

INCENTRA

SOLUTIONS, INC.

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NEWS RELEASE for August 7, 2007 at 6:00 AM EDT

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INCENTRA SOLUTIONS REPORTS 2007 SECOND QUARTER, SIX-MONTH RESULTS

*Year over Year Revenue in Both Periods Increases 70% and 111% respectively;
Services Revenue Up 60% and 68%; Loss Narrows*

Boulder, CO, August 7, 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 second quarter and six months ended June 30, 2007.

Driven by a 60 percent increase in Services revenue and a 73 percent increase in Product revenue, total revenue from continuing operations in the 2007 second quarter increased 70 percent to \$30.8 million, from \$18.1 million in the 2006 second quarter. This year's second quarter revenue was up sequentially 23 percent from \$25.0 million in the 2007 first quarter. For the first six months of 2007, total revenue from continuing operations increased 111 percent to \$55.8 million, from \$26.5 million in the year earlier period. Services revenue for the first six months of 2007 increased 68 percent and product revenues grew by 123 percent.

Gross margin in the second quarter of this year grew at an even faster rate than revenue, increasing 73 percent to \$5.9 million from \$3.4 million in last year's second quarter. Gross margin in this year's first six months increased 127 percent to \$11.7 million from \$5.2 million in the year earlier period. Net loss from continuing operations declined in both periods. 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 Incentra is gaining considerable acceptance in the mid-tier market and is distinguishing itself from its competitors due to its ability to provide complete solutions to its customers, including a broad portfolio of services. Incentra's continued, double-digit growth in services revenue is a key indicator that the Company is on the right track. Incentra, which made two strategic acquisitions in 2006, has focused on expanding its service portfolio and its service capabilities and those efforts are beginning to pay off, he said.

"We had solid organic growth in all segments of our business during the second quarter and first six months of this year, as well as growth from a September 2006 acquisition. I am especially pleased to report strong increases in our services revenue, which includes professional services, managed services and first call maintenance services. Services continue to be an essential part of our overall strategy because of the high margins we achieve and the competitive advantage it gives us," Sweeney said. "A key objective of our acquisition strategy is to expand our services portfolio to the customer base and sales force of the companies we acquire and the significant growth we are enjoying in Services revenue demonstrates that we are making important progress. While we did not complete an acquisition in this year's second quarter, we continue to evaluate strategic acquisitions to expand both our geographic footprint and product offerings."

MORE-MORE-MORE

Operating loss from continuing operations decreased by \$821,000 to \$1.9 million in the 2007 second quarter, from \$2.7 million for the comparable prior year period, and included stock-based compensation charges of \$384,000 and \$468,000, respectively. Operating loss from continuing operations for this year's first six months was \$3.6 million compared with operating loss from continuing operations for the year earlier period of \$5.3 million, and included stock-based compensation charges of \$823,000 and \$835,000 in this year's first six months and for the first six months of last year.

Net loss applicable to common shareholders for the 2007 second quarter decreased to \$3.3 million, or \$0.26 loss per share, compared to a net loss of \$4.8 million, or \$0.34 loss per share, for the comparable prior year period. For the first six months of 2007, net loss applicable to common shareholders was \$6.3 million, or \$0.48 loss per share, compared to a net loss of \$9.1 million, or \$0.66 loss per share, for the year-earlier period. Net loss per share for the 2006 second quarter and first six months included a net loss of \$0.03 per share and net income of \$0.03 per share, respectively, from discontinued operations.

Sweeney added that forecasts of sales and trends such as those published in a report by International Data Corporation in May of this year and the increasing volume of orders for complete solutions, which includes both products and services, is another cause for optimism for the future. "We see signs of robust growth ahead in the mid-tier segments we serve and we are expecting organic growth to continue in all facets of our business, which is what we have planned for," Sweeney said. "More specifically, we are seeing solid mid-tier market acceptance of the expanded enterprise solutions we sell across the board."

The highlights of the quarter included Incentra being named Company of the Year by CMP's *VARBusiness Magazine* and ranked among North America's Top 500 Technology Integrators in June. In July, just after the close of the second quarter, the Company was named to the Fast Growth 100 List by CMP Media's *CRN*, which was based on Incentra being identified as one of the fastest growing solutions providers across all specialty areas and business models.

President and Chief Operating Officer Shawn O'Grady noted that Incentra remains focused on expanding its services capabilities, expanding its pre-sales engineering force with storage experts, conducting marketing campaigns to generate new customers and cutting costs.

