

Third Quarter 2012 Earnings Conference Call

October 25, 2012

INTERNAP[®]

IT | IQ

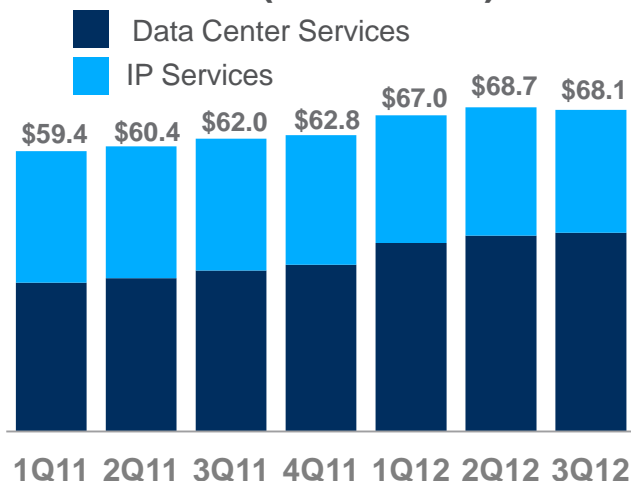
Connectivity | Colocation | Hosting | Cloud

Forward-looking Statements

This presentation contains forward-looking statements. Because such 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 include statements related to our expectations regarding timing for bringing new data centers online, performance of our IT Infrastructure services and our ability to generate cash. Internap discusses these factors in its 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 future results. Internap undertakes no obligation to update, amend, or clarify any forward-looking statement for any reason.

Financial Summary: Revenue, Segment Profit and Segment Margin

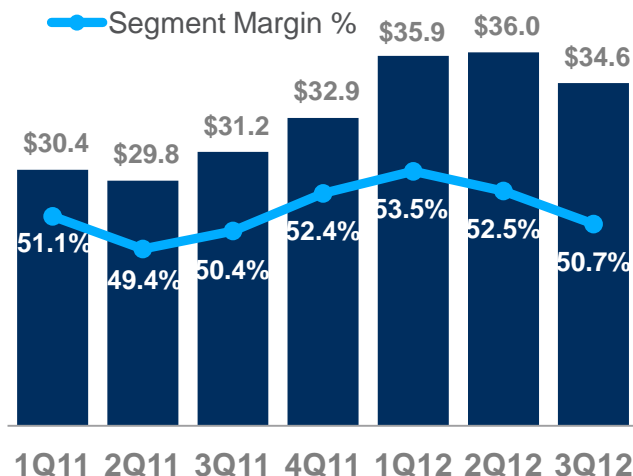
Revenue (in millions)



Soft top line results

- Revenue increased 10% Y/Y; decreased 1% Q/Q
- Growth in data center services offset by decline in IP services

Segment Profit (in millions)



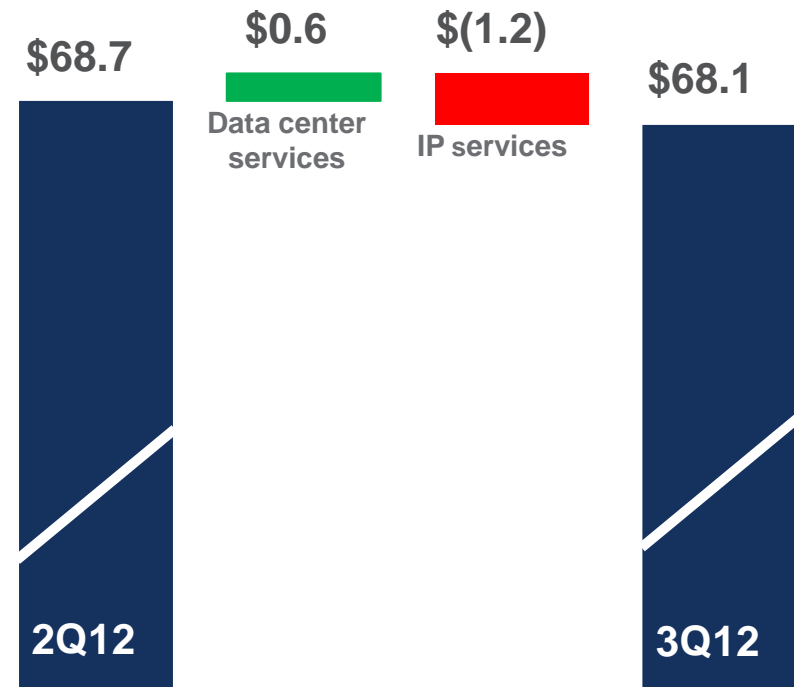
Segment profit and segment margin improve Y/Y

