

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

	)	
In re:	)	Chapter 11
	)	
INTERNAP HOLDING LLC, <i>et al.</i> ,	)	Case No. 23-10529 (CTG)
	)	
Debtors. <sup>1</sup>	)	(Jointly Administered)
	)	

**DISCLOSURE STATEMENT FOR THE JOINT CHAPTER 11  
PLAN OF INTERNAP HOLDING LLC AND ITS DEBTOR AFFILIATES**

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**THIS DISCLOSURE STATEMENT IS NOT A SOLICITATION OF VOTES ON THE PLAN. ACCEPTANCES OF THE PLAN MAY NOT BE SOLICITED UNTIL THE BANKRUPTCY COURT HAS APPROVED A DISCLOSURE STATEMENT. THE DEBTORS RESERVE THE RIGHT TO AMEND, SUPPLEMENT, OR OTHERWISE MODIFY THIS DISCLOSURE STATEMENT PRIOR TO THE HEARING TO APPROVE THIS DISCLOSURE STATEMENT.**

Dated: May 3, 2023

<sup>1</sup>The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Internap Holding LLC (5721), Singlehop LLC (4340), Hosting Intellect LLC (8435), Datagram LLC (3170). The Debtors’ address for noticing purposes is 5051 Peachtree Corners Circle, Suite 200, Norcross, GA 30092.

**DISCLAIMER**

THE DISCLOSURE STATEMENT PROVIDES INFORMATION REGARDING THE CHAPTER 11 PLAN OF INTERNAP HOLDING LLC AND ITS AFFILIATED DEBTORS (THE “**DEBTORS**”). THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO HOLDERS OF CLAIMS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE PLAN OF REORGANIZATION OF INTERNAP HOLDING LLC AND ITS DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE. BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN, EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT AND THE PLAN, INCLUDING THE RISK FACTORS DESCRIBED IN SECTION X HEREIN.

THE PLAN IS SUPPORTED BY THE DEBTORS AND CERTAIN CREDITORS OF THE DEBTORS, INCLUDING THE CONSENTING LENDERS. THE DEBTORS AND THE CONSENTING LENDERS BELIEVE THAT THE PROPOSED CHAPTER 11 PLAN IS IN THE BEST INTERESTS OF ALL CREDITORS AND URGE ALL HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT THE PLAN.

THE DEBTORS URGE EACH HOLDER OF A CLAIM TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN, AND THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT’S APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT’S APPROVAL OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, AND CERTAIN ANTICIPATED EVENTS IN THE DEBTORS’ CHAPTER 11 CASES. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH ANTICIPATED EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS’ MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTORS RELIED ON FINANCIAL DATA DERIVED FROM THE DEBTORS' BOOKS AND RECORDS AND ON VARIOUS ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES. WHILE THE DEBTORS BELIEVE THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THE FINANCIAL CONDITION OF THE DEBTORS AS OF THE DATE HEREOF AND THAT THE ASSUMPTIONS REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES AND THEIR FUTURE RESULTS AND OPERATIONS. THE DEBTORS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(B) AND IS NOT NECESSARILY PREPARED IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS. THIS DISCLOSURE STATEMENT AND ITS RELATED DOCUMENTS ARE THE ONLY DOCUMENTS APPROVED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES FOR OR AGAINST THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS ONLY A SUMMARY OF THE PLAN AND IS NOT INTENDED TO REPLACE A DETAILED REVIEW OF THE PLAN. ALL HOLDERS OF CLAIMS ARE ENCOURAGED TO REVIEW THE FULL TEXT OF THE PLAN AND THE EXHIBITS TO THE PLAN AND THIS ENTIRE DISCLOSURE STATEMENT CAREFULLY BEFORE DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN AND MAKING ANY ELECTIONS IN CONNECTION WITH THE PLAN WITH RESPECT TO THE RELEASES UNDER ARTICLE VIII OF THE PLAN.

THIS DISCLOSURE STATEMENT SHALL NOT BE CONSTRUED AS AN ADMISSION OR STIPULATION AS TO ANY CONTESTED MATTER, ADVERSARY PROCEEDING, CLAIM, OR OTHER CAUSE OF ACTION OR THREATENED ACTION BUT AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS.

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**EXHIBITS**

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AFFILIATED DEBTORS

EXHIBIT B: RESTRUCTURING SUPPORT AGREEMENT AND TERM SHEET

EXHIBIT C: FINANCIAL PROJECTIONS

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EXHIBIT E: LIQUIDATION ANALYSIS

## I. INTRODUCTION

Internap Holding LLC (“**INAP**”), Singlehop LLC, Hosting Intellect, LLC, and Datagram LLC (collectively the “**Debtors**”) submit this disclosure statement (the “**Disclosure Statement**”) pursuant to section 1125 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the “**Bankruptcy Code**”) for use in the solicitation of votes on the *Joint Chapter 11 Plan of Internap Holding LLC and its Affiliated Debtors and Debtors in Possession*, dated April 28, 2023, as it may be amended, supplemented, restated, or modified from time to time (together with the Plan Supplement, the “**Plan**”).<sup>2</sup> A copy of the Plan is attached hereto as **Exhibit A** and incorporated herein by reference. The Plan constitutes a separate chapter 11 plan for INAP and each of its affiliated Debtors. In the event of any inconsistency between the terms of the Plan and the description of such terms in this Disclosure Statement, the terms of the Plan shall control.

The Debtors provide compute resources (*i.e.*, an IT industry term referring to the ability to process data) and storage services on demand via an integrated platform. The Debtors’ services include: (a) bare metal (which are dedicated, single-tenant servers utilizing Intel and AMD processors enabling high-performance compute with rapid deployment, increased control, enhanced security, and flexible configurations); (b) hosted private cloud environments; (c) cloud computing backup services; and (d) managed security to keep customer data secure and in alignment with compliance requirements.

The Debtors commenced these Chapter 11 Cases to deleverage their balance sheet and continue as a going concern. The Plan contemplates that the holders of Second Out Term Loans (the “**SOTL Loans**”) will convert all of their SOTL Loans into equity, eliminating approximately \$127.8 million of secured debt from INAP’s balance sheet. In addition, certain of the holders of SOTL Loans have agreed to provide the Debtors with an exit facility in an amount up to \$30 million on the Effective Date of the Plan. Holders of approximately 67% of the SOTL Loans in dollar amount and more than 60% in number (collectively, the “**Consenting Lenders**”) have executed a Restructuring Support Agreement (as it may be amended from time to time, the “**RSA**”) in which they have agreed to, among other things, support the Plan. The RSA is attached hereto as **Exhibit B**.

In addition to the debt-for-equity exchange with the holders of the Debtors’ SOTL Loans, other key terms of the Plan include full payment of all administrative and priority claims, if any, and the claims of certain go-forward critical trade vendors. Other unsecured creditors will not receive a distribution under the Plan. The Debtors submit that the proposed Plan meaningfully reduces the Debtors’ aggregate secured debt, maximizes recoveries, ensures the Debtors will continue as a going-concern preserving jobs for the Debtors’ employees, and best positions the Debtors for future success.

**The Debtors recommend that all Holders of Claims entitled to vote to accept the Plan by returning their ballots (each, a “Ballot”) so as to be actually received by the Solicitation Agent no later than [June [●], 2023, at 4:00 p.m.] (prevailing Eastern time). The Court will hold the Confirmation Hearing on [●], 2023, at [●], in Courtroom [●], 824 Market St. N,**

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<sup>2</sup>Capitalized terms used herein and not defined shall have the meanings given to them in the Plan.

**Wilmington, Delaware. The procedures for voting are set forth in Section III below and can also be found on your ballot.**

## **II. OVERVIEW OF THE PLAN AND SUMMARY OF DISTRIBUTIONS**

On April 28, 2023 (the “**Petition Date**”), the Debtors filed their voluntary petitions for relief in the United States Bankruptcy Court for the District of Delaware.

The Debtors propose to reorganize under chapter 11 of the Bankruptcy Code, which is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, a debtor may reorganize its business for the benefit of its stakeholders. The consummation of a chapter 11 plan of reorganization is the principal objective of a chapter 11 case. A chapter 11 plan sets forth how a debtor will treat claims and equity interests.

A bankruptcy court’s confirmation of a chapter 11 plan binds the debtor, any entity or person acquiring property under the plan, any creditor of or equity security holder in a debtor, and any other entities and persons to the extent ordered by the bankruptcy court pursuant to the terms of the confirmed plan, whether or not such entity or person is impaired pursuant to the plan, has voted to accept the plan, or receives or retains any property under the plan.

Among other things (subject to certain limited exceptions and except as otherwise provided in the Plan or the Confirmation Order), the Confirmation Order will discharge the Debtors from any debt arising before the Effective Date, terminate all of the rights and interests of pre-bankruptcy equity security holders and substitute the obligations set forth in the Plan for those pre-bankruptcy Claims and Interests. Under the Plan, Claims and Interests are divided into Classes according to their relative priority and other criteria.

Each of the Debtors is a proponent of the Plan within the meaning of section 1129 of the Bankruptcy Code. The Plan does not contemplate the substantive consolidation of the Debtors’ estates. Instead, the Plan, although proposed jointly, constitutes a separate plan for each of the Debtors in these Chapter 11 Cases. Holders of Allowed Claims or Interests against each of the Debtors will receive the same recovery provided to other Holders of Allowed Claims or Interests in the applicable Class and will be entitled to their share of assets available for distribution to such Class.

The feasibility of the Plan is premised upon, among other things, the Debtors’ ability to achieve the goals of its business plan, make the distributions contemplated under the Plan and pay certain continuing obligations in the ordinary course of the Reorganized Company’s business. The Reorganized Company’s financial projections are set forth in **Exhibit C**. Although the Debtors believe the projections are reasonable and appropriate, they include a number of assumptions and are subject to a number of risk factors and to significant uncertainty. Actual results may differ from the projections, and the differences may be material.

This Disclosure Statement describes why Claims are placed into certain Classes, the relative allocations of property to the Holders of such Claims, the manner by which distributions will be made, information about the Debtor’s expected future business, and the applicable bankruptcy and tax consequences of the Plan. You are advised and encouraged to read both this

Disclosure Statement and the Plan in their entirety before voting to accept or reject the Amended Plan.

The following table summarizes the classification and treatment of Claims under the Plan. For a more detailed description of the Plan's classification and treatment of Claims, see Section VIII below:

<b>Class</b>	<b>Claim or Interest</b>	<b>Status</b>	<b>Treatment</b>	<b>Entitled to Vote</b>
Class 1	Other Secured Claims	Unimpaired	<p>Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in full and final satisfaction of such Allowed Other Secured Claim, at the option of the Debtors or the Reorganized Company, such Holder will receive: (1) payment in full in cash, payable on the later of the Plan Effective Date and the date that is ten (10) Business Days after the date on which such Other Secured Claim becomes an Allowed Other Secured Claim, in each case, or as soon as reasonably practicable thereafter; or (2) such other treatment so as to render such Holder's Allowed Other Secured Claim Unimpaired.</p> <p>The Debtors do not believe that there are any Other Secured Claims.</p>	No
Class 2	Other Priority Claims	Unimpaired	<p>Except to the extent that a Holder of an Allowed Other Priority Claim and the Debtor against which such Allowed Other Priority Claim is asserted agree to less favorable treatment for such Holder, in full satisfaction of each Allowed Other Priority Claim against the Debtors, each Holder thereof shall receive payment in full in cash or other treatment rendering such Claim Unimpaired.</p> <p>The Debtors do not believe that there are any Other Priority Claims.</p>	No
Class 3	SOTL Claims	Impaired	<p>The SOTL Claims shall be Allowed under the Plan and shall not be subject to any avoidance, reductions, setoff, offset, recoupment, recharacterization, subordination (whether equitable, contractual or otherwise), counterclaims, cross-claims, defenses, disallowance, impairment, objection or any other challenges under any applicable law or regulation by any Person.</p>	Yes

<b>Class</b>	<b>Claim or Interest</b>	<b>Status</b>	<b>Treatment</b>	<b>Entitled to Vote</b>
			In full satisfaction of the SOTL Claims, each Lender thereof will receive (a) its pro rata share of 100% of the New Common Stock, subject to dilution by (i) the MIP; and (ii) the New Common Stock Commitment Fee, which shall have agreed upon rights and privileges; and (b) the opportunity to participate on a pro rata basis in the New Exit Term Loan.	
Class 4	Go-Forward Vendor Claims	Impaired	Except to the extent that a Holder of an Allowed Go-Forward Vendor Claim agrees to less favorable treatment, on the Effective Date, in full and final satisfaction compromise, settlement, release, and discharge of and in exchange for such Allowed Go-Forward Vendor Claim, each Holder of an Allowed Go-Forward Vendor Claim shall receive its Pro Rata share of the Go-Forward Vendor Claim Recovery.	Yes
Class 5	General Unsecured Claims	Impaired	General Unsecured Claims will receive no distribution under the Plan.	No
Class 6	Intercompany Claims	Unimpaired/ Impaired	No property will be distributed to the Holders of allowed Intercompany Claims. Unless otherwise provided for under the Plan, each Intercompany Claim will either be Reinstated or canceled and released.	No
Class 7	Intercompany Interests	Unimpaired/ Impaired	Intercompany Interests will receive no recovery or distribution and shall be Reinstated solely to the extent necessary to maintain the Debtors' corporate structure.	No
Class 8	Existing Equity	Impaired	All Existing Equity will be cancelled, released, and extinguished as of the Plan Effective Date, and Holders of Existing Equity shall not receive or retain any property under the Plan on account of such Existing Equity.	No

### III. SOLICITATION AND VOTING PROCEDURES

As indicated above, INAP intends to implement the Restructuring Transactions through the Chapter 11 Cases and confirmation of the Plan by the Bankruptcy Court. The solicitation is

being conducted at this time in order to obtain sufficient votes accepting the Plan to permit the Plan to be confirmed by the Bankruptcy Court

#### A. Solicitation Package

On June [●] 2023, the Bankruptcy Court entered the order approving the Disclosure Statement [Dkt. No. [●]] (the “**Disclosure Statement Order**”). For purposes of this Section III, capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Disclosure Statement Order. Pursuant to the Disclosure Statement Order, Holders of Claims who are eligible to vote to accept or reject the Plan will receive appropriate solicitation materials (in paper or electronic form) including (the “**Solicitation Package**”):

- the transmittal letter from the Debtors describing the contents of the Solicitation Package and urging the Holders of Claims in each Voting Class to accept the Plan,
- this Disclosure Statement, as approved by the Bankruptcy Court (with all exhibits thereto, including the Plan and any exhibits to the Plan),
- the Disclosure Statement Order (without exhibits thereto)
- the Plan (**Exhibit A** hereto),
- the Restructuring Support Agreement (**Exhibit B** hereto),
- the Liquidation Analysis (**Exhibit E** hereto),
- the Confirmation Hearing Notice,
- if you are entitled to vote to accept or reject the Plan, one or more ballots (the “**Ballots**”), as applicable, which shall include instructions describing the two acceptable methods to submit your Ballot (via Stretto’s online “E-Ballot” portal (<https://balloting.stretto.com>) or via first class mail, overnight courier, or hand delivery) to Internap Holding LLC Ballot Processing, c/o Stretto 410 Exchange, Suite 100 Irvine, CA 92602; and
- any supplemental documents the Debtors may file with the Bankruptcy Court or that the Bankruptcy Court orders to be made available.

The Solicitation Package may also be obtained: (a) from the Solicitation Agent by (i) calling the Solicitation Agent at +1 (888) 519-5791 (Toll Free) or +1 (949) 620-6677 (International), (i) emailing the Solicitation Agent at [teaminap@stretto.com](mailto:teaminap@stretto.com) with a reference to “In re: Internap Holding LLC - Solicitation Inquiry” in the subject line, or (iii) writing to the Solicitation Agent at Internap Holding LLC Inquiries, c/o Stretto 410 Exchange, Suite 100 Irvine, CA 92602; and/or (b) for a fee via the Bankruptcy Court’s website (except for ballots) at <http://www.deb.uscourts.gov>.

## **B. Parties Entitled to Vote On The Plan**

Under the Bankruptcy Code, only Holders of Claims or Interests that are “Impaired” under the Plan and that are receiving a distribution are entitled to vote to accept or reject the Plan. Holders of Claims or Interests that are not Impaired under the Plan (*i.e.*, “Unimpaired”) are conclusively presumed to accept the Plan and are not entitled to vote on the Plan. Holders of Claims or Interests that are Impaired under the Plan and not receiving any distribution are conclusively presumed to reject the Plan, and INAP is therefore soliciting votes only from Holders of Impaired Claims or Interests (to the extent eligible to vote, as described below) and not from any Holders of Unimpaired Claims or Interests.

Holders of Claims in Class 3 (SOTL Loan Claims) and Class 4 (Go-Forward Vendor Claims) are Impaired under the Plan and therefore are entitled to vote to accept or reject the Plan. Holders of Claims or Interests in Class 1 (Priority Non-Tax Claims) and Class 2 (Other Secured Claims) are Unimpaired under the Plan and therefore not entitled to vote to accept or reject the Plan. Holders of Claims in Class 5 (General Unsecured Claims) and Holders of Interests in Class 8 (Existing Equity) will not receive a distribution and therefore are deemed to have rejected the Plan. Depending on their treatment under the Plan, Holders of Claims or Interests in Class 6 (Intercompany Claims) and Class 7 (Intercompany Interests), are either: (i) Unimpaired under the Plan and therefore not entitled to vote to accept or reject the Plan; or (ii) deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code. In either case, they are not entitled to vote to accept or reject the Plan.

## **C. Voting Deadline**

The deadline to vote on the Plan is [●], 2023, at 4:00 p.m., prevailing Eastern Time (the “**Voting Deadline**”), which date may be extended by the Debtors. All votes to accept or reject the Plan must be received by the Solicitation Agent by the Voting Deadline.

## **D. Voting Procedures**

The Debtors are distributing this Disclosure Statement, accompanied by a ballot to be used for voting to accept or reject the Plan, to the Holders of Claims entitled to vote to accept or reject the Plan. If you are a Holder of a Claim in Class 3 or Class 4, you may vote to accept or reject the Plan by completing the applicable Ballot and returning it according to the instructions received.

The Debtors have retained Stretto, Inc. to serve as the Solicitation Agent [Dkt. No. 54]. The Solicitation Agent is available to answer questions, provide additional copies of all materials, oversee the voting process, and process and tabulate Ballots for each class entitled to vote to accept or reject the Plan and can be reached by email at [teaminap@stretto.com](mailto:teaminap@stretto.com) or by phone at +1 (888) 519-5791 (Toll Free) or +1 (949) 620-6677 (International).

More detailed instructions regarding how to vote on the Plan are contained on the Ballots distributed to Holders of Claims that are entitled to vote to accept or reject the Plan. All votes to accept or reject the Plan must be cast by following the instructions set forth in the applicable Ballot. All Ballots must be properly executed, completed, and delivered according to their respective voting instructions, so that the votes are actually received by the Solicitation Agent no later than

the Voting Deadline. Any Ballot that is properly executed by the Holder of a Claim entitled to vote that does not clearly indicate an acceptance or rejection of the Plan or that indicates both an acceptance and a rejection of the Plan will not be counted. Ballots received by facsimile or by electronic means will not be counted, unless specifically authorized in the applicable Ballot.

