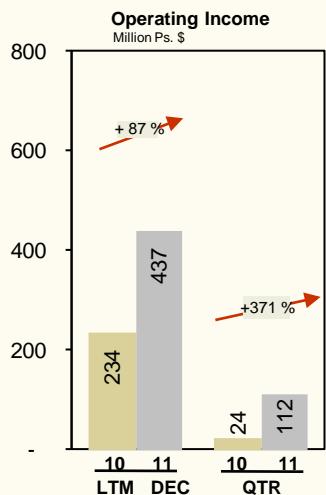
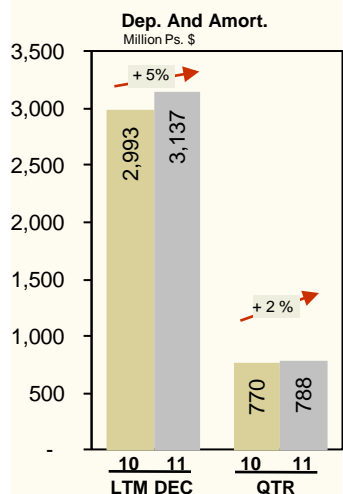
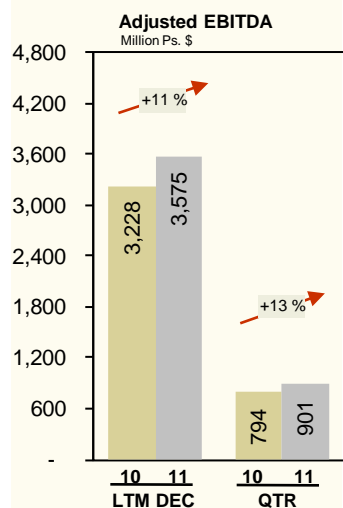


## Adjusted EBITDA, D&A and Operating Income

**Adjusted EBITDA<sup>(5)</sup>.** The Adjusted EBITDA totaled Ps. 901 million for the three-month period ended December 31, 2011, compared to Ps. 794 million for the same period in 2010. As a percentage of total revenues, Adjusted EBITDA represented 32.5% in the fourth quarter of 2011, 336 bps higher than the margin recorded in the year-earlier quarter. For the twelve-month period ended December 31, 2011, Adjusted EBITDA amounted to Ps. 3,575 million, compared to Ps. 3,228 million in year 2010.

**Depreciation and Amortization<sup>(10)</sup>.** Depreciation and amortization totaled Ps. 788 million in the three-month period ending on December 31, 2011 compared to Ps. 770 million for the same period in year 2010. Depreciation and amortization for the twelve-month period ended December 31, 2011 reached Ps. 3,137 million, from Ps. 2,993 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 December 31, 2011, the Company recorded an operating income of Ps. 112 million compared to an operating income of Ps. 24 million registered in the same period in year 2010. For the twelve month period ended December 31, 2011 our operating income reached Ps. 437 million when compared to the result registered in the same period of year 2010 of Ps. 234 million, an increase of Ps. 203 million.



## CFR, Indebtedness and Cash

### Comprehensive Financial Result

Million Pesos	4Q/4Q10				LTM	
	Q4 2011	Q4 2010	D%	Q3 2011	Q4 2011	Q4 2010
Net interest expense	(270)	(250)	8%	(242)	(980)	(932)
FX gain (loss), net	(435)	103	-523%	(1,148)	(1,182)	437
Ch. in FV of fin. Instruments	(15)	(14)	10%	(43)	(78)	(99)
<b>Total</b>	<b>(720)</b>	<b>(161)</b>	<b>347%</b>	<b>(1,433)</b>	<b>(2,239)</b>	<b>(594)</b>

**Comprehensive financial result.** Net interest expense for the fourth quarter 2011 increased Ps. 20 million vis-à-vis fourth quarter 2010 due to a larger debt balance. During the fourth quarter 2011, a 4% peso depreciation against the U.S. dollar generated a Ps. 435 million FX loss, compared to an FX gain of Ps. 103 million recorded in the fourth quarter of 2010. Concerning variations in the fair value of financial instruments, these are partially explained by 12% and 5% declines in the price of AXTELCPO during the fourth 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. 2,239 million comprehensive financial loss for year ended in December 2011, compared to a Ps. 594 million comprehensive financial loss for year ended in December 2010, is mainly explained by a 12% depreciation of the Mexican peso against the U.S. dollar in the 2011 period, compared to a 6% appreciation in the 2010 period.