- Strategic product shift delivers Y/Y improvement
- Lower IP revenue and higher seasonal power costs impact segment profit Q/Q

Continued growth in data center services

- Company-controlled colocation, hosting and cloud services underpin data center revenue growth
- Lower non-recurring IP equipment sales and declining IP transit sales weigh on IP services revenue

Q/Q Revenue Change
(in millions)

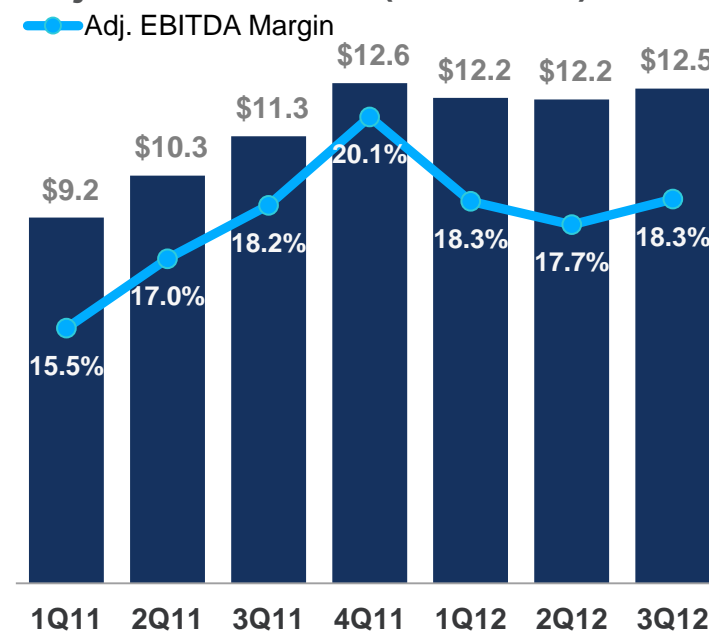


Financial Summary: Adjusted EBITDA

Solid adjusted EBITDA results

- Increased 11% Y/Y and 2 percent Q/Q
 - Positive results reflect impact of product mix shift toward data center services
 - Operational improvements drove a sequentially lower cash operating expense in the third quarter 2012

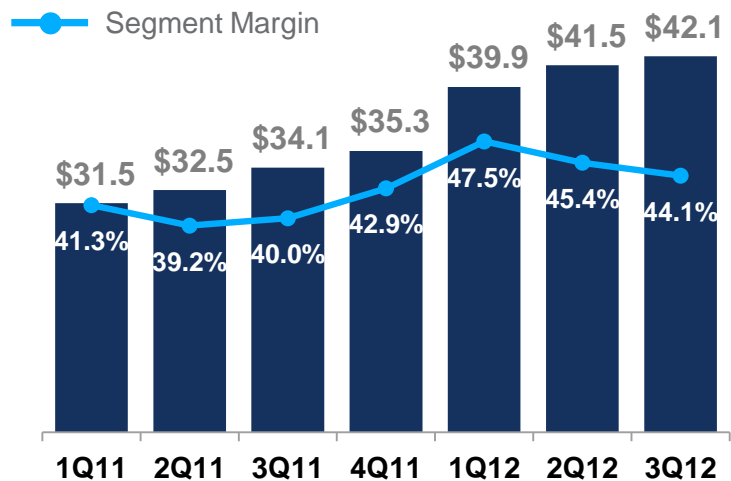
Adjusted EBITDA (in millions)



Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. Adjusted EBITDA is loss from operations plus depreciation and amortization, loss on disposals of property and equipment, impairments and restructuring and stock-based compensation. Adjusted EBITDA margin is Adjusted EBITDA as a percentage of total revenue. A reconciliation of Adjusted EBITDA to GAAP loss from operations can be found in the attachment to our third quarter 2012 earnings press release, which is available on our website and furnished to the Securities and Exchange Commission.

