

Investor Contact:
Richard E. Fish
Chief Financial Officer
256-382-3827
richard.fish@deltacom.com

FOR IMMEDIATE RELEASE

ITC^DELTA COM REPORTS 2007 SECOND QUARTER RESULTS

***Results Highlighted by 12% Sequential Growth Rate
in Quarterly EBITDA* to \$18.8 Million***

Huntsville, Ala.—(August 13, 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 June 30, 2007.

For the quarter ended June 30, 2007, ITC^DeltaCom reported total operating revenues of \$123.6 million, a net loss of \$14.5 million, and net earnings before interest, taxes, depreciation and amortization (EBITDA)* of \$18.8 million.

“We continue to see strong demand in the market for our flagship products, including our Simpli-Business product, which provides a simple yet comprehensive solution to our customers’ networking requirements,” said Randall E. Curran, ITC^DeltaCom’s Chief Executive Officer. “We’re pleased to report continued growth in our core integrated local revenues as we continue to expand our retail and wholesale product sets to meet that demand.”

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

- Increased EBITDA* to \$18.8 million, a 12% sequential quarterly growth rate over the preceding quarter and a 16% increase over the second quarter of 2006;
- Reported continued improvement in gross margin, as cost of services and equipment, excluding depreciation and amortization, were reduced from 51.5% percent of total revenue for the second quarter of 2006 to 47.5% of total revenue for the second quarter of 2007;
- Increased business local, data and internet revenues for the fifth consecutive quarter, with an increase of \$2.1 million, or 3%, over the first quarter of 2007 and an increase of \$4.9 million, or 7%, over the second quarter of 2006;

* *EBITDA is defined by ITC^DeltaCom as net earnings before interest, taxes, depreciation and amortization, all as disclosed in the condensed consolidated statements of operations. 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, the limitations associated with the use of EBITDA and 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 seventh consecutive quarter, ending the quarter with 405,721 voice lines in service;
- Grew core, facilities-based retail business voice lines in service by approximately 7,100 lines, representing an annualized growth rate of approximately 9%;
- Increased the percentage of retail business voice lines for which service is provided on the Company's own network to 78%, up from 72% at the end of the second quarter of 2006;
- Generated \$10.7 million in unlevered free cash flow*, a 44% increase over the first quarter of 2007.

"The second quarter of 2007 represents our strongest quarterly EBITDA results in two and a half years," said Richard E. Fish, Executive Vice President and Chief Financial Officer. "We've seen steady growth in our core integrated local revenues, while improving financial performance on an EBITDA and unlevered free cash flow basis through efforts to optimize our network and increase operating efficiencies."

Refinancing and Liquidity Update:

On July 31, 2007, the Company announced that it had closed the previously announced recapitalization and refinancing transactions. The effect of the transactions was to refinance or retire all of the Company's previously outstanding funded debt and to eliminate all series of the Company's previously authorized preferred stock and substantially all related stock warrants.

Immediately after the consummation of the transactions, the Company's outstanding capital stock consisted of approximately 66,970,000 shares of common stock and 412,215 shares of a new issue of preferred stock convertible into a maximum of approximately 13,604,000 shares of common stock. In addition, the Company reduced total outstanding funded debt from \$373 million as of June 30, 2007 to \$305 million, obtained additional future liquidity in the form of a \$10 million available but unutilized revolving credit facility and completed the transactions with approximately \$50 million in unrestricted cash.

Additional information about the Company's refinancing and recapitalization transactions is summarized below and contained in the Company's Current Report on Form 8-K filed on August 6, 2007 with the Securities and Exchange Commission.

Senior Secured Credit Facilities

On July 31, 2007, the Company obtained new first and second lien senior secured credit facilities.

The Company obtained from various institutional lenders a \$240 million first lien secured credit facility, consisting of a \$230 million term loan facility and a \$10 million revolving credit facility. The first lien term loan facility and the revolving credit facility have six and five year maturities, respectively. Scheduled quarterly principal payments totaling 0.25% of the outstanding amount under the first lien term loan facility will begin in the first quarter of 2008. Interest on borrowings under the first lien term loan facility will be payable at an annual rate equal to LIBOR plus 4.00%.

