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FOR IMMEDIATE RELEASE

ITC^DELTA COM REPORTS 2007 THIRD QUARTER RESULTS

*Results Highlighted by Growth in Local Integrated Revenues and EBITDA**

Huntsville, Ala.—(November 14, 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 September 30, 2007. For the 2007 third quarter, ITC^DeltaCom reported total operating revenues of \$124.8 million, a net loss of \$(135.5) million, and net loss before interest, taxes, depreciation and amortization (EBITDA)* of \$19.6 million, excluding certain one-time costs and losses and stock-based compensation associated with the Company's refinancing and recapitalization consummated on July 31, 2007.

"ITC^DeltaCom now serves over 80% of its retail lines over its own network, improving profitability and allowing us to provide an enhanced customer experience," said Randall E. Curran, ITC^DeltaCom's Chief Executive Officer. "We're continuing to see strong demand for our facilities-based products, especially our Simpli-Business line of products that allow customers to integrate their voice and data services with state-of-the-art phone, printing and imaging systems as well as PCs and other equipment."

Among its operating highlights for the 2007 third quarter, ITC^DeltaCom:

- Increased EBITDA* (excluding certain one-time costs and losses associated with the extinguishment of debt, unused equity commitment fee and non-cash stock-based compensation incurred in connection with the Company's refinancing and recapitalization consummated on July 31, 2007) to \$19.6 million, which represented a 5% increase over the second quarter of 2007 and a 12% increase over the third quarter of 2006;
- Reported continued improvement in operating performance, as cost of services and equipment, excluding depreciation and amortization, was reduced from 49.5% percent of total revenue for the third quarter of 2006 to 47.2% of total revenue for the third quarter of 2007 as a result of on-going efforts to increase network efficiencies;

* *EBITDA is defined by ITC^DeltaCom as net loss 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 EBITDA to net loss, as net loss is calculated in accordance with generally accepted accounting principles, see the accompanying table captioned "EBITDA Reconciliation."*

- Grew its core, facilities-based retail business voice lines in service by approximately 11,700 lines, representing an annualized growth rate of approximately 15%, ending the 2007 third quarter with 411,612 total retail business voice lines;
- Increased the percentage of retail business voice lines for which service is provided on the Company's own network to 80% at September 30, 2007, up from 74% at the end of the third quarter of 2006;
- Increased business local, data and internet revenues by \$1.8 million, or 2.3%, over the second quarter of 2007 and by \$5.9 million, or 7.9%, over the third quarter of 2006;
- Reported continued improvement in its equipment sales and related services revenue, with revenues increasing 12% over the second quarter of 2007; and
- Generated \$13.1 million in unlevered free cash flow*, excluding \$9.9 million in accrued interest paid in the quarter as a result of the Company's refinancing consummated on July 31, 2007.

“Our strong operating performance in the third quarter reflects the results of our on-going program to improve network efficiencies as well as the continued growth in our customer base and core local revenue,” said Richard E. Fish, Executive Vice President and Chief Financial Officer. “We’re very pleased with the positive progression in our third quarter operating results.”

Refinancing and Liquidity

On July 31, 2007, as previously announced, the Company consummated recapitalization and refinancing transactions that enabled it to refinance or retire all of its previously outstanding funded debt and to eliminate all series of its 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 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.

* *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, debt prepayment penalties paid in cash and equity commitment fees paid, 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 unlevered free cash flow to 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."*

Senior Secured Credit Facilities

On July 31, 2007, the Company closed 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 of \$575,000 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 3.50% to 4.00%.

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 \$51.7 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 Sale Transactions

On July 31, 2007, the Company issued and sold for cash 6,937,724 shares of common stock to affiliates of 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 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 these refinancing and recapitalization transactions, and about ITC[^] DeltaCom's business and operating results is contained in the Company's Current Report on Form 8-K filed with the SEC on August 6, 2007 and the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 filed with the SEC today.