Segment Summary

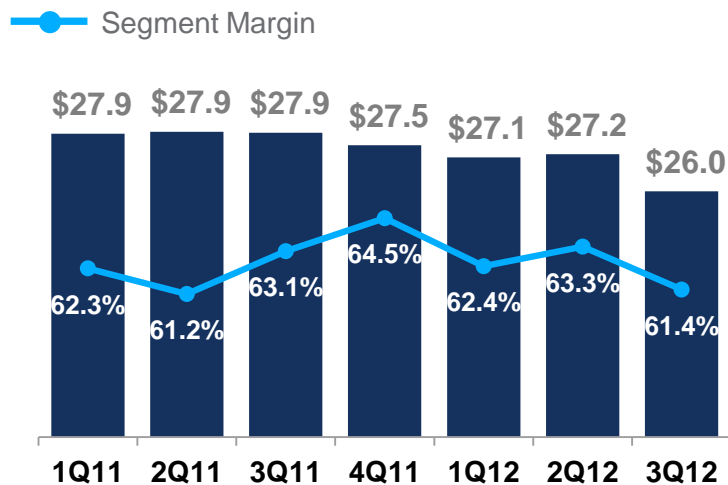
Data Center Services Revenue (in millions)



Data center services revenue up Q/Q and Y/Y

- Data center revenue up 24% Y/Y and 2% Q/Q
- Data center segment profit increased 36% Y/Y; decreased 1% Q/Q
- Higher seasonal power costs for 3Q12 impacted segment margin

IP Services Revenue (in millions)

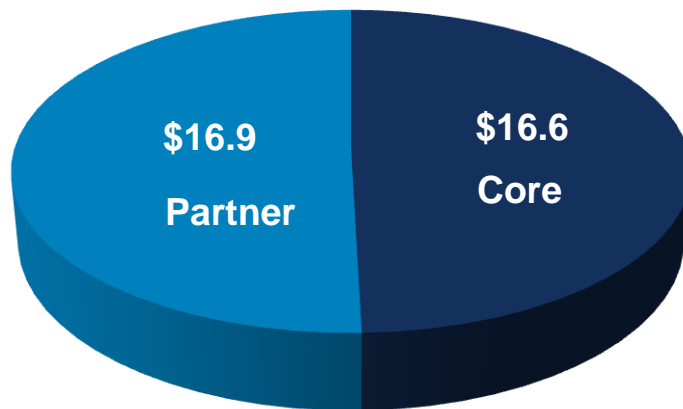


IP services revenue decline

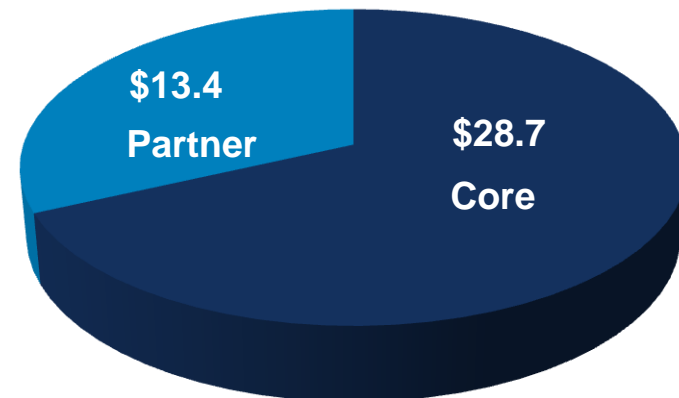
- Strong profitability and cash generation
- Segment profit decreased 9% Y/Y and 7% Q/Q
- Lower non-recurring IP equipment sales and IP transit revenue

Core Data Center Services Drive Growth

20% 3-Year CAGR on “Core” Data Center Services Thru 3Q12



3Q 2009



3Q 2012

\$ in millions. Core data center services defined as company-controlled colocation, hosting and cloud services.