Each Holder of a Claim entitled to vote to accept or reject the Plan may cast only one Ballot for each Claim held by such Holder. By signing and returning a Ballot or otherwise voting pursuant to the instructions set forth on the Ballot, each Holder of a Claim entitled to vote will certify to the Bankruptcy Court and the Debtors that no other votes with respect to such Claim have been cast or, if any other votes have been cast with respect to such Claim, such earlier votes are superseded and revoked.

All Ballots will be accompanied by detailed instructions. The Holder must follow the specific instructions provided therein, as failing to do so may result in the Holder's vote not being counted. If you are a Holder of a Claim entitled to vote on the Plan and you did not receive a Ballot, received a damaged Ballot, or lost your Ballot, please contact the Solicitation Agent by email at [teaminap@stretto.com](mailto:teaminap@stretto.com) or by phone at +1 (888) 519-5791 (Toll Free) or +1 (949) 620-6677 (International). For your vote to be counted, your Ballot(s) reflecting your vote must be actually received by the Voting Agent no later than [●], prevailing Eastern Time, on [●], 2023 (the "**Voting Deadline**").

To be counted as a vote to accept or reject the Plan, each Ballot must be properly executed, completed, and delivered to the Voting Agent in accordance with the instructions set forth on the applicable Ballot such that it is actually received by the Voting Agent before the Voting Deadline.

Copies, faxes, and emails will not be accepted or counted as votes. Each Ballot has been coded to reflect the Class of the Claim(s) it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded Ballot(s) sent to you with this Disclosure Statement.

#### **E. Release Opt-Out**

The Ballots for Voting Classes and the notice of non-voting status to the Holders of Claims in the deemed rejected Non-Voting Classes will include a selection for Holders of Claims to opt-out of the releases set forth in Article VIII(F) of the Plan.

#### **F. Plan Objection Deadline.**

The Bankruptcy Court has established [●], at 4:00 p.m., prevailing Eastern Time, as the deadline to object to confirmation of the Plan (the "**Plan Objection Deadline**"). The Debtors believe the Plan Objection Deadline, as established by the Bankruptcy Court, affords the Bankruptcy Court, the Debtors, and other parties in interest reasonable time to consider the objections to the Plan before a Confirmation Hearing.

#### **G. Confirmation Hearing.**

The Debtors intend to seek confirmation of the Plan at a hearing scheduled on [●], 2023, at [●], prevailing Eastern Time, before the Honorable Craig T. Goldblatt, United States Bankruptcy Judge (such hearing, the "**Confirmation Hearing**"). The Confirmation Hearing may be continued

from time to time without further notice other than an adjournment announced in open court or a notice of adjournment filed with the Bankruptcy Court and served on the entities who have filed objections to the Plan, without further notice to other parties in interest. The Bankruptcy Court, in its discretion and before a Confirmation Hearing, may put in place additional procedures governing such hearing. The Plan may be modified, if necessary, before, during, or as a result of the hearing to confirm the Plan without further notice to parties in interest.

**IV. QUESTIONS AND ANSWERS REGARDING THE DISCLOSURE STATEMENT AND THE PLAN**

**A. What is chapter 11?**

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for creditors and similarly situated equity interest Holders, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the date the chapter 11 case is commenced. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a “debtor in possession.”

Consummating a plan of reorganization is the principal objective of a chapter 11 case. A bankruptcy court’s confirmation of a plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest Holder of the debtor, and any other entity as may be ordered by the bankruptcy court. Subject to certain limited exceptions, the order issued by a bankruptcy court confirming a plan provides for the treatment of the debtor’s liabilities in accordance with the terms of the confirmed plan.

**B. Why are the Debtors sending me this Disclosure Statement?**

The Debtors are seeking to obtain Bankruptcy Court approval of the Plan. Before soliciting acceptances of the Plan, section 1125 of the Bankruptcy Code requires the Debtors to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the Plan. This Disclosure Statement is being submitted in accordance with these requirements.

**C. Am I entitled to vote on the Plan?**

Your ability to vote on, and your distribution under, the Plan, if any, depends on what type of Claim or Interest you hold. Each category of Holders of Claims or Interests, as set forth in Article III of the Plan pursuant to section 1122(a) of the Bankruptcy Code, is referred to as a “Class.” Each Class’s respective voting status is set forth below.

<b>Class</b>	<b>Claim or Interest</b>	<b>Status</b>	<b>Voting Rights</b>
Class 1	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 2	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)

Class	Claim or Interest	Status	Voting Rights
Class 3	SOTL Claims	Impaired	Entitled to Vote
Class 4	Go-Forward Vendor Claims	Impaired	Entitled to Vote
Class 5	General Unsecured Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
Class 6	Intercompany Claims	Unimpaired/Impaired	Not Entitled to Vote (Deemed to Accept or Reject)
Class 7	Intercompany Interests	Unimpaired/Impaired	Not Entitled to Vote (Deemed to Accept or Reject)
Class 8	Existing Equity	Impaired	Not Entitled to Vote (Deemed to Reject)

**D. What will I receive from the Debtors if the Plan is consummated?**

The following chart provides a summary of the anticipated recovery to Holders of Claims and Interests under the Plan. Any estimates of Claims and Interests in this Disclosure Statement may vary from the final amounts Allowed by the Bankruptcy Court. Your ability to receive distributions under the Plan depends upon the ability of the Debtors to obtain Confirmation and meet the conditions necessary to consummate the Plan.

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND THEREFORE ARE SUBJECT TO CHANGE. FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN.

Class	Claim or Interest	Plan Treatment	Estimated Allowed Claims or Interests	Projected Recovery Under Plan
Class 1	Other Priority Claims	Unimpaired	\$0	100%
Class 2	Other Secured Claims	Unimpaired	\$0	100%
Class 3	SOTL Claims	Impaired	\$127.8 million	49.7%
Class 4	Go-Forward Vendor Claims	Impaired	\$0.00-\$1 million	75%-100%
Class 6	General Unsecured Claims	Impaired	\$10-\$15 million <sup>3</sup>	0%
Class 6	Intercompany Claims	Unimpaired/Impaired	N/A	0%
Class 7	Intercompany Interests	Unimpaired/Impaired	N/A	0%
Class 8	Existing Equity	Impaired	N/A	0%

**E. Are any regulatory approvals needed to consummate the Plan?**

There are no known regulatory approvals that are required to consummate the Plan. However, to the extent such any such regulatory approvals or other authorizations, consents,

<sup>3</sup> This does not include the deficiency Claim of the SOTL Lenders.

rulings, or documents are necessary to implement and effectuate the Plan, it is a condition precedent to the Effective Date that they be obtained.

**F. What happens to my recovery if the Plan is not confirmed or does not go effective?**

In the event that the Plan is not confirmed or does not go effective, there is no assurance that the Debtors will be able to reorganize their businesses. It is possible that any alternative transaction may provide Holders of Claims with less than they would have received pursuant to the Plan. For a more detailed description of the consequences of an extended chapter 11 case, or of a liquidation scenario, see “Confirmation of the Plan - Best Interests of Creditors/Liquidation Analysis,” at XI.B. of this Disclosure Statement, and the Liquidation Analysis attached hereto as **Exhibit E**.

**G. If the Plan provides that I get a distribution, do I get it upon Confirmation or when the Plan goes effective, and what is meant by “Confirmation,” “Effective Date,” and “Consummation”?**

“Confirmation” of the Plan refers to approval of the Plan by the Bankruptcy Court. Confirmation of the Plan does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of the Plan by the Bankruptcy Court, there are conditions that need to be satisfied or waived so that the Plan can go effective. Initial distributions to Holders of Allowed Claims or Interests will only be made on the date the Plan becomes effective—the “Effective Date”—or as soon as practicable thereafter, as specified in the Plan. *See* “Confirmation of the Plan,” which begins at Section XI of this Disclosure Statement, for a discussion of the conditions precedent to consummation of the Plan. Consummation means that the steps necessary for the Plan to become effective have occurred.

**H. Will the final amount of Go-Forward Vendor Claims affect my recovery?**

The Debtors estimate that Go-Forward Vendor Claims total approximately \$[●] million. Each Holder of a Go-Forward Vendor Claim will receive its Pro Rata share of the Go-Forward Vendor Claim Recovery.

Although the Debtors’ estimate of Go-Forward Vendor Claims is the result of the Debtors’ and their advisors’ careful analysis of available information, Go-Forward Vendor Claims actually asserted against the Debtors may be higher or lower than the Debtors’ estimate provided herein, which difference could be material.

Finally, the Debtors may object to certain proofs of claim, and any such objections ultimately could change the total amount of Allowed Go-Forward Vendor Claims, and such changes could be material.

**I. What impact does the Claims Bar Date have on my Claim?**

The Bankruptcy Court has established [●], 2023, at 5:00 p.m., prevailing Eastern Time, as the Claims bar date (the “**Bar Date**”) in the Chapter 11 Cases. The following entities holding Claims against the Debtors that arose (or that are deemed to have arisen) prior to the Petition Date,

must file proofs of claim on or before the Bar Date: (1) any entity whose Claim against a Debtor is not listed in the applicable Debtor’s schedules of assets and liabilities (“**Schedules**”) or is listed in the applicable Debtor’s Schedules as contingent, unliquidated, or disputed if such entity desires to participate in any of the Chapter 11 Cases or share in any distribution in any of the Chapter 11 Cases; (2) any entity that believes its Claim is improperly classified in the Schedules or is listed in an incorrect amount and desires to have its Claim Allowed in a different classification or amount from that identified in the Schedules; (3) any entity that believes its Claim as listed in the Schedules is not an obligation of the specific Debtor against which the Claim is listed and that desires to have its Claim Allowed against a Debtor other than that identified in the Schedules; and (4) any entity that believes its Claim against a Debtor is or may be an administrative expense pursuant to section 503(b)(9) of the Bankruptcy Code (but not any entity that believes it holds an Administrative Claim under section 503(b)(1) of the Bankruptcy Code), or a priority claim pursuant to sections 507(a)(3) through (a)(10) of the Bankruptcy Code.

In accordance with Bankruptcy Rule 3003(c)(2), if any person or entity that is required, but fails, to file a proof of claim on or before the Bar Date: (1) such person or entity will be forever barred, estopped, and enjoined from asserting such Claim against the Debtors (or filing a proof of claim with respect thereto); (2) the Debtors and their property may be forever discharged from any and all indebtedness or liability with respect to or arising from such Claim; (3) such person or entity will not receive any distribution in the Chapter 11 Cases on account of that Claim; and (4) such person or entity will not be permitted to vote on any plan or plans of reorganization for the Debtors on account of these barred Claims or receive further notices regarding such Claim.

As described in this Disclosure Statement, the distribution you receive on account of your Claim (if any) may depend, in part, on the amount of Claims for which proofs of claim are filed on or before the Bar Date

**J. What is the deadline to vote on the Plan and how do I vote?**

The Voting Deadline is [●], 2023, at 4:00 p.m. (prevailing Eastern Time).

**K. How do I vote for or against the Plan?**

Detailed instructions regarding how to vote on the Plan are contained on the Ballots distributed to Holders of Claims that are entitled to vote on the Plan. For your vote to be counted, your Ballot must be completed and signed so that it is actually received by [●], 2023, at 4:00 p.m. (prevailing Eastern Time) by Stretto, Inc. (the “**Solicitation Agent**”) via Stretto’s online “E-Ballot” portal (<https://balloting.stretto.com>) or via first class mail, overnight courier, or hand delivery) to Internap Holding LLC Balloting, c/o Stretto 410 Exchange, Suite 100 Irvine, CA 92602. *See* Section III of this Disclosure Statement. **IF YOU HAVE ANY QUESTIONS ABOUT THE SOLICITATION OR VOTING PROCESS, PLEASE CONTACT THE SOLICITATION AGENT. ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE OR OTHERWISE NOT IN COMPLIANCE WITH THE VOTING INSTRUCTIONS WILL NOT BE COUNTED EXCEPT AS DETERMINED BY THE DEBTORS.** If a Class of Claims or Interests is eligible to vote and no Holder of Claims or Interests, as applicable, in such Class votes to accept or reject the Plan, the Plan will be presumed accepted by such Class.

**L. Why is the Bankruptcy Court holding a Confirmation Hearing?**

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on confirmation of the Plan and recognizes that any party in interest may object to Confirmation of the Plan.

**M. When is the Confirmation Hearing set to occur?**

The Bankruptcy Court has scheduled the Confirmation Hearing for [●], 2023, at [●] (prevailing Eastern Time). The Confirmation Hearing may be adjourned from time to time without further notice. The Bankruptcy Court, in its discretion and prior to the Confirmation Hearing, may put in place additional procedures governing the Confirmation Hearing. Subject to section 1127 of the Bankruptcy Code, the Plan may be modified, if necessary, prior to, during, or as a result of the Confirmation Hearing, without further notice to parties in interest.

Objections to Confirmation of the Plan must be filed and served on the Debtors, and certain other parties, by no later than [●], 2023, at 4:00 p.m. (prevailing Eastern Time) in accordance with the notice of the Confirmation Hearing that accompanies this Disclosure Statement and the Disclosure Statement Order included in the Solicitation Package.

The Debtors will publish the notice of the Confirmation Hearing, which will contain the deadline for objections to the Plan and the date and time of the Confirmation Hearing, in the national edition of *USA Today* to provide notification to those persons who may not receive notice by mail. The Debtors may also publish the notice of the Confirmation Hearing in such trade or other publications as the Debtors may choose.

**N. What is the purpose of the Confirmation Hearing?**

The confirmation of a plan of reorganization by a bankruptcy court binds the debtor, any issuer of securities under a plan of reorganization, any person acquiring property under a plan of reorganization, any creditor or equity interest Holder of a debtor, and any other person or entity as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the bankruptcy court confirming a plan of reorganization discharges a debtor from any debt that arose before the confirmation of such plan of reorganization and provides for the treatment of such debt in accordance with the terms of the confirmed plan of reorganization.

**O. What is the effect of the Plan on the Debtors' ongoing business?**

The Debtors are reorganizing under chapter 11 of the Bankruptcy Code. Following Confirmation, the Plan will be consummated on the Effective Date, which is a date selected by the Debtors that is the first business day after which all conditions to Consummation have been satisfied or waived. *See* Article IX of the Plan. On or after the Effective Date, and unless otherwise provided in the Plan, the Reorganized Debtors may operate their businesses and, except as otherwise provided by the Plan, may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy

Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. Additionally, upon the Effective Date, all actions contemplated by the Plan will be deemed authorized and approved.

**P. Will any party have significant influence over the corporate governance and operations of the Reorganized Company?**

As of the Effective Date, the term of the current members of the board of directors of the Debtors will expire, and the New Boards and the officers of each of the Reorganized Company will be appointed in accordance with the New Organizational Documents and other constituent documents. Provisions regarding the removal, appointment, and replacement of members of the subsequent Reorganized Company will be determined by the Reorganized Company.

Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors will, to the extent reasonably practicable, disclose in advance of the Confirmation Hearing the identity and affiliations of any Person proposed to serve on the Reorganized Company Board, as well as those Persons that will serve as an officer of Reorganized Company. To the extent any such director or officer is an “insider” under the Bankruptcy Code, the nature of any compensation to be paid to such director or officer will also be disclosed. Provisions regarding the removal, appointment, and replacement of members of the Reorganized Company Board will be disclosed in the New Organizational Documents.

**Q. Who do I contact if I have additional questions with respect to this Disclosure Statement or the Plan?**

If you have any questions regarding this Disclosure Statement or the Plan, please contact the Solicitation Agent by email at [teaminap@stretto.com](mailto:teaminap@stretto.com) or by phone at +1 (888) 519-5791 (Toll Free) or +1 (949) 620-6677 (International).

Copies of the Plan, this Disclosure Statement, and any other publicly filed documents in the Chapter 11 Cases are available upon written request to the Debtors’ notice, claims, and solicitation agent at the address above or by downloading the exhibits and documents from the website of the Debtors’ Solicitation Agent at <https://cases.stretto.com/inap/> (free of charge) or the Bankruptcy Court’s website at [www.deb.uscourts.gov](http://www.deb.uscourts.gov) (for a fee).

**R. Do the Debtors recommend voting in favor of the Plan?**

Yes. The Debtors believe the Plan provides for a larger distribution to the Debtors’ creditors than would otherwise result from any other available alternative. The Debtors believe the Plan is in the best interest of all Holders of Claims and Interests, and that other alternatives (if any) fail to realize or recognize the value inherent under the Plan.

**S. Who Supports the Plan?**

The Plan is supported by the Debtors and the Consenting Lenders, comprising more than 60% of the Debtors’ SOTL Lenders holding more than 67% of the outstanding SOTL Loans.

## V. The Debtors' Background

### A. The Debtors' History and Business Operations

INAP was incorporated in Washington in 1996 as "Internap Network Services Corporation" and reincorporated in Delaware in 2001, subsequently changing its name to "Internap Corporation" effective as of November 24, 2014. INAP's common stock was listed on the Nasdaq Global Market under the symbol "INAP" until it was delisted on March 26, 2020. On May 8, 2020, in connection with INAP's emergence from chapter 11 (described in more detail in V.B., *infra*), INAP was converted to a Delaware limited liability company under its current name, "Internap Holding LLC".

The Debtors operate in the highly competitive and evolving information technology space. In particular, the Debtors provide compute resources (*i.e.*, an IT industry term referring to the ability to process data) and storage services on demand via an integrated platform. The Debtors' services include: (a) bare metal (which are dedicated, single-tenant servers utilizing Intel and AMD processors enabling high-performance compute with rapid deployment, increased control, enhanced security, and flexible configurations); (b) hosted private cloud environments; (c) cloud computing backup services; and (d) managed security to keep customer data secure and in alignment with compliance requirements.

- *Bare Metal.* INAP's Bare Metal service provides dedicated, single-tenant servers utilizing Intel and AMD processors enabling high-performance compute with rapid deployment, increased control, enhanced security, and flexible configurations. Manageable through INAP's portal and API, and available in global markets, customers can leverage INAP's Bare Metal directly for applications that require consistent performance or direct access to the hardware, or as the foundation for highly scalable infrastructures including private clouds, Kubernetes, or distributed database and storage solutions. Available as a subscription-based service, customers can expect cost effective, predictable spend with flexible contracts.
- *Private Cloud.* INAP provides hosted Private Cloud environments leveraging VMware's virtualization platform for highly available and scalable infrastructure for applications that depend on the infrastructure to handle redundancy and failover for minimal downtime. Provided in dedicated and multi-tenant configurations, with enterprise storage, backups and security options available, INAP's Private Cloud offerings fit many use cases including those with the strictest compliance requirements. INAP's Private Cloud offering includes management of the VMware configuration and monitoring by INAP personnel allowing customers to focus on their applications and business.
- *Cloud Backups.* INAP provides an enterprise class Cloud Backup service, powered by Veeam Cloud Connect, allowing customers to protect their data offsite, including the ability to enable change and delete protections that help secure against Ransomware and other malicious attempts to destroy data. Available in multiple locations, customers can feel secure that their data is protected and available at all times.

- *Managed Security*. With offerings providing DDoS protection, firewall perimeter security, intrusion detection and prevention, API protection, and full managed detection and response (MDR) solutions, INAP has a variety of offerings to assist customers with keeping their data secure and managing their compliance requirements.
- As depicted in the corporate chart in Section V.D, *infra*, INAP is the parent company of the Debtors and non-debtor affiliates. INAP owns the majority of the customer relationships and contracts, employs all of the Debtors' employees, and performs administrative and financial functions for the corporate group. Debtors Singlehop, LLC; Datagram LLC; and Hosting Intellect, LLC are each operators of cloud and managed hosting businesses.