* *Unlevered free cash flow is defined by ITC^DeltaCom as net cash provided by operating activities, less capital expenditures, changes in accrued capital-related costs and equipment purchased through capital leases plus interest expense net of interest income, all as disclosed in the condensed consolidated statements of cash flows or the condensed consolidated statements of operations. Unlevered free cash flow 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 unlevered free cash flow, the limitations associated with the use of unlevered free cash flow and a quantitative reconciliation of the differences between unlevered free cash flow and net cash provided by operating activities, as net cash provided by operating activities is calculated in accordance with generally accepted accounting principles, see the accompanying table captioned "Unlevered Free Cash Flow Reconciliation".*

The Company also obtained a \$75 million second lien secured credit facility from investment funds managed by Tennenbaum Capital Partners, LLC. The second lien credit facility has a seven year maturity, with no scheduled principal payment requirements before its maturity. Interest on borrowings under the second lien credit facility will be payable at an annual rate equal to LIBOR plus 7.50%.

Recapitalization Transactions

On July 31, 2007, the Company closed transactions under agreements with existing securityholders providing for the redemption of 50% of the outstanding Series A preferred stock and the conversion of all remaining outstanding Series A and all outstanding Series B preferred stock into the Company's common stock and for the exchange of substantially all outstanding warrants for the Company's common stock. In addition, the Company also closed transactions under agreements with holders of \$52.3 million principal amount of the Company's previously outstanding third lien, senior secured notes which provided for the exchange of the foregoing third lien notes for the Company's common stock.

Upon the conversion and exchange of the foregoing securities pursuant to these agreements, the Company issued a total of 41,265,795 shares of common stock to the holders of the securities.

Stock Purchase Agreements

On July 31, 2007, the Company issued and sold for cash 6,937,724 shares of common stock to Welsh, Carson, Anderson & Stowe, the Company's majority stockholder, at a purchase price of \$3.03 per share and for an aggregate purchase price of \$21 million.

On July 31, 2007, the Company also closed the previously reported sale of 412,215 shares of a new issue of its 6% Series H convertible redeemable preferred stock to three institutional purchasers for an aggregate purchase price of approximately \$41.2 million. Additional information concerning the sale of the Series H preferred stock is contained in the Company's Current Report on Form 8-K filed on July 20, 2007 with the Securities and Exchange Commission.

"The closing of the refinancing and recapitalization transactions is a very important milestone for the Company," said Mr. Fish. "Included among the many benefits is that the Company's future annual borrowing costs will be reduced by approximately \$25 million."

Additional information about ITC^ΔDeltaCom's business and operating results is contained in the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007 filed with the Securities and Exchange Commission. Additional information about the Company's refinancing and recapitalization transactions is contained in the Company's Current Report on Form 8-K filed on August 6, 2007 with the Securities and Exchange Commission.

ABOUT ITC^DELTACOM, INC.

ITC^DeltaCom, Inc., 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 15,800 route miles, including more than 11,800 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. 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)

	Three Months Ended June 30,	
	2007	2006
OPERATING REVENUES:		
Integrated communications services	\$ 99,292	\$ 96,041
Equipment sales and related services	6,285	6,860
Wholesale services	17,995	20,910
TOTAL OPERATING REVENUES	123,572	123,811
COSTS AND EXPENSES:		
Cost of services and equipment, excluding depreciation and amortization	58,668	63,748
Selling, operations and administration	46,146	44,219
Depreciation and amortization	18,260	14,404
Restructuring expenses	—	147
Total operating expenses	123,074	122,518
OPERATING INCOME	498	1,293
OTHER (EXPENSE) INCOME:		
Interest expense	(15,576)	(14,133)
Interest income	533	604
Other income	11	554
Total other expense, net	(15,032)	(12,975)
LOSS BEFORE INCOME TAXES	(14,534)	(11,682)
INCOME TAX EXPENSE	—	—
NET LOSS	(14,534)	(11,682)
PREFERRED STOCK DIVIDENDS AND ACCRETION	(1,976)	(1,845)
NET LOSS APPLICABLE TO COMMON STOCKHOLDERS	\$ (16,510)	\$ (13,527)
BASIC AND DILUTED NET LOSS PER SHARE APPLICABLE TO COMMON STOCKHOLDERS	\$ (0.88)	\$ (0.72)
BASIC AND DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	18,769,052	18,745,359

