ALFA Reports Continued 2Q10 Revenue Growth and Record-High EBITDA

San Pedro Garza García, N.L., Mexico. July 21, 2010.- ALFA, S.A.B. de C.V. (ALFA), one of the leading industrial companies in Mexico, today announced unaudited results for the second quarter of 2010 (2Q10). Revenues totaled U.S. $2,670 million, 6% and 29% higher than 1Q10 and 2Q09. EBITDA was U.S. $321 million, 14% higher than 1Q10 and 21% above 2Q09.

Commenting on the results for the quarter, Mr. Alvaro Fernandez, President of ALFA, said: *"This was another very good quarter. We reported record EBITDA, with all group companies contributing to our performance, particularly Alpek and Nemak, as we have been able to capitalize on management's initiatives and recovery in our markets, primarily in North America and China. At Sigma, the success of our marketing and promotional initiatives produced record volumes despite relatively slow industry demand. Alestra, in turn, posted EBITDA growth based on our on-going expansion in the Value Added Service market."*

The ALFA companies are supported by a strong balance sheet. Consolidated net debt was reduced by U.S. $140 million during this quarter, after paying a U.S. $70 million cash dividend during the period. Strong EBITDA and lower working capital needs further improved ALFA's debt ratios, with net debt to EBITDA of 2.1 times and interest coverage of 4.4 times.

Selected Financial Information

(U.S. $ Millions)

	2Q10	1Q10	2Q09	Q/Q % Chg.	Y/Y % Chg.
Consolidated Revenues	**2,670**	**2,511**	**2,064**	**6.3%**	**29.4%**
Alpek	1,228	1,158	994	6.0%	23.5%
Nemak	730	674	419	8.3%	74.2%
Sigma	602	571	543	5.4%	10.9%
Alestra	89	87	88	2.3%	1.1%
Consolidated EBITDA	**321**	**281**	**266**	**14.5%**	**20.9%**
Alpek	127	103	107	22.9%	18.9%
Nemak	102	95	61	7.2%	66.0%
Sigma	67	66	74	1.2%	-9.7%
Alestra	28	27	26	2.9%	7.3%
Majority Net Income	**61**	**88**	**65**	**-30.7%**	**-6.2%**
CAPEX	**68**	**48**	**58**	**41.7%**	**17.2%**
Net Debt	**2,437**	**2,577**	**2,549**	**5.4%**	**4.4%**
Net Debt to EBITDA*	2.06	2.29	2.84		
Interest Coverage*	4.4	4.3	3.4		

* LTM

"In summary, results are a clear reflection of ALFA's competitive strengths and leading positions in its markets. The company has benefited from recovering economies and the steps taken last year by our strong management team to adjust rapidly to changing market conditions. Those steps have clearly had an impact on EBITDA and continue to contribute to ALFA's profitability", concluded Mr. Fernandez.

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Consolidated Section

» Operations

This section presents a summary of the most relevant events that occurred during 2Q10 at each of ALFA's business groups.

Alpek's 2Q10 EBITDA totaled U.S. $127 million, which was 23% higher on a sequential basis and represented another quarterly record. It was the sixth consecutive quarter in which EBITDA exceeded the one-hundred million dollar mark. There are two main reasons behind this accomplishment. First, the polyester business performed better than expected, based on strong demand for PTA and PET in China and other Asian markets and an improved situation in North America, which allowed producers to compete in more favorable terms. In the case of PET, a slower than expected ramp-up of new production capacity was also favorable to the regional supply-demand balance. Second, the plastics and chemicals business reported flat sales volumes but higher profits due to a better sales mix. EBITDA per ton was U.S. $153 during 2Q10, higher than the U.S. $128 of 1Q10 and the U.S. $135 of 2Q09.

Alpek's capital expenditures totaled U.S. $22 million. Resources were invested in the natural gas venture and in projects aimed at reducing costs. Newpek, the subsidiary in the natural gas business divested a part of its interest in the Eagle Ford Shale formation for an aggregate amount of U.S. $210 million, of which U.S. $42 million were immediately collected in cash. As a result of the record EBITDA and the cash received from the Newpek divestiture, Net Debt decreased by U.S. $64 million, for a balance of U.S. $549 million at the end of the quarter. Financial ratios improved during 2Q10: Net Debt to EBITDA was 1.2 times, while Interest Coverage was 6.9 times.

Nemak reported EBITDA of U.S. $102 million in 2Q10, another quarterly record and 7% higher on a sequential basis. The main reason for the accomplishment was an 8% increase in sales volume, which is a result of the gradual recovery of the auto industry, particularly in North America and actions taken to increase operational efficiency. EBITDA per unit was $11.90 during 2Q10, which is within the range the company believes is sustainable for the remainder of the year.

Nemak's Net Debt decreased by U.S. $112 million during the quarter for a balance of U.S. $1,197 million. This was the result of higher EBITDA and lower working capital needs. The company invested U.S. $18 million in capital expenditures during the quarter. Financial ratios improved. At the end of 2Q10 Net Debt to EBITDA was 3.2 times, and Interest Coverage was 2.9 times.

Sigma's 2Q10 EBITDA was U.S. $67 million, 1% higher than the previous quarter. Sales volumes rebounded after a slow performance in 1Q10, reaching 208,019 tons, 5% higher on a sequential basis and a new company record. The price of some key raw materials increased during the quarter, which was partially transferred to the market. On another front, Sigma invested resources in advertising and promotion and in R&D for new products, including a new line of FUD cheeses.

Sigma's 2Q10 capital expenditures were U.S. $14 million. Resources were mainly used for the replacement of assets. Sigma managed to reduce Net Debt by U.S. $46 million during 2Q10, for a balance of U.S. $510 million at the end of the period. Financial ratios remained strong: Net Debt to EBITDA was 1.9 times while Interest Coverage was 5.6 times.