## **B. The 2020 Bankruptcy**

In 2020, the predecessor to INAP, Internap Corporation, along with Internap Technology Solutions Inc., Singlehop LLC, Internap Connectivity LLC, Hosting Intellect, LLC, and Datagram LLC (the “**2020 Debtors**”), filed for chapter 11 bankruptcy in the United States Bankruptcy Court for the Southern District of New York, Case No. 20-22393 (the “**2020 Bankruptcy**”).

During the 2020 Chapter 11 Cases, the 2020 Debtors completed a debt-for-equity restructuring transaction, and emerged from chapter 11 on May 8, 2020, with a five-year \$225 million term loan facility, as well as a three-year \$75 million exit facility, which the Debtors had incurred immediately prior to the chapter 11 case.

On May 8, 2020, in connection with the 2020 Debtors' emergence from chapter 11, Internap Corporation was converted to a Delaware limited liability company under its current name, “Internap Holding LLC”.

## **C. The Post-2020 Bankruptcy Divestitures and Marketing Efforts**

Although the 2020 Bankruptcy favorably restructured INAP's balance sheet, INAP faced other headwinds, some of which were unexpected. A number of factors, including the adverse effects of the pandemic, pricing pressures due to increased competition, heavy migration of customer workloads to public cloud providers, insufficient liquidity to add capacity and upgrade INAP's infrastructure, adverse effects on sales and customers due to the 2020 Bankruptcy, and increased real estate and power costs, caused INAP's continued financial struggles. In light of these headwinds, INAP's Board of Directors and management team engaged in an evaluation of INAP's go-forward business strategy. INAP determined, as a result of this evaluation, that the next value-maximizing step was to engage in a competitive marketing of its various business units.

On February 9, 2021, INAP retained Rothschild & Co US Inc. as its financial advisor to assist it in this process. INAP and the Board deemed it advisable and in the best interests of INAP to pursue the sale of certain non-core assets to better align INAP's resources with its business strategy. To that end, INAP, with the assistance of a broker, marketed and sold the equity of its software company subsidiary, Ubersmith, Inc. to Incognito USA Inc., effective as of July 1, 2021. With the assistance of Rothschild, INAP marketed and sold the equity of its Canadian subsidiary, iWeb Technologies, Inc. to Leaseweb Global B.V., effective as of August 2, 2021.

Following these 2021 transactions, INAP and the Board deemed it advisable and in the best interests of INAP to market its remaining assets for sale. On September 9, 2021, INAP engaged The Bank Street Group LLC as its investment banker to work alongside Rothschild and with INAP to conduct an extensive outreach process to seek out potential bids for each of INAP's core businesses.

As a result of this process, INAP identified an affiliate of Digital Alpha Advisors, as a potential strategic purchaser of INAP's Network. On February 22, 2022, INAP executed a letter of intent with Digital Alpha Advisors for the sale of INAP's network services business assets (the "**Network Business**") to an affiliate of Digital Alpha Advisors, Unitas Global Inc. The sale of the Network Business was consummated on May 6, 2022. As part of that transaction, INAP entered into a transition services agreement with Unitas Global Inc. (the "**Unitas TSA**"). The Unitas TSA expires on May 6, 2023.

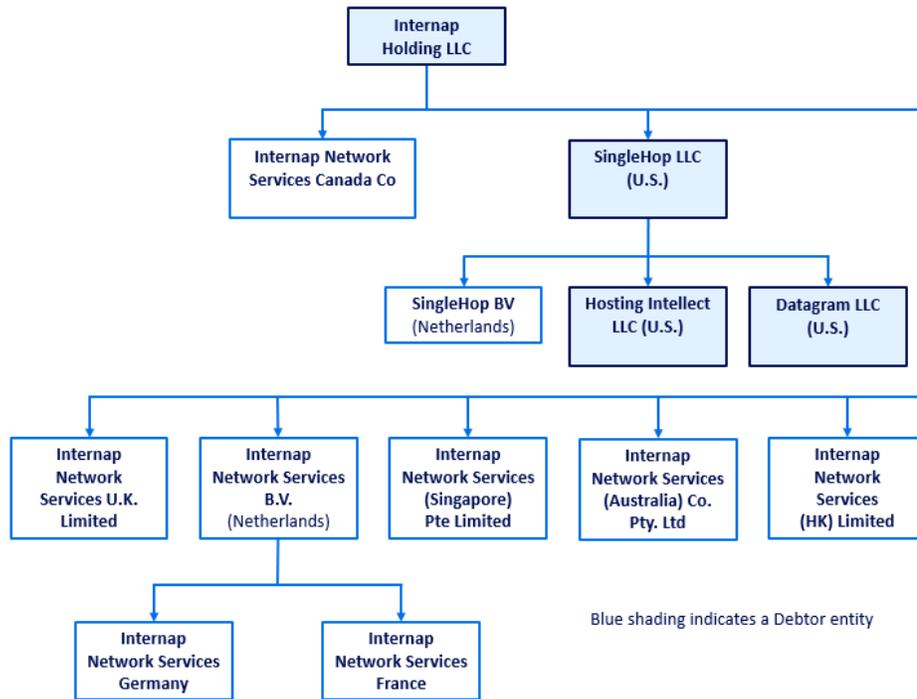
With regard to INAP's colocation assets, INAP's financial advisor and investment banker contacted 139 potentially interested parties, 52 of which executed non-disclosure agreements. On May 16, 2022, INAP executed a letter of intent with VPLS, Inc. and its institutional equity partner, Crestline Investors, Inc., for the sale of certain of INAP's colocation assets, including INAP's data centers in Redondo Beach, CA; El Segundo, CA; Somerville, MA; Secaucus, NJ; Atlanta, GA; Plano, TX; San Jose, CA; Santa Clara, CA; and Seattle, WA (the "**Colocation Business**"), to an affiliate, EVODC-Sky Holdings, LLC, of VPLS and Crestline Investors, Inc. As part of that transaction, INAP entered into a transition services agreement with EVODC-Sky Holdings, LLC (the "**EVODC TSA**"). The EVODC TSA terminated in December 2022.

Simultaneously with the marketing of the Colocation Business and Network Business, INAP also conducted extensive marketing efforts, again, aided by its investment banker and financial advisor, of INAP's remaining assets, which are its cloud business assets (the "**Cloud Business**"). During April and May 2022, INAP's advisors reached out to more than 100 parties. Ultimately, 43 potential purchasers executed non-disclosure agreements. INAP received first round proposals from 4 parties, but only one party submitted a second-round proposal. Between July and January 2023 INAP engaged in a significant negotiation process with that potential purchaser, which included substantial diligence and the negotiation of a definitive agreement. INAP was ultimately unable to come to an agreement with the potential purchaser as to the terms of the sale for INAP's Cloud Business.

#### **D. The Debtors' Prepetition Corporate Structure**

INAP owns 100% of the equity interests in Debtor Singlehop LLC, as well as a number of non-debtor foreign entities. Singlehop LLC owns 100% of the equity interests in Debtors Hosting Intellect, LLC and Datagram LLC, as well as non-debtor foreign entity SingleHop BV.

A chart showing the Debtors’ corporate structure as of the Petition Date is below:



**E. The Debtors Prepetition Capital Structure**

**1. Secured Debt**

In connection with its emergence from the 2020 Chapter 11 Cases, on May 8, 2020, INAP entered into (i) that certain Senior Secured Term Loan Credit Agreement by and among INAP, the domestic subsidiaries of INAP as guarantors, the lenders party thereto, and Wilmington Trust, National Association as administrative agent and collateral agent, as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “**PTL Credit Agreement**”) which initially memorialized the loans in the aggregate principal amount of \$75,100,000, and (ii) the Second Out Term Loan Credit Agreement by and among INAP, the domestic subsidiaries of INAP party thereto as guarantors, the lenders party thereto (collectively, the “**SOTL Lenders**”), and Wilmington Trust, National Association, as administrative agent and collateral agent (in such capacities, the “**Agent**”) (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “**SOTL Agreement**”), which initially memorialized the loans in the aggregate principal amount of \$225,000,000.

Pursuant to the terms of the PTL Credit Agreement and SOTL Agreement, INAP was required to prepay obligations outstanding thereunder, first to the lenders under the PTL Credit Agreement until repaid in full, and then to the SOTL Lenders, with a portion of the net cash proceeds from dispositions of their assets (other than certain assets specified in each respective agreement). The obligations under the PTL Credit Agreement were repaid in part in connection with (i) the August 2, 2021 sale of iWeb Technologies Inc.; and (ii) the May 6, 2022 sale of the

Network Business. All obligations under the PTL Credit Agreement were repaid in full on September 27, 2022 in connection with the September 6, 2022 sale of the Colocation Business.

On April 26, 2023, the SOTL Agreement was amended a fifth time to provide for a prepetition prepayment in the amount of \$35 million by INAP to the SOTL Lenders, and further to provide that each SOTL Lender shall be entitled to elect to receive its *pro rata* share of such prepayment either in cash or as a deposit into an account maintained by agent to the SOTL Agreement.

As of the Petition Date, INAP is the debtor under the SOTL Agreement. The principal amount outstanding as of the Petition Date under the SOTL Agreement to the SOTL Lenders is \$127,778,043.89, consisting of \$125,680,839.42 in principal amount due (including \$933,869.68 of accrued PIK interest) and accrued and unpaid cash interest of \$2,097,204.47. The obligations of INAP and the other Debtor guarantors under the SOTL Agreement are secured by liens on substantially all of such Debtors' assets.

## 2. Equity Interests

As of the Petition Date, the Debtors' largest equity holders, holding more than 50% of INAP's stock collectively, are affiliates, funds, accounts, sub-accounts, and clients managed, advised or sub-advised by The Carlyle Group (collectively, 16%), BlackRock (collectively, 15.8%), Aquiline Capital Partners (collectively, 12.4%), and Benefit Street Partners (collectively, 11.6%). The remaining equity holders, each holding less than 10%, are affiliates, funds, accounts, sub-accounts, and clients managed, advised or sub-advised by Brightwood Capital, Invesco, Octagon Credit Investors, Sound Point Capital, First Eagle, MJX Asset Management, PNC Bank, N.A., Jefferies Finance LLC, Canaras Capital Management LLC, Remus LLC, MILFAM LLC, Apex Credit Partners, and Seix Investment Advisors LLC.

### F. Additional Obligations of the Debtors

As of the Petition Date, the Debtors have approximately \$9 million in outstanding claims with respect to other various liabilities, including claims owed to various vendors, service providers, taxing authorities and claims reflected in the Debtors' current accounts payable or otherwise accrued and/or attributable to the period prior to the Petition Date. Additionally, INAP is a defendant in a breach of contract lawsuit. The claims associated with that lawsuit are disputed and unliquidated.

### G. The Debtors' Management

#### 1. The Debtors' Board Members

As of the date hereof, set forth below are the names, position(s), and biographical information of the current board of directors of INAP (the "**Board**"). The Board oversees the business affairs of the Debtors.

Name	Position
Ali Marashi	Vice Chairperson
Stephen Gray	Member

Michael Leitner	Member
John Scanlon	Chairperson
Michael Sicoli	Member

*Ali Marashi.* Mr. Marashi has over 25 years of experience in the data center and networking industry's leading engineering teams and technology strategy. Before joining Internap Mr. Marashi co-founded Interglobe Networks, a network engineering and operations consulting company providing services to national ISPs, health providers, legal firms and commercial retail companies. Mr. Marashi holds a Bachelor of Science in Computer Engineering from the University of Washington.

*Stephen Gray.* Mr. Gray is the founder of Gray Venture Partners, LLC. He currently serves as the chairman of Involta LLC and is the vice chairman of ImOn Communications, LLC. He has also served as a member of the Board of Directors for CommScope since January 2011. Mr. Gray earned his BBA from the University of Tennessee.

*Michael Leitner.* Mr. Leitner is a member of BlackRock's Global Credit Platform and co-head of direct lending and TCP's Special Situations investment practice. Mr. Leitner has served on numerous public and private company boards, and currently serves as a director on the board of Avanti plc, Tillman Infrastructure Group, and Industrial Media. Mr. Leitner received a BA in Economics from the University of California at Los Angeles and an MBA from the University of Michigan.

*John Scanlon.* Mr. Scanlon has over 35 years of operating and advisory experience in the telecom, data center and cloud services industries. Mr. Scanlon began his carrier at MCI (now Verizon) and served in many finance, marketing, and business development roles over his long tenure. Mr. Scanlon holds an MBA from St. Mary's College of California where he graduated with honors. He earned his undergraduate degree at Oregon State University.

*Michael Sicoli.* Mr. Sicoli is INAP's Chief Executive Officer. Mr. Sicoli joined INAP in October 2019 as President and Chief Financial Officer. Prior to joining INAP, Mr. Sicoli served as Chief Financial Officer of GTT Communications Inc., a publicly-traded provider of cloud networking services to multinational clients. Mr. Sicoli holds a Bachelor of Arts in Economics from The College of William and Mary and an MBA from The University of Virginia, Darden Graduate School of Business Administration.

## 2. The Debtors' Executives

As of the date hereof, set forth below are the names, position(s), and biographical information of current key executive officers for the Debtors' various businesses.

Name	Position
Michael Sicoli	President & Chief Executive Officer
Lisa Mayr	Executive Vice President & Chief Financial Officer
Elizabeth Shenai	General Counsel & Corporate Secretary

Name	Position
Martina Saracevic	Senior Vice President Sales & Marketing
Jeremy Acker	Treasurer and Vice President of Finance
Kristina Lishke	Vice President, Controller

*Michael Sicoli.* Mr. Sicoli is the President & Chief Executive Officer. His biographical information is set forth above, in V.G.1.

*Lisa Mayr.* Ms. Mayr is INAP's Chief Financial Officer. Ms. Mayr joined INAP in July 2020 as Executive Vice President and Chief Financial Officer. Ms. Mayr is a seasoned financial executive with over 25 years of experience. Prior to joining INAP, Ms. Mayr served as Chief Financial Officer of MicroStrategy, a publicly traded business intelligence software company. Ms. Mayr holds a Bachelor of Arts in Economics from American University and an MBA from Georgetown University.

*Elizabeth Gocke Shenai.* Ms. Shenai first joined INAP in September 2017 as Corporate Counsel. Prior to joining INAP, Ms. Shenai was a member of the in-house legal departments at Active International and Getinge. Ms. Shenai holds a J.D. from Syracuse University School of Law and a B.A. in Political Science from the University of Pennsylvania. Ms. Shenai is licensed to practice law in Pennsylvania and New Jersey.

*Martina Saracevic.* Ms. Saracevic has held several positions with INAP, including Business Development, Mid-Market & Enterprise Sales, Customer Success, and Operations. Ms. Saracevic holds a Bachelor of Business Administration from Loyola University of Chicago.

*Jeremy Acker.* Mr. Acker joined INAP in December 2020 as Vice President of Finance. Prior to joining INAP, Mr. Acker held various management positions within Finance with MicroStrategy, Neustar and CenturyLink. Mr. Acker holds a Bachelor of Science in Management from Clemson University.

*Kristina Lischke.* Ms. Lischke is VP, Controller and joined INAP in July 2019. Prior to joining INAP, Ms. Lischke spent ten years at a public accounting firm, Porter Keadle Moore, LLC, within the assurance practice. Ms. Lischke holds a Bachelor of Business Administration—Accounting and Master of Accountancy from the University of Georgia.

## **VI. Events Leading to These Chapter 11 Cases**

As described above, following the 2020 Bankruptcy, INAP engaged in a strategic evaluation of its business, and determined to sell certain core and non-core businesses. Although the sales of those businesses allowed INAP to reduce its secured debt, INAP remains in a severely overleveraged position. INAP's secured debt is approximately \$127.8 million, and INAP's going concern value is estimated to be between approximately \$55.2 million and \$71.0 million.

INAP believes that the Cloud Business is a viable, sustainable business, but it is encumbered by INAP's overleveraged balance sheet in a way that precludes it from having a successful go-forward strategy. In addition, INAP remains burdened by some of the legacy

obligations of its divested business, including the Price Road Lease (for which the Debtors have reached an agreement to reject, as described below), as well as certain executory contracts related to the Cloud Business.

Accordingly, when it became apparent that INAP could not find a strategic purchaser of its Cloud Business, INAP pivoted and began engaging in discussions with its lenders around a path forward that would deleverage INAP's balance sheet and permit INAP to continue as a going concern. The product of these negotiations was the RSA, executed by the Debtors and certain SOTL Secured Lenders reflecting approximately 60.80% of the SOTL Secured Lenders and approximately 66.74% of the amount of the outstanding debt, which provides a value-maximizing path forward for the INAP's Cloud Business.

The RSA provides the framework for the Plan, which will convert the Debtors' \$127.8 million in secured debt into New Common Stock of Reorganized INAP and will provide INAP with \$30 million in exit financing upon emergence. The Debtors believe that their execution of the RSA and the confirmation of the Plan provides the most value-maximizing path forward for the Debtors, their Estates, and Holders of Claims and Interests.

## VII. Events Of These Chapter 11 Cases

### A. Expected Timetable of the Chapter 11 Cases

The Debtors expect the Chapter 11 Cases to proceed quickly, consistent with the milestones set forth in the RSA, which is attached hereto as **Exhibit B**. The milestones set forth in the RSA may be extended in accordance with the terms therein, but the Debtors' plan is to emerge from chapter 11 within approximately 90 days of the Petition Date. **No assurances can be made, however, that the Bankruptcy Court will enter various orders on the timetable anticipated by the Debtors.**

### B. First Day Relief

To minimize disruption to the Debtors' operations and effectuate the terms of the Plan, on the Petition Date, along with their voluntary petitions for relief under chapter 11 of the Bankruptcy Code, the Debtors filed motions seeking, among other relief, to the authority to: (1) use cash collateral, and declare certain prepetition secured parties adequately protected [Dkt. No. 12]; (2) continue utilizing the Debtors' prepetition cash management system, including with respect to intercompany transactions [Dkt. No. 5]; (3) pay prepetition wages and certain administrative costs related to those wages [Dkt. No. 6]; (4) pay certain insurance and fees that accrued or arise in the ordinary course of business before the Petition Date [Dkt. No. 8]; (5) maintain and administer certain customer programs and honor prepetition obligations with respect to same [Dkt. No. 10]; (6) pay, at the Debtors' discretion, prepetition obligations to certain critical vendors [Dkt. No. 9]; (7) pay certain prepetition accrued taxes to taxing authorities [Dkt. No. 7]; (8) establish notice procedures and approve restrictions on transfers of the Debtors' equity and debt [Dkt. No. 11]; and (9) file a redacted creditor matrix [Dkt. No. 3] (collectively, the "**First Day Motions**"). A brief description of each of the First Day Motions and the evidence in support thereof is also set forth in the declaration of Michael T. Sicoli [Dkt. No. 13] filed on the Petition Date. The First Day

Motions, and all related orders for relief in the Chapter 11 Cases, can be viewed free of charge at <https://cases.stretto.com/INAP>.

[At a hearing on May 2, 2023, the Court granted all of the relief requested the First Day Motions on an interim basis. The First Day Motions were heard by the Bankruptcy Court on a final basis on June 6, 2023, and the Court granted all of the relief requested in the First Day Motions on a final basis.]

### C. Plan And Disclosure Statement

As discussed above, INAP intends to effectuate the Restructuring Transactions through the Plan. Furthermore, pursuant to the RSA, INAP is obligated to achieve certain milestones, including but not limited to deadlines to commence solicitation of the Plan, obtain entry of a confirmation order, and to consummate the Restructuring.

