

Fourth Quarter 2012 Earnings Conference Call

February 21, 2013

INTERNAP[®]

IT | IQ

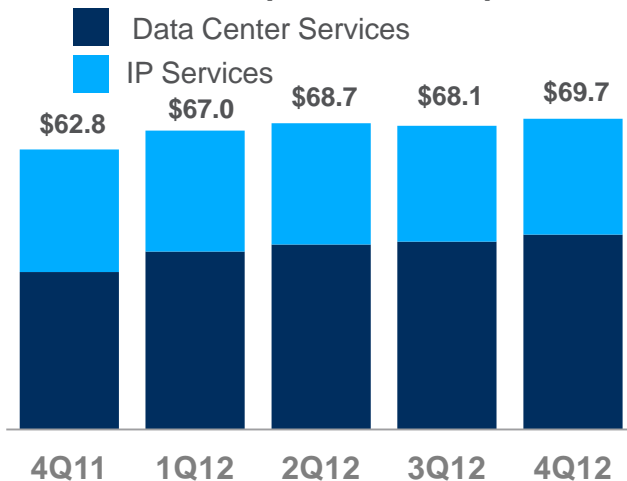
Connectivity | Colocation | Hosting | Cloud

Forward-looking Statements

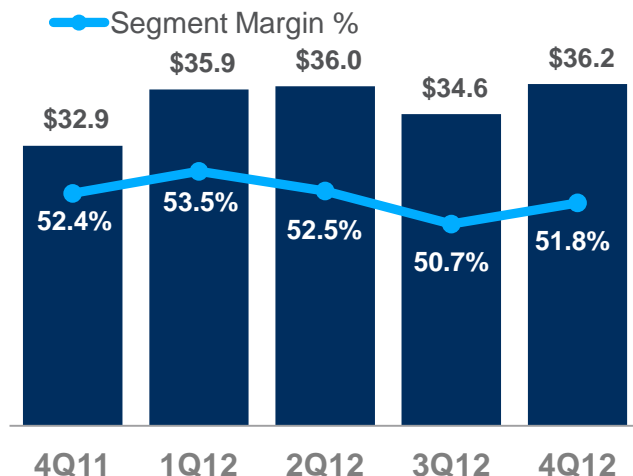
This presentation contains forward-looking statements. Because such statements are not guarantees of future performance and involve risks and uncertainties, there are important factors that could cause Internap's actual results to differ materially from those in the forward-looking statements. These include statements related to our expectations regarding our 2013 capital plan, performance of our IT Infrastructure services and our ability to leverage data center expansions. 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)



Segment Profit (in millions)



Continued top line growth

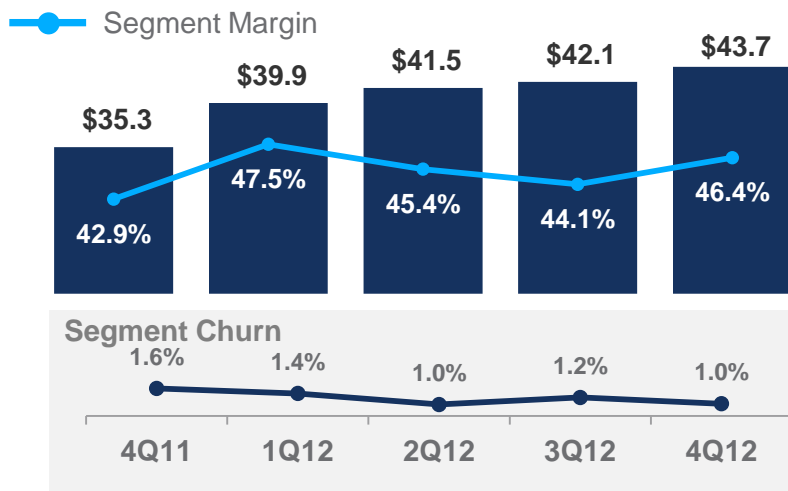
- Revenue increased 11% Y/Y; 2% Q/Q
- Growth in data center services: colocation, hosting and cloud services underpins revenue increase

