Internap Presentation 3rd Quarter Earnings Results

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Forward-looking Statements

This presentation contains forward-looking statements, including our expectations for revenue, Adjusted EBITDA and capital expenditures in 2016; our ability to capture opportunities and confront challenges; and our ability to improve operations, reduce expenses, execute initiatives and grow our business. Our ability to achieve these forward-looking statements is based on certain assumptions, including our ability to execute on our business strategy, leverage of multiple routes to market, expand brand awareness for high-performance Internet infrastructure services and customer churn levels. These assumptions may prove to be inaccurate in the future. Because such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, there are important factors that could cause Internap's actual results to differ materially from those in the forward-looking statements. These factors include our ability to execute on our business strategy and drive growth; our ability to maintain current customers and obtain new ones, whether in a cost-effective manner or at all; the robustness of the IT infrastructure services market; our ability to achieve or sustain profitability; our ability to expand margins and drive higher returns on investment; our ability to sell into new and existing data center space; the actual performance of our IT infrastructure services; our ability to correctly forecast capital needs, demand planning and space utilization; our ability to respond successfully to technological change and the resulting competition; the availability of services from Internet network service providers or network service providers providing network access loops and local loops on favorable terms, or at all; failure of third party suppliers to deliver their products and services on favorable terms, or at all; failures in our network operations centers, data centers, network access points or computer systems; our ability to provide or improve Internet infrastructure services to our customers; and our ability to protect our intellectual property, as well as other factors discussed in our filings with the Securities and Exchange Commission. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. We undertake no obligation to update, amend or clarify any forward-looking statement for any reason.

Non-GAAP Financial Measures

In addition to results presented in accordance with GAAP, this presentation includes non-GAAP financial measures. The Company believes these non-GAAP financial measures provide additional information that is useful to investors in helping to understand our underlying performance and trends.

Non-GAAP financial measures have inherent limitations, which are not required to be uniformly applied. Readers should be aware of these limitations and should be cautious with respect to the use of such measures. To compensate for these limitations, we use non-GAAP financial measures as comparative tools, together with GAAP financial measures, to assist in the evaluation of our operating performance or financial condition. Our method of calculating these non-GAAP financial measures may differ from methods used by other companies. These non-GAAP financial measures should not be considered in isolation or as a substitute for those financial measures prepared in accordance with GAAP.

As required by SEC rules, we have provided in this presentation reconciliations of the non-GAAP financial measures included in this presentation to the most directly comparable GAAP financial measures. Reconciliations of non-GAAP financial measures are also available in the attachment to our third quarter 2016 earnings press release available on our website at www.ir.Internap.com.

INAP is on a new Path!

- ✓ Commenting on the new CEO’s findings
- ✓ Attacking the “low hanging fruit”
- ✓ Reversing the overhang now
- ✓ Executing on key initiatives in the near-term
- ✓ Moving INAP to “Pure Play” business units

Capturing Opportunities & Confronting Challenges Now

Consolidated Earnings Summary

(million, except %)	**3Q '16**	**2Q '16**	**3Q '15**
Total Revenue	$73.9	$74.3	$78.3
Operating Expenses*	$157.3	$76.8	$87.5
GAAP Net Loss*	$(91.3)	$(10.7)	$(14.2)
Minus goodwill impairment and other items*	$83.6	$3.4	$4.2
Normalized net loss (non-GAAP)**	$(7.7)	$(7.3)	$(10.0)
Segment Profit (non-GAAP)**	$42.4	$42.9	$44.6
Segment Profit Margin (non-GAAP)**	57.3%	57.8%	57.0%
Adjusted EBITDA (non-GAAP)**	$19.8	$20.2	$19.8
Adjusted EBITDA Margin (non-GAAP)**	26.8%	27.1%	25.2%

* Operating Expenses and reported GAAP Net Loss for 3Q '16 included a non-cash goodwill impairment of $78.2 million.

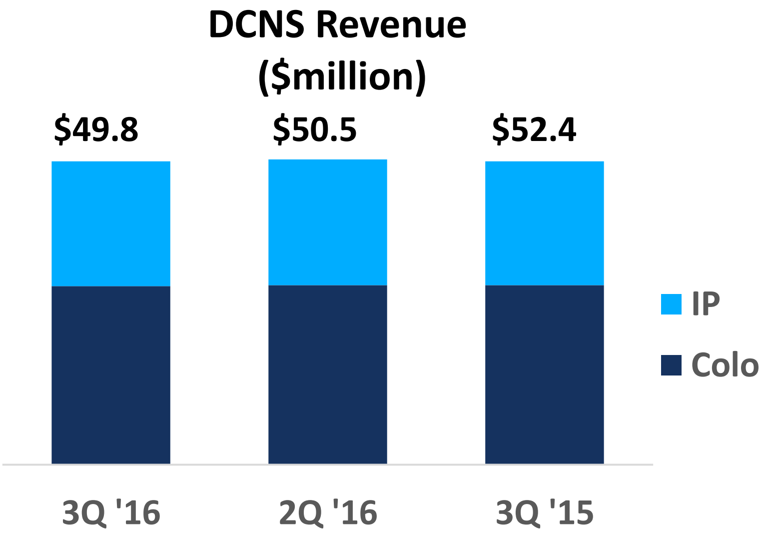
DCNS Revenue & Segment Profit (non-GAAP)* and Margin (non-GAAP)*