In light of those milestones, on May 3, 2023, the Debtors filed a motion for entry of an order approving: (i) the Disclosure Statement; (ii) procedures to solicit votes on the Plan; (iii) notice(s) of the hearing, objection deadlines, relating to the same; and (iv) procedures for the assumption of INAP's executory contracts and unexpired leases. INAP believes the relief requested in the scheduling motion is appropriate in that it will best position it to satisfy the Restructuring Support Agreement milestones, thereby maximizing INAP's ability to consummate the Restructuring for the benefit of all stakeholders. For additional information regarding the confirmation process and requirements, please refer to the discussion in Section XI herein entitled, "Confirmation of Plan."

### D. Executory Contracts and Unexpired Leases

#### 1. Price Road Lease Settlement Motion

As noted above, in 2021, INAP sold its Colocation Business. The purchaser of the Network Business did not purchase INAP's colocation data center in Chandler, Arizona (the "**Price Road Data Center**"). Accordingly, INAP remains the lessee under the Lease Agreement by and between Digital 2121 South Price, LLC ("**Digital**") and INAP, dated as of June 15, 2007 (as amended, the "**Price Road Lease**"). INAP also provides services to certain customers at the Price Road Data Center.

The Debtors go-forward business plan is focused solely on the Debtors' Cloud Business. INAP does not use the Price Road Lease in connection with the operation of the Cloud Business, and while INAP receives revenue from customers at the Price Road Data Center, its profit is limited by the expenses associated with the Price Road Lease. Accordingly, in the weeks leading to the Petition Date, INAP engaged in negotiations with Digital over the terms of a rejection of the Price Road Lease that would allow for an orderly transition by INAP out of the Price Road Data Center and the termination (and potential transition to Digital) of the Price Road Data Center customer contracts.

INAP and Digital reached a settlement agreement (the "**Digital Settlement Agreement**") on April 24, 2023. Pursuant to the Digital Settlement Agreement, INAP made a payment to Digital

of \$570,000 (representing approximately 75% of April rent and outstanding utility charges) in full satisfaction of all amounts due for pre-petition rent and utility charges due under the Price Road Lease.

INAP filed its *Motion to Approve Settlement Agreement with Digital 2121 South Price, LLC* (the “**Digital Settlement Motion**”) on the Petition Date [Dkt. No. 21], and the Court [granted] the Digital Settlement Motion and approved the Digital Settlement Agreement on June [●], 2023. [Dkt No. [●]]. Pursuant to the approved Digital Settlement Agreement, INAP rejected the Price Road Lease as of the Petition Date but will remain in possession of the leasehold through and including June 30, 2023 (the “**Transition Period**”). On May 1, 2023, INAP paid Digital (i) \$650,000 for its possession of the premises during the Transition Period plus (ii) if INAP’s collections from its customers for services provided during the Transition Period exceed \$650,000 (“**Excess Collections**”), then INAP will pay to Digital no later than August 31, 2023 an amount equal to 50% of any Excess Collections (up to a total amount payable to Digital of \$325,000). In addition, INAP will pay operating expenses and electricity charges that are actually incurred during the Transition Period.

The Digital Settlement Agreement also provides a structure for the orderly termination of the Debtors’ executory contracts with customers at the Price Road Data Center. Upon execution of the Digital Settlement Agreement, INAP provided notice to all of its customers at the Price Road Data Center that INAP was terminating their contracts on sixty days-notice and no later than June 30, 2023. INAP also filed a motion to reject the customer agreements effective as of June 30, 2023, and the Bankruptcy Court [granted] that motion on June [●], 2023. [Dkt No. [●].]

The Digital Settlement Agreement also provides that, except in the event that Holders of Class 5 General Unsecured Claims are entitled to recovery, Digital shall not file or assert any claims (as defined under Bankruptcy Code section 101(5)) against the Debtors or the Debtors’ estates; *provided however*, the foregoing shall not apply to (i) the assertion of any claim for the nonpayment of amounts due during the Transition Period; or (ii) the assertion of any claim to enforce any other term of this Agreement. Finally, the Digital Settlement Agreement provides for releases of Digital and certain of its affiliates and for the Debtors’ assumption of a lease with an affiliate of Digital, which the Debtors use for their Cloud Business. Additional information regarding the Digital Settlement Agreement, and a copy of the Digital Settlement Agreement, is set forth in the Digital Settlement Motion.

## 2. **Agent Contract Rejection Motion**

Also on the Petition Date, the Debtors filed a motion to reject their executory contracts (the “**Agent Contracts**”) with certain agents who marketed and sold INAP services (the “**Agent Rejection Motion**”) [Dkt. No. 24], and the Bankruptcy Court [granted] that motion on June [●], 2023. [Dkt No. [●].] As set forth in the Agent Rejection Motion, the Agent Contracts contained onerous provisions that purported to obligate INAP to make commission payments under the Agent Contracts even after those contracts terminated, and even when the agents had no ongoing relationship with the Debtors’ customers. The Debtors intend to renegotiate commercial contracts with certain key agents.

### **E. Schedules and Statements**

The Debtors filed their Schedules and Statements of Financial Affairs on May [●], 2023. The United States Trustee conducted a 341 meeting of creditors on May 25, 2023.

## **VIII. SUMMARY OF THE PLAN**

### **A. Purpose and Effect of the Plan**

On April 28, 2023 (the “**Petition Date**”), the Debtors filed their voluntary petitions for relief in the United States Bankruptcy Court for the District of Delaware. The Debtors propose to reorganize under chapter 11 of the Bankruptcy Code, which is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, a debtor may reorganize its business for the benefit of its stakeholders. The consummation of a chapter 11 plan of reorganization is the principal objective of a chapter 11 case. A chapter 11 plan sets forth how a debtor will treat claims and equity interests.

A bankruptcy court’s confirmation of a chapter 11 plan binds the debtor, any entity or person acquiring property under the plan, any creditor of or equity security holder in a debtor, and any other entities and persons to the extent ordered by the bankruptcy court pursuant to the terms of the confirmed plan, whether or not such entity or person is impaired pursuant to the plan, has voted to accept the plan, or receives or retains any property under the plan.

Among other things (subject to certain limited exceptions and except as otherwise provided in the Plan or the Confirmation Order), the Confirmation Order will discharge the Debtors from any debt arising before the Effective Date, terminate all of the rights and interests of pre-bankruptcy equity security holders and substitute the obligations set forth in the Plan for those pre-bankruptcy Claims and Interests. Under the Plan, Claims and Interests are divided into Classes according to their relative priority and other criteria.

Each of the Debtors is a proponent of the Plan within the meaning of section 1129 of the Bankruptcy Code. The Plan does not contemplate the substantive consolidation of the Debtors’ estates. Instead, the Plan, although proposed jointly, constitutes a separate plan for each of the Debtors in these Chapter 11 Cases. Holders of Allowed Claims or Interests against each of the Debtors will receive the same recovery provided to other Holders of Allowed Claims or Interests in the applicable Class and will be entitled to their share of assets available for distribution to such Class.

The feasibility of the Plan is premised upon, among other things, the Debtors’ ability to achieve the goals of its business plan, make the distributions contemplated under the Plan and pay certain continuing obligations in the ordinary course of the Reorganized Company’s business. The Reorganized Company’s financial projections are set forth in **Exhibit C**. Although the Debtors believe the projections are reasonable and appropriate, they include a number of assumptions and are subject to a number of risk factors and to significant uncertainty. Actual results may differ from the projections, and the differences may be material.

## B. Classification of Claims and Interests Under the Plan

As set forth in Article III of the Plan and in accordance with sections 1122 and 1123(a)(1) of the Bankruptcy Code, all Claims and Interests (other than Administrative Claims, Professional Fee Claims, and Priority Tax Claims) are classified into Classes for all purposes, including voting, Confirmation, and distributions. A Claim or an Interest is classified in a particular Class only to the extent that such Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of such Claim or Interest qualifies within the description of such other Classes. A Claim or an Interest also is classified in a particular Class for the purpose of receiving distributions under the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

### 1. Classified Claims and Interests

The classification of Claims and Interests against each Debtor pursuant to the Plan is as set forth below. The Plan shall apply as a separate Plan for each of the Debtors, and the classification of Claims and Interests set forth herein shall apply separately to each of the Debtors. All of the potential Classes for the Debtors are set forth herein. Certain of the Debtors may not have Holders of Claims or Interests in a particular Class or Classes, and such Claims shall be treated as set forth in Article III.F of the Plan.

Class	Claim or Interest	Status	Treatment	Entitled to Vote
Class 1	Other Secured Claims	Unimpaired	<p>Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in full and final satisfaction of such Allowed Other Secured Claim, at the option of the Debtors or the Reorganized Company, such Holder will receive: (1) payment in full in cash, payable on the later of the Plan Effective Date and the date that is ten (10) Business Days after the date on which such Other Secured Claim becomes an Allowed Other Secured Claim, in each case, or as soon as reasonably practicable thereafter; or (2) such other treatment so as to render such Holder's Allowed Other Secured Claim Unimpaired.</p> <p>The Debtors do not believe that there are any Other Secured Claims.</p>	No
Class 2	Other Priority Claims	Unimpaired	<p>Except to the extent that a Holder of an Allowed Other Priority Claim and the Debtor against which such Allowed Other Priority Claim is asserted agree to less favorable treatment for such Holder, in full satisfaction of each Allowed Other Priority Claim against</p>	No

<b>Class</b>	<b>Claim or Interest</b>	<b>Status</b>	<b>Treatment</b>	<b>Entitled to Vote</b>
			<p>the Debtors, each Holder thereof shall receive payment in full in cash or other treatment rendering such Claim Unimpaired.</p> <p>The Debtors do not believe that there are any Other Priority Claims.</p>	
Class 3	SOTL Claims	Impaired	<p>The SOTL Claims shall be Allowed under the Plan and shall not be subject to any avoidance, reductions, setoff, offset, recoupment, recharacterization, subordination (whether equitable, contractual or otherwise), counterclaims, cross-claims, defenses, disallowance, impairment, objection or any other challenges under any applicable law or regulation by any Person. In full satisfaction of the SOTL Claims, each Lender thereof will receive (a) its pro rata share of 100% of the New Common Stock, subject to dilution by (i) the MIP; and (ii) the New Common Stock Commitment Fee, which shall have agreed upon rights and privileges; (b) the opportunity to participate on a pro rata basis in the New Exit Term Loan.</p>	Yes
Class 4	Go-Forward Vendor Claims	Impaired	<p>Except to the extent that a Holder of an Allowed Go-Forward Vendor Claim agrees to less favorable treatment, on the Effective Date, in full and final satisfaction compromise, settlement, release, and discharge of and in exchange for such Allowed Go-Forward Vendor Claim, each Holder of an Allowed Go-Forward Vendor Claim shall receive its Pro Rata share of the Go-Forward Vendor Claim Recovery.</p>	Yes
Class 5	General Unsecured Claims	Impaired	<p>General Unsecured Claims will receive no distribution under the Plan.</p>	No
Class 6	Intercompany Claims	Unimpaired/ Impaired	<p>No property will be distributed to the Holders of allowed Intercompany Claims. Unless otherwise provided for under the Plan, each Intercompany Claim will either be Reinstated or canceled and released.</p>	No
Class 7	Intercompany Interests	Unimpaired/ Impaired	<p>Intercompany Interests will receive no recovery or distribution and shall be</p>	No

<b>Class</b>	<b>Claim or Interest</b>	<b>Status</b>	<b>Treatment</b>	<b>Entitled to Vote</b>
			Reinstated solely to the extent necessary to maintain the Debtors' corporate structure.	
Class 8	Existing Equity	Impaired	All Existing Equity will be cancelled, released, and extinguished as of the Plan Effective Date, and Holders of Existing Equity shall not receive or retain any property under the Plan on account of such Existing Equity.	No

## 2. **Unclassified Claims**

As set forth in the Plan, in accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Priority Tax Claims, and Professional Fee Claims have not been classified with, and thus are excluded from, the Classes of Claims and Interests set forth in Article III of the Plan.

### a. **Administrative Claims**

Unless otherwise agreed to by the Holder of an Allowed Administrative Claim and the Debtors or the Reorganized Company, as applicable, to the extent an Allowed Administrative Claim has not already been paid in full or otherwise satisfied during the Chapter 11 Cases, each Holder of an Allowed Administrative Claim (other than Holders of Professional Fee Claims, Claims subject to subject to 11 U.S.C. § 503(b)(1)(D), 11 U.S.C. § 503(b)(9), and Claims for fees and expenses pursuant to section 1930 of chapter 123 of the Judicial Code) will receive in full and final satisfaction of its Allowed Administrative Claim an amount of Cash equal to the amount of the unpaid portion of such Allowed Administrative Claim in accordance with the following: (1) if such Administrative Claim is Allowed on or prior to the Effective Date, no later than 30 days after the Effective Date or as soon as reasonably practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due or as soon as reasonably practicable thereafter); (2) if such Administrative Claim is not Allowed as of the Effective Date, no later than 30 days after the date on which an order Allowing such Administrative Claim becomes a Final Order, or as soon as reasonably practicable thereafter; (3) if such Allowed Administrative Claim is based on liabilities incurred by the Debtors in the ordinary course of their business after the Petition Date, in accordance with the terms and conditions of the particular transaction or course of business giving rise to such Allowed Administrative Claim, without any further action by the Holder of such Allowed Administrative Claim; (4) at such time and upon such terms as may be agreed upon by the Holder of such Allowed Administrative Claim and the Debtors or the Reorganized Company, as applicable; or (5) at such time and upon such terms as set forth in a Final Order of the Bankruptcy Court.

Except for Claims subject to 11 U.S.C. § 503(b)(1)(D), 11 U.S.C. § 503(b)(9), or 11 U.S.C. §§ 507(a)(3)-(a)(10) (for which the Bar Date applies) and Claims for fees and expenses pursuant to section 1930 of chapter 123 of the Judicial Code, and Professional Fee Claims, and unless previously filed, requests for payment of Administrative Claims must be filed and served on the Reorganized Company no later than the Administrative Claim Bar Date pursuant to the procedures

specified in the Confirmation Order and the notice of entry of the Confirmation Order. Objections to such requests must be filed and served on the Reorganized Company and the requesting party by the Administrative Claim Objection Bar Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code, the Bankruptcy Rules, and prior Bankruptcy Court orders, the Allowed amounts, if any, of Administrative Claims shall be determined by, and satisfied in accordance with an order that becomes a Final Order of, the Bankruptcy Court.

Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims that do not file and serve such a request by the Administrative Claim Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors, the Reorganized Company, or their property, and such Administrative Claims shall be deemed discharged as of the Effective Date without the need for any objection from the Reorganized Company or any notice to or action, order, or approval of the Bankruptcy Court or any other Entity.

**b. Priority Tax Claims**

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for, each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall receive treatment in a manner consistent with section 1129(a)(9)(C) of the Bankruptcy Code; provided that payments made on account of an Allowed Priority Tax Claim pursuant to section 1129(a)(9)(C) shall commence no later than 30 days after the Effective Date.

**c. Professional Fee Claims**

*Final Fee Application and Payment of Professional Fee Claims.* All final requests for payment of Professional Fee Claims for services rendered and reimbursement of expenses incurred prior to the Confirmation Date must be filed no later than 30 days after the Effective Date. The Bankruptcy Court shall determine the Allowed amounts of such Professional Fee Claims after notice and a hearing in accordance with the procedures established by the Bankruptcy Code, Bankruptcy Rules, and prior Bankruptcy Court orders. The Reorganized Company shall pay the amount of the Allowed Professional Fee Claims owing to the Professionals in Cash to such Professionals, including from funds held in the Professional Fee Escrow Account when such Professional Fee Claims are Allowed by entry of an order of the Bankruptcy Court

*Professional Fee Escrow Account.* The Debtors shall establish and fund the Professional Fee Escrow Account with Cash equal to: (a) the weekly budgeted amount for Professional Fees pursuant to the Cash Collateral Order; and (b) the Professional Fee Escrow Amount. The Professional Fee Escrow Account shall be maintained in trust solely for the Professionals and for no other Entities until all Professional Fee Claims Allowed by the Bankruptcy Court have been irrevocably paid in full to the Professionals pursuant to one or more Final Orders of the Bankruptcy Court. No Liens, Claims, or Interests shall encumber the Professional Fee Escrow Account or Cash held in the Professional Fee Escrow Account in any way. Funds held in the Professional Fee Escrow Account shall not be considered property of the Estates of the Debtors or the Reorganized Company.

The amount of Professional Fee Claims owing to the Professionals shall be paid in Cash to such Professionals by the Debtors or the Reorganized Company, as applicable, from the funds held in the Professional Fee Escrow Account as soon as reasonably practicable after such Professional Fee Claims are Allowed by an order of the Bankruptcy Court; provided that the Debtors' and the Reorganized Company's obligations to pay Allowed Professional Fee Claims shall not be limited nor be deemed limited to funds held in the Professional Fee Escrow Account. When all Professional Fee Claims Allowed by the Bankruptcy Court have been irrevocably paid in full to the Professionals pursuant to one or more Final Orders of the Bankruptcy Court, any remaining funds held in the Professional Fee Escrow Account may, in the Reorganized Company's sole discretion, be used to satisfy post-Confirmation Professional fees and expenses or shall promptly be paid to the Reorganized Company without any further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.

*Professional Fee Escrow Amount.* The Professionals shall provide a reasonable and good-faith estimate of their unpaid Professional Fee Claims incurred in rendering services to the Debtors before and as of the Effective Date projected to be outstanding as of the Effective Date, and shall deliver such estimate to the Debtors no later than five (5) days before the anticipated Effective Date; provided, however, that such estimate shall not be considered or deemed an admission or limitation with respect to the amount of the fees and expenses that are the subject of the Professional's final request for payment of Professional Fee Claims and such Professionals are not bound to any extent by the estimates. If a Professional does not provide an estimate, the Debtors may estimate the unpaid and unbilled fees and expenses of such Professional. The total aggregate amount so estimated as of the Effective Date shall be utilized by the Debtors to determine the amount to be funded to the Professional Fee Escrow Account, provided that the Reorganized Company shall use Cash on hand to increase the amount of the Professional Fee Escrow Account to the extent fee applications are filed after the Effective Date in excess of the amount held in the Professional Fee Escrow Account based on such estimates.

*Post-Confirmation Fees and Expenses.* From and after the Confirmation Date, the Debtors or Reorganized Company, as applicable, shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable and documented legal, professional, or other fees and expenses incurred by the Debtors or the Reorganized Company, as applicable, and if any such fee and/or expense is unpaid as of the Effective Date, such fee and/or expense shall be paid on the Effective Date. Upon the Confirmation Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Debtors and Reorganized Company, as applicable, may employ and pay any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

The Debtors and Reorganized Company, as applicable, shall pay, within ten (10) Business Days after submission of a detailed invoice to the Debtors or Reorganized Company, as applicable, such reasonable claims for compensation or reimbursement of expenses incurred by the retained Professionals of the Debtors or the Reorganized Company, as applicable. If the Debtors or Reorganized Company, as applicable, dispute the reasonableness of any such invoice, the Debtors or Reorganized Company, as applicable, or the affected professional may submit such dispute to

the Bankruptcy Court for a determination of the reasonableness of any such invoice, and the disputed portion of such invoice shall not be paid until the dispute is resolved.