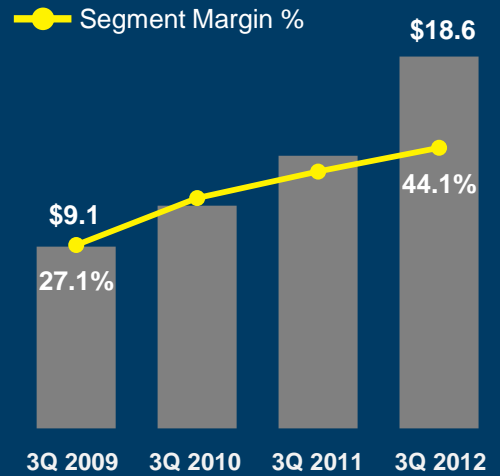
New York Metro



New York Metro – Secaucus NJ

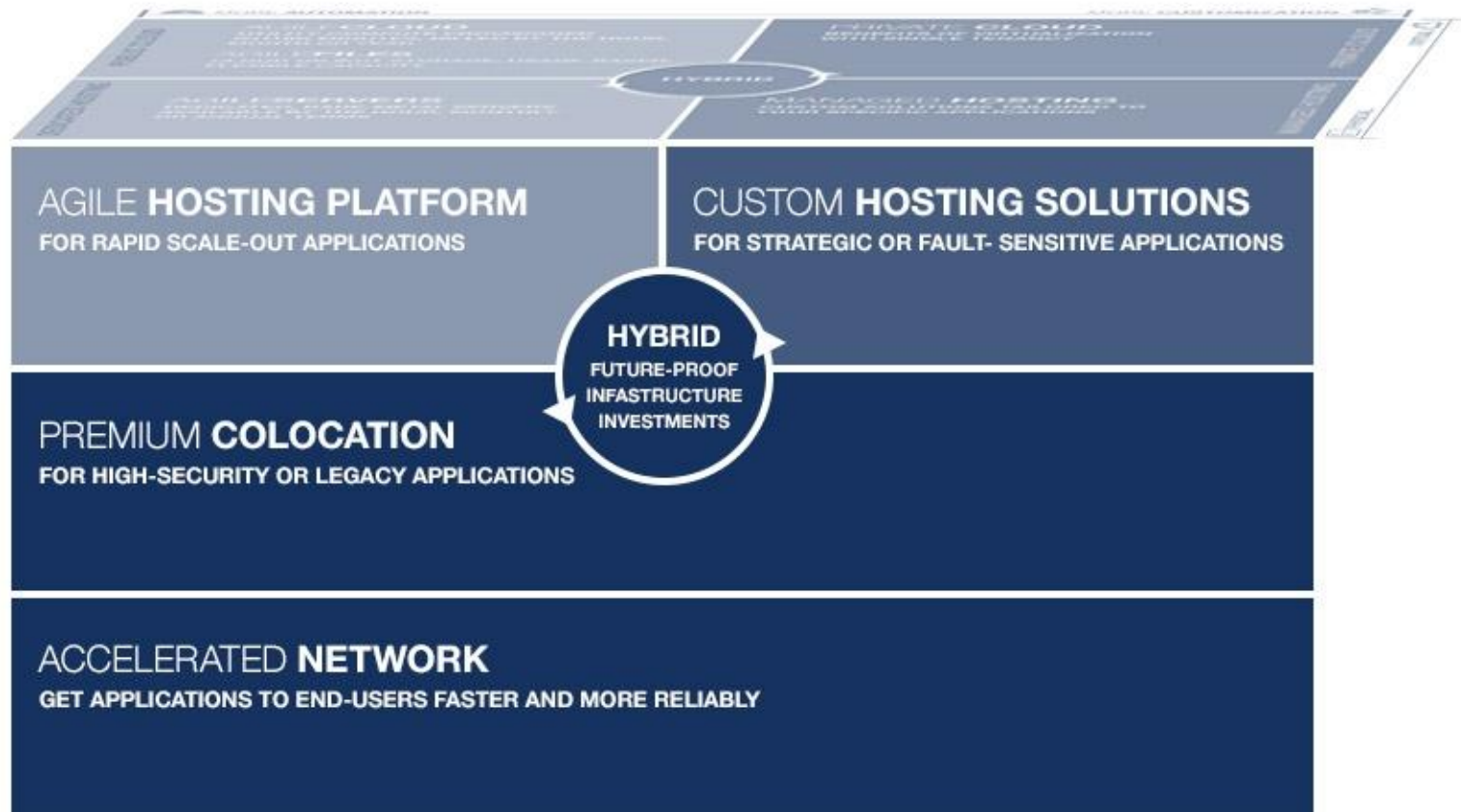
- 55,000 incremental net sellable sq. ft. at full deployment
- Projected 4Q13 opening
- 101K Sq Ft stand-alone, new construction building
- High density, scalable, highly connected data center
- Outside the 500 year flood plain
- LEED quality energy efficient design

