

San Pedro Garza García, México, February 26, 2007 - Axtel, S.A.B. de C.V. ("AXTEL"), one of the leading telecommunications services providers in Mexico, announced its unaudited fourth quarter results ended December 31, 2006, today. Figures in this release are based on Mexican GAAP, stated in constant pesos (Ps.) as of December 31, 2006. Comparisons in pesos are in real terms, that is, adjusted for inflation.

Million Pesos	Fourth Quarter			LTM		
	2006 ^(*)	2005	% of Change	Dec-06 ^(*)	Dec-05	% of Change
Revenues ⁽¹⁾	2,099.2	1,374.6	52.7%	6,433.9	5,168.1	24.5%
Costs ⁽²⁾	709.5	435.8	62.8%	2,028.1	1,613.3	25.7%
Operating Expenses ⁽³⁾	706.3	449.5	57.1%	2,178.2	1,755.8	24.1%
Adjusted EBITDA ⁽⁴⁾	683.4	489.2	39.7%	2,227.5	1,798.9	23.8%
EBITDA Margin	32.6%	35.6%	-304 bps	34.6%	34.8%	-19 bps
Net Income	67.4	81.0	-16.7%	201.5	296.0	-31.9%
Earnings per CPO ⁽⁵⁾	0.17	0.20	-16.7%	0.50	0.73	-31.9%
Net Debt / Adj EBITDA ⁽⁶⁾	2.6x	0.5x		3.1x	0.5x	
Interest Coverage ⁽⁷⁾	5.1x	4.9x		4.8x	4.5x	

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AXTEL

Highlights:

- ✓ During the fourth quarter, we acquired Avantel consolidating our position as the second-largest fixed-line integrated telecommunications company in Mexico measured by customers, revenues and EBITDA.
- ✓ At the end of the fourth quarter, our network included 1,090 km of metro fiber rings, 34 digital switches, 396 FWA sites, 683 point-to-point links, 166 point-to-multipoint sites (almost all are within the FWA sites) and 7,700 km of long-haul fiber optic.
- ✓ At the end of the fourth quarter of 2006, internet subscribers totaled 104,703 from 45,898 at the end of 2005. Non dial-up subscribers represented 56% or 58,464

NOTE:

(*) Results for the fourth quarter and full year 2006 include the effect of the acquisition of Avantel only for the month of December.

LTM Revenues

Million Pesos	2006 LTM	% of Total	2005 LTM	% of Total	% of Change
Local	4,178.1	64.9%	3,634.2	70.3%	15.0%
Long Distance	607.7	9.4%	470.2	9.1%	29.2%
Data & Network	442.4	6.9%	207.8	4.0%	112.9%
Int'l. Traffic	532.8	8.3%	490.8	9.5%	8.5%
Other	672.8	10.5%	365.1	7.1%	84.3%
Total	6,433.9	100.0%	5,168.1	100.0%	24.5%

Quarterly Revenues

Million Pesos	Q4 2006	% of Total	Q4 2005	% of Total	% of Change
Local	1,120.6	53.4%	979.1	71.2%	14.5%
Long Distance	244.2	11.6%	119.7	8.7%	104.0%
Data & Network	240.1	11.4%	57.1	4.2%	320.3%
Int'l. Traffic	180.7	8.6%	121.4	8.8%	48.8%
Other	313.6	14.9%	97.2	7.1%	222.5%
Total	2,099.2	100.0%	1,374.6	100.0%	52.7%

We derived our revenues from the following sources:

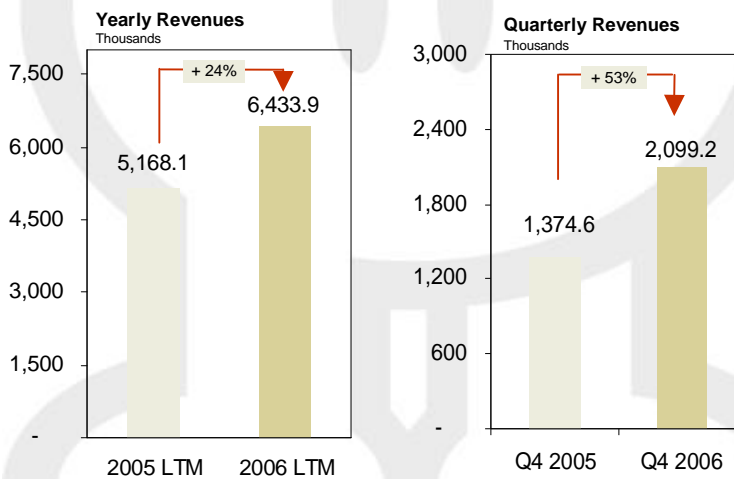
Local services. Local service revenues amounted to Ps. 1,120.6 million for the three-month period ended December 31, 2006, compared to Ps. 979.1 million for the same period ended in 2005, an increase of Ps. 141.5 million or 14%. This change is explained by a Ps. 61.0 million contribution from Avantel and Ps. 81.5 million from increased monthly rents, value-added services and cellular revenues originated from higher number of lines in service. For the twelve-month period ended December 31, 2006, revenues from local services totaled Ps. 4,178.1 million, an annual improvement of Ps. 543.9 million, or 15%, from Ps. 3,634.2 million recorded in the same period in 2005.

Long distance services. Long distance service revenues were Ps. 244.2 million for the three-month period ended December 31, 2006, compared to Ps. 119.7 million in the same period in 2005, an increase of Ps. 124.5 million or 104%. This increase was mainly due to the Avantel customers. For the twelve month period ended December 31, 2006, long distance services grew to Ps. 607.7 million from Ps. 470.2 million registered in the same period in 2005, an increase of Ps. 137.5 million or 29%.

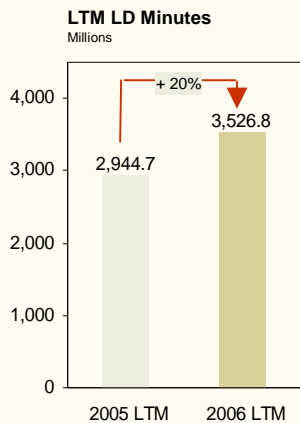
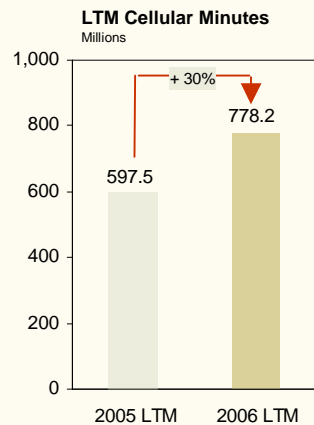
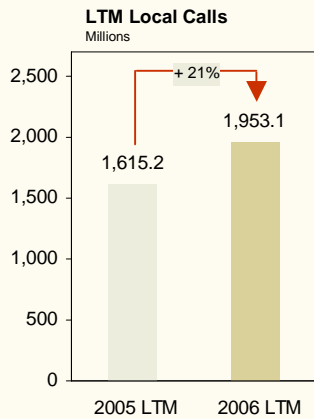
Data & Network. Data and network service revenues were Ps. 240.1 million for the three-month period ended December 31, 2006, compared to Ps. 57.1 million in the same period in 2005, an increase of Ps. 183.0 million or 320%. This variation is explained by a Ps. 163.7 million contribution from Avantel and a Ps. 19.3 million by data services provided to existing and new customers. For the twelve month period ended December 31, 2006, data and network services grew to Ps. 442.4 million from Ps. 207.8 million registered in the same period in 2005, an increase of Ps. 234.6 million or 113%.

International traffic. International traffic revenues amounted to Ps. 180.7 million for the three-month period ended December 31, 2006, compared to Ps. 121.4 million in the same period in 2005, an increase of Ps. 59.2 million or 49%. Out of the Ps. 180.7 million, Avantel contributed with Ps. 67.6 million. For the twelve month period ended December 31, 2006, international traffic revenues grew to Ps. 532.8 million from Ps. 490.8 million registered in the same period in 2005, an increase of Ps. 41.9 million or 9%.

Other services. Revenue from other services accounted for Ps. 313.6 million in the fourth quarter of 2006, a positive variation of Ps. 216.3 million, or 223%, from Ps. 97.2 million registered in the same period in 2005. Avantel contributed with Ps. 187.7 million and Ps. 28.6 million are due to activation fees and other revenues related to existing and new customers. Other services revenue increased to Ps. 672.8 million for the twelve month period ended December 31, 2006, from Ps. 365.1 million for the same period in year 2005, an increase of Ps. 307.8 million or 84%.