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 colocation 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 September 30, | |
|---|---|--------------------|
| | 2007 | 2006 |
| OPERATING REVENUES: | | |
| Integrated communications services | \$ 100,380 | \$ 96,503 |
| Equipment sales and related services | 7,027 | 6,826 |
| Wholesale services | 17,355 | 20,789 |
| TOTAL OPERATING REVENUES | 124,762 | 124,118 |
| COSTS AND EXPENSES: | | |
| Cost of services and equipment, excluding depreciation and amortization | 58,838 | 61,492 |
| Selling, operations and administration expense | 48,713 | 45,102 |
| Depreciation and amortization | 19,449 | 15,345 |
| Restructuring | — | 242 |
| Total operating expenses | 127,000 | 122,181 |
| OPERATING INCOME (LOSS) | (2,238) | 1,937 |
| OTHER (EXPENSE) INCOME: | | |
| Interest expense | (11,395) | (14,634) |
| Interest income | 546 | 619 |
| Prepayment penalties on debt extinguished | (8,208) | — |
| Debt issuance cost write-off | (7,298) | — |
| Loss on extinguishment of debt | (105,269) | — |
| Cost of unused equity commitment | (1,620) | — |
| Other income | (41) | 167 |
| Total other expense, net | (133,285) | (13,848) |
| LOSS BEFORE INCOME TAXES | (135,523) | (11,911) |
| INCOME TAX EXPENSE | — | — |
| NET LOSS | (135,523) | (11,911) |
| PREFERRED STOCK DIVIDENDS AND ACCRETION | (14,154) | (1,877) |
| CHARGE DUE TO PREFERRED STOCK REDEMPTION AND CONVERSION | (44,250) | — |
| NET LOSS APPLICABLE TO COMMON STOCKHOLDERS | \$ (193,927) | \$ (13,788) |
| BASIC AND DILUTED NET LOSS PER COMMON SHARE | \$ (3.82) | \$ (0.74) |
| BASIC AND DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 50,758,877 | 18,752,130 |

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

| | Three Months Ended | | | | |
|---|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|
| | Sept. 30, 2007 | June 30, 2007 | March 31, 2007 | Dec. 31, 2006 | Sept. 30, 2006 |
| Integrated communications services revenues: ⁽¹⁾ | | | | | |
| Long distance & access | \$ 19,476 | \$ 20,220 | \$ 19,568 | \$ 19,534 | \$ 21,527 |
| Business local, data and internet | 80,904 | 79,072 | 77,025 | 75,317 | 74,976 |
| Total integrated communications services revenues | 100,380 | 99,292 | 96,593 | 94,851 | 96,503 |
| Equipment sales and related services revenues | 7,027 | 6,285 | 6,893 | 5,827 | 6,826 |
| Wholesale services revenues: | | | | | |
| Broadband transport | 13,613 | 13,986 | 13,976 | 14,318 | 15,040 |
| Local interconnection | 1,434 | 1,644 | 1,900 | 1,507 | 1,945 |
| Directory assistance and operator services | 1,402 | 1,387 | 1,429 | 1,985 | 2,633 |
| Other | 906 | 978 | 1,043 | 1,285 | 1,171 |
| Total wholesale services revenues | 17,355 | 17,995 | 18,348 | 19,095 | 20,789 |
| Total operating revenues | 124,762 | 123,572 | 121,834 | 119,773 | 124,118 |
| COSTS AND EXPENSES: | | | | | |
| Cost of services and equipment, excluding depreciation and amortization | 58,838 | 58,668 | 58,109 | 56,722 | 61,492 |
| Selling, operations and administration expense | 48,713 | 46,146 | 46,963 | 47,376 | 45,102 |
| Depreciation and amortization | 19,449 | 18,260 | 17,378 | 16,448 | 15,345 |
| Restructuring | — | — | 24 | 22 | 242 |
| Total operating expenses | 127,000 | 123,074 | 122,474 | 120,568 | 122,181 |
| OPERATING INCOME (LOSS) | \$ (2,238) | \$ 498 | \$ (640) | \$ (795) | \$ 1,937 |