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

Million Pesos	Q4 2011	Q4 2010	Q3 2011
2017 Senior Notes	3,847	3,398	3,691
2019 Senior Notes	6,855	6,055	6,577
Other financing obligations	327	363	365
Financial Leases	594	314	152
Bank Facilities	839	280	341
Notes Premium	48	55	50
<b>Total Debt</b>	<b>12,511</b>	<b>10,465</b>	<b>11,176</b>
(-) Mark-to-market Derivative Instruments	167	(75)	164
(-) Cash and cash equivalents	1,425	1,308	643
<b>Net Debt</b>	<b>10,919</b>	<b>9,232</b>	<b>10,368</b>

**Debt.** At the end of the fourth quarter of 2011, total debt increased Ps. 2,047 million in comparison with the same date in 2010, explained by (i) a Ps. 559 million net increase in bank debt related to the Syndicated Bank Facility obtained in November 2011, (ii) an increase of Ps. 326 million in the renewal of the capacity lease transaction with the incumbent operator, (iii) a Ps. 138 million reduction in other leases and financial obligations and (iv) a Ps. 1,300 million non-cash increase caused by the 12% depreciation of the Mexican peso.

**Cash.** As of the end of the fourth quarter of 2011, our cash and equivalents balance totaled Ps. 1,425 million (equivalent to \$102 million), compared to Ps. 1,308 million a year ago. Sixty-two percent of the cash balance is maintained in dollars, the rest in pesos.

## Investments and Derivative Instruments

**Capital Investments.** In the fourth quarter of 2011, capital investments totaled Ps. 789 million, or \$58 million, compared to Ps. 833 million, or \$67 million, in the year-earlier quarter. Accumulated for the twelve-month period ended December 31, 2011, capital investments totaled Ps. 2,531 million, or \$202 million, compared to Ps. 3,361 million, or \$266 million, in year 2010.

**Other Investments.** As of December 31, 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 December 31, 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. 18.6 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. 59.2 million
<b>Interest-Only Cross-Currency Swap (MXN/US\$)</b>			
Notional	US\$490 million	Ps. 6,364 million	
Interest	9.0% semi-annual	9.56% semi-annual (avg.)	
Principal payments	n.a.	n.a.	
Expiration Date			Sept. 2014
Estimated Fair Value			Ps. 94.9 million
<b>Interest-Only Cross-Currency Swap (MXN/US\$)</b>			
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. (1.7) 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. 135.5 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 December 31, 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	Q4 2011	Q4 2010	Q3 2011	LTM dic-11	LTM dic-10
Local	953	1,132	1,024	4,160	4,482
Long Distance	323	299	306	1,224	1,150
Data & Network	668	667	642	2,595	2,504
Int'l. Traffic	335	298	355	1,246	1,175
Other	490	328	386	1,604	1,341
	<b>2,768</b>	<b>2,723</b>	<b>2,713</b>	<b>10,829</b>	<b>10,652</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

December 31, 2011 and 2010

(figures in Thousands of Mexican pesos)

<b>ASSETS</b>	<b>December-2011</b>	<b>December-2010</b>
<b>Current assets</b>		
Cash and equivalents	1,425,023	1,308,264
Accounts receivable	2,018,013	2,240,534
Refundable taxes and other accounts receivable	344,080	401,682
Advances to suppliers	79,580	55,032
Inventories	152,756	165,629
Financial Instruments (Zero Strike Call)	135,212	216,035
Financial Instruments	188,066	55,978
<b>Total current assets</b>	<b><u>4,342,730</u></b>	<b><u>4,443,154</u></b>
<b>Non current assets</b>		
Property, plant and equipment, net	15,517,789	15,769,472
Long-term accounts receivable	17,712	27,346
Telephone concession rights	385,514	442,572
Intangible assets	18,642	24,804
Deferred income tax	1,404,407	1,194,558
Deferred IETU	121,602	138,402
Deferred employee's profit sharing	18,082	18,581
Investment in shares of associated company & other investments	9,667	44,341
Other assets	378,762	355,589
<b>Total non current assets</b>	<b><u>17,934,542</u></b>	<b><u>18,088,424</u></b>
<b>TOTAL ASSETS</b>	<b><u>22,277,272</u></b>	<b><u>22,531,578</u></b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Account payable & Accrued expenses	2,395,837	2,668,135
Accrued Interest	297,107	261,692
Short-term debt		280,000
Current portion of long-term debt	380,880	375,996
Taxes payable	168,319	153,733
Financial Instruments	20,609	131,344
Deferred Revenue	567,878	667,665
Other accounts payable	199,849	198,629
<b>Total current liabilities</b>	<b><u>4,030,479</u></b>	<b><u>4,737,194</u></b>
<b>Long-term debt</b>		
Long-term debt	12,130,494	9,808,869
Severance, seniority premiums and other post-retirement benefits	76,891	75,788
Deferred revenue	33,900	33,900
Other long-term liabilities	265,362	242,359
<b>Total long-term debt</b>	<b><u>12,506,647</u></b>	<b><u>10,160,916</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>16,537,126</u></b>	<b><u>14,898,110</u></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)	(2,703,703)	(660,781)
Change in the fair value of derivative instruments	(22,231)	(171,831)
<b>TOTAL STOCKHOLDERS EQUITY</b>	<b><u>5,740,146</u></b>	<b><u>7,633,468</u></b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b><u>22,277,272</u></b>	<b><u>22,531,578</u></b>