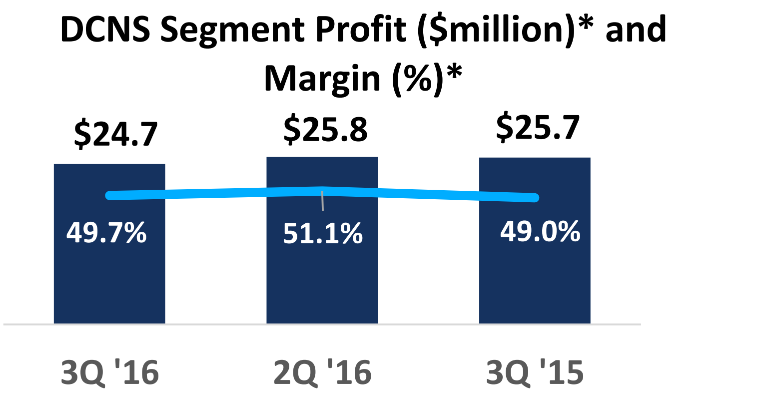
- 3Q ‘16 DCNS Y/Y revenue declined primarily due to the lower IP connectivity revenue related to the continued decline in pricing for new and renewing customers and loss of legacy customers and churn from one large customer.

- 3Q ‘16 DCNS sequential revenue slight decline reflects the continued decline in IP connectivity pricing.

- 3Q ‘16 DCNS Y/Y segment profit decline reflects the effect of lower revenue somewhat offset by better cost control.

- 3Q ‘16 DCNS Q/Q segment profit decline reflects the effect of lower revenue and seasonally higher power costs somewhat offset by better cost control.

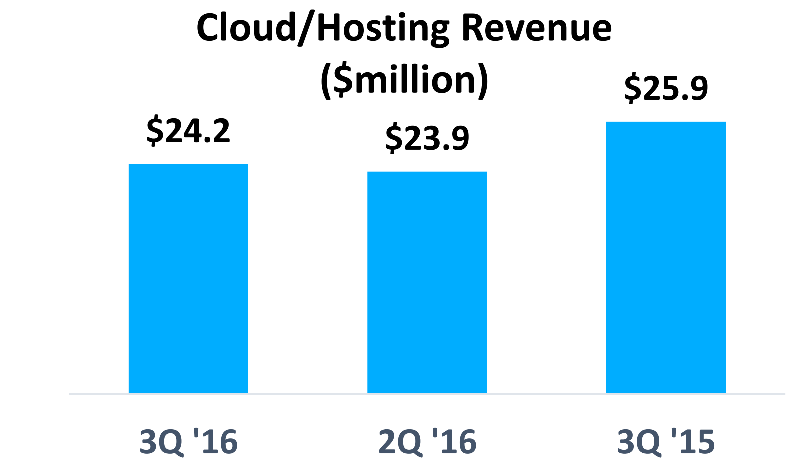


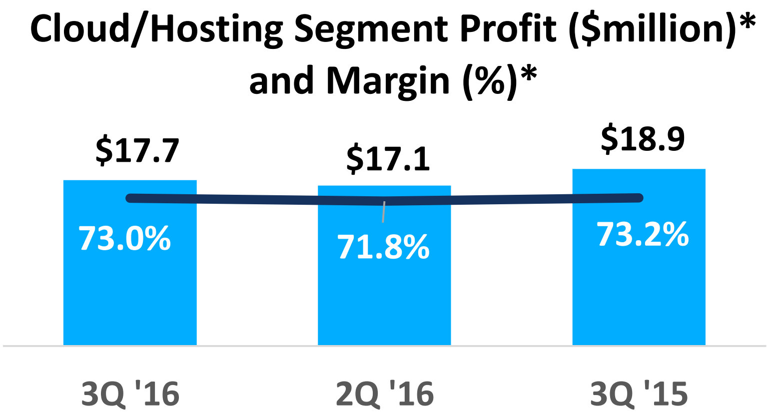


Approximately 33% of the Y/Y revenue decline is associated with a customer being acquired by a large social media company, with the remainder mainly attributable to IP pricing.