Alestra's 2Q10 EBITDA was U.S. $28 million, 3% higher on a sequential basis. Improved economic conditions in Mexico and the success the company has had in expanding value added services (VAS) explain such increase. VAS represented 76% of the company's revenues during 2Q10. Capex amounted to U.S. $13 million. Net Debt was reduced by U.S. $7 million to U.S. $200 million. Financial ratios were: Net Debt to EBITDA of 1.9 times and Interest Coverage of 3.8 times.

» Consolidated Financial Results

ALFA reported consolidated revenues of U.S. $2,670 million, growing 6% sequentially and 29% vis-à-vis 2Q09. These growth rates are mainly explained by the increased activity at Nemak and Alpek. On a cumulative basis, revenues for the first half of 2010 were 32% higher than the first half of 2009.

Positive trends were also observed at the operating income level. Totaling U.S. $221 million in 2Q10, this figure was 22% higher than 1Q10, and 31% above 2Q09. These increases resulted from the higher revenues for the quarter, combined with better margins at Alpek and savings in costs and expenses at Nemak, particularly when compared to 2Q09. For the first half of 2010, ALFA's operating income was 40% higher than for the same period of 2009.

EBITDA reached U.S. $321 million in 2Q10, a record high for a single quarter and 14% and 21% higher than 1Q10 and 2Q09, respectively. All group companies showed improvements in EBITDA generation, although Alpek and Nemak reported the highest increases. EBITDA for the first half of 2010 was 27% higher than for the same period of 2009.

During the quarter, ALFA posted Comprehensive Financing Expense (CFE) in the amount of U.S. $104 million, which contrasts to a CFE of U.S. $33 million in 1Q10. There are several reasons for this quarter's result. First, ALFA reported losses in the amount of U.S. $25 million during 2Q10 resulting from the mark-to-market valuation of equity swaps on 13.7 million of its shares, and interest rate and commodity hedges. Second, at the close of 2Q10 the Mexican peso depreciated 2% vs. the U.S. dollar with respect to the close of 1Q10, which produced exchange losses in the amount of U.S. $13 million on dollar-denominated debt, which compares to gains in 1Q10. Lastly, ALFA reported net interest expenses of U.S. $65 million, lower than the U.S. $71 million of 1Q10, reducing the increases mentioned above. However, on a cumulative basis, ALFA's CFE for the first half of 2010 was 44% lower than in the same period of 2009.

ALFA's 2Q10 Majority Net Income amounted to U.S. $61 million, 31% lower on a sequential basis and 6% lower than the same year-ago quarter. Despite the substantial increase in Operating Income, it was not enough to offset higher CFE, taxes and other items which negatively affected the Majority Net Income of the period. On the other hand, ALFA's Majority Net Income for the first half of 2010 was U.S. $149 million, which contrasts with the Majority Net Losses of U.S.$ 34 million reported in the same period of 2009.

» Capital Expenditures and Net Debt

Consolidated Capital Expenditures totaled U.S. $68 million. Resources were used for replacement of fixed assets and marginal capacity expansions in some of the main subsidiary companies. This figure was reduced by U.S. $42 million corresponding to the cash proceeds of the divestiture of a part of Newpek's interest in the Eagle Ford Shale, as explained below.

The transaction was announced on June 24, 2010. In summary, ALFA, through a subsidiary company named Newpek, sold to a subsidiary of Reliance Industries Limited (RIL) a 45% stake in a natural gas formation known as Eagle Ford Shale, which is located in South Texas. The total consideration to be paid by RIL amounts to U.S. $210 million, of which U.S. $42 million was paid in cash, while the rest will be paid by covering 75% of Newpek's capital contributions required to develop the Eagle Ford Shale formation over the following four to five years. After the transaction, Newpek retains an 8.65% working interest in the Eagle Ford Shale, in addition to a 20% stake in other formations in the area, including 57 wells currently in production in such formations.

By incorporating RIL into the business, ALFA and original partner Pioneer Natural Resources (Pioneer), which also sold a 45% of its stake in Eagle Ford Shale to RIL, believe the venture will have the required capital resources to accelerate the Eagle Ford Shale drilling program. It is estimated that between 1,300 to 1,700 wells could be drilled. Plans contemplate the ramping up of the drilling program from its current level of 50 wells per year, to a level of 140 wells per year by

2012. With this program, by 2015 ALFA would have a 100% coverage of its natural gas needs in North America, at a very competitive cost.

Taking into account the consideration paid by RIL for Newpek's 45% stake in Eagle Ford, plus the formation's expected cash flows, Newpek estimates that it will not need to make additional capital contributions to fully exploit Eagle Ford Shale, as the venture is expected to have positive and growing cash flows after capex.

Furthermore, the amount paid by RIL to acquire the 45% stake establishes a market reference for Newpek's Eagle Ford Shale assets. Prior to the divestiture, the book value of Newpek's assets in the whole Natural Gas venture was U.S. $113 million. The implicit value of Newpek's Eagle Ford Shale assets, as paid by RIL is U.S. $467 million, without including the other natural gas assets belonging to Newpek not included in the transaction.

ALFA's Net Debt was reduced by U.S. $140 million during 2Q10, or 5% of net debt at the beginning of the quarter. Apart from the higher EBITDA for the period and proceeds from divestitures, Net Debt decreased as a result of lower working capital needs. Financial ratios improved: Net Debt to EBITDA amounted to 2.1 times, and Interest Coverage equaled 4.4 times.

(See Tables 1 to 7 in the Appendix for more detailed information on ALFA's consolidated results.)