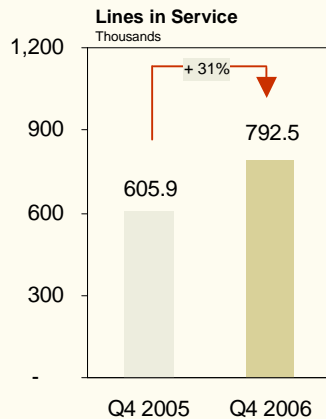
Consumption



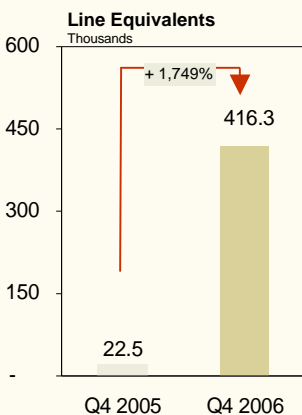
Local Calls. Local calls totaled 518.1 million in the three-month period ended December 31, 2006, an increase of 73.5 million, or 17%, from 444.6 million recorded in the same period in 2005. A higher number of lines in service and 12.1 million calls contributed from Avantel in December were the main driver for this increase. For the twelve month period ended December 31, 2006, local calls increased to 1,953.1 million from 1,615.2 million registered in the same period in 2005, an increase of 337.9 million calls or 21%.

Cellular (“Calling Party Pays”). Minutes of use of calls completed to a cellular line amounted to 215.4 million in the three-month period ended December 31, 2006, compared to 171.0 million in the same period in 2005, a 26% improvement equivalent to 44.4 million minutes. For the twelve month period ended December 31, 2006, cellular minutes grew 180.7 million, or 30%, from 597.5 million registered in the the twelve-month period ended December 31, 2005, to 778.2 million in the same period in 2006.

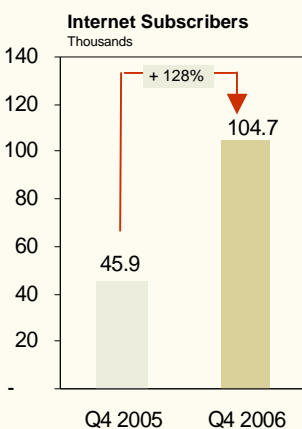
Long distance. Long distance minutes increased to 1,124.1 million for the three-month period ended December 31, 2006 from 780.3 million in the same period in 2005, 44% or 343.8 million above. This increase is explained by 133.6 million contributed from Avantel and from a larger consumption due to bundled offers that incorporate long distance minutes. For the twelve month period ended December 31, 2006, long distance minutes amounted 3,526.8 million, compared to 2,944.7 million registered in the same period in 2005, an increase of 582.1 million of minutes, or 20%.