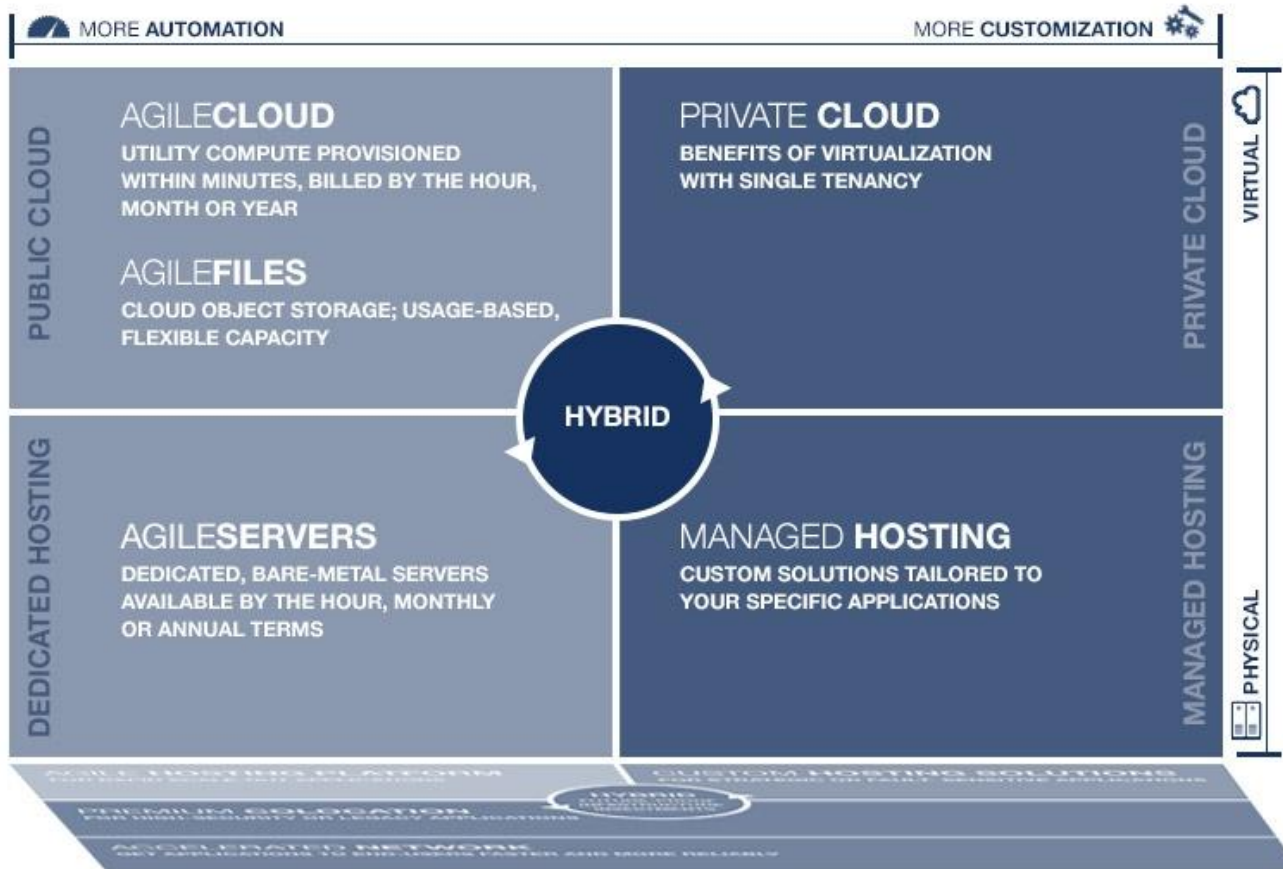
Data Center Segment Profit



Internap's IT Infrastructure Services Portfolio

Combining Platform Flexibility with High Performance





❖ 2012 Cloud Computing Excellence Award Winner

❖ Best Cloud Computing Service in the 2012 Golden Bridge Awards



Vix Technology is a global provider of intelligent transit solutions

Customer Context and Need

Rapidly process more than 50 million fare transactions annually for public transit commuters

Provide intelligent, real-time performance tools for transit operator schedule adherence and fleet tracking

Enable more efficient and scalable delivery models for Vix's transit system customers

Internap Solution



Managed Hosting



Colocation



Performance IP

Deliver the scale to support passenger and transaction growth

Support several legacy applications and provide DR diversity

Performance IP™ ensures ability to instantly process payments and access information in real time

Income Statement Summary (in millions)