Alpek

Petrochemicals (**46**% of ALFA's 2Q10 Revenues)

» Industry Developments

The petrochemical industry in North America continued to benefit from increased overall economic activity during 2Q10. Sustained high growth in China and other Asian markets, combined with an improved regional demand, supported higher exports and also sales in the local markets, which allowed producers to maintain profit margins. In addition, and insofar as PET is concerned, a slower than expected ramp up of new production capacity coming on stream has been favorable to the regional supplu-demand balance.

» Operations by Business Segment

a) Raw Materials for Polyester and Polyester Products (PTA, PET, polyester staple and filament – 69% of Alpek's total revenues in 2Q10)

As explained, the strengthening of the Asian markets, the most relevant region for the polyester industry, had a positive impact in North America. Imports declined and regional producers competed successfully in the export markets. Inventory replenishment along the polyester value chain was also a positive factor. The above allowed Alpek to keep plants running at very high utilization rates and increase sales volume by 4% on a sequential basis and 7% vis-à-vis the same year-ago period and on a cumulative basis. The company's strategy to develop long-term relationships with suppliers and customers continued to support the performance of this business segment.

As a result, EBITDA for 2Q10 was 23% higher than in the preceding quarter, and 8% more than in 2Q09. Nevertheless, during the first half of 2010 EBITDA showed a 5% decline from the record-setting first semester of 2009, weighed down by leaner margins during 1Q10 and higher energy costs.

b) Specialty Chemicals and Plastics (Expandable Polystyrene (EPS), Polypropylene (PP), Caprolactam (CPL), other products – 31% of Alpek's total revenues in 2Q10)

Sales volume for Alpek's specialty chemicals and plastics remained flat both sequentially and year-over-year. On a cumulative basis, however, sales volumes were 9% higher than a year before. The performance of the EPS, CPL and urethanes product lines is the main reason behind this achievement.

While sales volumes have not grown quarter on quarter, this business segment has achieved greater profits thanks to a better sales mix and increases in prices reflecting higher raw material costs. EBITDA rose by 22% with respect to the previous quarter and 40% vis-à-vis 2Q09. This improvement led to a cumulative increase of 37% so far in 2010.

On another front, Newpek sold to a subsidiary of Reliance Industries Limited (RIL) a 45% stake in a natural gas formation known as Eagle Ford Shale, which is located in South Texas. As explained, RIL will pay U.S. $210 million, of which U.S. $42 million was paid in cash and the rest in "drilling dollars" by covering 75% of Newpek's capital contributions required to develop the Eagle Ford Shale formation over the following four to five years. After the transaction, Newpek retains an 8.65% working interest in the Eagle Ford Shale, in addition to a 20% stake in other formations in the area, including 57 wells currently in production in such formations.

By incorporating RIL into the business, it is estimated that the venture will have the required capital resources to accelerate the Eagle Ford Shale drilling program. Between 1,300 to 1,700 wells could be drilled. Plans contemplate the ramping up of the drilling program from its current level of 50 wells per year, to a level of 140 wells per year by 2012. With this program, by 2015 ALFA would have 100% coverage of its natural gas needs in North America, at a very competitive cost.

Taking into account the consideration paid by RIL for Newpek's 45% stake in Eagle Ford, plus the formation's expected cash flows, Newpek estimates that it will not need to make additional capital contributions to fully exploit Eagle Ford Shale, as the venture is expected to have positive and growing cash flows after capex.

Furthermore, the amount paid by RIL to acquire the 45% stake establishes a market reference for Newpek's Eagle Ford Shale assets. Prior to the divestiture, the book value of Newpek's assets in the whole Natural Gas venture was U.S. $113 million. The implicit value of Newpek's Eagle Ford Shale assets, as determined by the RIL transaction is U.S. $467 million, without including the other natural gas assets belonging to Newpek not included in the transaction.

» Financial Results

Alpek's revenues during 2Q10 totaled U.S. $1,228 million, rising 6% sequentially and 24% vis-à-vis the same year-ago quarter. This is a reflection of strong sales volumes and higher prices, as increases in input costs were passed-through to customers. On a cumulative basis, revenues have grown 29% for the same reasons.

Operating income amounted U.S. $100 million, 29% and 25% higher than 1Q10 and 2Q09. This result stems from stable margins at the polyester segment, coupled with higher profits at the specialty chemicals and plastics segment. For the first half of 2010, Operating Income totaled U.S. $178 million, 10% more than in the same 2009 period.

The increase in Operating Income during 2Q10 was also evident in the EBITDA line, which amounted to U.S. $127 million in the quarter. This is a new company quarterly record and was 23% and 19% higher on a sequential basis and vis-à-vis the same year-ago quarters. On a cumulative basis, Alpek's EBITDA was 8% higher than in the first half of 2009. EBITDA per ton was U.S. $153 during 2Q10, higher than he U.S. $128 of 1Q10 and the U.S. $135 of 2Q09.

» Capital Expenditures and Net Debt

Investments in fixed assets totaled U.S. $22 million in 2Q10. Resources were applied at Newpek, to the replacement of assets, and at projects aimed at reducing costs. As explained above, Newpek sold 45% of its Eagle Ford Shale assets in U.S. $210 million, of which U.S. $ 42 million were received in cash. The quarter's EBITDA plus the resources from the divestiture allowed a reduction of Net Debt in the amount of U.S. $64 million, for a balance of U.S. $549 million at the end of the period. Alpek's strong financial position is evidenced by its financial ratios: Net Debt to EBITDA was 1.2 times, while Interest Coverage equaled 6.9 times.

(See Tables 8 to 11 in the Appendix for more detailed financial information on Alpek.)