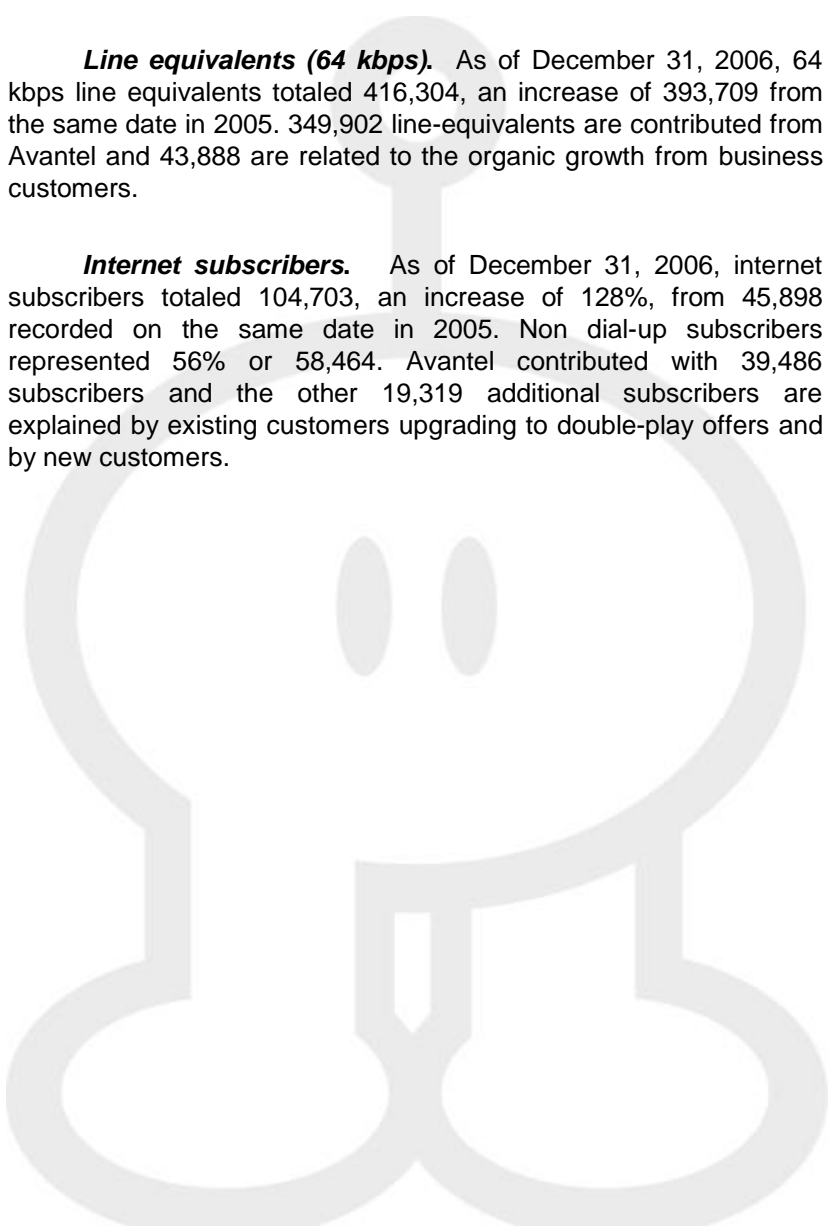
Lines in Service. As of December 31, 2006, lines in service totaled 792.5K, an increase of 186.6K from the same date in 2005. 148.4K net adds are due to organic growth in existing cities as well as five new cities deployed in 2006 and 38.2K lines are contributed from Avantel.

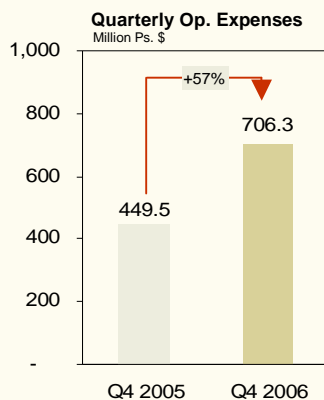
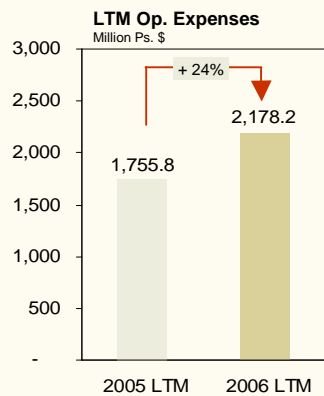
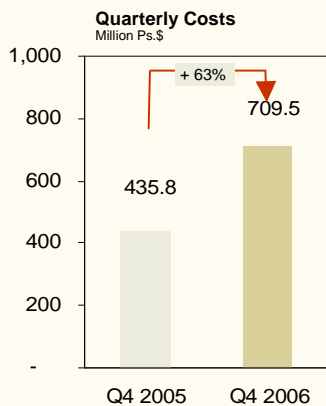
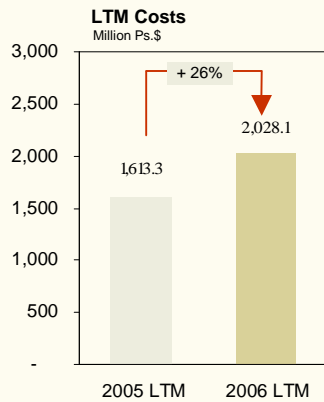


Line equivalents (64 kbps). As of December 31, 2006, 64 kbps line equivalents totaled 416,304, an increase of 393,709 from the same date in 2005. 349,902 line-equivalents are contributed from Avantel and 43,888 are related to the organic growth from business customers.



Internet subscribers. As of December 31, 2006, internet subscribers totaled 104,703, an increase of 128%, from 45,898 recorded on the same date in 2005. Non dial-up subscribers represented 56% or 58,464. Avantel contributed with 39,486 subscribers and the other 19,319 additional subscribers are explained by existing customers upgrading to double-play offers and by new customers.