Cloud/Hosting Revenue & Segment Profit (non-GAAP)* and Margin (non-GAAP)*

- 3Q '16 Cloud/Hosting Y/Y revenue decline reflects the continued negative impact of churn associated with the acquisition of two customers by two large social media companies somewhat offset by growth in Agile bare-metal revenue.
- Sequentially, Cloud/Hosting revenue growth was driven by growth in Agile bare-metal revenue.
- 3Q '16 Cloud/Hosting segment Y/Y profit reflects the effect of lower revenue.
- 3Q '16 Cloud/Hosting segment Q/Q profit reflects better cost control from optimization offset by seasonally higher power costs.





Approximately 94% of the Y/Y revenue decline is associated with two customers being acquired by two large social media companies.

Cash Flow and Balance Sheet Summary

($millions)	**3Q '16**	**2Q '16**	**3Q '15**	**YTD '16**
Net cash flows from operations (GAAP)	$11.5	$14.0	$10.8	$36.3
Less: Maintenance capex	($1.9)	($1.7)	($3.4)	($5.6)
Less: Success/Growth capex	($11.0)	($12.7)	($7.5)	($34.4)
Free cash flow (non-GAAP)*	($1.4)	($0.4)	($0.1)	($3.7)
Cash interest expense	$7.6	$7.8	$6.7	$22.0
Unlevered free cash flow (non-GAAP)*	$6.2	$7.4	$6.6	$18.3
Balance sheet				
Total debt	$375.1	$377.8	$376.3	$375.1
Cash & cash equivalents	$9.6	$13.9	$18.3	$9.6
Net debt* to adjusted EBITDA (LQA)*	*4.6x*	*4.5x*	*4.5x*	*4.6x*

YTD '16 capital expenditures of $40 million were front-end loaded and are expected to be $7 million to $10 million in 4Q '16.

Financial Guidance

Expected Range ($ millions)	Current Guidance	Previous Guidance
Revenue	$297 to $300	$300 to $305
Adjusted EBITDA (non-GAAP)*	$81 to $83	$83 to $87
Capital expenditures	$47 to $50	$40 to $50

*Reconciliation to GAAP on pages 11-15

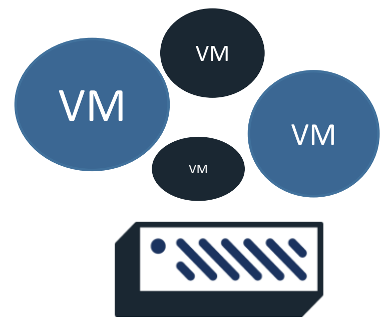
The INAP Portfolio is a Highly Competitive Platform!

Colocation & Managed Services

15 Company Controlled sites + 35 Partner Sites

Cloud Services

OpenStack



Virtual Instances

Bare-Metal Servers

AgileCLOUD + iWeb Services

- ✓ Next Steps in Progress:
  - ✓ Improve operations and reorg into “Pure-Plays”
  - ✓ Cut $5-10M of opex out of our run-rate
- ✓ Explore ways to recapitalize to gain flexibility and focus on growing our business

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Non-GAAP Financial Measures

Normalized net loss is a non-GAAP measure. Normalized net loss is net loss plus exit activities, restructuring and impairments, stock-based compensation, strategic alternatives and related costs, organizational realignment costs and acquisition costs.

(in thousands)

	Three Months Ended		
	September 30, 2016	June 30, 2016	September 30, 2015
Net loss (GAAP)	$ (91,297)	$ (10,693)	$ (14,197)
Exit activities, restructuring and impairments, including goodwill impairment	79,839	152	920
Stock-based compensation	1,253	1,542	2,435
Strategic alternatives and related costs	1,121	282	852
Organizational realignment costs	1,403	1,417	-
Normalized net loss (non-GAAP)	$ (7,681)	$ (7,300)	$ (9,990)

Reconciliation of Non-GAAP Financial Measures

Segment profit and segment margin are non-GAAP measures. Segment profit is segment revenues less direct costs of sales and services, exclusive of depreciation and amortization. Segment profit does not include direct costs of customer support or depreciation or amortization associated with direct costs. Segment margin is segment profit as a percentage of segment revenues.