**Axtel, S.A.B. de C.V. and Subsidiaries**  
 Unaudited Consolidated Income Statement  
 Periods ended December 31, 2011 and 2010  
 (figures in Thousands of Mexican pesos)

	Fourth Quarter ended December 31			LTM ended December 31		
	2011	2010	D%	2011	2010	D%
Total Revenues	Ps.\$ 2,768,382	2,723,363	1.7%	Ps.\$ 10,829,405	10,651,961	1.7%
Operating cost and expenses						
Cost of sales and services	(677,881)	(772,089)	-12.2%	(2,799,269)	(2,955,488)	-5.3%
Selling and administrative expenses	(1,189,982)	(1,157,022)	2.8%	(4,455,551)	(4,468,693)	-0.3%
Depreciation and amortization	(788,295)	(770,415)	2.3%	(3,137,098)	(2,993,357)	4.8%
Total Operating Costs and Expenses	(2,656,158)	(2,699,526)	-1.6%	(10,391,918)	(10,417,538)	-0.2%
Operating income (loss)	112,224	23,837	370.8%	437,487	234,423	86.6%
Comprehensive financing result:						
Interest expense	(258,918)	(256,009)	1.1%	(1,002,580)	(956,126)	4.9%
Interest income	(10,896)	5,741	-289.8%	22,340	23,707	-5.8%
Net interest income (expense)	(269,814)	(250,268)	7.8%	(980,240)	(932,419)	5.1%
Foreign exchange gain (loss), net	(435,201)	103,003	N/A	(1,181,567)	437,450	N/A
Change in the fair value of derivative instruments	(15,174)	(13,798)	10.0%	(77,615)	(99,233)	-21.8%
Comprehensive financing result, net	(720,189)	(161,063)	347.1%	(2,239,422)	(594,202)	276.9%
Employee's profit sharing	(2,008)	(3,886)	-48.3%	(4,955)	(6,051)	-18.1%
Deferred employees' profit sharing	2,091	7,031	-70.3%	(500)	8,874	N/A
Other income (expenses), net	(394,687)	92,760	-525.5%	(419,449)	38,468	N/A
Other income (expenses), net	(394,604)	95,905	-511.5%	(424,904)	41,291	N/A
Income (loss) before income taxes, and equity in results of associated company	(1,002,569)	(41,321)	2326.3%	(2,226,839)	(318,488)	N/A
Income Tax	(1,670)	(3,183)	-47.5%	(6,666)	(6,660)	0.1%
Deferred income tax	70,925	(96,492)	-173.5%	273,963	(2,509)	N/A
IETU	(36,695)	(11,565)	217.3%	(66,439)	(56,794)	17.0%
Deferred IETU	(98,188)	38,696	-353.7%	(16,800)	77,304	-121.7%
Total income tax and employees' profit sharing	(65,628)	(72,544)	-9.5%	184,058	11,341	N/A
Equity in results of an associate company	(82)	(4)	1950.0%	(141)	6	-2450.0%
Net Income (Loss)	Ps.\$ (1,068,279)	(113,869)	838.2%	Ps.\$ (2,042,922)	(307,141)	565.1%