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

	Three Months Ended				
	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006	June 30, 2006
Integrated communications services revenues: ⁽¹⁾					
Long distance & access	\$ 20,220	\$ 19,568	\$ 19,534	\$ 21,527	\$ 21,822
Business local, data and internet	79,072	77,025	75,317	74,976	74,219
Total integrated communications services revenues	99,292	96,593	94,851	96,503	96,041
Equipment sales and related services revenues	6,285	6,893	5,827	6,826	6,860
Wholesale services revenues:					
Broadband transport	13,986	13,976	14,318	15,040	14,947
Local interconnection	1,644	1,900	1,507	1,945	1,982
Directory assistance and operator services	1,387	1,429	1,985	2,633	2,604
Other	978	1,043	1,285	1,171	1,377
Total wholesale services revenues	17,995	18,348	19,095	20,789	20,910
Total operating revenues	123,572	121,834	119,773	124,118	123,811
COSTS AND EXPENSES:					
Cost of services and equipment, excluding depreciation and amortization	58,668	58,109	56,722	61,492	63,748
Selling, operations and administration	46,146	46,963	47,376	45,102	44,219
Depreciation and amortization	18,260	17,378	16,448	15,345	14,404
Restructuring expenses	—	24	22	242	147
Total operating expenses	123,074	122,474	120,568	122,181	122,518
OPERATING INCOME (LOSS)	\$ 498	\$ (640)	\$ (795)	\$ 1,937	\$ 1,293

(1) Certain amounts have been reclassified for presentation purposes.

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

	Three Months Ended				
	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006	June 30, 2006
Retail business voice lines in service ⁽¹⁾					
UNE-T and UNE lines ⁽²⁾	316,267	309,178	295,995	284,415	274,083
<i>Increase from previous quarter</i>	<i>2.3%</i>	<i>4.5%</i>	<i>4.1%</i>	<i>3.8%</i>	<i>4.5%</i>
Resale and UNEP lines ⁽³⁾	89,454	94,373	98,847	101,999	108,198
<i>(Decrease) from previous quarter</i>	<i>(5.2)%</i>	<i>(4.5)%</i>	<i>(3.1)%</i>	<i>(5.7)%</i>	<i>(4.0)%</i>
Total retail business voice lines in service	405,721	403,551	394,842	386,414	382,281
Wholesale voice lines in service ⁽⁴⁾	46,345	49,427	47,702	53,222	53,774
<i>Increase (decrease) from previous quarter</i>	<i>(6.2)%</i>	<i>3.6%</i>	<i>(10.4)%</i>	<i>(1.0)%</i>	<i>(14.6)%</i>
Total business voice lines in service ⁽⁵⁾	452,066	452,978	442,544	439,636	436,055
Number of employees ⁽⁶⁾	1,807	1,867	1,975	1,976	1,917

(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 Highlights
(In thousands)

<u>Balance Sheet Data (at period end):</u>	<u>June 30,</u> <u>2007</u>	<u>Dec. 31,</u> <u>2006</u>
	(Unaudited)	
Cash and cash equivalents (unrestricted)	\$ 53,090	\$ 67,643
Working capital	9,225	24,009
Total assets	409,286	435,582
Long-term liabilities	344,595	338,512
Convertible redeemable preferred stock	74,687	74,170
Stockholders' (deficit)	(123,765)	(91,039)
Total liabilities and stockholders' deficit	409,286	435,582

ITC^DeltaCom, Inc.
Other Financial Highlights
(In thousands)
(Unaudited)

Other Financial Data:	Three Months Ended				
	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006	June 30, 2006
Capital expenditures ⁽¹⁾	\$ 13,105	\$ 13,661	\$ 13,092	\$ 10,960	\$ 10,284
Cash flows (used in) provided by:					
Operating activities	8,739	6,396	6,154	21,355	1,866
Investing activities	(13,269)	(13,157)	(13,622)	(11,062)	(9,294)
Financing activities	(3,079)	(183)	17,534	—	—
 EBITDA ⁽²⁾⁽³⁾	 18,769	 16,750	 15,762	 17,449	 16,251
Unlevered free cash flow ⁽⁴⁾	10,677	7,433	7,287	24,410	5,111

(1) Includes equipment purchased through capital leases.

(2) EBITDA is defined as net earnings before interest, taxes, depreciation and amortization, all as disclosed in the condensed consolidated statements of operations. 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, the limitations associated with the use of EBITDA and 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."