(dollars in thousands)	Three Months Ended		
	September 30, 2016	June 30, 2016	September 30, 2015
Revenues:			
Data center and network services:			
Company-controlled	$ 22,710	$ 22,933	$ 22,507
Partner	9,837	9,793	10,237
IP connectivity	17,220	17,733	19,696
Total data center and network services	49,767	50,459	52,440
Cloud and hosting services	24,173	23,856	25,878
Total	73,940	74,315	78,318
Direct cost of sales and services, exclusive of depreciation and amortization:			
Data center and network services:			
Company-controlled	10,266	9,994	10,261
Partner	7,517	7,051	7,908
IP connectivity	7,259	7,605	8,570
Total data center and network services	25,042	24,650	26,739
Cloud and hosting services	6,520	6,720	6,942
Total	31,562	31,370	33,681
Segment Profit:			
Data center and network services			
Company-controlled	12,444	12,939	12,246
Partner	2,320	2,742	2,329
IP connectivity	9,961	10,128	11,126
Total data center and network services	24,725	25,809	25,701
Cloud and hosting services	17,653	17,136	18,936
Total	$ 42,378	$ 42,945	$ 44,637
Segment Margin:			
Data center and network services			
Company-controlled	54.8%	56.4%	54.4%
Partner	23.6%	28.0%	22.8%
IP connectivity	57.8%	57.1%	56.5%
Total data center and network services	49.7%	51.1%	49.0%
Cloud and hosting services	73.0%	71.8%	73.2%
Total	57.3%	57.8%	57.0%

Reconciliation of Non-GAAP Financial Measures

Adjusted EBITDA, adjusted EBITDA margin and last quarter annualized (LQA) adjusted EBITDA are non-GAAP measures. Adjusted EBITDA is loss from operations plus depreciation and amortization, loss (gain) on disposals of property and equipment, exit activities, restructuring and impairments, stock-based compensation, strategic alternatives and related costs, organizational realignment costs and acquisition costs. Adjusted EBITDA margin is adjusted EBITDA as a percentage of revenues. LQA is defined as the most recently reported quarter adjusted EBITDA times four.

(dollars in thousand)

	Three Months Ended		
	September 30, 2016	**June 30, 2016**	**September 30, 2015**
Loss from operations (GAAP)	$ (83,398)	$ (2,474)	$ (9,185)
Depreciation and amortization	19,597	19,217	24,631
Loss on disposal of property and equipment, net	25	31	99
Exit activities, restructuring and impairments, including goodwill impairment	79,839	152	920
Stock-based compensation	1,253	1,542	2,435
Strategic alternatives and related costs	1,121	282	852
Organizational realignment costs	1,403	1,417	-
Adjusted EBITDA (non-GAAP)	$ 19,840	$ 20,167	$ 19,752
Total revenue	73,940	74,315	78,318
Adjusted EBITDA margin	26.8%	27.1%	25.2%
LQA Adjusted EBITDA	$ 79,360	$ 80,668	$ 79,008
Capital lease obligations	55,229	57,735	57,509
Term loan	284,379	284,587	287,831
Revolving credit facility	35,500	35,500	31,000
Total debt	375,108	377,822	376,340
Minus: cash and cash equivalents	9,640	13,898	18,312
Net debt	365,468	363,924	358,028
Net debt to adjusted EBITDA (LQA)	4.6	4.5	4.5

Reconciliation of Non-GAAP Financial Measures

Free cash flow and unlevered free cash flow are non-GAAP financial measures. Free cash flow and unlevered free cash flow are non-GAAP measures. Free cash flow is net cash flows provided by operating activities minus capital expenditures. Unlevered free cash flow is free cash flow plus cash interest expense.

	Three Months Ended		
(in thousands)	September 30, 2016	June 30, 2016	September 30, 2015
Net cash flows provided by operating activities	$ 11,464	$ 14,019	$ 10,828
Capital expenditures:			
Maintenance capital	(1,935)	(1,675)	(3,435)
Growth capital	(10,925)	(12,727)	(7,485)
Free cash flow (non-GAAP)	(1,396)	(383)	(92)
Cash interest expense	7,601	7,816	6,660
Unlevered free cash flow (non-GAAP)	$ 6,205	$ 7,433	$ 6,568

Adjusted EBITDA and forward looking projected adjusted EBITDA are non-GAAP measures. Adjusted EBITDA is loss from operations plus depreciation and amortization, loss (gain) on disposals of property and equipment, exit activities, restructuring and impairments, stock-based compensation, strategic alternatives and related costs, organizational realignment costs and acquisition costs. The table below sets forth adjusted EBITDA for the first nine months of 2016 and a forward looking projected adjusted EBITDA range for full-year 2016.

	Nine Months Ended 2016	2016 Full-Year Guidance	
	Actual	Low	High
Total revenue	$ 224	$ 297	$ 300
Loss from operations (GAAP)	$ (88)	$ (90)	$ (88)
Depreciation and amortization	58	77	77
Loss on disposal of property and equipment, net	-	-	-
Exit activities, restructuring and impairments, including goodwill impairment	80	82	82
Stock-based compensation	5	6	6
Strategic alternatives and related costs	2	2	2
Organizational realignment costs	4	4	4
Adjusted EBITDA (non-GAAP)	$ 61	$ 81	$ 83