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## **FOR IMMEDIATE RELEASE**

### **ITC^DELTACOM REPORTS 2007 FIRST QUARTER RESULTS**

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*Quarterly Results Highlighted by  
25% Annualized Sequential Growth Rate in EBITDA\* to \$16.8 Million,  
Representing a 41% Increase Over First Quarter 2006*

**Huntsville, Ala.—(May 10, 2007)**—ITC^DeltaCom, Inc. (OTC: ITCD.OB), a leading provider of integrated communications services to customers in the southeastern United States, today reported its operating and financial results for the quarter ended March 31, 2007.

For the quarter ended March 31, 2007, ITC^DeltaCom reported total operating revenues of \$121.8 million, a net loss of \$15.3 million, and net earnings before interest, taxes, depreciation and amortization (EBITDA)\* of \$16.8 million.

“Our goal is to provide our customers an outstanding experience and the most innovative products in the marketplace while growing the Company’s earnings,” said Randall E. Curran, ITC^DeltaCom’s Chief Executive Officer. “Our first quarter results, including an 18% annualized increase in facilities-based voice lines and the success of our Simpli-Business product offering, illustrate that we’re making solid progress towards that goal.”

Among its operating highlights for the first quarter, ITC^DeltaCom:

- Increased earnings before interest, taxes, depreciation and amortization, or EBITDA, to \$16.8 million, a 25% annualized growth rate over the preceding quarter and a 41% increase over the first quarter of 2006;
- Increased business local revenues for the fourth consecutive quarter, with an increase of \$5.7 million, or 10%, over the first quarter of 2006;

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\* *EBITDA is not a measurement of financial performance under accounting principles generally accepted in the United States. For a quantitative reconciliation of the differences between EBITDA and net loss, as net loss is calculated in accordance with generally accepted accounting principles, see the accompanying table captioned “EBITDA Reconciliation.”*

- Reported net growth in billable retail business voice lines in service for the sixth consecutive quarter, with an increase of approximately 8,700 lines, ending the quarter with 403,551 voice lines in service;
- Grew its core, facilities-based business voice lines in service by approximately 13,200 lines, representing an annualized growth rate of approximately 18%;
- Increased the percentage of local retail voice lines for which service is provided on its own network to 77%, up from 70% at the end of the first quarter of 2006;
- Demonstrated strong growth in its equipment sales and related services business, increasing revenues by 18% over the fourth quarter of 2006 and by 50% over the first quarter of 2006;
- Reported continued improvement in gross margin, as it reduced cost of services and equipment, excluding depreciation and amortization, from 52.0% percent of total revenue for the first quarter of 2006 to 47.7% for the first quarter of 2007, representing \$6.1 million or 11% growth in gross margin from the first quarter of 2006; and
- Enhanced its future liquidity position with a \$7.5 million capital lease commitment.

We're pleased to report strong results for the first quarter, including a 25% sequential increase in quarterly EBITDA" said Richard E. Fish, Executive Vice President and Chief Financial Officer. "Even though Wholesale Services revenue is down for the quarter on a year over year basis, volume activity in that channel remains very active. Sustained growth in our core facilities-based voice lines is building a strong foundation as we continue to pursue profitable growth and focus on managing our cost structure more efficiently."

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Additional information about ITC^DeltaCom's business and operating results is contained in the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007 filed with the Securities and Exchange Commission.

#### ABOUT ITC^DELTACOM, INC.

ITC^DeltaCom, Inc. ("ITC^DeltaCom") headquartered in Huntsville, Alabama, provides, through its operating subsidiaries, integrated telecommunications and technology services to businesses and consumers in the southeastern United States. ITC^DeltaCom has a fiber optic network spanning approximately 14,500 route miles, including more than 11,000 route miles of owned fiber, and offers a comprehensive suite of voice and data communications services, including local, long distance, broadband data communications, Internet connectivity, and customer premise equipment to end-user customers. ITC^DeltaCom is one of the largest competitive telecommunications providers in its primary eight-state region. ITC^DeltaCom has interconnection agreements with BellSouth, Verizon, SBC, CenturyTel and Sprint for resale and access to unbundled network elements and is a certified competitive local exchange carrier (CLEC) in Arkansas, Texas, Virginia and all nine BellSouth states. For more information about ITC^DeltaCom, visit ITC^DeltaCom's Web site at <http://www.deltacom.com>.