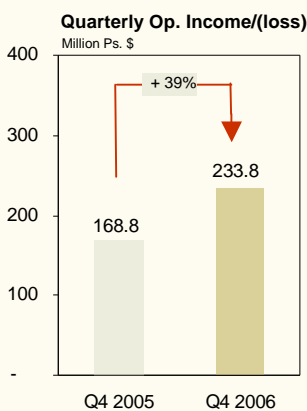
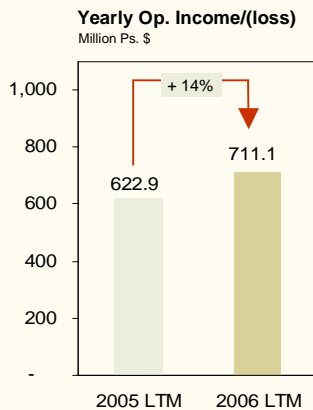
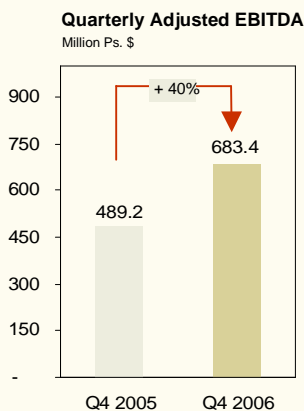
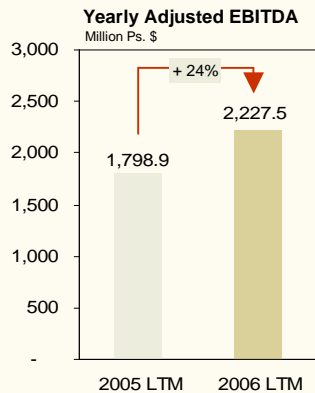


Cost of Revenues² and Operating Expenses³

Cost of Revenues. For the three-month period ended December 31, 2006, the cost of revenues totaled Ps. 709.5 million, an increase of Ps. 273.6 million compared with the same period of year 2005. For the twelve month period ended December 31, 2006, the cost of revenues reached Ps. 2,028.1 million, an increase of Ps. 414.8 million in comparison with the same period in year 2005.

Gross Profit. Gross profit is defined as revenues minus costs of revenues. For the fourth quarter of 2006, the gross profit accounted for Ps. 1,389.7 million, an increase of Ps. 451.0 million or 48%, compared with the same period in year 2005. For the twelve month period ended December 31, 2006, our gross profit totaled Ps. 4,405.7 million, compared to Ps. 3,554.8 million recorded in the same period of year 2005, a gain of Ps. 851.0 million or 24%.

Operating expenses. For the fourth quarter of year 2006, operating expenses grew Ps. 256.8 million, or 57%, totaling Ps. 706.3 million compared to Ps. 449.5 million for the same period in year 2005. For the twelve month period ended December 31, 2006, operating expenses added Ps. 2,178.2 million, coming from Ps. 1,755.8 million in the same period in 2005, an increase of Ps. 422.4 million. Additional expenses associated with the integration of Avantel and the five new cities opened in 2006 were the main factors that generated this increase.



Adjusted EBITDA. (4) The Adjusted EBITDA was Ps. 683.4 million for the three-month period ended December 31, 2006 as compared to Ps. 489.2 million for the same period in 2005, an increase of 40%. As a percentage of total revenues it was 32.6% for the three month period ended December 31, 2006. For the twelve-month period ended December 31, 2006 amounted to Ps. 2,227.5 million, compared to Ps. 1,798.9 million in the same period in year 2005, a positive variation of Ps. 428.6 million, or 24%.

Depreciation and Amortization. (8) Due to the organic expansion of our asset base combined with the new Avantel assets in December, depreciation and amortization totaled Ps. 449.6 million in the three-month period ended December 31, 2006 compared to Ps. 320.4 million for the same period in year 2005, an increase of Ps. 129.2 million or 40%. Depreciation and amortization for the twelve-month period ended December 31, 2006 reached Ps. 1,516.4 million, from Ps. 1,176.0 million in the same period in year 2005, an increase of Ps. 340.3 million, or 29%.

Operating Income (loss). Operating income totaled Ps. 233.8 million in the three-month period ended December 31, 2006 compared to an operating income of Ps. 168.8 million registered in the same period in year 2005, an increase of Ps. 65.0 million or 39%. For the twelve month period ended December 31, 2006 our operating income reached Ps. 711.1 million when compared to the income registered in the same period of year 2005 of Ps. 622.9 million, Ps. 88.3 million or 14% above.