### **C. Means for Implementation of the Plan**

#### **1. General Settlement of Claims and Interests**

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, on the Effective Date, the provisions of the Plan shall constitute a good-faith compromise and settlement of all Claims, Interests, Causes of Action, and controversies released, settled, compromised, discharged, or otherwise resolved pursuant to the Plan. The Plan shall be deemed a motion to approve the good-faith compromise and settlement of all such Claims, Interests, Causes of Action, and controversies pursuant to Bankruptcy Rule 9019, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of such compromise and settlement under section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, as well as a finding by the Bankruptcy Court that such settlement and compromise is fair, equitable, reasonable, and in the best interest of the Debtors and their Estates. Subject to Article VI of the Plan, all distributions made to Holders of Allowed Claims and Allowed Interests (as applicable) in any Class are intended to be and shall be final.

#### **2. Restructuring Transactions**

On the Effective Date, the applicable Debtors or the Reorganized Company, as applicable, shall enter into any transaction and shall take any actions as may be necessary or appropriate to effectuate the restructuring, including, as applicable, entry into the New Term Loan Exit Facility, and the issuance of all New Common Stock (collectively, the "**Restructuring Transactions**"). The actions to implement the Restructuring Transactions may include: (1) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable Entities agree; (2) the filing of appropriate certificates or articles of incorporation, reincorporation, formation, merger, consolidation, conversion, amalgamation, arrangement, continuance, or dissolution pursuant to applicable state or provincial law; and (3) all other actions that the applicable Entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law in connection with the Plan. The Confirmation Order shall, and shall be deemed to, pursuant to sections 363 and 1123 of the Bankruptcy Code, authorize, among other things, all actions as may be necessary to effect any transaction described in, contemplated by, or necessary to effectuate the Plan.

#### **3. Sources of Consideration for Plan of Reorganization Distributions**

The Reorganized Company will fund distributions under the Plan with Cash held on the Effective Date by or for the benefit of the Debtors or Reorganized Company, including Cash from operations, the New Term Loan Exit Facility, proceeds from all Causes of Action not settled, released, discharged, enjoined, or exculpated under the Plan or otherwise on or prior to the Effective Date, and the New Common Stock.

#### 4. Issuance and Distribution of New Common Stock

All Existing Equity Interests in INAP shall be automatically cancelled on the Effective Date and Reorganized INAP shall issue the New Common Stock to Entities entitled to receive the New Common Stock pursuant to the Plan subject to dilution by (i) the MIP; and (ii) by the New Common Stock Commitment Fee, which shall have agreed upon rights and privileges. The issuance of the New Common Stock is authorized without the need for any further corporate action and without any further action by the Holders of Claims or Interests or the Debtors or the Reorganized Company, as applicable. The New Organizational Documents, as applicable, shall authorize the issuance and distribution on the Effective Date of the New Common Stock to the Disbursing Agent for the benefit of Entities entitled to receive the New Common Stock pursuant to the Plan. All of the New Common Stock issued under the Plan shall be duly authorized, validly issued, fully paid, and non-assessable. Each distribution and issuance of the New Common Stock under the Plan shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance.

#### 5. New Term Loan Exit Facility

On the Effective Date, the Reorganized Company shall enter into the New Term Loan Exit Facility, the terms of which will be set forth in the New Term Loan Exit Facility Documents, and the New Term Loans shall be made by the Exit Facility Commitment Parties. The Backstop Lenders shall backstop the funding of the New Term Loans to the extent of any Exit Facility Shortfall Amount in accordance with the terms of the Restructuring Support Agreement. The Backstop Lenders are each of the BlackRock Backstop Funds, Aquiline Credit Opportunities Fund L.P., and the Carlyle Backstop Funds.

The aggregate amount of the New Term Loans shall be automatically reduced, Pro Rata in accordance with each Exit Facility Commitment Party's commitment, by the amount of cash on hand of the Reorganized Company, including the cash funded by New Term Loans and, without duplication, any cash in any accounts of the Reorganized Company that exceeds, after giving effect to the Plan Effective Date, \$35 million.

On and after the Effective Date, the New Term Loan Exit Facility Documents shall constitute legal, valid, and binding obligations of the Reorganized Company and the Exit Facility Commitment Parties and be enforceable in accordance with their respective terms.

Confirmation shall be deemed approval of the New Term Loan Exit Facility and the New Term Loan Exit Facility Documents (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations and guarantees to be incurred and fees paid in connection therewith), and, to the extent not approved by the Bankruptcy Court previously, the Reorganized Company will be authorized to execute and deliver those documents necessary or appropriate to obtain the New Term Loan Exit Facility, including the New Term Loan Exit Facility Documents, as applicable, without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order or rule or vote, consent, authorization, or

approval of any Person, subject to such modifications as the Debtors or Reorganized Company, as applicable, may deem to be necessary to consummate the New Term Loan Exit Facility.

On the Effective Date, all of the Claims, Liens, and security interests to be granted in accordance with the terms of the New Term Loan Exit Facility Documents (a) shall be deemed to be granted, (b) shall be legal, binding, and enforceable liens on, and security interests in, the collateral granted thereunder in accordance with the terms of the New Term Loan Exit Facility Documents, (c) shall be deemed automatically attached and perfected on the Effective Date, subject only to such liens and security interests as may be permitted under the New Term Loan Exit Facility Documents, and (d) shall not be subject to avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever and shall not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any applicable non-bankruptcy law.

#### **6. Corporate Existence**

Except as otherwise provided in the Plan, each Debtor shall continue to exist after the Effective Date as a separate limited liability company or other form of entity, as the case may be, with all the powers of a limited liability company or other form of entity, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and bylaws (or other similar formation and governance documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation and bylaws (or other similar formation and governance documents) are amended under the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal law).

#### **7. Vesting of Assets in the Reorganized Company**

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in the Plan, on the Effective Date, all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

#### **8. Corporate Action**

Upon the Effective Date, all actions contemplated under the Plan, regardless of whether taken before, on or after the Effective Date, shall be deemed authorized and approved in all respects, including: (1) selection of the directors and officers for the Reorganized Company; (2) the issuance and distribution of the New Common Stock; (3) implementation of the Restructuring Transactions; (4) if applicable, execution of the New Term Loan Exit Facility Documents and any and all other agreements, documents, securities, and instruments relating thereto; (5)

implementation of the MIP; and (6) all other actions contemplated under the Plan (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan or deemed necessary or desirable by the Debtors before, on, or after the Effective Date involving the corporate structure of the Debtors or the Reorganized Company, and any corporate action required by the Debtors or the Reorganized Company in connection with the Plan or corporate structure of the Debtors or Reorganized Company shall be deemed to have occurred and shall be in effect on the Effective Date, without any requirement of further action by the security Holders, directors, managers, or officers of the Debtors or the Reorganized Company. Before, on, or after the Effective Date, the appropriate officers of the Debtors or the Reorganized Company, as applicable, shall be authorized to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated under the Plan (or necessary or desirable to effect the transactions contemplated under the Plan) in the name of and on behalf of the Reorganized Company, including, if applicable, the Exit Facility Documents and any and all other agreements, documents, securities, and instruments relating to the foregoing. The authorizations and approvals contemplated by Article VIII.H of the Plan shall be effective notwithstanding any requirements under non-bankruptcy law.

#### **9. New Organizational Documents**

On the Effective Date, the New Organizational Documents shall be adopted automatically by the applicable Reorganized Company, and Reorganized INAP shall deliver the applicable New Organizational Documents for Reorganized INAP to each Holder of New Common Stock, and such parties shall be bound thereby, in each case, without the need for execution by any party thereto other than Reorganized INAP, and the certificates of incorporation, bylaws, limited liability company agreements (and other similar formation and constituent documents) of the Reorganized Company (other than Reorganized INAP) shall be amended or amended and restated, as applicable, as may be required to be consistent with the provisions of the Plan and the Bankruptcy Code. To the extent required under the Plan or applicable nonbankruptcy law, the Reorganized Company will file their respective New Organizational Documents with the applicable Secretaries of State and/or other applicable authorities in their respective states, provinces, or countries of incorporation in accordance with the corporate laws of the respective states, provinces, or countries of incorporation. The New Organizational Documents shall, among other things: (1) authorize the issuance of the New Common Stock; and (2) pursuant to and only to the extent required by section 1123(a)(6) of the Bankruptcy Code, include a provision prohibiting the issuance of non-voting equity securities. After the Effective Date, each Reorganized Debtor may amend and restate its limited liability company agreement, certificate of incorporation and other formation and constituent documents as permitted by the laws of its respective jurisdiction of formation and the terms of the Governance Documents.

#### **10. Insurance Policies**

Each of the Debtors' insurance policies and any agreements, documents, or instruments relating thereto, are treated as Executory Contracts under the Plan. Unless otherwise provided in the Plan, on the Effective Date, (a) the Debtors shall be deemed to have assumed all insurance policies and any agreements, documents, and instruments relating to coverage of all insured Claims and (b) such insurance policies and any agreements, documents, or instruments relating thereto shall revert in the Reorganized Company.

### 11. **Directors, Managers, and Officers of the Reorganized Company**

As of the Effective Date, the term of the current members of the board of managers of the Debtors shall expire, and the initial boards of directors, including the New Board, and the officers of each of the Reorganized Company shall be appointed in accordance with the respective New Organizational Documents; provided, that the independent managers of the Debtors shall retain authority following the Effective Date with respect to matters related to Professional Fee Claim requests by Professionals acting at their authority and direction in accordance with the terms of the Plan. The independent managers of the Debtors shall not have any of their privileged and confidential documents, communications or information transferred (or deemed transferred) to the Reorganized Company or any other Person.

Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors will disclose in advance of the Confirmation Hearing the identity and affiliations of any Person proposed to serve on the initial board of directors or be an officer of any of the Reorganized Company. To the extent any such director or officer of the Reorganized Company is an “insider” under the Bankruptcy Code, the Debtors also will disclose the nature of any compensation to be paid to such director or officer. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents and other constituent documents of the Reorganized Company.

### 12. **Management Incentive Plan**

On the Plan Effective Date, the Reorganized Company will reserve exclusively for participating employees (such reserve, the MIP) at least 15% of the New Common Stock determined on a fully diluted and fully distributed basis (i.e., assuming conversion of all outstanding convertible securities and full distribution of the MIP and all securities contemplated by the Plan on the Plan Effective Date), as determined by the Reorganized Company; provided that no more than one third of the New Common Stock issued pursuant to the MIP may be issued as time-based restricted stock units and the remaining New Common Stock issued pursuant to the MIP will be issued as performance-based grants (“PSUs”). The PSUs shall be issued as follows: (i) one-third shall vest if the total enterprise value of the Reorganized Company on the date of determination is at least \$100 million, (ii) one-third shall vest if the total enterprise value of the Reorganized Company on the date of determination is at least \$150 million, and (iii) the remaining one-third shall vest if the total enterprise value of the Reorganized Company on the date of determination is at least \$200 million. The MIP shall have a vesting period of 4 years, subject to (with respect to John Scanlon and Ali Marashi only) single-trigger acceleration in the event of a change of control. The agreements governing the foregoing shall be substantially similar to the agreements currently in place for INAP, subject to the provisions of this section. Senior management shall be permitted, at its option, to make an additional equity investment in an aggregate amount to be agreed with the Required Consenting Lenders.

### 13. **Release of Avoidance Actions**

On the Effective Date, the Debtors, on behalf of themselves and their Estates, shall be deemed to have released any and all Avoidance Actions. The Debtors and the Reorganized Debtors, and any of their successors or assigns, and any Entity acting on behalf of the Debtors or

the Reorganized Debtors, shall each be deemed to have waived the right to pursue any and all Avoidance Actions, except for Avoidance Actions brought as counterclaims or defenses to claims asserted against the Debtors.

**14. Director and Officer Liability Insurance**

The Reorganized Company shall assume their existing D&O Policies, to the extent that the D&O Policies are considered to be Executory Contracts, or purchase new D&O Policies for directors, officers, employees, attorneys, or other professionals and agents of the Reorganized Company.

**15. Employee and Retiree Benefits**

Unless otherwise provided herein, the Reorganized Company shall adopt, assume, and/or honor in the ordinary course of business any written employee contracts, agreements, policies, and programs, and all employee wages, compensation, and benefit programs in place as of the Effective Date. Notwithstanding the foregoing, pursuant to section 1129(a)(13) of the Bankruptcy Code, from and after the Effective Date, all retiree benefits (as such term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

**16. Section 1145 Exemption**

Pursuant to section 1145 of the Bankruptcy Code, the offering, issuance, and distribution of the New Common Stock pursuant to and under the Plan will be exempt from the registration requirements of Section 5 of the Securities Act and any other applicable U.S. state or local law requiring registration prior to the offering, issuance, distribution, or sale of securities. The shares of New Common Stock to be issued under the Plan (a) will not be “restricted securities” as defined in Rule 144(a)(3) under the Securities Act, and (b) subject to the terms of the Governance Documents, will be freely tradable unless the Holder is an “underwriter” as defined in subsection (b) of section 1145 of the Bankruptcy Code with respect to such securities.

To the extent the exemption provided under Section 1145(a) of the Bankruptcy Code is unavailable for the issuance of any shares of New Common Stock under the Plan, such shares will instead be issued in reliance on section 4(a)(2) of the Securities Act or Regulation D thereunder. Any such shares of New Common Stock that are issued in reliance on Section 4(a)(2) of the Securities Act or Regulation D thereunder will be considered “restricted securities” as defined by Rule 144 of the Securities Act and may not be resold under the Securities Act and applicable state securities laws absent an effective registration statement, or pursuant to an applicable exemption from registration, under the Securities Act and pursuant to applicable state securities laws.

Should Reorganized INAP elect, on or after the Effective Date, to reflect any ownership of the Securities issued pursuant to the Plan through the facilities of the DTC, Reorganized INAP need not provide to DTC any further evidence other than the Plan or the Confirmation Order with respect to the treatment of such securities under applicable securities laws. Notwithstanding anything to the contrary in the Plan, no Entity, including, for the avoidance of doubt, DTC or any transfer agent, shall be entitled to require a legal opinion regarding the validity of any transaction contemplated by the Plan, including, for the avoidance of doubt, whether the initial sale and

delivery by the issuer to the Holders of the New Common Stock are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services. The Confirmation Order shall provide that DTC or any transfer agent shall be required to accept and conclusively rely upon the Plan or Confirmation Order in lieu of a legal opinion regarding whether the New Common Stock are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services.

#### 17. **Section 1146 Exemption**

On the Effective Date, except as otherwise specifically provided for in the Plan: (1) the obligations of the Debtors under any certificate, Security, share, note, bond, credit agreement, indenture, purchase right, option, warrant, or other instrument or document directly or indirectly evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors giving rise to any Claim or Interest (except such certificates, notes, or other instruments or documents evidencing indebtedness or obligation of or ownership interest in the Debtors that are Reinstated pursuant to the Plan) shall be cancelled solely as to the Debtors and their affiliates, and the Reorganized Company shall not have any continuing obligations thereunder; and (2) the obligations of the Debtors and their affiliates pursuant, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws, or certificate or articles of incorporation or similar documents governing the shares, certificates, notes, bonds, indentures, purchase rights, options, warrants, or other instruments or documents evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors (except such agreements, certificates, notes, or other instruments evidencing indebtedness or obligation of or ownership interest in the Debtors that are specifically Reinstated pursuant to the Plan) shall be released and discharged. Notwithstanding the foregoing, no executory contract or unexpired lease that (i) has been, or will be, assumed pursuant to Section 365 of the Bankruptcy Code or (ii) relating to a Claim that was paid in full prior to the Effective Date, shall be terminated or cancelled on the Effective Date.

#### 18. **Cancellation of Securities and Agreements**

On the Effective Date: (1) the obligations of the Debtors under any certificate, Security, share, note, bond, credit agreement, indenture, purchase right, option, warrant, or other instrument or document directly or indirectly evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors giving rise to any Claim or Interest (except such certificates, notes, or other instruments or documents evidencing indebtedness or obligation of or ownership interest in the Debtors that are Reinstated pursuant to the Plan) shall be cancelled solely as to the Debtors and their affiliates, and the Reorganized Company shall not have any continuing obligations thereunder; and (2) the obligations of the Debtors and their affiliates pursuant, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws, or certificate or articles of incorporation or similar documents governing the shares, certificates, notes, bonds, indentures, purchase rights, options, warrants, or other instruments or documents evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors (except such agreements, certificates, notes, or other instruments evidencing indebtedness or obligation of or ownership interest in the Debtors that are specifically Reinstated pursuant to the Plan) shall be released and discharged. Notwithstanding anything to the contrary herein, (a) the SOTL Agreement shall continue in effect to the extent necessary to (i) permit Holders of SOTL Claims to receive distributions in accordance with the terms of the Plan and to permit the Debtors to make

such distributions, and (ii) authorize the Debtors or the Reorganized Debtors, as applicable, to compensate and/or reimburse fees and expenses of the Agent in accordance with the terms of the Plan, and (b) the indemnification and expense reimbursement obligations of the SOTL Lenders under the SOTL Agreement and the Agent's charging lien on any distributions in respect of the SOTL Claims shall survive the Effective Date. Except as provided pursuant to this Plan, upon the discharge of the SOTL Claims, the Agent and its respective agents, successors and assigns shall be discharged of all of their obligations under or in connection with the SOTL Documents.

Notwithstanding the foregoing, no executory contract or unexpired lease that (i) has been, or will be, assumed pursuant to section 365 of the Bankruptcy Code or (ii) relating to a Claim that was paid in full prior to the Effective Date, shall be terminated or cancelled on the Effective Date.

#### 19. Effectuating Documents; Further Transactions

On and after the Effective Date, the Reorganized Company, and the officers and members of the boards of directors or managers thereof, are authorized to and may issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, the Restructuring Transactions, and the Securities issued pursuant to the Plan in the name of and on behalf of the Reorganized Company, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

#### 20. Preservation of Causes of Action

In accordance with section 1123(b) of the Bankruptcy Code, but subject to Article VIII of the Plan, the Reorganized Company, as applicable, shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Schedule of Retained Causes of Action, and the Reorganized Company's rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date, other than the Causes of Action released by the Debtors pursuant to the releases and exculpations contained in the Plan, including in Article VIII of the Plan.

The Reorganized Company may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Company. **No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as any indication that the Debtors or the Reorganized Company, as applicable, will not pursue any and all available Causes of Action against it. The Debtors or the Reorganized Company, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan, including Article VIII of the Plan.** Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Reorganized Company expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or

otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

The Reorganized Company reserves and shall retain such Causes of Action notwithstanding the rejection or repudiation of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Entity shall vest in the Reorganized Company, except as otherwise expressly provided in the Plan, including Article VIII of the Plan. The applicable Reorganized Company, through their authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. The Reorganized Company shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

#### **D. Assumption and Rejection of Executory Contracts and Unexpired Leases**

As of and subject to the occurrence of the Plan Effective Date, all executory contracts and unexpired leases to which any of the Debtors are parties shall be deemed rejected, unless such contract or lease (i) is designated specifically as an executory contract or unexpired lease on the Schedule of Assumed Executory Contracts and Unexpired Leases; (which schedule may be amended or supplemented); (ii) was previously assumed or rejected; (iii) was previously expired or terminated pursuant to its own terms; or (iv) is the subject of a motion to reject, assume or assume and assign filed on or before the entry of the Confirmation Order, provided that, to the extent requested by the Ad Hoc Group of Consenting Lenders or the Required Consenting Lenders and to the extent commercially reasonable and not subject to any attorney-client privilege, work product, confidentiality, or other restriction, the Company will provide any analysis, to the extent such written analysis exists, regarding the potential rejection, assumption, or other modification with respect to any of the Company's executory contracts or unexpired leases or entry into any new executory contracts or unexpired leases by the Company.