Solid segment profit and segment margin results

- Strategic product shift supports segment profitability
- Highest segment profit since inception

Segment Summary

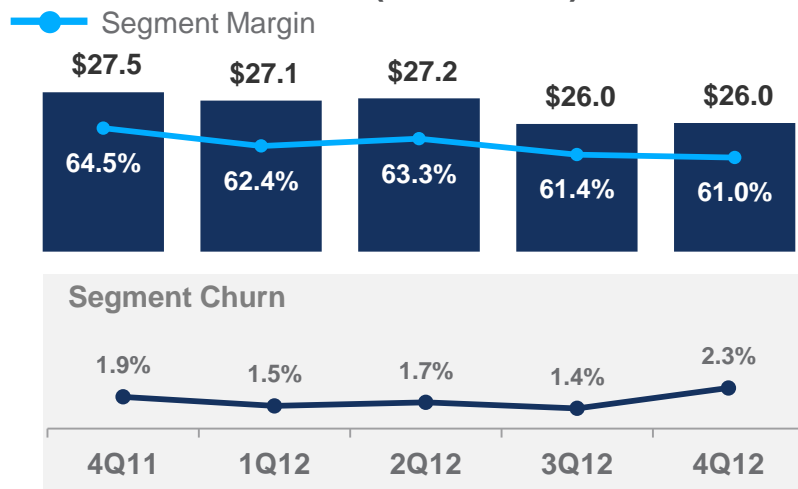
Data Center Services Revenue (in millions)



“Core” data center services drive top line growth and profitability

- Data center revenue up 24% Y/Y and 4% Q/Q
- Data center segment profit increased 34% Y/Y and 9% Q/Q
- Data center segment margin expanded 350 basis points Y/Y and 230 basis points Q/Q

IP Services Revenue (in millions)



IP services revenue stable Q/Q

- Strong profitability and cash generation
- Non-recurring IP revenue offset declining IP transit revenue
- Large customer churn in December 2012

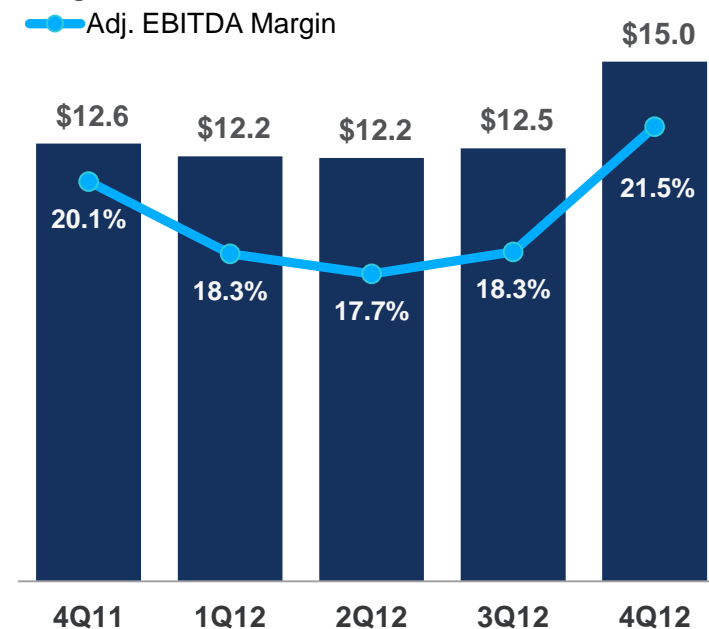
Core data center services defined as company-controlled colocation, hosting and cloud services.