Nemak

High-Tech Aluminum Auto Parts (**27**% of ALFA's 2Q10 Revenues)

» Industry Developments

The automotive markets in which Nemak participates continued to gradually recover. The seasonally adjusted annual rate (SAAR) of light vehicle sales in the U.S. in 2Q10 was 11.3 million units, which represented an increase of 18% vis-à-vis 2Q09. The main American OEMs have recovered market share, which benefits suppliers such as Nemak. European light vehicle sales SAAR averaged 17.8 million units for 2Q10, a decrease of 3% when compared to 2Q09. As anticipated, sales in the European market decreased as governmental incentives are no longer in place. However, the current performance is better than expected thanks to higher exports and the stronger performance of the Central and Eastern European markets.

» Operations

Reflecting the on-going industry improvement, Nemak sold 8.6 million equivalent heads during 2Q10, 8% more than in 1Q10. Nemak' sales volume is approaching pre-crisis levels, which was 9.1 million in 2Q08. 2Q10 represented the fifth consecutive quarter since 1Q09 showing volume growth. When compared to 2Q09, sales volume rose 56%. However, it is worth noting that 2Q09 was not representative of a normal quarter, as car sales had dropped almost 50% in such period due to the restructuring processes the main American OEMs were facing at that time. The same comments apply to Nemak's 59% growth in sales volume in the first half of 2010 vs. the same period of 2009. Nemak's view for the second half of 2010 continues to be aligned to the assumptions taken into consideration at the beginning of the year, which contemplate the seasonal slowdown in auto production for the change of models, plus a slower recovery of the North American market and a slowdown in Europe after key governmental incentive programs ended.

Volkswagen's recent announcement that it will expand its vehicle assembly facilities in the U.S. and build a new engine plant in North America is a new industry development that could favor Nemak in the near future. The company is in the final stages of negotiations to become a strategic supplier of cylinder heads for VW's new engine plant.

» Financial Results

2Q10 Revenues totaled U.S. $730 million, for increases of 8% and 74% vis-à-vis 1Q10 and 2Q09, respectively. Higher revenues are the result of the higher sales volumes already explained, plus higher input prices, which are passed-through to customers. Revenues during the first semester of 2010 are 75% higher than last year's for the same reasons.

2Q10 Operating Income amounted to U.S. $67 million, for a sequential increase of 14%. It also increased by 148% and 632% when compared to the same year-ago quarter and on a cumulative basis. However, these percentages are not representative of a normal situation for the reasons explained when discussing sales volume growth in the same periods. Results also benefitted from the strategies implanted last year to align Nemak's cost and expenses structure to different industry conditions. The savings achieved are even more evident now that sales volumes are returning to higher levels.

As a consequence of the increase in Operating Income, 2Q10 EBITDA totaled $102 million, another company record. EBITDA was 7% and 66% higher than 1Q10 and 2Q09, respectively, and 135% on a cumulative basis. Per-unit EBITDA was U.S. $11.90 during 2Q10. While this figure is slightly lower than the $12.00 reported in the previous quarter, it remains within the U.S. $11.50 – U.S. $12.50 range the company believes is sustainable during the year.

» Capital Expenditures and Net Debt

Capital expenditures amounted U.S. $18 million in 2Q10, for a total of U.S. $35 million so far in 2010. Resources were used for the normal replacement of assets and plant expansion to have more production capacity in light of the expected continuing industry recovery. Net Debt totaled U.S. $1,197 million at the end of the quarter, a reduction of U.S. $112 million vis-à-vis 1Q10. The company’s EBITDA generation and lower working capital needs contributed to this deleveraging. Thus, financial ratios posted a sequential improvement: Net Debt to EBITDA totaled 3.2 times, and Interest Coverage was 2.9 times.

(See Tables 12 to 14 in the Appendix for more detailed financial information on Nemak.)

Sigma

Refrigerated Food Products (23% of ALFA's 2Q10 Revenues)

» Industry Developments

Consumer demand in Mexico maintained slow growth rates during 2Q10. On the other hand, prices of raw materials for refrigerated foods kept increasing in dollar terms, although a stronger Mexican peso on average helped to partially offset some of the increase.

» Operations

Despite market conditions, Sigma was able to sell 208,019 tons of food products during 2Q10, a new quarterly record and 5% more than in the previous quarter. This was accomplished on the basis of targeted point-of-sale promotions. It also was 5% more than the year-ago quarter. All main product lines showed growth. For instance, cold cuts grew 6% in volume vis-à-vis 2Q09, while all product lines within the dairy category reported increases. Sigma's higher advertisement investment and a greater penetration of foreign markets are also some reasons behind this achievement.

Sigma's 2Q10 average pricing in pesos was 1% lower on a sequential basis and 2% lower when compared to the same year-ago quarter. The abovementioned promotions and a slightly different sales mix explain these changes. On a cumulative basis, Sigma's average pricing was 2% lower during 1H10 than in 1H09. When measured in dollars, prices rose vis-à-vis the relevant comparable periods, reflecting a stronger peso on average during the quarter.

» Financial Results

Revenues in 2Q10 totaled U.S. $602 million, 5% more than in the previous quarter and 11% vis-à-vis 2Q09. Higher sales volume sold in the quarter, and the positive effect of a stronger peso on average, explain this result. On a cumulative basis, revenues grew by 11% for the same reasons.

Foreign operations continued to contribute to the overall result. Revenues from the U.S., Central and South America, and the Caribbean represented 19% of total revenues, the same as the previous quarter and in 2Q09.

Operating Income was U.S. $48 million, slightly above the U.S. $47 million of the previous quarter, but 15% lower than the same year-ago quarter. Two main reasons are behind this decline. First, raw material costs were higher, as explained above. Second, Sigma stepped up its marketing efforts, and incurred in higher R&D expenses, such as those related to the launch of the new FUD cheese line, which is intended to leverage on the brand's high recognition. On a cumulative basis, Operating Income declined by 3%, basically for the same reasons.