(3) EBITDA in the above table includes the following items for the reported periods in 2007 and 2006:

Items included in EBITDA:	Three Months Ended				
	June 30, 2007	March 31, 2007	Dec 31, 2006	Sept. 30, 2006	June 30, 2006
Restructuring expenses	\$ —	\$ 24	\$ 22	\$ 242	\$ 147
Stock-based compensation	710	721	684	569	570
	\$ 710	\$ 745	\$ 706	\$ 811	\$ 717

ITC^DeltaCom, Inc.
Other Financial Highlights (continued)
(Unaudited)
(In thousands)

- (4) Unlevered free cash flow is defined by ITC^DeltaCom as net cash provided by operating activities, less capital expenditures, changes in accrued capital related costs and equipment purchased through capital leases plus interest expense net of interest income, all as disclosed in the condensed consolidated statements of cash flows or the condensed consolidated statements of operations. Unlevered free cash flow 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 unlevered free cash flow, the limitations associated with the use of unlevered free cash flow and a quantitative reconciliation of the differences between unlevered free cash flow and net cash provided by operating activities, as net cash provided by operating activities is calculated in accordance with generally accepted accounting principles, see the accompanying table captioned "Unlevered Free Cash Flow Reconciliation."

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

EBITDA is defined as net earnings 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 and also sets forth 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				
	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006	June 30, 2006
Net loss	\$ (14,534)	\$ (15,326)	\$ (15,006)	\$ (11,911)	\$ (11,682)
Add: items not included in EBITDA:					
Depreciation and amortization	18,260	17,378	16,448	15,345	14,404
Interest expense, net of interest income	15,043	14,698	14,320	14,015	13,529
EBITDA	<i>\$ 18,769</i>	<i>\$ 16,750</i>	<i>\$ 15,762</i>	<i>\$ 17,449</i>	<i>\$ 16,251</i>

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;
- EBITDA does not reflect depreciation and amortization charges, and although such 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
- EBITDA may be calculated in a different manner by other companies in ITC^DeltaCom's industry, 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.

ITC^DeltaCom, Inc.
Unlevered Free Cash Flow Reconciliation
(In thousands)
(Unaudited)

Unlevered free cash flow is defined by ITC^DeltaCom as net cash provided by operating activities, less capital expenditures, changes in accrued capital related costs and equipment purchased through capital leases plus interest expense net of interest income, all as disclosed in the condensed consolidated statements of cash flows or the condensed consolidated statements of operations. Unlevered free cash flow is not a measurement of financial performance under accounting principles generally accepted in the United States. The following table presents unlevered free cash flow amounts for the fiscal quarters indicated and also sets forth a quantitative reconciliation of the differences between unlevered free cash flow and net cash provided by operating activities, as net cash provided by operating activities is calculated in accordance with generally accepted accounting principles:

	Three Months Ended				
	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006	June 30, 2006
Net cash provided by operating activities	\$ 8,739	\$ 6,396	\$ 6,154	\$ 21,355	\$ 1,866
Add:					
Interest expense, net of interest income	15,043	14,698	14,320	14,015	13,529
Less:					
Capital expenditures	(12,826)	(9,044)	(16,556)	(10,732)	(10,469)
Change in accrued capital related costs	(279)	(3,174)	3,464	(228)	185
Equipment purchased through capital leases	—	(1,443)	(95)	—	—
Unlevered free cash flow	\$ 10,677	\$ 7,433	\$ 7,287	\$ 24,410	\$ 5,111

ITC^DeltaCom has included data with respect to unlevered free cash flow because its management considers unlevered free cash flow to be a useful, supplemental indicator of its operating performance because, when measured over time, unlevered free cash flow provides supplemental information to investors concerning the growth rate in ITC^DeltaCom's operating results and its ability to generate cash flows to satisfy mandatory debt service requirements and make other mandatory, non-discretionary expenditures.

ITC^DeltaCom's management believes that consideration of unlevered free cash flow should be supplemental, however, because unlevered free cash flow has limitations as an analytical financial measure. These limitations include the following:

- Unlevered free cash flow does not reflect ITC^DeltaCom's cash expenditures for interest expense or accrued restructuring and merger costs, changes in restricted cash balances or proceeds from sales of fixed assets;

ITC^DeltaCom, Inc.
Unlevered Free Cash Flow Reconciliation (continued)
(In thousands)
(Unaudited)

- ITC^DeltaCom does not pay income taxes due to net operating losses, and therefore, generates greater unlevered free cash flow than a comparable business that does pay income taxes;
- Unlevered free cash flow is subject to variability on a quarterly basis as a result of the timing of payments made or received related to accounts receivable, accounts payable and other current operating assets and liabilities; and
- Unlevered free cash flow may be calculated in a different manner by other companies in ITC^DeltaCom's industry, which limits its usefulness as a comparative measure.

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 unlevered free cash flow. As a result of these limitations, unlevered free cash flow should not be considered as a measure of liquidity nor as an alternative to net cash provided by operating activities, cash used in investing activities, cash provided by (used in) financing activities or change in cash and cash equivalents, as calculated in accordance with generally accepted accounting principles.