	3Q12	2Q12	3Q11
Total Revenue	\$68.1	\$68.7	\$62.0
Total Segment Profit	\$34.6	\$36.0	\$31.2
<i>Total Segment Margin %</i>	50.7%	52.5%	50.4%
Cash Operating Expense	\$22.1	\$23.9	\$20.0
<i>Cash Opex %</i>	32.4%	34.7%	32.2%
Adj. EBITDA	\$12.5	\$12.2	\$11.3
<i>Adj. EBITDA %</i>	18.3%	17.7%	18.2%
GAAP Net Loss	\$(2.5)	\$(2.0)	\$(1.8)
<i>Loss per fully-diluted share</i>	\$(0.05)	\$(0.04)	\$(0.04)
Normalized Net (Loss) Income	\$(1.0)	\$0.3	\$(0.6)
<i>(Loss) Income per fully-diluted share</i>	\$(0.02)	\$0.01	\$(0.01)

*Cash Operating Expense and Normalized Net (Loss) Income are non-GAAP measures. A reconciliation to GAAP total operating costs and expenses can be found in the attachment to our third quarter 2012 earnings press release, which is available on our website and furnished to the Securities and Exchange Commission.

Financial Review: Cash Flow and Balance Sheet

Cash Flow Summary (in millions)

	3Q12	2Q12	3Q11
Adj. EBITDA	\$12.5	\$12.2	\$11.3
Less: Capital Expenditures	25.1	22.7	27.8
Adj. EBITDA less CAPEX	<u>\$(12.6)</u>	<u>\$(10.5)</u>	<u>\$(16.5)</u>

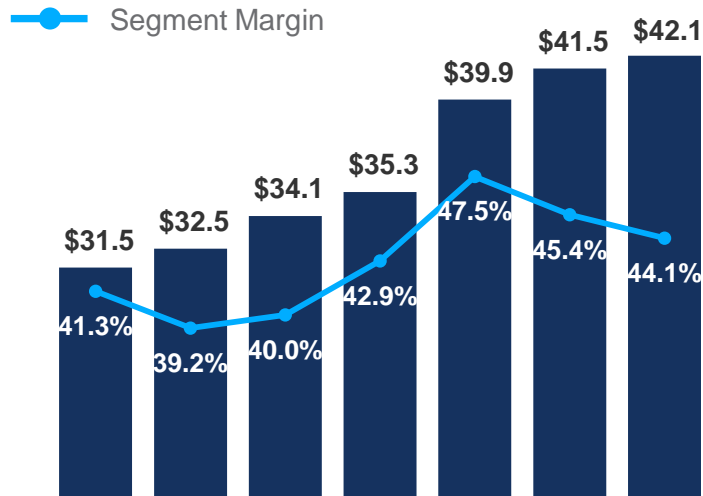
Balance Sheet Summary (in millions)

	3Q12	2Q12	3Q11
Cash & Cash Equivalents	\$26.4	\$ 27.6	\$ 34.3
Less: Capital Leases	49.5	47.6	37.3
Less: Debt (net of discount)	88.1	71.6	18.6
Equals: Net (Debt) Cash	<u>\$(111.2)</u>	<u>\$(91.6)</u>	<u>\$(21.6)</u>
<i>Total Debt to Adj. EBITDA (LQA)*</i>	2.8x	2.4x	1.2x
Days Sales Outstanding	28	29	27