EBITDA figures reflected changes in Operating Income and reached U.S. $67 million, 1% higher than 1Q10 but 10% lower than 2Q09 and flat on a cumulative basis.

Capital Expenditures and Net Debt

Sigma invested U.S. $14 million in fixed assets during 2Q10, for a cumulative total of U.S. $20 million. Resources were mainly used for the normal replacement of assets. Net Debt closed with a balance of U.S. $510 million, a U.S. $46 million reduction vis-à-vis 1Q10. This reduction was the result of the quarter's EBITDA and lower working capital needs. Financial ratios remained strong: Net Debt to EBITDA was 1.9 times, and Interest Coverage totaled 5.6 times.

(See Tables 15 to 18 in the Appendix for more detailed financial information regarding Sigma.)

Alestra

Telecommunications (3% of ALFA's 2Q10 Revenues)

» Industry developments

During 2Q10, the Mexican Government, through the Ministry of Communications and Transportation, conducted an auction for the concession for use of two strands of dark fiber from the electric utility (CFE). A consortium of companies involved in the telecom and media businesses won the concession. While Alestra did not participate in this process, it expects that domestic broadband tariffs will drop as additional transmission capacity will be available.

» Operations

Alestra continued to expand its wide offer of value-added telecom services for business customers (VAS). During 2Q10, VAS totaled 696,000 E0s (equivalent of customer-access circuits providing services), 7% more on a sequential basis, and 24% higher than 2Q09.

On the other hand, Alestra's long distance (LD) network handled 428 millions of minutes of use of traffic during 2Q10, 8% less and 24% less than 1Q10 and 2Q09, respectively. These declines show the long-term trends affecting traditional LD traffic, which Alestra has more than offset through expanding its offering of VAS.

» Financial Results

As a result of a focused strategy and the improvement in the Mexican economy, Alestra's financial results continued to show positive trends, which are evident in the main line items of its income statement. During 2Q10, Alestra's revenues amounted to U.S. $89 million, 3% higher than the previous quarter and 1% higher when compared to 2Q09. VAS revenue grew 4% sequentially, and 15% when compared to 2Q09, representing 76% of total quarterly revenues, compared to 75% in 1Q10 and 67% in 2Q09. On a cumulative basis, Alestra's revenues have grown 4% in the first half of 2010. The main reason behind revenue growth is the company's ability to expand VAS to more than offset declining LD revenues. Year to date, VAS revenue has grown 14% when compared to the first semester of 2009.

Operating Income amounted to U.S. $11 million during 2Q10, 4% and 5% higher than the previous quarter and the same year ago period, respectively, and flat on a cumulative basis. The increase in Operating Income has to do with the greater proportion of the more profitable VAS in the total revenue mix. 2Q10 EBITDA amounted to U.S. $28 million, 3% higher than 1Q10 and 7% higher when compared to 2Q09. On a cumulative basis, Alestra's 1H10 EBITDA was 6% higher than 1H09.

» Capital Expenditures and Net Debt

2Q10 capital expenditures amounted to U.S. $14 million, for a cumulative figure of U.S. $25 million so far in 2010. Funds were used to support network growth and infrastructure to provide VAS and last-mile access circuits to customers. At the end of 2Q10, Alestra's net debt amounted to U.S. $200 million, a decrease of U.S. $7 million when compared to the previous quarter. Financial ratios remained strong with Net Debt to EBITDA of 1.9 times and Interest Coverage of 3.8 times.

(See Tables 19 to 21 in the Appendix for more detailed financial information on Alestra.)

Financial Information

» Consolidated and Group Tables
» Consolidated Balance Sheet
» Consolidated Statement of Income

For more information and the Spanish version of this report, visit ALFA's webpage at www.alfa.com.mx

Enrique Flores
+52 (81) 8748.1207
eflores@alfa.com.mx

Raúl González
+52 (81) 8748.1177
rgonzale@alfa.com.mx

Gilberto García
+52 (81) 8748.1255
ggarciam@alfa.com.mx

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Table 1

Volume and Price Changes (%)

	2Q10 vs.		YTD'10 vs.
	1Q10	2Q09	YTD'09
Total Volume	4.4	14.1	15.4
Domestic Volume	5.0	10.7	8.7
Foreign Volume	3.8	18.2	24.0
Avg. Ps. Prices	(0.2)	5.0	4.6
Avg. U.S. $ Prices	1.8	13.3	14.7

Table 2

Revenues

				(%) 2Q10 vs.				
	2Q10	1Q10	2Q09	1Q10	2Q09	YTD '10	YTD '09	Ch. %
Total Revenues								
Ps. Millions	33,656	32,287	28,084	4	20	65,943	54,665	21
U.S. $ Millions	2,670	2,511	2,064	6	29	5,180	3,915	32
Domestic Revenues								
Ps. Millions	15,394	14,756	13,488	4	14	30,150	26,573	13
U.S. $ Millions	1,221	1,147	991	6	23	2,368	1,903	24
Foreign Revenues								
Ps. Millions	18,262	17,531	14,597	4	25	35,793	28,092	27
U.S. $ Millions	1,449	1,363	1,073	6	35	2,812	2,012	40
Foreign / Total (%)	54.3	54.3	52.0			54.3	51.4	