Financial Summary: Adjusted EBITDA

Strong Adjusted EBITDA results

- Increased 19% Y/Y and 20% Q/Q
 - Positive results reflect impact of product mix shift toward data center services
 - Tight operational controls and seasonally lower costs drove a sequentially lower cash operating expense in the fourth quarter 2012
 - Highest Adj. EBITDA and Adj. EBITDA margin since inception

Adjusted EBITDA (in millions)



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

2012 Recap: Revenue and Profit Growth

Data center services growth drives record revenue

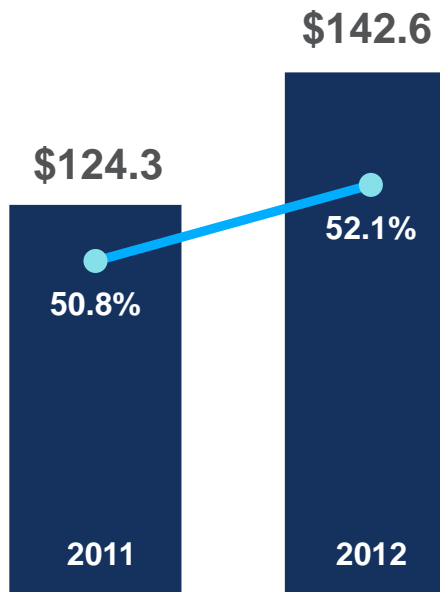
Revenue increased 12% Y/Y



Revenue

Strategic product shift delivering results

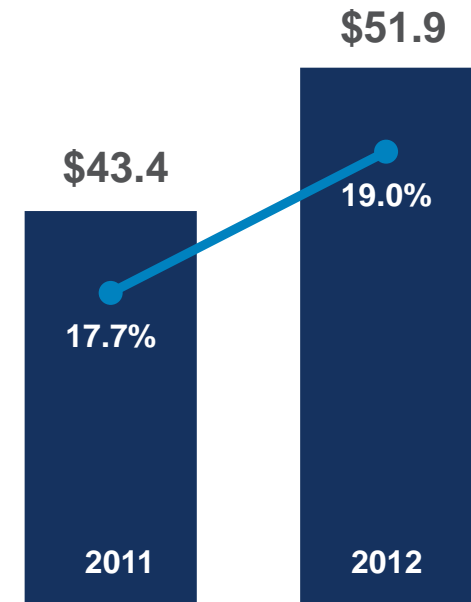
Segment profit up 15% and segment margin up 130 BPS Y/Y



Segment Profit

Positive operating leverage

Adj. EBITDA up 20% and Adj. EBITDA margin up 130 BPS Y/Y



Adj. EBITDA

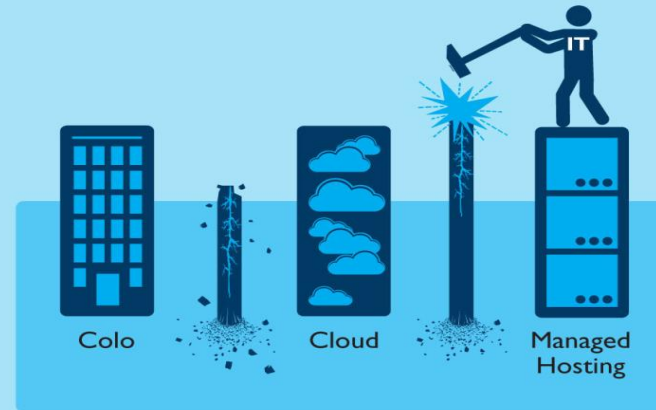
Survey Shows “Cloudy Colo” On The Horizon

Cloud Agility and Hybridization Will Transform Traditional Colo Services

IT buyers are aiming to shatter infrastructure silos

72%

want to hybridize colo with cloud and other infrastructure



IT buyers show interest in colo features with cloud-like visibility and control



88%
Bandwidth monitoring



85%
Power utilization



77%
Equipment reboot



76%
Server health monitoring



67%
Inventory management



“Cloudy colo” meets new era of infrastructure demands

- Improves visibility and management of colo environment
- Provides unified view of colo, cloud and other infrastructure
- Leads to improved business agility, reduced costs and time spent onsite

Key Vertical Markets

Online Gaming

Healthcare

Media & Entertainment

“Big Data”