The Debtors shall assume, and the following shall be included among the executory contracts on the Schedule of Assumed Executory Contracts and Unexpired Leases: all prepetition indemnity agreements and director and officer insurance policies, as may be modified from time to time (whether in the by-laws, certificates of incorporation or formation, limited liability company agreements, other organizational documents, board resolutions, indemnification agreements, employment contracts or otherwise), for the current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Debtors.

Entry of the Confirmation Order by the Bankruptcy Court shall, subject to and upon the occurrence of the Effective Date, constitute a Bankruptcy Order approving the assumptions or rejections of the Executory Contracts and Unexpired Leases assumed or rejected pursuant to the Plan. Any motions to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order.

Each Executory Contract and Unexpired Lease assumed pursuant to Article V.A of the Plan or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Confirmation Date, shall revert in and be fully enforceable by the Reorganized Company in accordance with its terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. Notwithstanding anything to the contrary in the Plan, the Debtors or the Reorganized Company, as applicable, reserve the right to alter, amend, modify, or supplement the Schedule of Assumed Executory Contracts and Unexpired Leases to add or remove any Executory Contract or Unexpired Lease from the Schedule of Assumed Executory Contracts and Unexpired Leases at any time through and including the Effective Date; provided that after the date of the Confirmation Hearing and through the Effective Date, the Debtors may only alter, amend, modify, or supplement the Schedule of Assumed Executory Contracts and Unexpired Leases with the consent of the applicable counterparty. The Debtors or the Reorganized Company shall provide notice of any amendments to the Schedule of Assumed Executory Contracts and Unexpired Leases to the parties to the Executory Contracts or Unexpired Leases affected thereby.

### **E. Releases and Exculpation Provisions**

Article VIII of the Plan provides for certain releases by the Debtors and their Estates, as well as Releases by certain “Releasing Parties,” each as set forth below. The Plan defines Releasing Parties as follows: all of the following, each in their respective capacities as such: (i) the Debtors; (ii) the Released Parties (each in their capacity as such); (iii) the Holders of all Claims who (a) vote to accept or reject the Plan and do not timely submit a Release Opt-Out indicating such Holder’s decision to not participate in the releases set forth in Article VIII(F) of the Plan, or (b) do not vote to accept or reject the Plan and either do not timely submit a Release Opt-Out indicating such Holder’s decision to not participate in the releases set forth in Article VIII(F) of the Plan or do not file an objection to the releases set forth in Article VIII(F) of the Plan prior to the Confirmation Objection Deadline; (iv) Holders of Unclassified and Unimpaired Claims that do not object to the releases set forth in Article VIII(F) of the Plan; (v) Holders of Claims or Existing Equity Interests who do not timely submit a Release Opt-Out via a Release Opt-Out Form or object to the releases set forth in Article VIII(F) of the Plan prior to the Confirmation Objection Deadline.

#### **1. Releases by the Debtors**

**Except as otherwise expressly provided in the Plan, pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, including without limitation the efforts of the Released Parties to facilitate the reorganization of the Debtors and the implementation of the Restructuring contemplated by the Restructuring Support Agreement, on and after the Plan Effective Date, to the maximum extent permitted by applicable law, the Debtors and the Estates are deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released, waived, and discharged each Released Party from, and covenanted not to sue on account of, any and all claims, interests, obligations (contractual or otherwise), rights, suits, damages, Causes of Action (including Avoidance Actions), remedies, and liabilities whatsoever, including any derivative claims assertable by or on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, fixed or contingent, matured or unmatured, disputed or undisputed, liquidated or unliquidated, existing or hereafter arising, in law, equity, or otherwise, that the Debtors, or the Estates**

would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Entity (including any Debtor), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Chapter 11 Cases, the SOTL Obligations, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or Reorganized Company, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests before or during the Chapter 11 Cases, the negotiation, formulation, preparation, consummation, or dissemination of: (i) the Plan (including, for the avoidance of doubt, any plan supplement), (ii) the New Term Loan Exit Facility, (iii) the Disclosure Statement, (iv) the Restructuring Support Agreement, (v) the SOTL Agreement, (vi) Amendment No. 5 to the SOTL Agreement, or (vii) related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Plan Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct, fraud, or gross negligence.

## 2. Releases By Debtors Digital Entities

Except as otherwise expressly provided in the Plan, pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, including without limitation the Digital Settlement Agreement, the Debtors and the Estates are deemed to have released any and all Causes of Action that they may have against Digital and Digital Grand Avenue LLC (and any affiliates of Digital and Digital Grand Avenue LLC) from any and all Claims whatsoever, including without limitation any and all claims (a) relating to, arising from, or associated with the Digital Lease, the Digital Leasehold, the Franklin Park Lease, and the Franklin Park Facility; and (b) arising under chapter 5 of the Bankruptcy Code.

## 3. Releases by Holders of Claims and Interests

Except as otherwise expressly provided in the Plan, pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, including without limitation the efforts of the Debtors and Released Parties to facilitate the reorganization of the Debtors and the implementation of the Restructuring contemplated by the Restructuring Support Agreement, on and after the Plan Effective Date, to the maximum extent permitted by applicable law, each Releasing Party shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released, waived and discharged the Released Parties from, and covenanted not to sue on account of, any and all claims, interests, obligations (contractual or otherwise), rights, suits, damages, Causes of Action (including Avoidance Actions), remedies, and liabilities whatsoever, including any derivative claims assertable by or on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, fixed or contingent, matured or unmatured, disputed or undisputed, liquidated or unliquidated, existing or hereafter arising, in law, equity or otherwise, that such Releasing Party would have been legally entitled to assert in its own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Entity (including any Debtor), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Chapter 11 Cases, the SOTL Obligations, the purchase, sale, or rescission of the

**purchase or sale of any security of the Debtors or Reorganized Company, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests before or during the Chapter 11 Cases, the negotiation, formulation, preparation, consummation, or dissemination of: (i) the Plan (including, for the avoidance of doubt, any plan supplement), (ii) the New Term Loan Exit Facility, (iii) the Disclosure Statement, (iv) the Restructuring Support Agreement, (v) the SOTL Agreement, (vi) Amendment No. 5 to the SOTL Agreement, or (vii) related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Plan Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct, fraud, or gross negligence.**

#### **4. Exculpation**

**To the fullest extent permitted by applicable law, no Exculpated Party shall have or incur, and each Exculpated Party shall be released and exculpated from, any claim or Cause of Action in connection with or arising out of the administration of the Chapter 11 Cases; the negotiation and pursuit of the New Term Loan Exit Facility, the MIP, the Disclosure Statement, the Restructuring Supporting Agreement, the Restructuring, and the Plan, or the solicitation of votes for, or confirmation of, the Plan; the funding of the Plan; the occurrence of the Plan Effective Date; the administration of the Plan or the property to be distributed under the Plan; the issuance of securities under or in connection with the Plan; the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Company; or the transactions in furtherance of any of the foregoing; other than claims or Causes of Action arising out of or related to any act or omission of an Exculpated Party that is a criminal act or constitutes intentional fraud or willful misconduct as determined by a Final Order, but in all respects such Persons shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have acted in compliance with the applicable provisions of the Bankruptcy Code with regard to the solicitation and distribution of securities pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan, including the issuance of securities thereunder. This exculpation shall be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable law or rules protecting such Exculpated Parties from liability.**

#### **5. Injunction**

**Except as otherwise expressly provided in the Plan or the Confirmation Order or for obligations or distributions issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities who have held, hold, or may hold Claims or Interests that have been released, discharged, or are subject to exculpation are permanently enjoined, from and after the Plan Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Company, the Exculpated Parties, or the Released Parties: (1) commencing or continuing in any manner any action or other proceeding of any**

kind on account of or in connection with or with respect to any such Claims or Interests; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (3) creating, perfecting, or enforcing any Lien or encumbrance of any kind against such Entities or the property or the Estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such Holder has filed a motion requesting the right to perform such setoff on or before the Plan Effective Date, and notwithstanding an indication of a Claim or Interest or otherwise that such Holder asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

Upon entry of the Confirmation Order, all Holders of Claims and Interests and their respective current and former employees, agents, officers, directors, principals, and direct and indirect affiliates shall be enjoined from taking any actions to interfere with the implementation or Consummation of the Plan. Except as otherwise set forth in the Confirmation Order, each Holder of an Allowed Claim or Allowed Interest, as applicable, by accepting, or being eligible to accept, distributions under or Reinstatement of such Claim or Interest, as applicable, pursuant to the Plan, shall be deemed to have consented to the injunction provisions set forth in this Plan.

## **IX. PROJECTED FINANCIAL INFORMATION**

Attached hereto as **Exhibit C** is a projected consolidated income statement, which includes consolidated, projected, unaudited, financial statement information of the Reorganized Debtors (collectively, the “**Financial Projections**”) for the period beginning July 1, 2023 through June 30, 2028 (the “**Projection Period**”). The Financial Projections are based on an assumed Effective Date of June 30, 2023, based on quarter end. The Debtors anticipate the Effective Date will occur on or before July 31, 2023. Although the Debtors and their advisors do not anticipate a material change in the Financial Projections due to a July 31, 2023 Effective Date, to the extent that the Effective Date occurs later or before the June 30, 2023 date used in the Financial Projections, recoveries on account of Allowed Claims could be impacted.

Creditors and other interested parties should see the below “Risk Factors” for a discussion of certain factors that may affect the future financial performance of the Company.

## **X. RISK FACTORS**

Holders of Claims should read and consider carefully the risk factors set forth below before voting to accept or reject the Plan. Although there are many risk factors discussed below, these factors should not be regarded as constituting the only risks present in connection with the Debtors’ businesses or the Plan and its implementation.

**A. The Debtors Will Consider All Available Restructuring Alternatives if the Restructuring Transactions are not Implemented, and Such Alternatives May Result in Lower Recoveries for Holders of Claims Against and Interests in the Debtors**

If the Restructuring Transactions are not implemented, the Debtors will consider all other restructuring alternatives available at that time, which may include the filing of an alternative chapter 11 plan, conversion to chapter 7, or any other transaction that would maximize the value of the Debtors' estates. Any alternative restructuring proposal may be on terms less favorable to Holders of Claims against and Interests in the Debtors than the terms of the Plan as described in this Disclosure Statement.

Any material delay in the confirmation of the Plan, or the Chapter 11 Cases, or the threat of rejection of the Plan by the Bankruptcy Court, would add substantial expense and uncertainty to the process.

The uncertainty surrounding a prolonged restructuring would also have other adverse effects on the Debtors. For example, it would also adversely affect:

- the Debtors' ability to raise additional capital;
- the Debtors' ability to retain key employees;
- the Debtors' liquidity;
- how the Debtors' business is viewed by regulators, investors, lenders, and credit rating agencies; and
- the Debtors' enterprise value

**B. There is a Risk of Termination of the Restructuring Support Agreement**

To the extent that events giving rise to termination of the RSA occur, the RSA may terminate prior to the Confirmation or Consummation of the Plan, which could result in the loss of support for the Plan by important creditor constituencies. Any such loss of support could adversely affect the Debtors' ability to confirm and consummate the Plan.

**C. Bankruptcy Law Considerations**

The occurrence or non-occurrence of any or all of the following contingencies, and any others, could affect distributions available to Holders of Allowed Claims under the Plan but will not necessarily affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of Holders of Claims in such Impaired Classes.

**1. Parties in Interest May Object to the Plan's Classification of Claims and Interests**

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of the Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Interests each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims or Interests, as applicable, in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

**2. The Conditions Precedent to the Effective Date of the Plan May Not Occur**

As more fully set forth in Article IX of the Plan, the Effective Date is subject to a number of conditions precedent. If such conditions precedent are not met or waived, the Effective Date will not take place.

**3. The Debtors May Fail to Satisfy Vote Requirements**

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to confirm an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims and Interests as those proposed in the Plan.

**4. The Debtors May Not Be Able to Secure Confirmation of the Plan**

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the Bankruptcy Court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting Holders of claims and equity interests within a particular class under such plan will not be less than the value of distributions such Holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A nonaccepting Holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement, the balloting procedures, and voting results are appropriate, the Bankruptcy Court could still decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation are not met. If a chapter 11 plan of

reorganization is not confirmed by the Bankruptcy Court, it is unclear whether the Debtors will be able to reorganize their business and what, if anything, Holders of Allowed Claims against them would ultimately receive on account of such Allowed Claims.

Confirmation of the Plan is also subject to certain conditions as described in Article IX of the Plan. If the Plan is not confirmed, it is unclear what distributions, if any, Holders of Allowed Claims will receive on account of such Allowed Claims.

The Debtors, subject to the terms and conditions of the Plan reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications could result in less favorable treatment of any non-accepting Class, as well as any Class junior to such non-accepting Class, than the treatment currently provided in the Plan. Such a less favorable treatment could include a distribution of property with a lesser value than currently provided in the Plan or no distribution whatsoever under the Plan.

#### **5. Nonconsensual Confirmation**

In the event that any impaired class of claims or interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one impaired class (as defined under section 1124 of the Bankruptcy Code) has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired class(es). The Debtors believe that the Plan satisfies these requirements, and the Debtors may request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation or Consummation of the Plan may result in, among other things, increased expenses relating to professional compensation.

#### **6. Continued Risk Upon Confirmation**

Even if a chapter 11 plan of reorganization is consummated, the Debtors will continue to face a number of risks, including certain risks that are beyond their control, such as further industry deterioration or other changes in economic conditions, and increasing expenses. Some of these concerns and effects typically become more acute when a case under the Bankruptcy Code continues for a protracted period without indication of how or when the case may be completed. As a result of these risks and others, there is no guarantee that a chapter 11 plan of reorganization reflecting the Plan will achieve the Debtors' stated goals.

In addition, at the outset of the Chapter 11 Cases, the Bankruptcy Code will give the Debtors the exclusive right to propose the Plan and will prohibit creditors and others from proposing a plan. The Debtors will have retained the exclusive right to propose the Plan upon filing their petitions for chapter 11 relief. If the Bankruptcy Court terminates that right, however, or the exclusivity period expires, there could be a material adverse effect on the Debtors' ability to achieve confirmation of the Plan in order to achieve the Debtors' stated goals.

Furthermore, even if the Debtors' debts are reduced and/or discharged through the Plan, the Debtors may need to raise additional funds through public or private debt or equity financing or other various means to fund the Debtors' business after the completion of the proceedings related to the Chapter 11 Cases. Adequate funds may not be available when needed or may not be available on favorable terms.

**7. The Chapter 11 Cases May Be Converted to Cases Under Chapter 7 of the Bankruptcy Code**

If the Bankruptcy Court finds that it would be in the best interest of creditors and/or the debtor in a chapter 11 case, the Bankruptcy Court may convert a chapter 11 bankruptcy case to a case under chapter 7 of the Bankruptcy Code. In such event, a chapter 7 trustee would be appointed or elected to liquidate the debtor's assets for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 would result in significantly smaller distributions being made to creditors than those provided for in a chapter 11 plan because of (a) the likelihood that the assets would have to be sold or otherwise disposed of in a disorderly fashion over a short period of time rather than reorganizing or selling in a controlled manner affecting the business as a going concern, (b) additional administrative expenses involved in the appointment of a chapter 7 trustee, and additional expenses and Claims, some of which would be entitled to priority, that would be generated during the liquidation, and including Claims resulting from the rejection of Unexpired Leases and other Executory Contracts in connection with cessation of operations.

**8. The Debtors May Object to the Amount or Classification of a Claim**

Except as otherwise provided in the Plan, the Debtors reserve the right to object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied upon by any Holder of a Claim where such Claim is subject to an objection. Any Holder of a Claim that is subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

**9. Risk of Non-Occurrence of the Effective Date**

Although the Debtors believe that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing or as to whether the Effective Date will, in fact, occur.

**10. Contingencies Could Affect Votes of Impaired Classes to Accept or Reject the Plan**

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies, which could affect distributions available to Holders of Allowed Claims under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

The estimated Claims and creditor recoveries set forth in this Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary from the estimated Claims contained in this Disclosure Statement. Moreover, the Debtors cannot determine with any certainty at this time, the number or amount of Claims that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the percentage recoveries to Holders of Allowed Claims under the Plan.

#### **11. Release, Injunction, and Exculpation Provisions May Not Be Approved**

Article VIII of the Plan provides for certain releases, injunctions, and exculpations, including a release of liens and third-party releases that may otherwise be asserted against the Debtors, Reorganized Debtors, or Released Parties, as applicable. The releases, injunctions, and exculpations provided in the Plan are subject to objection by parties in interest and may not be approved. If the releases are not approved, certain Released Parties may withdraw their support for the Plan.

#### **D. Risks Related to Recoveries Under the Plan**

##### **1. The Debtors May Not Be Able to Achieve Their Projected Financial Results**

With respect to Holders of Interests in the Reorganized Debtors, the Reorganized Debtors may not be able to achieve their projected financial results. The Financial Projections set forth in this Disclosure Statement represent the Debtors' management team's best estimate of the Debtors' future financial performance, which is necessarily based on certain assumptions regarding the anticipated future performance of the Reorganized Debtors' operations, as well as the United States and world economies in general, and the particular industry segments in which the Debtors operate in particular, and other matters, many of which are beyond the control of the Debtors and some or all of which may not materialize. In addition, unanticipated events and circumstances occurring subsequent to the date that the Disclosure Statement is approved by the Court may affect the actual financial results of the Debtors' operations. These variations may be material and may adversely affect the ability of the Debtors to make payments with respect to indebtedness following the Effective Date. Because the actual results achieved throughout the periods covered by the projections may vary from the projected results, the projections should not be relied upon as an assurance of the actual results that will occur. Except with respect to the projections and except as otherwise specifically and expressly stated, the Disclosure Statement does not reflect any events that may occur subsequent to the date of the Disclosure Statement. Such events may have a material impact on the information contained in the Disclosure Statement. The Debtors do not intend to update the projections and, therefore, the projections will not reflect the impact of any subsequent events not already accounted for in the assumptions underlying the projections. If the Debtors do not achieve their projected financial results, (a) the value of the New Common Stock may be negatively affected, (b) the Debtors may lack sufficient liquidity to continue operating as planned after the Effective Date, and (c) the Debtors may be unable to service their debt obligations as they come due. Moreover, the financial condition and results of operations of the Reorganized

Debtors from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Debtors' historical financial statements.

## **2. The Plan Exchanges Senior Securities for Junior Securities**

If the Plan is confirmed and consummated, certain Holders of Claims will receive New Common Stock. Thus, in agreeing to the Plan, certain of such Holders will be consenting to the exchange of their interests in senior debt for junior securities that will be subordinate to all future creditor claims.

## **3. A Liquid Trading Market for the New Common Stock**

The Debtors make no assurance that a liquid trading market for the New Common Stock will develop. The liquidity of any market for the New Common Stock will depend, among other things, upon the number of Holders of the New Common Stock, the Reorganized Debtors' financial performance, and the market for similar securities, none of which can be determined or predicted. Therefore, the Debtors cannot assure that an active trading market will develop or, if a market develops, what the liquidity or pricing characteristics of that market will be. The New Common Stock may also be subject to trading restrictions by the New Organizational Documents.

