

INCENTRA

SOLUTIONS, INC.

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NEWS RELEASE for May 9, 2007

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INCENTRA SOLUTIONS REPORTS 2007 FIRST QUARTER RESULTS

Year over Year Revenue Increases 199%; Gross Margin Increases 230%; Loss Narrows

Boulder, CO, May 9, 2007 – Incentra Solutions, Inc. (OTCBB: ICNS), a provider of complete IT and storage management solutions to enterprises and managed service providers in North America and Europe, today announced results for its first quarter ended March 31, 2007. Driven by the Company's two strategic acquisitions in 2006 and 36 percent organic revenue growth, year over year total revenue from continuing operations in the 2007 first quarter increased 199 percent, with services revenue rising 78 percent and product revenues growing by 251 percent. Gross margin grew more than 230 percent, and the loss from continuing operations declined. Results from continuing operations for all periods exclude the operating results of the Company's former Front Porch Digital Broadcast and Media business, which was sold in July 2006.

Chairman and CEO Thomas P. Sweeney said that the year-over-year increase in 2007 first quarter revenues reflected continued growth in product sales in the United States and Western Europe and the improvement in gross margin was driven by increasing sales of higher-margin managed services, professional services and higher-end third party products. He said that Incentra continues to make significant progress in its strategy to become the leading supplier of IT products and services to the mid-tier enterprise market.

Total revenues from continuing operations for the 2007 first quarter increased to \$25.0 million, up from \$8.4 million for the 2006 first quarter and up sequentially from \$24.1 million in last year's fourth quarter. Gross margin in the first quarter of this year grew at an even faster rate than revenue, increasing 231 percent to \$5.8 million from \$1.8 million in last year's first quarter.

"We had another very strong quarter, which, coming off our solid performance in 2006, especially in the fourth quarter of last year, gives us renewed confidence that 2007 will be an excellent year for Incentra," Sweeney said. "In addition to our excellent year-over-year increase in revenue, the momentum gained last year has continued, resulting in a modest sequential revenue increase from the fourth quarter of 2006. This is especially gratifying since, when we entered this year and as mentioned in our year-end conference call, we expected to see a modest first quarter decline in revenue from last year's fourth quarter, which often occurs in our industry. We are also very encouraged by the organic growth rates we are achieving and believe they are an excellent indicator of our progress to date. On a pro forma basis, total revenues in this year's first quarter grew organically 36 percent from last year's first quarter, which reflected organic growth rates of 33 percent for products and 66 percent for services."

Operating loss from continuing operations decreased by \$1.0 million to \$1.7 million in the 2007 first quarter, from \$2.7 million for the comparable prior year period, and included stock-based compensation charges of \$439,000 and \$367,000, respectively. Net loss from continuing operations for the 2007 first quarter decreased to \$2.3 million from \$4.5 million in the 2006 first quarter, reflecting the positive impact of increased revenues and higher gross margins. Included in the 2006 first quarter loss was a \$1.2 million impairment charge for a loss on the early extinguishment of debt.

Net loss applicable to common shareholders for the 2007 first quarter decreased to \$2.9 million, or \$0.22 loss per share, compared to a net loss of \$4.3 million or \$0.32 loss per share for the comparable prior year period. Net loss per share for the 2006 first quarter included net income from discontinued operations of \$0.07 per share.

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President and Chief Operating Officer Shawn O'Grady said, "We have made significant investments in enhancing our sales and marketing over the last two years including adding, upgrading and training professional field sales and engineering personnel, launching direct marketing programs and implementing a range of sales management tools to improve sales force productivity. These investments, the acquisition synergies we are achieving, and our focus on the mid-tier enterprise market are the key drivers in the improvement in both our top- and bottom-line results over the last several quarters. I am also pleased to report that, as expected, our operating expenses declined from the fourth quarter of last year, reflecting the effects of our cost containment efforts."

Overall gross margin percentage in the 2007 first quarter was 23.4 percent, up solidly from 21.1 percent in the first quarter of 2006. Services gross margin percentage in this year's first quarter increased to 31.6 percent from 22.9 percent in last year's first quarter and product gross margin percentage was 21.6 percent, up from 20.3 percent in the 2006 first quarter.

The year-over-year jump in the services gross margin percentage in the 2007 first quarter reflects the increasing sales of the Company's service offerings by the four companies acquired in 2005 and 2006 as revenue from managed services and professional services grew significantly.