"Our goal is to drive efficiency and productivity and to increase revenue while managing our costs," O'Grady said. "The fact that we have been able to increase our top line revenues by 70 and 111 percent year over year with only minimal staffing increases tells us that we are making significant strides toward profitability. Excluding stock-based compensation charges, SG&A expense as a percent of revenue in this year's second quarter was 23 percent, down from 30.3 percent in last year's second quarter and it was 24.8 percent of revenue for the first six months of this year, compared to 35.5 percent in the same period last year. These substantial declines in SG&A expense percentages are excellent measures of the effectiveness of our drive to enhance operational productivity."

Overall gross margin percentages in the 2007 second quarter and first six months were 19.1 percent and 21.0 percent, respectively, up solidly from 18.8 percent and 19.5 percent in the prior year periods. Services gross margin percentages in this year's second quarter and first six months increased to 36.9 percent and 34.5 percent, respectively, from 32.7 percent and 28.5 percent in last year's comparable periods. Product gross margin percentages for this year's second quarter and first six months were 15.4 percent and 18.1 percent, respectively, compared to 15.6 percent and 17.0 percent in the year-earlier periods.

The year-over-year jump in the services gross margin percentages in the 2007 second quarter and first six months 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 modest year-to-year decrease in product gross margin percentage in this year's second quarter was due primarily to a higher mix of lower margin maintenance contracts. The increase in product gross margin percentage for the first six months of 2007 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.

Chief Financial Officer Anthony DiPaolo commented that the Company has recently increased its line of credit from \$10 million to \$15 million. "This expanded credit line provides us with the resources required for supporting the Company's anticipated growth," added DiPaolo. "The more favorable terms of our new credit line in comparison to the previous credit facility reflect our improving operating results and financial condition."

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 today to be broadcast live on the Internet at 11:30 a.m. (Eastern time). The dial-in number for the call from locations in North America is 1-866-328-4270, and for callers outside North America, the dial-in number for the call is 1-480-629-9562. 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

INCENTRA SOLUTIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

June 30, 2007

(UNAUDITED)

	Three Months Ended June 30, 2007	2006	Six Months Ended June 30, 2007	2006
REVENUES:				
Products	\$25,434,609	\$14,739,546	\$45,916,929	\$20,579,015
Services	5,374,324	3,362,707	9,864,702	5,882,577
TOTAL REVENUE	30,808,933	18,102,253	55,781,631	26,461,592
COST OF REVENUES:				
Products	21,525,158	12,433,923	37,591,315	17,089,836
Services	3,393,339	2,262,237	6,464,245	4,204,612
TOTAL COST OF REVENUES	24,918,497	14,696,160	44,055,560	21,294,448
GROSS MARGIN	5,890,436	3,406,093	11,726,071	5,167,144
Product - \$	3,909,451	2,305,623	8,325,614	3,489,179
Services - \$	1,980,985	1,100,470	3,400,457	1,677,965
Product - %	15.4%	15.6%	18.1%	17.0%
Services - %	36.9%	32.7%	34.5%	28.5%
OPERATING LOSS FROM CONTINUING OPERATIONS	(1,856,523)	(2,677,720)	(3,553,908)	(5,335,140)
Other income (expense):				
Interest expense, net	(822,206)	(1,044,910)	(1,445,392)	(1,668,335)
Loss on early extinguishment of debt	-	-	-	(1,232,174)
Other (expense) income, net	(3,080)	42,067	12,520	51,220
LOSS FROM CONTINUING OPERATIONS	(2,681,810)	(3,680,563)	(4,986,781)	(8,184,429)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES	4,585	(465,805)	18,589	399,053
NET LOSS	(2,677,225)	(4,146,368)	(4,968,192)	(7,785,376)
Accretion of convertible redeemable preferred stock to redemption amount	(654,392)	(654,392)	(1,308,784)	(1,308,784)
NET LOSS APPLICABLE TO COMMON SHAREHOLDERS	\$(3,331,617)	\$(4,800,760)	\$(6,276,976)	\$(9,094,160)
Weighted average number of common shares outstanding - basic and diluted	13,075,203	14,239,362	13,162,751	13,780,565
Basic and diluted net loss per share applicable to common shareholders:				
Loss from continuing operations	\$ (0.26)	\$ (0.31)	\$ (0.48)	\$ (0.69)
(Loss) income from discontinued operations	*	(0.03)	*	0.03
Net loss per share--basic and diluted	\$ (0.26)	\$ (0.34)	\$ (0.48)	\$ (0.66)

* Amount is less than \$0.01 per share

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