On the Effective Date, none of the New Common Stock will be registered under the Securities Act or the Securities Exchange Act or listed on a national securities exchange, Reorganized INAP will not be a reporting company under the Securities Exchange Act, Reorganized INAP will not be required to and will not file reports with the Securities and Exchange Commission or any other entity or party, and Reorganized INAP will not be required to file monthly operating reports with the Bankruptcy Court after the Effective Date. In order to prevent Reorganized INAP from becoming subject to the reporting requirements of the Securities Exchange Act, except in connection with a public offering, a separate agreement or the New Organizational Documents may impose certain trading restrictions, and the New Common Stock may be subject to certain transfer and other restrictions designed to maintain Reorganized INAP as a private, non-reporting company.

Notwithstanding the foregoing in this risk factor, from and after the Effective Date, Reorganized INAP will be required to provide (via separate agreement or in the New Organization Documents) to its shareholders audited annual and unaudited quarterly financial statements for such periods, with such statements being prepared in accordance with U.S. GAAP (for the avoidance of doubt, no SAS 100 review, compliance with any other requirement of Regulation S-X under the Securities Act or narrative disclosure required to be provided by reporting companies under the Securities Exchange Act in periodic or other reports (including, without limitation, a Management's Discussion and Analysis of Financial Condition and Results of Operations) is required in connection with the delivery of the required financial statements).

## **4. Certain Tax Implications of the Debtors' Bankruptcy**

Holders of Allowed Claims should carefully review Section XIII of this Disclosure Statement, "Certain United States Federal Income Tax Consequences of the Plan," for a description of certain tax implications of the Plan and the Chapter 11 Cases.

**E. Risks Related to the Debtors' and the Reorganized Company's Business****1. The Debtors May Not Be Able to Generate Sufficient Cash to Service All of Their Indebtedness**

The Debtors' ability to make scheduled payments on, or refinance their debt obligations depends on the Debtors' financial condition and operating performance, which are subject to prevailing economic, industry, and competitive conditions and to certain financial, business, legislative, regulatory, and other factors beyond the Debtors' control (including the factors discussed in this Section X. The Debtors may be unable to maintain a level of cash flow from operating activities sufficient to permit the Debtors to pay the principal, premium, if any, and interest on their indebtedness.

**2. The Debtors Will Be Subject to the Risks and Uncertainties Associated with the Chapter 11 Cases**

For the duration of the Chapter 11 Cases, the Debtors' ability to operate, develop, and execute a business plan, and continue as a going concern, will be subject to the risks and uncertainties associated with bankruptcy. These risks include the following: (a) ability to develop, confirm, and consummate the restructuring transactions specified in the Plan or an alternative restructuring transaction; (b) ability to obtain court approval with respect to motions filed in the Chapter 11 Cases from time to time; (c) ability to maintain relationships with suppliers, service providers, customers, employees, vendors, and other third parties; (d) ability to maintain contracts that are critical to the Debtors' operations; (e) ability of third parties to seek and obtain court approval to terminate contracts and other agreements with the Debtors; (f) ability of third parties to seek and obtain court approval to terminate or shorten the exclusivity period for the Debtors to propose and confirm a chapter 11 plan, to appoint a chapter 11 trustee, or to convert the Chapter 11 Cases to chapter 7 proceedings; and (g) the actions and decisions of the Debtors' creditors and other third parties who have interests in the Chapter 11 Cases that may be inconsistent with the Debtors' plans.

These risks and uncertainties could affect the Debtors' businesses and operations in various ways. For example, negative events associated with the Chapter 11 Cases could adversely affect the Debtors' relationships with suppliers, service providers, customers, employees, and other third parties, which in turn could adversely affect the Debtors' operations and financial condition. Also, the Debtors will need the prior approval of the Bankruptcy Court for transactions outside the ordinary course of business, which may limit the Debtors' ability to respond timely to certain events or take advantage of certain opportunities. Because of the risks and uncertainties associated with the Chapter 11 Cases, the Debtors cannot accurately predict or quantify the ultimate impact of events that occur during the Chapter 11 Cases that may be inconsistent with the Debtors' plans.

**3. Operating in Chapter 11 for a Long Period of Time May Harm the Debtors' Businesses**

The Debtors' future results will be dependent upon the successful confirmation and implementation of a plan of reorganization. A long period of operations under Bankruptcy Court protection could have a material adverse effect on the Debtors' businesses, financial condition,

results of operations, and liquidity. So long as the proceedings related to the Chapter 11 Cases continue, senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on business operations. A prolonged period of operating under Bankruptcy Court protection also may make it more difficult to retain management and other key personnel necessary to the success and growth of the Debtors' businesses. In addition, the longer the proceedings related to the Chapter 11 Cases continue, the more likely it is that customers and suppliers will lose confidence in the Debtors' ability to reorganize their businesses successfully and will seek to establish alternative commercial relationships. So long as the proceedings related to the Chapter 11 Cases continue, the Debtors will be required to incur substantial costs for professional fees and other expenses associated with the administration of the Chapter 11 Cases.

Furthermore, the Debtors cannot predict the ultimate amount of all settlement terms for the liabilities that will be subject to a plan of reorganization. Even after a plan of reorganization is approved and implemented, the Debtors' operating results may be adversely affected by the possible reluctance of prospective lenders and other counterparties to do business with a company that recently emerged from bankruptcy protection.

#### **4. Financial Results May be Volatile and May Not Reflect Historical Trends**

During the Chapter 11 Cases, the Debtors expect that their financial results will continue to be volatile as asset impairments, asset dispositions, restructuring activities and expenses, contract terminations and rejections, and claims assessments significantly impact the Debtors' consolidated financial statements. As a result, the Debtors' historical financial performance likely will not be indicative of their financial performance after the Petition Date.

In addition, if the Debtors emerge from chapter 11, the amounts reported in subsequent consolidated financial statements may materially change relative to historical consolidated financial statements, including as a result of revisions to the Debtors' operating plans pursuant to a plan of reorganization. The Debtors also may be required to adopt fresh start accounting, in which case their assets and liabilities will be recorded at fair value as of the fresh start reporting date, which may differ materially from the recorded values of assets and liabilities on the Debtors' consolidated balance sheets. The Debtors' financial results after the application of fresh start accounting also may be different from historical trends.

#### **5. The Reorganized Company May Be Adversely Affected by Potential Litigation, Including Litigation Arising Out of the Chapter 11 Cases**

The Debtors are currently subject to or interested in certain legal proceedings, some of which may adversely affect the Debtors. In the future, the Reorganized Debtors may become party to litigation. In general, litigation can be expensive and time consuming to bring or defend against. Such litigation could result in settlements or damages that could significantly affect the Reorganized Debtors' financial results. It is also possible that certain parties will commence litigation with respect to the treatment of their Claims under the Plan. It is not possible to predict the potential litigation that the Reorganized Debtors may become party to, nor the final resolution

of such litigation. The impact of any such litigation on the Reorganized Debtors' businesses and financial stability, however, could be material.

**6. The Loss of Key Personnel Could Adversely Affect the Debtors' Operations**

The Debtors' operations are dependent on a relatively small group of key management personnel, including the Debtors' executive officers. The Debtors' recent liquidity issues and the Chapter 11 Cases have created distractions and uncertainty for key management personnel and employees. As a result, the Debtors have experienced and may continue to experience increased levels of employee attrition. The Debtors may be unable to find acceptable replacements with comparable skills and experience and the loss of such key management personnel could adversely affect the Debtors' ability to operate their businesses. In addition, a loss of key personnel or material erosion of employee morale could have a material adverse effect on the Debtors' ability to meet customer and counterparty expectations, thereby adversely affecting the Debtors' businesses and the results of operations.

**7. Certain Claims May Not Be Discharged and Could have a Material Adverse Effect on the Debtors' Financial Condition and Results of Operations**

The Bankruptcy Code provides that the confirmation of a plan of reorganization discharges a debtor from substantially all debts arising prior to confirmation. With few exceptions, all claims that arise prior to the Debtors' filing a petition for reorganization under the Bankruptcy Code or before confirmation of the plan of reorganization (a) would be subject to compromise and/or treatment under the plan of reorganization and/or (b) would be discharged in accordance with the terms of the plan of reorganization. Any claims not ultimately discharged through a plan of reorganization could be asserted against the reorganized entity and may have an adverse effect on the Reorganized Debtors' financial condition and results of operations on a post-reorganization basis.

**XI. CONFIRMATION OF THE PLAN**

**A. Requirements for Confirmation of the Plan**

Among the requirements for Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code are: (1) the Plan is accepted by all Impaired Classes of Claims or Interests, or if rejected by an Impaired Class, the Plan "does not discriminate unfairly" and is "fair and equitable" as to the rejecting Impaired Class; (2) the Plan is feasible; and (3) the Plan is in the "best interests" of Holders of Claims and Interests.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies all of the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that: (1) the Plan satisfies, or will satisfy, all of the necessary statutory requirements of chapter 11; (2) the Debtors have complied, or will have complied, with all of the necessary requirements of chapter 11; and (3) the Plan has been proposed in good faith

## **B. Best Interests of Creditors/Liquidation Analysis**

Often called the “best interests” test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each impaired class, that each Holder of a claim or an equity interest in such impaired class either (1) has accepted the plan or (2) will receive or retain under the plan property of a value that is not less than the amount that the non-accepting Holder would receive or retain if the debtors liquidated under chapter 7.

Attached hereto as **Exhibit E** and incorporated herein by reference is a liquidation analysis (the “**Liquidation Analysis**”) prepared by the Debtors with the assistance of Portage, the Debtors’ financial advisor. As reflected in the Liquidation Analysis, the Debtors believe that liquidation of the Debtors’ businesses under chapter 7 of the Bankruptcy Code would result in substantial diminution in the value to be realized by Holders of Claims as compared to distributions contemplated under the Plan. Consequently, the Debtors and their management believe that Confirmation of the Plan will provide a substantially greater return to Holders of Claims than would a liquidation under chapter 7 of the Bankruptcy Code.

If the Plan is not confirmed, and the Debtors fail to propose and confirm an alternative plan of reorganization, the Debtors’ businesses may be liquidated pursuant to the provisions of a chapter 11 liquidating plan. In liquidations under chapter 11, the Debtors’ assets could be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7. Thus, a chapter 11 liquidation may result in larger recoveries than a chapter 7 liquidation, but the delay in distributions could result in lower present values received and higher administrative costs. Any distribution to Holders of Claims under a chapter 11 liquidation plan would most likely be substantially delayed. Most importantly, the Debtors believe that any distributions to creditors in a chapter 11 liquidation scenario would fail to capture the significant going concern value of their businesses, which is reflected in the New Common Stock to be distributed under the Plan. Accordingly, the Debtors believe that a chapter 11 liquidation would not result in distributions as favorable as those under the Plan.

## **C. Feasibility**

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan of reorganization is not likely to be followed by the liquidation, or the need for further financial reorganization of the debtor, or any successor to the debtor (unless such liquidation or reorganization is proposed in such plan of reorganization).

To determine whether the Plan meets this feasibility requirement, the Debtors have analyzed their ability to meet their respective obligations under the Plan. As part of this analysis, the Debtors have prepared the Financial Projections. Based upon the Financial Projections, the Debtors believe that they will be a viable operation following their emergence from chapter 11 and that the Plan will meet the feasibility requirements of the Bankruptcy Code. The Financial Projections are attached hereto as **Exhibit C** and incorporated herein by reference.

#### **D. Acceptance by Impaired Classes**

The Bankruptcy Code requires, as a condition to confirmation, except as described in the following section, that each class of claims or equity interests impaired under a plan, accept the plan. A class that is not “impaired” under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such a class is not required.<sup>4</sup>

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by Holders of at least two-thirds in a dollar amount and more than one-half in a number of Allowed claims in that class, counting only those claims that have actually voted to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds in amount and a majority in number actually cast their Ballots in favor of acceptance.

#### **E. Confirmation Without Acceptance by All Impaired Classes**

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes have not accepted it; provided, however, the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class’s rejection or deemed rejection of the plan, the plan will be confirmed, at the plan proponent’s request, in a procedure commonly known as a “cramdown” so long as the plan does not “discriminate unfairly” and is “fair and equitable” with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

If any Impaired Class rejects the Plan, the Debtors reserve the right to seek to confirm the Plan utilizing the “cramdown” provision of section 1129(b) of the Bankruptcy Code. To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors will request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to alter, amend, modify, revoke, or withdraw the Plan or any Plan Supplement document including the right to amend or modify the Plan or any Plan Supplement document to satisfy the requirements of section 1129(b) of the Bankruptcy Code.

##### **1. No Unfair Discrimination**

The “unfair discrimination” test applies to classes of claims or interests that are of equal priority and are receiving different treatment under a plan. The test does not require that the treatment be the same or equivalent, but that treatment be “fair.” In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (e.g., classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. A plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

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<sup>4</sup> A class of claims is “impaired” within the meaning of section 1124 of the Bankruptcy Code unless the plan (a) leaves unaltered the legal, equitable and contractual rights to which the claim or equity interest entitles the Holder of such claim or equity interest or (b) cures any default, reinstates the original terms of such obligation, compensates the Holder for certain damages or losses, as applicable, and does not otherwise alter the legal, equitable, or contractual rights to which such claim or equity interest entitles the Holder of such claim or equity interest.

## 2. Fair and Equitable Test

The “fair and equitable” test applies to classes of different priority and status (e.g., secured versus unsecured) and includes the general requirement that no class of claims receive more than 100 percent of the amount of the allowed claims in the class. As to the dissenting class, the test sets different standards depending upon the type of claims or equity interests in the class.

The Debtors submit that if the Debtors “cramdown” the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured so that it does not “discriminate unfairly” and satisfies the “fair and equitable” requirement. With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. The Debtors believe that the Plan and the treatment of all Classes of Claims and Interests under the Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Plan

### F. Valuation of the Debtors

In conjunction with formulating the Plan and satisfying its obligations under section 1129 of the Bankruptcy Code, the Debtors determined that it was necessary to estimate the post-Confirmation going concern value of the Debtors. The Valuation Analysis is set forth in **Exhibit D** attached hereto and incorporated herein by reference.

## XII. CERTAIN SECURITIES LAW MATTERS

The issuance of, and the distribution under, the Plan of the New Common Stock will be exempt from registration under the Securities Act and any other applicable securities laws pursuant to section 1145 of the Bankruptcy Code.

Section 1145(a)(1) of the Bankruptcy Code exempts the offer or sale of securities under a plan of reorganization from registration under Section 5 of the Securities Act and state laws if three principal requirements are satisfied: (a) the securities must be issued “under a plan” of reorganization by the debtor or its successor under a plan or by an affiliate participating in a joint plan of reorganization with the debtor; (b) the recipients of the securities must hold a claim against, an interest in, or a claim for administrative expenses in the case concerning the debtor or such affiliate; and (c) the securities must be issued in exchange for the recipient’s claim against or interest in the debtor, or such affiliate, or “principally” in such exchange and “partly” for cash or property. In reliance upon this exemption, the Debtors believe that the offer and sale, under the Plan, of the New Common Stock will be exempt from registration under the Securities Act and state securities laws with respect to any Holder of Allowed Claims who is not deemed to be an “underwriter” as defined in section 1145(b) of the Bankruptcy Code.

In addition, the Debtors will seek to obtain, as part of the Confirmation Order, a provision confirming such exemption. Accordingly, subject to compliance with the New Organizational Documents, such securities generally may be resold: (a) without registration under the Securities Act or other federal securities laws pursuant to an exemption provided by Section 4(a)(1) of the Securities Act, unless the Holder is an “underwriter” (see discussion below) with respect to such securities, as that term is defined under the Bankruptcy Code; and (b) without registration under

state securities or Blue Sky laws pursuant to various exemptions provided by the respective laws of the several states. However, recipients of securities issued under the Plan are advised to consult with their own legal advisors as to the availability of any such exemption from registration under state law in any given instance and as to any applicable requirement or conditions to such availability.

Section 1145(b) of the Bankruptcy Code defines “underwriter” as one who, except with respect to ordinary trading transactions, (a) purchases a claim with a view to distribution of any security to be received in exchange for the claim, (b) offers to sell securities issued under a plan for the Holders of such securities, (c) offers to buy securities issued under a plan from persons receiving such securities, if the offer to buy is made with a view to distribution or is an issuer, as used in Section 2(a)(11) of the Securities Act, with respect to such securities, which includes control persons of the issuer.

“Control,” as defined in Rule 405 of the Securities Act, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. The legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns ten percent (10%) or more of a class of voting securities of a reorganized debtor may be presumed to be a “controlling person” and, therefore, an underwriter.

To the extent that persons deemed to be “underwriters” receive New Common Stock pursuant to the Plan, resales by such persons would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Such persons would not be permitted to resell such Plan Securities, unless such securities were registered under the Securities Act or an exemption from such registration requirements were available. Entities deemed to be statutory underwriters for purposes of section 1145 of the Bankruptcy Code may, however, be able, at a future time and under certain conditions, to sell securities without registration pursuant to the resale provisions of Rule 144 under the Securities Act or another available exemption under the Securities Act.

The issuer of the New Common Stock will not be required to file periodic reports under the Securities Exchange Act or seek to list the New Common Stock for trading on a national securities exchange. Consequently, there may not be “current public information” (as such term is defined in Rule 144) regarding the issuer of the New Common Stock.

Whether or not any particular person would be deemed to be an “underwriter” with respect to the New Common Stock to be issued pursuant to the Plan, or an “affiliate” of the issuer of the New Common Stock would depend upon various facts and circumstances applicable to that person. Accordingly, we express no view as to whether any such person would be such an “underwriter” or “affiliate.”

**PERSONS WHO RECEIVE NEW COMMON STOCK UNDER THE PLAN ARE URGED TO CONSULT THEIR OWN LEGAL ADVISOR WITH RESPECT TO THE RESTRICTIONS APPLICABLE UNDER THE SECURITIES LAWS AND THE CIRCUMSTANCES UNDER WHICH SECURITIES MAY BE SOLD IN RELIANCE ON SUCH LAWS. THE FOREGOING SUMMARY DISCUSSION IS GENERAL IN NATURE**

**AND HAS BEEN INCLUDED IN THIS DISCLOSURE STATEMENT SOLELY FOR INFORMATIONAL PURPOSES. WE MAKE NO REPRESENTATIONS CONCERNING, AND DO NOT PROVIDE, ANY OPINIONS OR ADVICE WITH RESPECT TO THE NEW COMMON STOCK OR THE BANKRUPTCY MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT. IN LIGHT OF THE UNCERTAINTY CONCERNING THE AVAILABILITY OF EXEMPTIONS FROM THE RELEVANT PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS, WE ENCOURAGE EACH PARTY-IN-INTEREST TO CONSIDER CAREFULLY AND CONSULT WITH ITS OWN LEGAL ADVISORS WITH RESPECT TO ALL SUCH MATTERS. BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR HOLDER MAY BE AN UNDERWRITER, WE MAKE NO REPRESENTATION CONCERNING THE ABILITY OF A PERSON TO DISPOSE OF THE NEW COMMON STOCK**

### **XIII. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN**

#### **A. Introduction**

The following discussion is a summary of certain U.S. federal income tax consequences of the consummation of the Plan to the Debtors, the Reorganized Company, and to certain Holders of Claims (which solely for purposes of this discussion means the beneficial owners for U.S. federal income tax purposes). The following summary does not address the U.S. federal income tax consequences to Holders of Claims or Interests not entitled to vote to accept or reject the Plan. This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the “**IRC**”), the Treasury Regulations promulgated thereunder, judicial authorities, published administrative positions of the U.S. Internal Revenue Service (the “**IRS**”), and other applicable authorities, all as in effect on the date of this Disclosure Statement and all of which are subject to change or differing interpretations, possibly with retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained and the Debtors do not intend to seek a ruling from the IRS as to any of the tax consequences of the Plan discussed below. The discussion below is not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein.