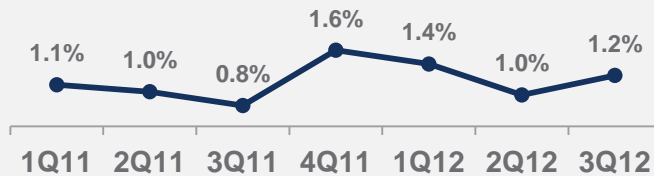
* LQA = Last Quarter Annualized

Segment Detail

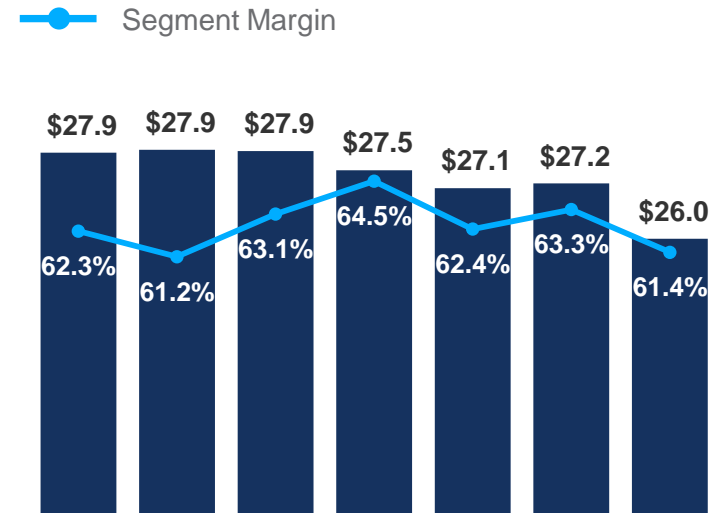
Data Center Services Revenue (in millions)



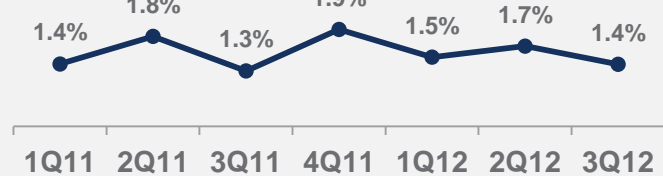
Segment Churn



IP Services Revenue (in millions)