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

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

| | Three Months Ended | | | | |
|---|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|
| | Sept. 30, 2007 | June 30, 2007 | March 31, 2007 | Dec. 31, 2006 | Sept. 30, 2006 |
| Retail business voice lines in service ⁽¹⁾ | | | | | |
| UNE-T and UNE lines ⁽²⁾ <i>Increase from previous quarter</i> | 327,915 <i>3.7%</i> | 316,267 <i>2.3%</i> | 309,178 <i>4.5%</i> | 295,995 <i>4.1%</i> | 284,415 <i>3.8%</i> |
| Resale and UNEP lines ⁽³⁾ <i>(Decrease) from previous quarter</i> | 83,697 <i>(6.4%)</i> | 89,454 <i>(5.2)%</i> | 94,373 <i>(4.5)%</i> | 98,847 <i>(3.1)%</i> | 101,999 <i>(5.7)%</i> |
| Total retail business voice lines in service | 411,612 | 405,721 | 403,551 | 394,842 | 386,414 |
| Wholesale voice lines in service ⁽⁴⁾ <i>Increase (decrease) from previous quarter</i> | 42,596 <i>(8.1%)</i> | 46,345 <i>(6.2)%</i> | 49,427 <i>3.6%</i> | 47,702 <i>(10.4)%</i> | 53,222 <i>(1.0)%</i> |
| Total business voice lines in service ⁽⁵⁾ | 454,208 | 452,066 | 452,978 | 442,544 | 439,636 |
| Number of employees ⁽⁶⁾ | 1,813 | 1,807 | 1,867 | 1,975 | 1,976 |

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

(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</u> (at period end): | <u>Sept. 30,</u> <u>2007</u> | <u>Dec. 31,</u> <u>2006</u> |
|---|---------------------------------|--------------------------------|
| | (Unaudited) | |
| Cash and cash equivalents (unrestricted) | \$ 58,428 | \$ 67,643 |
| Working capital | 41,320 | 24,009 |
| Total assets | 410,020 | 435,582 |
| Long-term liabilities | 304,756 | 338,512 |
| Convertible redeemable preferred stock | 13,740 | 74,170 |
| Stockholders' equity (deficit) | 2,810 | (91,039) |
| Total liabilities and stockholders' equity/deficit | 410,020 | 435,582 |

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

| Other Financial Data: | Three Months Ended | | | | |
|---|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|
| | Sept. 30, 2007 | June 30, 2007 | March 31, 2007 | Dec. 31, 2006 | Sept. 30, 2006 |
| Capital expenditures ⁽¹⁾ | \$ 11,508 | \$ 13,105 | \$ 13,661 | \$ 13,092 | \$ 10,960 |
| Cash flows (used in) provided by: | | | | | |
| Operating activities | (5,712) | 8,739 | 6,396 | 6,154 | 21,355 |
| Investing activities | (11,767) | (13,269) | (13,157) | (13,622) | (11,062) |
| Financing activities | 22,817 | (3,079) | (183) | 17,534 | — |
| EBITDA ⁽²⁾⁽³⁾⁽⁴⁾ | (105,225) | 18,769 | 16,750 | 15,762 | 17,449 |
| Unlevered free cash flow ⁽⁵⁾ | 3,222 | 10,677 | 7,433 | 7,287 | 24,410 |

- (1) Includes equipment purchased through capital leases.
- (2) EBITDA is defined as net loss 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 EBITDA to net loss, as net loss is calculated in accordance with generally accepted accounting principles, see the accompanying table captioned "EBITDA Reconciliation."
- (3) EBITDA includes the cumulative impact of the results of the Company's refinancing and recapitalization that was consummated on July 31, 2007, which totaled \$124.8 million as detailed in note 4 below.
- (4) EBITDA in the table above includes the following items for the reported periods in 2007 and 2006:

| Items included in EBITDA: | Three Months Ended | | | | |
|---|---------------------------|--------------------------|---------------------------|-------------------------|---------------------------|
| | Sept. 30, 2007 | June 30, 2007 | March 31, 2007 | Dec 31, 2006 | Sept. 30, 2006 |
| Restructuring expenses | \$ — | \$ — | \$ 24 | \$ 22 | \$ 242 |
| Non-cash loss on extinguishment of debt | 105,269 | — | — | — | — |
| Debt issue cost write-off | 7,298 | — | — | — | — |
| Prepayment penalties on debt | 8,208 | — | — | — | — |
| Equity commitment fee | 1,620 | — | — | — | — |
| Stock-based compensation ⁽⁶⁾ | 3,268 | 710 | 721 | 684 | 569 |
| | \$ 125,663 | \$ 710 | \$ 745 | \$ 706 | \$ 811 |