## **FORWARD-LOOKING STATEMENTS**

*Except for the historical and present factual information contained herein, this release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. When used in this release, the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan” and similar expressions as they relate to ITC^DeltaCom, Inc. or its management are intended to identify these forward-looking statements. All statements by the Company regarding its expected financial position, revenues, liquidity, cash flow and other operating results, balance sheet improvement, business strategy, financing plans, forecasted trends related to the markets in which it operates, legal proceedings and similar matters are forward-looking statements. The Company’s actual results could be materially different from its expectations because of various risks. These risks, some of which are discussed under the caption “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2006, and in the Company’s subsequent SEC reports, include the Company’s dependence on new product development, rapid technological and market change, the Company’s dependence upon rights of way and other third-party agreements, debt service and other cash requirements, liquidity constraints and risks related to future growth and rapid expansion. Other important risk factors that could cause actual events or results to differ from those contained or implied in the forward-looking statements include, without limitation, customer attrition, delays or difficulties in deployment and implementation of collocation arrangements and facilities, appeals of or failures by third parties to comply with rulings of governmental entities, inability to meet installation schedules, general economic and business conditions, failure to maintain underlying service/vendor arrangements, competition, adverse changes in the regulatory or legislative environment, and various other factors beyond the Company’s control. ITC^DeltaCom disclaims any responsibility to update these forward-looking statements.*

**ITC^DeltaCom, Inc.**  
**Financial Highlights**  
(Unaudited)  
(In thousands, except share and per share data)

	<b>Three Months Ended March 31,</b>	
	<b>2007</b>	<b>2006</b>
OPERATING REVENUES:		
Integrated communications services	\$ 96,593	\$ 94,371
Equipment sales and related services	6,893	4,576
Wholesale services	18,348	20,991
<b>TOTAL OPERATING REVENUES</b>	<b>121,834</b>	<b>119,938</b>
COSTS AND EXPENSES:		
Cost of services and equipment, excluding depreciation and amortization	58,109	62,316
Selling, operations and administration	46,963	45,675
Depreciation and amortization	17,378	13,635
Restructuring expenses	24	90
Total operating expenses	122,474	121,716
<b>OPERATING LOSS</b>	<b>(640)</b>	<b>(1,778)</b>
OTHER (EXPENSE) INCOME:		
Interest expense	(15,309)	(13,729)
Interest income	611	646
Other income	12	1
Total other expense, net	(14,686)	(13,082)
<b>LOSS BEFORE INCOME TAXES</b>	<b>(15,326)</b>	<b>(14,860)</b>
<b>INCOME TAX EXPENSE</b>	<b>—</b>	<b>—</b>
<b>NET LOSS</b>	<b>(15,326)</b>	<b>(14,860)</b>
<b>PREFERRED STOCK DIVIDENDS AND ACCRETION</b>	<b>(1,942)</b>	<b>(1,814)</b>
<b>NET LOSS APPLICABLE TO COMMON STOCKHOLDERS</b>	<b>\$ (17,268)</b>	<b>\$ (16,674)</b>
<b>BASIC AND DILUTED NET LOSS PER SHARE APPLICABLE TO COMMON STOCKHOLDERS</b>	<b>\$ (0.92)</b>	<b>\$ (0.89)</b>
<b>BASIC AND DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>	<b>18,766,942</b>	<b>18,745,166</b>

**ITC^DeltaCom, Inc.**  
**Quarterly Highlights**  
(Unaudited)  
(In thousands)

	<u>March 31,</u> <u>2007</u>	<u>Dec 31,</u> <u>2006</u>	<u>Sept. 30,</u> <u>2006</u>	<u>June 30,</u> <u>2006</u>	<u>March 31,</u> <u>2006</u>
Integrated communications services revenues:					
Long distance	\$ 14,752	\$ 14,284	\$ 15,844	\$ 16,844	\$ 17,696
Business local, data and internet	81,841	80,567	80,659	79,197	76,675
Total integrated communications services revenues	96,593	94,851	96,503	96,041	94,371
Equipment sales and related services revenues	6,893	5,827	6,826	6,860	4,576
Wholesale services revenues:					
Broadband transport	13,976	14,318	15,040	14,947	14,975
Local interconnection	1,900	1,507	1,945	1,982	2,139
Directory assistance and operator services	1,429	1,985	2,633	2,604	2,634
Other	1,043	1,285	1,171	1,377	1,243
Total wholesale services revenues	18,348	19,095	20,789	20,910	20,991
Total operating revenues	121,834	119,773	124,118	123,811	119,938
<b>COSTS AND EXPENSES:</b>					
Cost of services and equipment, excluding depreciation and amortization	58,109	56,722	61,492	63,748	62,316
Selling, operations and administration	46,963	47,376	45,102	44,219	45,675
Depreciation and amortization	17,378	16,448	15,345	14,404	13,635
Restructuring expenses	24	22	242	147	90
Total operating expenses	122,474	120,568	122,181	122,518	121,716
<b>OPERATING INCOME (LOSS)</b>	<u>\$ (640)</u>	<u>\$ (795)</u>	<u>\$ 1,937</u>	<u>\$ 1,293</u>	<u>\$ (1,778)</u>

