

PRESS RELEASE

FOR INTEGRA TELECOM



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INTEGRA TELECOM REPORTS 2008 CASH FLOW GROWTH

Leading Business Telecom Provider Responds to Challenging Economic Times

PORTLAND, Ore. – Feb. 10, 2009 – [Integra Telecom Inc.](#), a facilities-based, integrated communications provider for business, reported nearly \$700 million in revenue and more than \$220 million in EBITDA (earnings before interest, taxes, depreciation, and amortization) in 2008. These preliminary, unaudited results represent more than 40 percent year over year growth in revenue and in excess of 50 percent year over year growth in EBITDA. Revenue growth in 2008 was primarily from Integra's acquisition of Eschelon Telecom Inc., which was completed in late 2007. The company's 2008 EBITDA growth was the result of the EBITDA it acquired with Eschelon as well as the substantial network and cost savings Integra has achieved in integrating the Eschelon acquisition.

"Integra has a proven track record of weathering difficult economic times, growing through acquisition and producing results that exceed customer and industry standards," said [Dudley Slater, CEO of Integra Telecom](#). "We are committed to providing industry-leading service to our customers, and we continue to invest in our network to deliver new, innovative services that will help businesses increase productivity."

EBITDA, or cash from operations, grew at a faster pace than revenues as a result of the extensive network savings and synergies Integra has generated through its integration of Eschelon. Integra has moved substantial volumes of traffic off of the legacy Eschelon network that relied on leased circuits and on to its own extensive, fiber optic network. Additional 2008 integration milestones included: integrating a workforce of 2,300 employees; developing a strong management team to lead the combined company; major capital investments in the network; and transitioning services for the former Eschelon customer base from a centralized support system to Integra's decentralized model. This model gave Integra's Eschelon customers access to a higher grade of care, delivered by local teams of customer care representatives and technicians.

The national economic downturn and increasing unemployment trends have challenged Integra's long record of annual organic revenue growth. According to Slater, Integra's revenues, pro-forma for the Eschelon acquisition on a total year over year basis, are "essentially flat." Integra attributes this to its service of the small and medium sized business market, which has been greatly impacted by the current economic crisis. As these businesses have faced employee layoffs and downsized their operations, Integra has seen increasing levels of customer losses due to the economy.

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“Integra reported record levels of new sales in 2008, yet these successes only allowed us to hold even against the headwinds of this current economic storm,” said Slater. Still, continuing flat trending revenues ensure that the company will continue to operate on a free cash flow positive status – a bellwether of success in the telecom industry.

“Just as our customers respond to the declining economy, Integra is taking proactive steps with its investors and banks to realign its covenants to the realities of today’s environment,” said Slater. “Our current loan agreements were put in place nearly two years ago, before any of our banks or investors could have imagined today’s economic climate. These agreements include loan covenants that contemplate significant revenue growth that is not likely to happen in this economy.”

“Integra is a privately-held company and we have worked with most of our banks and investors for many years. This is the second recession we’ve managed through and we feel fortunate to be free cash flow positive. Our cash from operations, of more than \$220 million, continues to be well above our current cash debt service requirements of \$100 million and we are confident we will be able to amend our loan agreements in a manner that accommodates all parties.”

Integra continues to invest in its network, delivering reliable telecommunications products and services that meet its customers’ needs. The company expects to see modest growth toward the end of 2009 as regional businesses continue to demand its locally based, industry-leading telecom products and services. “While the current economic environment has required businesses everywhere to reevaluate their growth strategies, we are planning for growth and are doing so with the interests of our employees and customers as our top priorities,” said Slater. “As a result, we expect to be well positioned to benefit from growth opportunities when the broader economy recovers.”

About Integra Telecom

[Integra Telecom Inc.](http://www.integratelecom.com) provides voice, data and Internet communications to thousands of business and carrier customers in 11 Western states, including: Arizona, California, Colorado, Idaho, Minnesota, Montana, Nevada, North Dakota, Oregon, Utah and Washington. The company owns and operates a best-in-class fiber-optic network comprised of metropolitan access networks, a nationally acclaimed tier one Internet and data network, and a 4,700-mile high-speed long haul network. The company has earned some of the highest customer loyalty and customer satisfaction ratings in the telecommunications industry. Primary equity investors in the company include Warburg Pincus, Banc of America Capital Investors and Boston Ventures. Integra Telecom and Electric Lightwave are registered trademarks of Integra Telecom Inc. For more information, visit www.integratelecom.com.

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