Table 3

Operating Income and EBITDA

				(%) 2Q10 vs.				
	2Q10	1Q10	2Q09	1Q10	2Q09	YTD '10	YTD '09	Ch. %
Operating Income								
Ps. Millions	2,792	2,336	2,299	20	21	5,128	4,006	28
U.S. $ Millions	221	182	169	22	31	403	287	40
EBITDA								
Ps. Millions	4,051	3,611	3,614	12	12	7,661	6,626	16
U.S. $ Millions	321	281	266	14	21	602	475	27

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Table 4

Comprehensive Financing (Expense) / Income (CFI) (U.S. $ Millions)

	2Q10	1Q10	2Q09	(%) 2Q10 vs. 1Q10	(%) 2Q10 vs. 2Q09	YTD '10	YTD '09	Ch. %
Financial Expenses	(73)	(75)	(69)	3	(6)	(148)	(167)	11
Financial Income	8	4	8	100		12	27	(56)
Net Financial Expenses	(65)	(71)	(61)	8	(7)	(136)	(140)	3
Fx Gains (Losses)	(13)	27	53	na	na	14	(50)	na
Equity Swaps	(4)	23	24	na	na	19	11	73
Interest Rate Swaps	(15)	(9)	8	67	na	(24)	(38)	(37)
Gas & Comm. Hedges	(6)	(4)	(4)	50	50	(10)	(29)	(66)
Capitalized CFE	(1)	1	1	na	na	-	2	(100)
CFE	(104)	(33)	21	215	na	(137)	(244)	(44)
Avg. Cost of Borrowed Funds (%)	6.5	6.7	7.5			6.6	8.2	

Table 5

Majority Net Income (U.S. $ Millions)

	2Q10	1Q10	2Q09	(%) 2Q10 vs. 1Q10	(%) 2Q10 vs. 2Q09	YTD '10	YTD '09	Ch. %
Consolidated Net Income (Loss)	69	111	80	(38)	(14)	180	(30)	na
Minority Interest	8	23	15	(65)	(47)	31	4	675
Majority Net Income (Loss)	61	88	65	(31)	(6)	149	(34)	na
Per Share (U.S. Dollars)	0.11	0.16	0.12	(29)	(6)	0.27	(0.06)	na
Avg. Outstanding Shares (Millions)	540	547	559			544	559	

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Table 6

Cash Flow (U.S. $ Millions)

	2Q10	1Q10	2Q09	(%) 2Q10 vs. 1Q10	(%) 2Q10 vs. 2Q09	YTD '10	YTD '09	Ch. %
EBITDA	321	281	266	14	21	602	475	27
Net Working Capital & Others	(1)	(167)	72	(99)	na	(168)	27	na
Capital Expenditures & Acq.	(26)	(48)	(58)	(46)	(55)	(74)	(105)	(30)
Net Financial Expenses	(64)	(70)	(59)	(9)	8	(134)	(135)	(1)
Taxes, Profit Sharing	(32)	(19)	-	68	na	(51)	(3)	1,600
Dividends	(70)	(18)	(28)	289	150	(88)	(28)	214
Other Sources / Uses	12	(128)	(307)	na	na	(116)	(419)	(72)
Decrease (Increase) in Net Debt	140	(169)	(114)	na	na	(29)	(188)	(85)

Table 7

Selected Balance Sheet Information & Financial Ratios (U.S. $ Millions)

	2Q10	1Q10	2Q09	YTD '10	YTD '09
Assets	8,109	8,271	7,929	8,109	7,929
Liabilities	5,519	5,559	5,389	5,519	5,389
Stockholders' Equity	2,590	2,712	2,540	2,590	2,540
Majority Equity	2,221	2,339	2,149	2,221	2,149
Net Debt	2,437	2,577	2,549	2,437	2,549
Net Debt/EBITDA*	2.06	2.29	2.84	2.06	2.84
Interest Coverage*	4.4	4.3	3.4	4.4	3.4

* Times; last 12 months

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Table 8
Volume and Price Changes (%)

	2Q10 vs.		YTD'10 vs.
	1Q10	2Q09	YTD'09
Total Volume	3.0	5.0	7.0
Avg. Ps. Prices	1.1	9.2	9.7
Avg. U.S. $ Prices	3.0	18.0	20.0

Table 9
Revenues

				(%) 2Q10 vs.				
	2Q10	1Q10	2Q09	1Q10	2Q09	YTD '10	YTD '09	Ch. %
Total Revenues								
Ps. Millions	15,485	14,890	13,521	4	15	30,375	25,803	18
U.S. $ Millions	1,228	1,158	994	6	24	2,386	1,849	29
Domestic Revenues								
Ps. Millions	7,177	6,823	5,851	5	23	14,000	11,369	23
U.S. $ Millions	569	531	430	7	32	1,100	815	35
Foreign Revenues								
Ps. Millions	8,308	8,067	7,670	3	8	16,374	14,434	13
U.S. $ Millions	659	627	564	5	17	1,286	1,035	24
Foreign / Total (%)	53.7	54.2	56.7			53.9	55.9	

Table 10
Operating Income and EBITDA

				(%) 2Q10 vs.				
	2Q10	1Q10	2Q09	1Q10	2Q09	YTD '10	YTD '09	Ch. %
Operating Income								
Ps. Millions	1,260	999	1,083	26	16	2,259	2,252	-
U.S. $ Millions	100	78	80	29	25	178	161	10
EBITDA								
Ps. Millions	1,601	1,329	1,451	20	10	2,930	2,980	(2)
U.S. $ Millions	127	103	107	23	19	230	213	8

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Table 11

Selected Balance Sheet Information & Financial Ratios (U.S. $ Millions)

	2Q10	1Q10	2Q09	YTD '10	YTD '09
Assets	3,127	3,165	2,777	3,127	2,777
Liabilities	1,976	2,037	1,873	1,976	1,873
Stockholders' Equity	1,151	1,128	904	1,151	904
Net Debt	549	613	570	549	570
Net Debt/EBITDA*	1.23	1.44	1.65	1.23	1.65
Interest Coverage*	6.9	6.7	5.2	6.9	5.2