MoPub is the world's leading ad server for mobile application publishers

Customer Context and Need

Process 1.5 billion mobile ad impressions a day and 300 million unique users a month

Consolidate and optimize numerous advertising sources

Provide low latency, scalable and highly reliable performance for real-time bidding and mobile ad serving platforms

Internap Solution



Bare Metal Cloud



Performance IP

Scale on-demand to support mobile ads and publishers

Power and expand ad serving, management and real-time bidding platform

Performance IP™ results in lower latency and reduced network congestion

Financial Review: Income Statement

Income Statement Summary (in millions)

	4Q12	3Q12	4Q11	2012	2011
Total Revenue	\$69.7	\$68.1	\$62.8	\$273.6	\$244.6
Total Segment Profit	\$36.2	\$34.6	\$32.9	\$142.6	\$124.3
<i>Total Segment Margin %</i>	51.8%	50.7%	52.4%	52.1%	50.8%
Cash Operating Expense	\$21.2	\$22.1	\$20.3	\$90.8	\$81.0
<i>Cash Opex %</i>	30.4%	32.4%	32.3%	33.2%	33.1%
Adj. EBITDA	\$15.0	\$12.5	\$12.6	\$51.9	\$43.4
<i>Adj. EBITDA %</i>	21.5%	18.3%	20.1%	19.0%	17.7%
GAAP Net Income (Loss)	\$0.0	\$(2.5)	\$4.2	\$(4.3)	\$(1.7)
<i>Income (Loss) per fully-diluted share</i>	\$0.0	\$(0.05)	\$0.08	\$(0.09)	\$(0.03)
Normalized Net Income (Loss)	\$2.1	\$(1.0)	\$0.3	\$3.0	\$(1.0)
<i>Income (Loss) per fully-diluted share</i>	\$0.04	\$(0.02)	\$0.01	\$0.06	\$(0.02)

*Cash Operating Expense and Normalized Net Income (Loss) are non-GAAP measures. A reconciliation to GAAP total operating costs and expenses can be found in the attachment to our fourth 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)

	4Q12	3Q12	4Q11	2012	2011
Adj. EBITDA	\$15.0	\$12.5	\$12.6	\$51.9	\$43.4
Less: Capital Expenditures	10.3	25.1	17.7	74.9	68.6
Adj. EBITDA less CAPEX	\$4.6	\$(12.6)	\$(5.1)	\$(23.0)	\$(25.2)

Balance Sheet Summary (in millions)

	4Q12	3Q12	4Q11
Cash & Cash Equivalents	\$28.6	\$26.4	\$ 29.8
Less: Capital Leases	48.6	49.5	41.1
Less: Debt (net of discount)	95.4	88.1	58.3
Equals: Net (Debt) Cash	\$(115.4)	\$(111.2)	\$(69.6)
<i>Net Debt to Adj. EBITDA (LQA)*</i>	1.9x	2.2x	1.4x
Days Sales Outstanding	25	28	27

* LQA = Last Quarter Annualized

75% of 2013 capital plan is tied to **growth and success based**

	2013E
Expansion	\$45 - \$50M
Maintenance	\$15M
Total	\$60 - \$65M

Expansion: Growth and Success Based

- Company-controlled data center build-outs
- Hosting and cloud development and provisioning

Maintenance

- Capital investment for maintenance of existing asset base

Growth Highlights → 2013 All About Execution

Results:

- **Record results for 4Q12 and FY 2012**
 - Record revenue, Adj. EBITDA and Adj. EBITDA margin
- **Core data center services strategy drives profitable growth**
- **Data center expansions → Los Angeles, Atlanta**
- **Successful Voxel acquisition integration**
 - Accretive to Adj. EBITDA margin during 2012

Looking forward:

- **Execute strategy**
 - Deliver growth from high-performance, hybridized IT infrastructure services
- **Leverage data center expansions:**
 - New York Metro, Santa Clara, Boston
- **Maintain focus on operational excellence**