The increase in product gross margin percentage reflects a higher volume of revenue from sales of storage equipment and storage related solutions and sales of products from a broader mix of manufacturers, some of which provide higher gross margin products.

"SG&A expense levels in 2007 are expected to run at a lower rate than 2006 and are in line with the Company's expected growth," commented Chief Financial Officer Anthony DiPaolo. "Excluding the incremental SG&A expenses of any companies we may acquire this year, our SG&A expenses are not expected to increase in 2007, and our current overall cost structure should be adequate to support our organic and acquisition-related growth plans. In the third quarter of this year, we will be receiving an additional \$2.5 million related to the sale of the Front Porch Digital business and that, plus our cash on-hand, working capital facility and other sources of funds combined with our operating cash flows we believe are sufficient to meet our needs."

Outlook for 2007:

Incentra reconfirmed its earlier guidance that exclusive of any acquisitions, the Company expects 2007 revenue to be between \$110 million and \$120 million, approximately 65 to 80 percent higher than revenue in 2006, and the Company believes it will be cash positive for the year.

Conference Call Information

As previously announced, management will host a conference call to be broadcast live on the Internet at 11:30 a.m. (Eastern time) on Wednesday, May 9, 2007. The dial-in number for the call from locations in North America is 1-888-968-4556, and for callers outside North America, the dial-in number for the call is 1-973-582-2778. You may also access the live webcast on the Company/Investors section of the Company's website, www.incentrasolutions.com, under "Conference Call and Webcasts." Additionally, an archive of the conference call will be available on this site.

About Incentra Solutions, Inc.

Incentra Solutions, Inc. (www.incentrasolutions.com) (OTCBB:ICNS) is a provider of complete IT & storage management solutions to enterprises and managed service providers in North America and Europe. Incentra's complete solution includes managed services, professional services, hardware and software products with the Company's First Call and Enhanced First Call support services, IT outsourcing solutions and financing options.

Incentra Solutions Forward Looking Statements

Certain information discussed in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and the federal securities laws. Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions at the time made, it can give no assurance that its expectations will be achieved. Readers are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements are inherently subject to unpredictable and unanticipated risks, trends and uncertainties such as the Company's inability to accurately forecast its operating results; the Company's potential inability to achieve profitability or generate positive cash flow; the availability of financing; and other risks associated with the Company's business. For further information on factors which could impact the Company and the statements contained herein, reference should be made to the Company's filings with the Securities and Exchange Commission, including Annual Reports on Form 10-KSB, Quarterly Reports on Form 10-QSB and Current Reports on Form 8-K. The Company assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

TABLE FOLLOWS

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INCENTRA SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
March 31st, 2007

	Three months Ended	
	<u>3/31/2007</u>	<u>3/31/2006</u>
REVENUES:		
Products	\$ 20,482,322	\$ 5,842,016
Services	4,490,378	2,519,870
TOTAL REVENUE	\$ 24,972,700	\$ 8,361,886
Cost of revenue:		
Products	16,066,157	4,655,913
Services	3,070,906	1,942,375
TOTAL COST OF REVENUE	19,137,063	6,598,288
GROSS MARGIN	5,835,637	1,763,598
Product - \$	4,416,165	1,186,103
Services - \$	1,419,472	577,495
Product - %	22%	20%
Services - %	32%	23%
OPERATING LOSS FROM CONTINUING OPERATIONS	(1,697,383)	(2,654,873)
Other income (expense)		
Interest expense, net	(623,188)	(623,425)
Loss on early extinguishment of debt	-	(1,232,174)
Other, net	15,602	9,153
LOSS FROM CONTINUING OPERATIONS	(2,304,969)	(4,501,319)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	14,004	864,858
NET LOSS	(2,290,965)	(3,636,461)
Accretion of convertible redeemable preferred stock	(654,392)	(654,392)
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	(2,945,357)	(4,290,853)
Weighted average common shares outstanding	13,250,298	13,326,810
Basic and diluted net loss per share applicable to common shareholders:		
Loss from continuing operations	\$ (0.22)	\$ (0.39)
Income (loss) from discontinued operations	\$ -	\$ 0.07
Net loss per share - basic and dilluted	\$ (0.22)	\$ (0.32)

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