* Times; last 12 months

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Table 12

Revenues

	2Q10	1Q10	2Q09	(%) 2Q10 vs. 1Q10	(%) 2Q10 vs. 2Q09	YTD '10	YTD '09	Ch. %
Total Revenues								
Ps. Millions	9,200	8,660	5,702	6	61	17,860	11,218	59
U.S. $ Millions	730	674	419	8	74	1,404	802	75
Domestic Revenues								
Ps. Millions	827	760	465	9	78	1,588	952	67
U.S. $ Millions	66	59	34	11	92	125	68	84
Foreign Revenues								
Ps. Millions	8,373	7,899	5,238	6	60	16,273	10,266	59
U.S. $ Millions	664	615	385	8	73	1,279	734	74
Foreign / Total (%)	91.0	91.2	91.9			91.1	91.5	
Total Volume (Million Eq. Heads)	8.6	7.9	5.5	8.9	55.0	16.4	10.4	58.0

Table 13

Operating Income and EBITDA

	2Q10	1Q10	2Q09	(%) 2Q10 vs. 1Q10	(%) 2Q10 vs. 2Q09	YTD '10	YTD '09	Ch. %
Operating Income								
Ps. Millions	841	756	368	11	129	1,597	237	574
U.S. $ Millions	67	59	27	14	148	126	17	632
EBITDA								
Ps. Millions	1,280	1,219	835	5	53	2,499	1,165	115
U.S. $ Millions	102	95	61	7	66	197	84	135

Table 14

Selected Balance Sheet Information & Financial Ratio (U.S. $ Millions)

	2Q10	1Q10	2Q09	YTD '10	YTD '09
Assets	2,899	2,976	2,907	2,899	2,907
Liabilities	2,141	2,159	1,998	2,141	1,998
Stockholders' Equity	758	818	909	758	909
Majority Equity	757	817	909	757	909
Net Debt	1,197	1,309	1,289	1,197	1,289
Net Debt/EBITDA*	3.20	3.93	5.95	3.20	5.95
Interest Coverage*	2.9	2.8	1.9	2.9	1.9

* Times; last 12 months

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Table 15

Volume and Price Changes (%)

	2Q10 vs.		YTD'10 vs.
	1Q10	2Q09	YTD'09
Total Volume	4.7	5.2	3.2
Avg. Ps. Prices	(1.3)	(2.4)	(1.6)
Avg. U.S. $ Prices	0.6	5.4	8.0

Table 16

Revenues

				(%) 2Q10 vs.				
	2Q10	1Q10	2Q09	1Q10	2Q09	YTD '10	YTD '09	Ch. %
Total Revenues								
Ps. Millions	7,591	7,348	7,394	3	3	14,938	14,709	2
U.S. $ Millions	602	571	543	5	11	1,173	1,053	11
Domestic Revenues								
Ps. Millions	6,158	5,924	5,956	4	3	12,082	11,764	3
U.S. $ Millions	488	461	438	6	12	949	843	13
Foreign Revenues								
Ps. Millions	1,433	1,424	1,438	1	-	2,857	2,945	(3)
U.S. $ Millions	114	111	106	3	8	224	211	7
Foreign / Total (%)	18.9	19.4	19.4			19.1	20.0	

Table 17

Operating Income and EBITDA

				(%) 2Q10 vs.				
	2Q10	1Q10	2Q09	1Q10	2Q09	YTD '10	YTD '09	Ch. %
Operating Income								
Ps. Millions	606	607	766		(21)	1,212	1,367	(11)
U.S. $ Millions	48	47	56	1	(15)	95	98	(3)
EBITDA								
Ps. Millions	842	848	1,006	(1)	(16)	1,691	1,851	(9)
U.S. $ Millions	67	66	74	1	(10)	133	133	-

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Table 18

Selected Balance Sheet Information & Financial Ratios (U.S. $ Millions)

	2Q10	1Q10	2Q09	YTD '10	YTD '09
Assets	1,504	1,481	1,544	1,504	1,544
Liabilities	974	955	1,104	974	1,104
Stockholders' Equity	530	526	440	530	440
Majority Equity	530	526	440	530	440
Net Debt	510	556	552	510	552
Net Debt/EBITDA*	1.87	1.98	2.05	1.87	2.05
Interest Coverage*	5.6	5.1	4.6	5.6	4.6

* Times; last 12 months

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Table 19

Revenues

	2Q10	1Q10	2Q09	(%) 2Q10 vs. 1Q10	(%) 2Q10 vs. 2Q09	YTD '10	YTD '09	Ch. %
Total Revenues								
Ps. Millions	1,126	1,116	1,200	1	(6)	2,243	2,373	(5)
U.S. $ Millions	89	87	88	3	1	176	170	4
Data, Internet and Local Services (VAS)								
Ps. Millions	851	835	799	2	6	1,686	1,624	4
U.S. $ Millions	68	65	59	4	15	132	116	14
Long Distance Services								
Ps. Millions	275	281	400	(2)	(31)	557	749	(26)
U.S. $ Millions	22	22	29	(0)	(26)	44	54	(19)
Data, Internet and Local Services / Total (%)	76	75	67			75	68	

Table 20

Operating Income and EBITDA

	2Q10	1Q10	2Q09	(%) 2Q10 vs. 1Q10	(%) 2Q10 vs. 2Q09	YTD '10	YTD '09	Ch. %
Operating Income								
Ps. Millions	141	139	145	2	(2)	280	310	(9)
U.S. $ Millions	11	11	11	4	5	22	22	(1)
EBITDA								
Ps. Millions	355	351	357	1	(1)	706	733	(4)
U.S. $ Millions	28	27	26	3	7	55	53	6