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

- (5) 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, debt prepayment penalties paid in cash and equity commitment fees paid 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 unlevered free cash flow to 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."
- (6) \$2.4 million of stock-based compensation in the three months ended September 30, 2007 is attributable to required accounting treatment for modification of compensatory equity awards as a result of the recapitalization transactions consummated on July 31, 2007.

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

EBITDA is defined as net 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 and also sets forth a quantitative reconciliation of EBITDA to net loss, as net loss is calculated in accordance with generally accepted accounting principles:

| | Three Months Ended | | | | |
|--|---------------------|------------------|-------------------|------------------|-------------------|
| | Sept. 30, 2007 | June 30, 2007 | March 31, 2007 | Dec. 31, 2006 | Sept. 30, 2006 |
| Net loss | \$ (135,523) | \$ (14,534) | \$ (15,326) | \$ (15,006) | \$ (11,911) |
| Add: items not included in EBITDA: | | | | | |
| Depreciation and amortization | 19,449 | 18,260 | 17,378 | 16,448 | 15,345 |
| Interest expense, net of interest income | 10,849 | 15,043 | 14,698 | 14,320 | 14,015 |
| EBITDA | <i>\$ (105,225)</i> | <i>\$ 18,769</i> | <i>\$ 16,750</i> | <i>\$ 15,762</i> | <i>\$ 17,449</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, debt prepayment penalties paid in cash and equity commitment fees paid, 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 | | | | |
|--|---------------------------|------------------|-------------------|------------------|--------------------------|
| | Sept. 30, 2007 | June 30, 2007 | March 31, 2007 | Dec. 31, 2006 | Sept. 30, 2006 |
| Net cash provided by operating activities | \$ (5,712) ⁽¹⁾ | \$ 8,739 | \$ 6,396 | \$ 6,154 | \$ 21,355 ⁽²⁾ |
| Add: | | | | | |
| Interest expense, net of interest income | 10,849 | 15,043 | 14,698 | 14,320 | 14,015 |
| Prepayment penalties on debt paid in cash | 7,973 | — | — | — | — |
| Equity commitment fee | 1,620 | — | — | — | — |
| Less: | | | | | |
| Capital expenditures | (11,965) | (12,826) | (9,044) | (16,556) | (10,732) |
| Change in accrued capital related costs | 457 | (279) | (3,174) | 3,464 | (228) |
| Equipment purchased through capital leases | — | — | (1,443) | (95) | — |
| Unlevered free cash flow | \$ 3,222 | \$ 10,677 | \$ 7,433 | \$ 7,287 | \$ 24,410 |

- (1) Cash payments of interest during the three months ended Sept. 30, 2007 included two quarterly interest payments and totaled \$19.5 million compared to interest expenses of \$11.4 million recorded for this period. Before the refinancing completed on July 31, 2007, interest payments were due and made on the first day of each quarter. After the refinancing, interest payments were due and made on the last day of the quarter. The additional quarterly interest paid during the quarter as a result of the refinancing totaled \$9.9 million.
- (2) Cash payments of interest during the three months ended September 30, 2006 totaled \$3.2 million compared to interest expense of \$14.6 million recorded for this period. The quarter ended September 30, 2006 ended on a non-business day and, as a result, ITC^DeltaCom paid quarterly interest payments on the first business day of the next quarter.

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

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, prepayment penalties on debt paid in cash, equity commitment fees, changes in restricted cash balances or proceeds from sales of fixed assets;
- 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.