**ITC^DeltaCom, Inc.**  
**Quarterly Highlights (continued)**  
(Unaudited)

	<u>March 31,</u> <u>2007</u>	<u>Dec 31,</u> <u>2006</u>	<u>Sept. 30,</u> <u>2006</u>	<u>June 30,</u> <u>2006</u>	<u>March 31,</u> <u>2006</u>
Retail business voice lines in service <sup>(1)</sup>					
UNE-T and UNE lines <sup>(2)</sup>	309,178	295,995	284,415	274,083	262,224
Increase from previous quarter	4.5%	4.1%	3.8%	4.5%	4.8%
Resale and UNEP lines <sup>(3)</sup>	94,373	98,847	101,999	108,198	112,681
(Decrease) from previous quarter	(4.5)%	(3.1)%	(5.7)%	(4.0)%	(3.7)%
Total	403,551	394,842	386,414	382,281	374,905
Wholesale voice lines in service <sup>(4)</sup>	49,427	47,702	53,222	53,774	62,974
Increase (decrease) from previous quarter	3.6%	(10.4)%	(1.0)%	(14.6)%	0.6%
Total business voice lines in service <sup>(5)</sup>	452,978	442,544	439,636	436,055	437,879
Voice lines in service/sold percentage:					
Integrated communications services	97%	96%	96 %	96 %	97 %
Wholesale services <sup>(4)</sup>	99%	98%	98 %	98 %	99 %
Number of employees <sup>(6)</sup>	1,867	1,975	1,976	1,917	1,925

(1) Lines in service include only voice lines in service. Conversion of data services provided to customers to a voice line equivalent is not calculated.

(2) Facilities-based service offering in which ITC^DeltaCom provides local transport through its owned and operated switching facilities.

(3) Resale service offering in which ITC^DeltaCom provides local service through a leased switch port and loop from the local operating company.

(4) Represents primary rate interface circuits provided as part of ITC^DeltaCom's local interconnection services for Internet service providers.

(5) Reported net of lines disconnected or canceled.

(6) Includes full-time and part-time employees.

**ITC^DeltaCom, Inc.**  
**Balance Sheet and Other Financial Highlights**  
(In thousands)

<u>Balance Sheet Data</u> (at period end):	<u>March. 31,</u> <u>2007</u>	<u>Dec. 31,</u> <u>2006</u>
	(Unaudited)	
Cash and cash equivalents (unrestricted)	\$ 60,699	\$ 67,643
Working capital	18,383	24,009
Total assets	420,676	435,582
Long-term liabilities	342,090	338,512
Convertible redeemable preferred stock	74,428	74,170
Stockholders' (deficit)	(107,815)	(91,039)
Total liabilities and stockholders' deficit	420,676	435,582

**Three Months Ended**  
(Unaudited)

<u>Other Financial Data:</u>	<u>March. 31,</u> <u>2007</u>	<u>Dec 31,</u> <u>2006</u>	<u>Sept. 30,</u> <u>2006</u>	<u>June 30,</u> <u>2006</u>	<u>March 31,</u> <u>2006</u>
Capital expenditures <sup>(1)</sup>	\$ 13,661	\$ 13,092	\$ 10,960	\$ 10,284	\$ 12,544
Cash flows (used in) provided by operating activities	6,396	6,154	21,355	1,866	(699)
Cash flows (used in) provided by investing activities	(13,157)	(13,622)	(11,062)	(9,294)	(12,935)
Cash flows (used in) provided by financing activities	(183)	17,534	—	—	(1,014)
EBITDA <sup>(2)(3)</sup>	16,750	15,762	17,449	16,251	11,858

Notes:

- (1) Including equipment purchased through capital leases.
- (2) EBITDA represents net income (loss) before interest, taxes, depreciation and amortization. EBITDA is not a measurement of financial performance under accounting principles generally accepted in the United States. For information about management's reasons for providing data with respect to EBITDA and the limitations associated with the use of EBITDA, and for a quantitative reconciliation of the differences between EBITDA and net loss, as net loss is calculated in accordance with generally accepted accounting principles, see the accompanying table captioned "EBITDA Reconciliation."