Comprehensive financial result. The comprehensive financial loss was Ps. 90.3 million for the three-month period ended December 31, 2006, compared to a loss of Ps. 30.2 million for the same period in 2005. The increased loss in the fourth quarter of 2006 was a result of additional Ps. 36.0 million interest expense due to a larger amount of debt combined with a non-cash monetary position loss. For the twelve-month period ended December 31, 2006, the loss is partially explained by a foreign exchange loss and a reduced non-cash monetary position gain in 2006 compared to 2005. The following tables illustrate the comprehensive financial results:

Quarterly Comprehensive Financial Result

Million Pesos	Q4 2006	Q4 2005	% of Change
Net interest expense	(118.7)	(80.8)	-47%
Foreign exchange gain (loss), net	35.2	24.1	46%
Monetary position gain	(6.8)	26.4	na
Total	(90.3)	(30.2)	-199%

Yearly Comprehensive Financial Result

Million Pesos	2006 LTM	2005 LTM	% of Change
Net interest expense	(376.4)	(337.3)	-12%
Foreign exchange gain (loss), net	(1.1)	108.1	na
Monetary position gain	11.1	56.6	-80%
Total	(366.5)	(172.6)	-112%

Capital Expenditures. For the twelve month period ended December 31, 2006, Axtel invested Ps. 1,643.3 million in assets compared to Ps. 1,703.1 million in the same period of year 2005, a decrease of Ps. 59.8 million. In addition, Axtel completed the purchase of Avantel for an amount of USD. 516.0 million.

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 17 cities and long distance telephone services to business and residential customers in over 200 cities. The seventeen cities in which AXTEL currently provides local services are Mexico City, Monterrey, Guadalajara, Puebla, Leon, Toluca, Queretaro, San Luis Potosi, Aguascalientes, Saltillo, Ciudad Juarez, Tijuana, Torreón (Laguna Region), Veracruz, Chihuahua, Celaya and Irapuato.

Visit AXTEL on the web at www.axtel.com.mx

Definitions

1) Revenues are derived from:

Local services. We generate revenue by enabling our customers to originate and receive an unlimited number of calls within a defined local service area. Customers are charged a flat monthly fee for basic service, a per call fee for local calls ("measured service"), a per minute usage fee for calls completed on a cellular line ("calling party pays," or CPP calls) and a monthly fee for value added services.

Long distance services. We generate revenues by providing long distance services (domestic and international) for our customers' completed calls.

Data & network. We generate revenues by providing data and network services, like virtual private networks and private lines.

International Traffic. We generate revenues terminating international traffic from foreign carriers.

Other services. We generate revenues from other services, which include activation fees for new customers as well as data, interconnection and dedicated private line service charged on a monthly basis.

2) 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.

3) 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.

4) For additional detail on the Adjusted EBITDA Reconciliation, go to AXTEL's web site at www.axtel.com.mx

5) Earnings per CPO is calculated dividing the net income by the the total number of Series A and Series B shares outstanding at the end of the period divided by seven.

6) Net Debt to Adjusted EBITDA: The quarterly figure comes from dividing the net debt at the end of the period by the quarterly Adjusted EBITDA multiplied by four.

7) Interest Coverage is the interest expense for the period divided by the Adjusted EBITDA for the same period

8) Depreciation and amortization includes depreciation of all communications network and equipment and amortization of preoperating expenses and the cost of spectrum licenses.

****Financial Tables will Follow****

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

Unaudited Consolidated Balance Sheet

December 31, 2006 and 2005

(Thousand of constant pesos with purchasing power as of December 31, 2006)