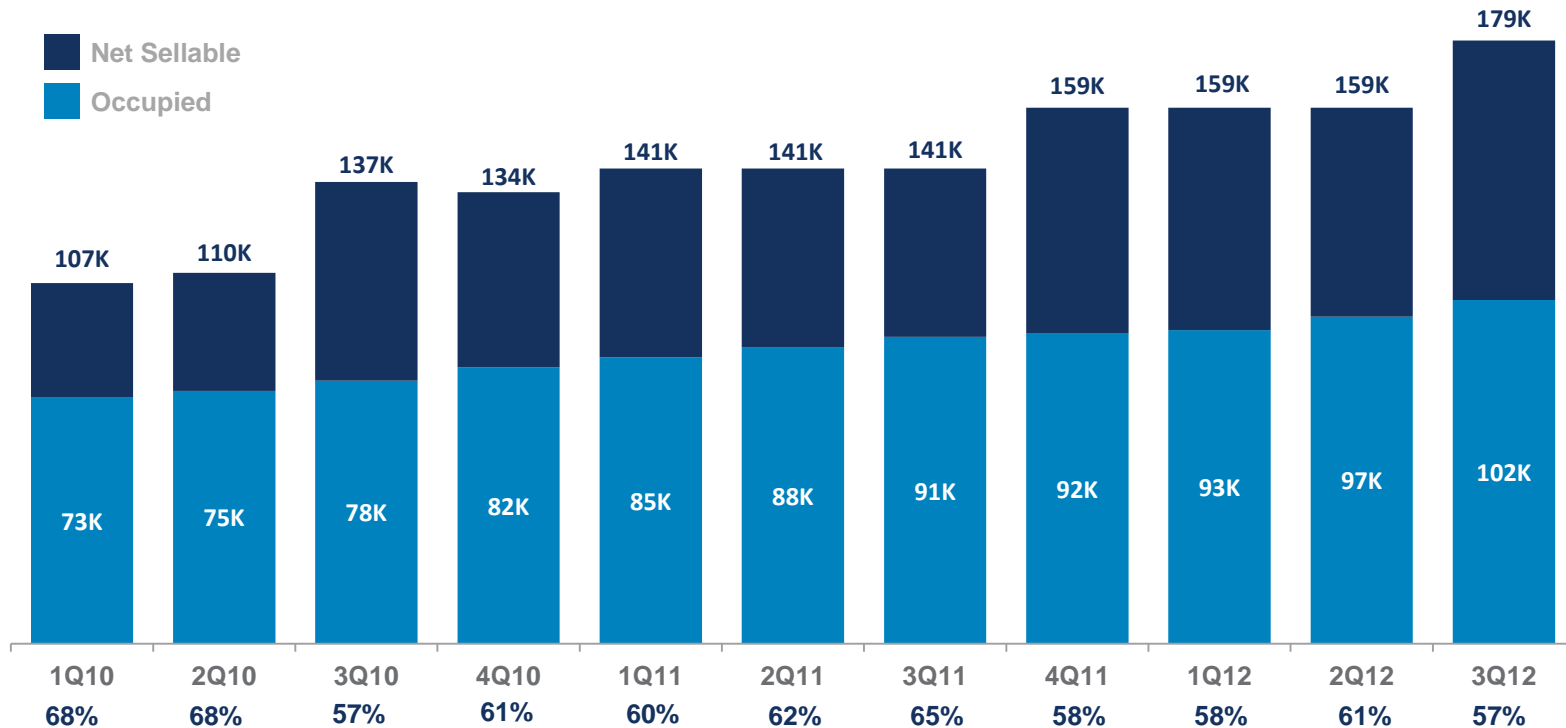


Segment Churn



Company-Controlled Data Center Utilization Trend

Strategic investments expand net sellable capacity by almost 70% since 1Q10



* Square footage data changes from time to time as we undertake periodic audits in addition to day-to-day systems tracking. The figures above represent our most recent estimates of occupancy.

New Credit Facility Enhances Flexibility

Amended Facility

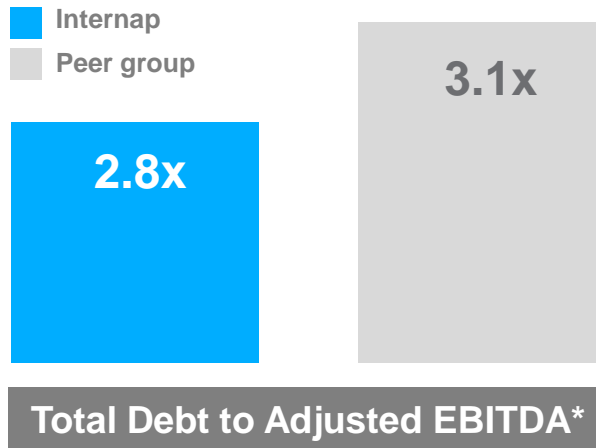
Facility	Revolver	\$70.00M (+\$10M)
	Term	\$67.25M (+\$10M)
	Total	\$137.25M (+\$20M)

Minimum Liquidity \$20M from \$30M (+\$10M)

Cost of Funds Libor + 350 BPS (Unchanged)

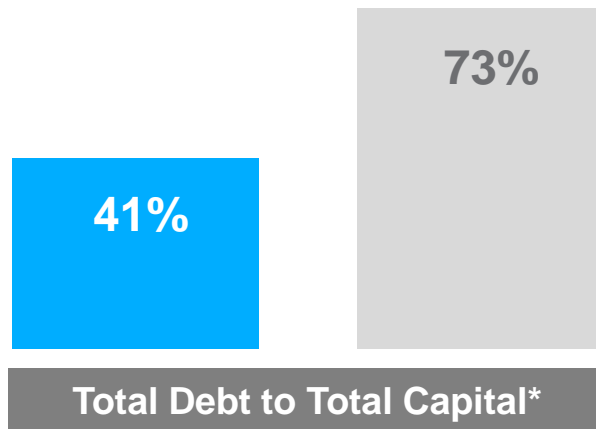
Maturity August 2015 (November 2014)

- Adds \$30M of borrowing capacity
- Extends maturity
- Rate remains unchanged
- Enhances capital flexibility



3Q12 Adjusted EBITDA (annualized)	\$ 50M
Less: 2012 Maintenance capital guidance (midpoint)	(10)M
Equals: Annualized Discretionary Cash flow	~\$ 40M

Discretionary Cash Flow***



Healthy balance sheet and significant cash generation capability

* Total debt includes capital leases; Adjusted EBITDA is last quarter annualized. Total capital is total debt + book equity. Peer averages are as of 6/30/2012 and include Equinix, Cogent, Level 3, Peer 1, Rackspace and Interxion. ***Discretionary Cash Flow is a non-GAAP measure and is defined as Adjusted EBITDA less capex required to maintain the existing asset base.

Strength in Data Center Services Execution

Results:

- **Soft IP services revenue impacts company top-line**
- **Core data center services growth mitigates IP services decline**
 - Core data center services revenue delivers 20% 3-year CAGR
- **Adjusted EBITDA up 2% Q/Q**
 - Data center services strategy execution and tight cost controls enable profitable growth
- **Solid Y/Y results with revenue up 10%; Adjusted EBITDA up 11%**

Looking forward:

- **Execute strategy → sell into available data center capacity**
- **Leverage data center expansions:**
 - New York Metro (expected 4Q13)
- **Maintain focus operational excellence**