**ITC^DeltaCom, Inc.**  
**Balance Sheet and Other Financial Highlights (continued)**  
(Unaudited)  
(In thousands)

Notes: (continued)

(3) For 2007 and 2006, EBITDA included the following items:

	Three Months Ended				
	March 31, 2007	Dec 31, 2006	Sept. 30, 2006	June 30, 2006	March 31, 2006
<b>Included in EBITDA:</b>					
Restructuring expenses	\$ 24	\$ 22	\$ 242	\$ 147	\$ 90
Stock-based compensation	721	684	569	570	746
Hurricane Katrina impact	—	—	—	—	330
	\$ 745	\$ 706	\$ 811	\$ 717	\$ 1,166

**ITC^DeltaCom, Inc.**  
**EBITDA Reconciliation**  
(In thousands)

EBITDA represents net income (loss) before interest, taxes, depreciation and amortization. EBITDA is not a measurement of financial performance under accounting principles generally accepted in the United States. The following table presents EBITDA amounts for the fiscal quarters indicated. The table also sets forth for these periods a quantitative reconciliation of the differences between EBITDA and net loss, as net loss is calculated in accordance with generally accepted accounting principles:

	Three Months Ended				
	March 31, 2007	Dec 31, 2006	Sept. 30, 2006	June 30, 2006	March 31, 2006
	(Unaudited)				
<b>Net loss</b>	\$(15,326)	\$ (15,006)	\$ (11,911)	\$ (11,682)	\$ (14,860)
Add back non-EBITDA items included in net loss:					
Depreciation and amortization	17,378	16,448	15,345	14,404	13,635
Interest expense, net of interest income	14,698	14,320	14,015	13,529	13,083
<b>EBITDA</b>	<b>\$ 16,750</b>	<b>\$ 15,762</b>	<b>\$ 17,449</b>	<b>\$ 16,251</b>	<b>\$ 11,858</b>

ITC^DeltaCom has included data with respect to EBITDA because its management evaluates and projects the performance of ITC^DeltaCom's business using several measures, including EBITDA. Management considers EBITDA to be an important supplemental indicator of its operating performance, particularly as compared to the operating performance of its competitors, because this measure eliminates many differences among companies in financial, capitalization and tax structures, capital investment cycles and ages of related assets, as well as some recurring non-cash and non-operating supplemental information to investors regarding its operating performance and facilitates comparisons by investors between the operating performance of ITC^DeltaCom and the operating performance of ITC^DeltaCom's competitors. ITC^DeltaCom's management believes that consideration of EBITDA should be supplemental, because EBITDA has limitations as an analytical financial measure. These limitations include the following:

- EBITDA does not reflect ITC^DeltaCom's cash expenditures, or future requirements for capital expenditures, or contractual commitments;
- EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on ITC^DeltaCom's indebtedness;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements;
- EBITDA does not reflect the effect of earnings or charges resulting from matters ITC^DeltaCom's management considers not to be indicative of its ongoing operations; and

- not all of the companies in ITC^DeltaCom's industry may calculate EBITDA in the same manner in which it calculates EBITDA, which limits its usefulness as a comparative measure.

**ITC^DeltaCom, Inc.**  
**EBITDA Reconciliation (continued)**  
**(In thousands)**

ITC^DeltaCom's management compensates for these limitations by relying primarily on its results under generally accepted accounting principles to evaluate its operating performance and by considering independently the economic effects of the foregoing items that are not reflected in EBITDA. As a result of these limitations, EBITDA should not be considered as an alternative to net income (loss), as calculated in accordance with generally accepted accounting principles, as a measure of operating performance, nor should it be considered as an alternative to cash flows, as calculated in accordance with generally accepted accounting principles, as a measure of liquidity.