ASSETS	Dec-06	Dec-05
Current assets:		
Cash and equivalents	1,177,867	2,003,572
Accounts receivable	1,712,184	679,738
Refundable taxes and other accounts receivable	776,228	43,990
Prepaid Expenses	61,531	58,964
Inventories	99,336	63,853
Total current assets	<u>3,827,146</u>	<u>2,850,117</u>
Non current assets		
Property, plant and equipment, net	14,471,019	7,320,184
Long-term accounts receivable	19,937	19,562
Telephone concession rights	778,142	701,335
Pre-operating results, net	153,809	185,376
Deferred income tax	-	17,890
Deferred employee's profit sharing	9,668	-
Investment in shares of associated company	13,615	-
Other assets	375,676	178,020
Total non current assets	<u>15,821,866</u>	<u>8,422,367</u>
TOTAL ASSETS	<u>19,649,012</u>	<u>11,272,484</u>
LIABILITIES		
Current liabilities		
Account payable & Accrued expenses	1,820,781	567,765
Accrued Interest	15,850	13,267
Short-term debt	-	-
Current portion of long-term debt	157,294	42,640
Taxes payable	691,075	48,923
Financial Instruments	66,058	86,777
Deferred Revenue	581,137	-
Other accounts payable	265,332	228,045
Due to related party	-	-
Total current liabilities	<u>3,597,527</u>	<u>987,417</u>
Long-term debt		
Long-term debt	7,993,784	2,894,511
Deferred income tax	104,839	-
Severance, seniority premiums and other post-retirement benefits	102,842	22,870
Deferred revenue	261,281	-
Other long-term liabilities	2,905	3,413
Total long-term debt	<u>8,465,651</u>	<u>2,920,794</u>
TOTAL LIABILITIES	<u>12,063,178</u>	<u>3,908,211</u>
STOCKHOLDERS EQUITY		
Capital stock	8,363,390	8,363,390
Additional paid-in capital	527,309	536,758
Accumulated losses	(1,401,257)	(1,602,768)
Cumulative deferred income tax effect	127,380	127,380
Change in the fair value of derivative instruments	(30,988)	(60,487)
TOTAL STOCKHOLDERS EQUITY	<u>7,585,834</u>	<u>7,364,273</u>
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	<u>19,649,012</u>	<u>11,272,484</u>

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

Unaudited Consolidated Income Statement

Years ended December 2006 and 2005

(Thousand pesos of constant purchasing power as of December 31, 2006)

	Fourth Quarter ended December 31			LTM ended December 31		
	2006	2005	Effect	2006	2005	Effect
Total Revenues	Ps.\$ 2,099,194	Ps.\$ 1,374,550	52.7%	Ps.\$ 6,433,854	Ps.\$ 5,168,116	24.5%
Operating cost and expenses						
Cost of sales and services	(709,473)	(435,842)	-62.8%	(2,028,121)	(1,613,347)	-25.7%
Selling and administrative expenses	(706,345)	(449,506)	-57.1%	(2,178,223)	(1,755,845)	-24.1%
Depreciation and amortization	(449,583)	(320,424)	-40.3%	(1,516,377)	(1,176,044)	-28.9%
Total Operating Costs and Expenses	(1,865,401)	(1,205,772)	-54.7%	(5,722,721)	(4,545,236)	-25.9%
Operating income (loss)	233,793	168,778	38.5%	711,133	622,880	14.2%
Comprehensive financing result:						
Interest expense	(135,182)	(99,173)	-36.3%	(465,246)	(396,309)	-17.4%
Interest income	16,502	18,417	-10.4%	88,797	59,055	50.4%
Net interest income (expense)	(118,680)	(80,756)	-47.0%	(376,449)	(337,254)	-11.6%
Foreign exchange gain (loss), net	35,163	24,143	45.6%	(1,067)	108,067	N/A
Monetary position gain	(6,790)	26,410	-125.7%	11,052	56,605	-80.5%
Comprehensive financing result, net	(90,307)	(30,203)	-199.0%	(366,464)	(172,582)	-112.3%
Other income (expenses), net	(16,811)	3,246	N/A	(34,474)	7,455	N/A
Special item	-	-	N/A	-	-	N/A
Income (loss) before income taxes and employees' profit sharing	126,675	141,821	-10.7%	310,195	457,753	-32.2%
Income Tax	(4,717)	-	N/A	(4,717)	-	N/A
Employee's profit sharing	(1,513)	-	N/A	(1,513)	-	N/A
Deferred income tax	(59,170)	(60,871)	2.8%	(108,575)	(161,799)	32.9%
Deferred employees' profit sharing	4,529	-	N/A	4,529	-	N/A
Total income tax and employees' profit sharing	(60,871)	(60,871)	0.0%	(110,276)	(161,799)	31.8%
Equity in results of an associate company	1,592	-	N/A	1,592	-	N/A
Net Income (Loss)	Ps.\$ 67,396	Ps.\$ 80,950	-16.7%	Ps.\$ 201,511	Ps.\$ 295,954	-31.9%