Table 21

Selected Balance Sheet Information & Financial Ratios (U.S. Million)

	2Q10	1Q10	2Q09	YTD '10	YTD '09
Assets	561	561	489	561	489
Liabilities	364	358	308	364	308
Stockholders' Equity	197	203	181	197	181
Net Debt	200	207	208	200	208
Net Debt/EBITDA*	1.86	1.96	1.83	1.86	1.83
Interest Coverage*	3.8	4.1	5.0	3.8	5.0

* Times; last 12 months

Appendix A

ALFA, S.A.B. de C.V. and Subsidiaries
BALANCE SHEET
Information in millions of Nominal Mexican Pesos

	June 10	March 10	June 09	(%) June 10 vs. March 10	(%) June 10 vs. June 09
Assets					
CURRENT ASSETS:					
Cash and cash equivalents	8,750	8,695	10,923	*1*	*(20)*
Trade accounts receivable	15,591	15,182	13,530	*3*	*15*
Other accounts and notes receivable	3,445	3,030	3,812	*14*	*(10)*
Inventories	12,071	11,858	10,970	*2*	*10*
Other assets	561	1,009	653	*(44)*	*(14)*
Total current assets	40,418	39,774	39,888	*2*	*1*
LONG TERM FINANCIAL INVESTMENTS	230	246	956	*(7)*	*(76)*
INVESTMENT IN SHARES IN ASSOCIATES	319	301	493	*6*	*(35)*
PROPERTY, PLANT AND EQUIPMENT	51,164	51,899	52,998	*(1)*	*(3)*
DEFERRED CHARGES & OTHER INTANGIBLE ASSETS	9,522	10,121	9,730	*(6)*	*(2)*
OTHER ASSET	979	753	617	*30*	*59*
Total assets	102,632	103,094	104,682	*(0)*	*(2)*
Liabilities and Stockholders' Equity					
CURRENT LIABILITIES:					
Current portion of long-term debt	5,924	4,570	5,824	*30*	*2*
Bank loans and notes payable	337	791	10,128	*(57)*	*(97)*
Suppliers	14,669	14,232	12,014	*3*	*22*
Other accounts payable and accrued expenses	6,761	6,023	7,944	*12*	*(15)*
Total current liabilities	27,691	25,616	35,910	*8*	*(23)*
LONG-TERM LIABILITIES:					
Long-term debt	33,177	35,385	29,317	*(6)*	*13*
Deferred income taxes	4,728	4,235	2,617	*12*	*81*
Other liabilities	3,346	3,203	2,477	*4*	*35*
Estimated liabilities for seniority premiums and pension plans	907	846	832	*7*	*9*
Total liabilities	69,849	69,285	71,153	*1*	*(2)*
STOCKHOLDERS' EQUITY:					
Majority interest:					
Nominal capital stock	225	225	233	-	*(4)*
Restatement of capital stock	137	137	143	-	*(4)*
	362	362	376	-	*(4)*
Contributed capital	362	362	376	-	*(4)*
Earned surplus	27,747	28,787	27,995	*(4)*	*(1)*
Total majority interest	28,109	29,149	28,371	*(4)*	*(1)*
Minority interest	4,674	4,660	5,158	*0*	*(9)*
Total stockholders' equity	32,783	33,809	33,529	*(3)*	*(2)*
Total liabilities and stockholders' equity	102,632	103,094	104,682	*(0)*	*(2)*
Current ratio	1.46	1.55	1.11		
Debt to equity	2.13	2.05	2.12		

Appendix B

ALFA, S.A.B. DE C.V. and Subsidiaries
STATEMENT OF INCOME
Information in millions of Nominal Mexican Pesos

	2Q10	1Q10	2Q09	YTD '10	YTD '09	2Q10 vs. (%) 1Q10	2Q10 vs. (%) 2Q09
Net sales	33,656	32,287	28,084	65,943	54,665	*4*	*20*
Domestic	15,394	14,757	13,488	30,150	26,573	*4*	*14*
Export	18,262	17,530	14,596	35,793	28,092	*4*	*25*
Cost of sales	(27,070)	(26,133)	(22,330)	(58,203)	(43,785)	*(4)*	*(21)*
Gross profit	6,585	6,154	5,754	12,740	10,880	*7*	*14*
Operating expenses	(3,794)	(3,819)	(3,455)	(7,612)	(6,874)	*1*	*(10)*
Operating income	2,792	2,335	2,299	5,128	4,006	*20*	*21*
Comprehensive financing expense, net	(1,306)	(438)	318	(1,743)	(3,457)	*(198)*	*(511)*
Other (expense) income, net	(55)	10	(320)	(45)	(550)	*(650)*	*83*
Employees' profit sharing	(42)	(34)	(30)	(76)	(54)	*(24)*	*(40)*
Equity in income (loss) of associates	14	(9)	9	5	14	*256*	*56*
Income before the following provision	1,404	1,864	2,276	3,268	(41)	*(25)*	*(38)*
Provisions for:							
Income tax	(536)	(445)	(1,158)	(981)	(411)	*(20)*	*54*
Consolidated net income	868	1,419	1,119	2,288	(451)	*(39)*	*(22)*
Income (loss) corresponding to minority interest	102	297	214	400	56	*(66)*	*(52)*
Net income (loss) corresponding to majority interest	766	1,122	905	1,888	(507)	*(32)*	*(15)*
EBITDA	4,051	3,611	3,614	7,661	6,626	*12*	*12*
Interest coverage	4.4	4.3	3.4	4.4	3.4		