This discussion does not purport to address all aspects of U.S. federal income taxation that may be relevant to the Debtors or to Holders of Claims or Interests in light of their individual circumstances, nor does it address tax issues with respect to such Holders that are subject to special treatment under the U.S. federal income tax laws (including, for example, banks, governmental authorities or agencies, partnerships or other pass-through entities, subchapter S corporations, trusts, dealers and traders in securities, insurance companies, financial institutions, tax-exempt organizations, small business investment companies, persons who are related to the Debtors within the meaning of the IRC, persons using a mark-to-market method of accounting, Holders of Claims who are themselves in bankruptcy, real estate investment trusts, expatriates or former long-term residents of the United States, and regulated investment companies and those holding, or who will hold, Claims or the New Common Stock as part of a hedge, straddle, conversion, or other

integrated transaction). This discussion does not address any U.S. federal non-income (including estate or gift), state, local, or non-U.S. tax considerations, the Medicare tax imposed on certain net investment income or considerations under any applicable tax treaty. Furthermore, this discussion assumes that a Holder of a Claim holds only Claims in a single Class and holds Claims as “capital assets” within the meaning of section 1221 of the IRC (generally, property held for investment). Moreover, this discussion does not address special considerations that may apply to persons who are both Holders of Claims and Holders of Interests (directly or indirectly). This summary also assumes that the various debt instruments and other arrangements to which the Debtors are a party will be respected for U.S. federal income tax purposes in accordance with their form.

For purposes of this discussion, a “**U.S. Holder**” is beneficial owner that is: (1) an individual citizen or resident of the United States for U.S. federal income tax purposes; (2) a corporation (or other entity validly treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (4) a trust (A) if a court within the United States is able to exercise primary jurisdiction over the trust’s administration and one or more United States persons (within the meaning of section 7701(a)(30) of the IRC) has authority to control all substantial decisions of the trust or (B) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person (within the meaning of section 7701(a)(30) of the IRC). For purposes of this discussion, a “**Non-U.S. Holder**” is any beneficial owner that is not a U.S. Holder or a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

If a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes) is a Holder, the tax treatment of a partner (or other owner) generally will depend upon the status of the partner (or other owner) and the activities of the partner (or other owner) and the partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes). Partners of any partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes) that is a Holder are urged to consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan. The following discussion assumes that the Debtors will undertake the Restructuring Transactions currently contemplated by the Plan in accordance with the Plan and as further described herein and in the Plan. Holders of Claims are urged to consult their tax advisors regarding the tax consequences of the Restructuring Transactions.

**THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM OR INTEREST. ALL HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT THEIR TAX ADVISORS FOR THE U.S. FEDERAL, STATE, LOCAL, AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.**

## B. Certain U.S. Federal Income Tax Consequences to the Debtors

### 1. Tax Consequences to the Debtors

As of the Petition Date, the Debtors estimate that they have approximately \$329 million of net operating loss carryforwards and \$106 million of capital loss carryforwards (collectively, the “**Tax Attributes**”). Any Tax Attributes remaining upon implementation of the Plan may be available to offset taxable income in future years, thereby reducing the Debtors’ future aggregate tax obligations, subject to the discussion below regarding section 382 of the IRC.

In general, absent an exception, a taxpayer will realize and recognize cancellation of indebtedness income (“**COD Income**”) upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income is, in general, the excess of (a) the adjusted issue price of the indebtedness eliminated, over (b) the sum of (i) the amount of cash paid, (ii) the issue price of any new indebtedness of the debtor issued, and (iii) the fair market value of any other consideration (including stock or warrants of the debtor or another entity) given in satisfaction of such indebtedness eliminated at the time of the exchange.

However, a taxpayer generally will not be required to include COD Income in gross income under certain statutory exceptions. In particular, COD Income is not includable in income (i) if the taxpayer is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that proceeding (the “**Bankruptcy Exception**”) or (ii) if the taxpayer is insolvent (but only to the extent of the taxpayer’s insolvency) (the “**Insolvency Exception**”). As a consequence of such excluding COD Income, a taxpayer-debtor must instead reduce its tax attributes by the amount of COD Income that excluded from gross income pursuant to these exceptions in section 108 of the IRC. In general, tax attributes will be reduced in the following order: (a) NOLs; (b) general business credit carryovers; (c) minimum tax credit carryovers; (d) capital loss carryovers; (e) tax basis in assets (but not below the amount of liabilities to which the debtor remains subject); (f) passive activity loss and credit carryovers; and (g) foreign tax credits. Alternatively, a debtor with COD Income may elect first to reduce the basis of its depreciable assets pursuant to section 108(b)(5) of the IRC.

The Debtors expect to realize COD Income as a result of the consummation of the Plan. The exact amount of any COD Income that will be realized by the Debtors will not be determinable until after consummation of the Plan because the amount of COD Income will depend, in part, on the issue price of the New Term Exit Loans and the fair market value of the New Common Stock, neither of which can be determined until after the Plan is consummated.

After giving effect to the reduction in tax attributes on account of excluded COD Income as described above, the Reorganized Company’s ability to use any remaining tax attributes post-emergence is expected to be subject to certain limitations under sections 382 and 383 of the IRC. Sections 382 and 383 of the IRC limit a corporation’s ability to utilize its NOLs, tax credits, and certain other tax benefits to offset future income after that corporation has undergone an “ownership change” within the meaning of section 382 of the IRC (an “**Ownership Change**”). Under section 382(g) of the IRC, an Ownership Change generally occurs when the percentage of a corporation’s equity held by one or more of its “5-percent shareholders” (each, as that term is used in section 382 of the IRC, a “**5-Percent Shareholder**”) increases by more than fifty (50)

percentage points above the lowest percentage of the corporation's equity owned by such shareholder(s) at any time during the relevant testing period (generally, the preceding three years). Section 383 of the IRC generally extends similar limitations to the use of credits and capital loss carryforwards following an ownership change.

Although sections 382 and 383 of the IRC impose annual limitations on a taxpayer's use of its Tax Attributes following an Ownership Change, a special provision of section 382 also provides significant relief to a debtor if an Ownership Change occurs in the context of a confirmed chapter 11 plan and certain additional requirements are satisfied. In particular, under section 382(l)(5) of the IRC, a debtor corporation will *not* be subject to the general post-Ownership Change limitation imposed by sections 382 and 383 if, as a result of the transactions contemplated by a bankruptcy plan, historic shareholders and/or the corporation's "qualified creditors" own at least 50 percent of the total value and voting power of the reorganized debtor's stock (the "**Section 382(l)(5) Exception**"). See 26 U.S.C. § 382(l)(5)(A). To qualify for the Section 382(l)(5) Exception where historic shareholder equity is eliminated, "qualified creditors" must hold at least 50 percent of the reorganized debtor's stock immediately after emergence. A key aspect of the "qualified creditor" analysis is the length of time that creditors have held their claims, together with a favorable presumption regarding that holding period that applies to creditors who own less than 5 percent of the stock of the reorganized company immediately after the ownership change.

The Debtors have sought [and obtained] relief from the Bankruptcy Court to protect the Debtors' Tax Attributes, and the Debtors and their advisors anticipate that the Restructuring Transactions will not cause an Ownership Change, or if they do, that the 382(l)(5) exception will be available, however the Debtors cannot provide any assurances that there will not be adverse tax consequences to the Reorganized Company.

## 2. **Certain U.S. Federal Income Tax Consequences of the Plan to U.S. Holders of Allowed Claims Entitled to Vote**

The following discussion assumes that the Debtors will undertake the Restructuring Transactions currently contemplated by the Plan. U.S. Holders are urged to consult their tax advisors regarding the tax consequences of the Restructuring Transactions.

### a. **Consequences to Holders of Class 3 SOTL Claims**

Pursuant to the Plan, in exchange for full and final satisfaction, compromise, settlement, release, and discharge of their Claims, each Holder of an Allowed Class 3 Claim will receive its Pro Rata share of 100 percent of the New Common Stock.

Holders of Allowed Class 3 Claims are expected to be treated as receiving their share of the New Common Stock in an exchange governed by sections 351 and/or 368 of the IRC, in either case, on which no gain or loss is realized (other than with respect to any amounts received that are attributable to accrued but untaxed interest). A U.S. Holder's initial aggregate tax basis in the New Common Stock should be equal to the sum of (i) the fair market value of the New Common Stock treated as received by such U.S. Holder in respect of accrued but untaxed interest (as discussed herein), and (ii) such U.S. Holder's existing adjusted tax basis in the portion of its Claims treated as exchanged for New Common Stock (other than in respect of accrued but untaxed interest). A

U.S. Holder's holding period of the New Common Stock should include the period that the U.S. Holder held the Claim, except to the extent such New Common Stock is treated as received in respect of accrued but untaxed interest, in which case the holding period would begin on the day following the Effective Date.

**b. Consequences to Holders of Class 4 Go-Forward Vendor Claims**

Pursuant to the Plan, each U.S. Holder of an Allowed Class 4 Claim will receive its Pro Rata share of the Go-Forward Vendor Claim Recovery.

A U.S. Holder of an Allowed Class 4 Claim will generally be treated as having exchanged its Allowed Class 4 Claim for its Pro Rata share of any such cash in an exchange governed by Section 1001 of the IRC on which taxable gain or loss is realized in an amount equal to the difference between (a) the sum of the cash received and (b) such U.S. Holder's adjusted basis, if any, in its Allowed Class 4 Claim. Any cash received in respect of accrued but unpaid interest will be taxed as set forth below. Subject to the discussions below, any such gain or loss should be capital gain or loss and will generally be long-term capital gain or loss if the U.S. Holder held its Allowed Class 4 Claim for more than one year on the Effective Date. Under current U.S. federal income tax law, certain non-corporate U.S. Holders (including individuals) are eligible for preferential rates of U.S. federal income tax on long-term capital gains. The deductibility of capital losses is subject to limitation, as discussed below.

**3. Accrued Interest**

To the extent that any amount received by a U.S. Holder of a Claim under the Plan is attributable to accrued but untaxed interest on the debt instruments constituting the surrendered Claim, the receipt of such amount should be taxable to the U.S. Holder as ordinary interest income (to the extent not already taken into income by the U.S. Holder). Conversely, a U.S. Holder of a Claim may be able to recognize a deductible loss to the extent that any accrued interest on the debt instruments constituting such claim was previously included in the Holder's gross income but was not paid in full by the Debtors.

If the fair market value of the consideration is not sufficient to fully satisfy all principal and interest on Allowed Claims, the extent to which such consideration will be attributable to accrued interest is unclear. Under the Plan, the aggregate consideration to be distributed to Holders of Allowed Claims in each Class will be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on these Claims, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a chapter 11 plan of reorganization is binding for U.S. federal income tax purposes, and certain case law generally indicates that a final payment on a distressed debt instrument that is insufficient to repay outstanding principal and interest will be allocated to principal, rather than interest. Certain Treasury Regulations treat payments as allocated first to any accrued but unpaid interest. The IRS could take the position that the consideration received by the Holder should be allocated in some way other than as provided in the Plan. U.S. Holders of Claims are urged to consult their tax advisors regarding the proper allocation of the consideration received by them under the Plan.

#### 4. **U.S. Federal Income Tax Consequences to U.S. Holders of Owning and Disposing of New Common Stock**

##### *Distributions on Reorganized INAP Common Stock*

If Reorganized INAP makes cash or other property distributions on its Common Stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from Reorganized INAP's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital to the extent of the holder's tax basis in the Common Stock, and, thereafter, as gain realized on the sale or other disposition of such Common Stock, which is taxed as described in the section of this prospectus supplement titled "Gain on taxable disposition of Reorganized INAP Common Stock" below.

Subject to the discussion below regarding backup withholding and FATCA, dividends (out of earnings and profits) paid to a Non-U.S. Holder of Common Stock generally will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends, or such lower rate specified by an applicable income tax treaty. To receive the benefit of a reduced treaty rate, a Non-U.S. Holder must furnish to us or our paying agent a valid IRS Form W-8BEN or IRS Form W-8BEN-E (or applicable successor form) including a U.S. taxpayer identification number and certifying such holder's qualification for the reduced rate. This certification must be provided to us or our paying agent prior to the payment of dividends and must be updated periodically. If the Non-U.S. Holder holds the stock through a financial institution or other agent acting on the Non-U.S. Holder's behalf, the Non-U.S. Holder will be required to provide appropriate documentation to the agent, which then will be required to provide certification to us or our paying agent, either directly or through other intermediaries. Non-U.S. Holders that do not timely provide the required certification, but that qualify for a reduced treaty rate, may be able to obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

If a Non-U.S. Holder holds Common Stock in connection with the conduct of a trade or business in the United States, and dividends paid on such Common Stock are effectively connected with such Holder's U.S. trade or business (and are attributable to such Holder's permanent establishment in the United States if required by an applicable tax treaty), the Non-U.S. Holder will be exempt from U.S. federal withholding tax. To claim such exemption, the Non-U.S. Holder must generally furnish a properly executed IRS Form W-8ECI (or applicable successor form). Any dividends paid on Common Stock that are effectively connected with a Non-U.S. Holder's U.S. trade or business (and if required by an applicable income tax treaty, are attributable to a permanent establishment maintained by the non-U.S. holder in the United States) generally will be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates in the same manner as if such Non-U.S. Holder were a resident of the United States. Non-U.S. holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules, or reduced rates of withholding on dividends.

*Gain on taxable disposition of Reorganized INAP Common Stock*

A U.S. Holder generally will recognize gain or loss upon the sale, exchange or other taxable disposition of the Common Stock in an amount equal to the difference between (i) the amount realized upon the sale, exchange or other taxable disposition and (ii) such U.S. Holder's adjusted tax basis in the Common Stock. Generally, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if, on the date of the sale, exchange or other taxable disposition, the U.S. Holder has held the Common Stock for more than one year. For individual U.S. Holders, long-term capital gains are subject to taxation at favorable rates. The deductibility of capital losses is subject to limitations under the IRC.

Subject to the discussion below regarding backup withholding and FATCA, a Non-U.S. Holder generally will not be subject to U.S. federal income tax on any gain realized upon the sale, exchange or other taxable disposition of Common Stock, unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States, and if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States;
- the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of disposition, and certain other requirements are met; or
- Common Stock constitutes stock in a United States real property holding corporation (or USRPHC) for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding the disposition or the Non-U.S. Holder's holding period for the Common Stock.

The determination of whether Reorganized INAP is or becomes a USRPHC will depend on the fair market value of Reorganized INAP's U.S. real property interests relative to its fair market value of other trade or business assets and foreign real property interests.

Gains described in the first and third bullet points above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates in the same manner as if such Non-U.S. Holder were a resident of the United States. Non-U.S. holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules. Gains described in the second bullet point above will be subject to U.S. federal income tax at a flat 30% rate (or such lower rate specified by an applicable income tax treaty), but may be offset by certain U.S.-source capital losses (even though the individual is not considered a resident of the United States), provided that the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

## **5. Information Reporting and Backup Withholding**

Annual reports are required to be filed with the IRS indicating the amount of dividends on Common Stock paid to Non-U.S. Holders and the amount of any tax withheld with respect to those dividends. These information reporting requirements apply even if no withholding was required

because the dividends were effectively connected with the holder's conduct of a U.S. trade or business, or withholding was reduced or eliminated by an applicable income tax treaty. This information also may be made available under an income tax treaty or other agreement with the tax authorities in the country in which the Non-U.S. Holder resides or is established.

Backup withholding, currently at a 24% rate, generally will not apply to dividend payments provided the Holder furnishes the required certification on IRS Form W-9 (for U.S. Holders) or IRS Form W-8BEN, IRS Form W-8BEN-E, IRS Form W-8EXP or IRS Form W-8ECI (for Non-U.S. Holders), or certain other requirements are met. Backup withholding is not an additional tax. If any amount is withheld under the backup withholding rules, such Holder should consult with a U.S. tax advisor regarding the possibility of and procedure for obtaining a refund or a credit against the Holder's U.S. federal income tax liability.

## 6. Foreign Account Tax Compliance Act

Certain "foreign financial institutions" as defined under the Foreign Account Tax Compliance Act (or FATCA) must comply with information reporting rules with respect to their U.S. account holders and investors. A Non-U.S. Holder that fails to certify that it is not a foreign financial institution or fails to comply with due diligence or information reporting obligations under FATCA is subject to FATCA withholding at a rate of 30% on payments of dividends. FATCA withholding does not apply to withholdable payments made directly to foreign governments, international organizations, foreign central banks of issue and Non-U.S. Holders that provide appropriate certification on IRS Form W-8BEN, W-8BEN-E or IRS Form W-8EXP. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify the due diligence and information reporting requirements described above. Non-U.S. Holders are urged to consult with their own tax advisors regarding the consequences, including the certification requirements, of the FATCA provisions and any applicable intergovernmental agreement based on their particular circumstances.

**FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AND INTERESTS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR NON-U.S. TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS**

## XIV. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed, the alternatives include (a) liquidation of Debtors under chapter 7 or chapter 11 of the Bankruptcy Code and (b) continuation of the Chapter 11 Cases and formulation of an alternative plan or plans of reorganization. Each of these possibilities is discussed in turn below.

**A. Liquidation Under Chapter 7 or Chapter 11**

If the Plan is not confirmed, the Chapter 11 Cases could be converted to liquidation cases under chapter 7 of the Bankruptcy Code. In chapter 7, a trustee would be appointed to promptly liquidate the assets of INAP.

Although it is impossible to predict precisely how the proceeds of a liquidation would be distributed to the respective Holders of Claims or Interests, INAP believes that in a chapter 7 liquidation, before creditors received any distributions, additional administrative expenses involved in the appointment of a trustee and attorneys, accountants, and other professionals to assist such trustee, along with an increase in expenses associated with an increase in the number of unsecured Claims that would be expected, would cause a substantial diminution in the value of the Estates. The assets available for distribution to creditors and equity interest Holders would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, which would arise by reason of the liquidation and from the rejection of leases and other executory contracts in connection with the cessation of INAP's operations and the failure to realize the greater going concern value of INAP's assets.

INAP could also be liquidated pursuant to the provisions of a chapter 11 plan. In a liquidation under chapter 11, INAP's assets could be sold in a more orderly fashion over a longer period of time than in a chapter 7 liquidation. Thus, a chapter 11 liquidation might result in larger recoveries than in a chapter 7 liquidation, but the delay in distributions could result in lower present values being received and higher administrative costs. Because a trustee is not required in a chapter 11 liquidation, expenses for professional fees could be lower than in a chapter 7 liquidation, in which a trustee must be appointed. However, the drafting and pursuit of a liquidation plan and its balloting and tabulation would result in additional administrative costs. Any distributions to the Holders of Claims under a chapter 11 liquidation plan probably would be delayed substantially. It is highly unlikely that Interest Holders would receive any distribution in a liquidation under either chapter 7 or chapter 11.

Although a chapter 11 liquidation is preferable to a chapter 7 liquidation, INAP believes that any liquidation is a much less attractive alternative for creditors and equity interest Holders than the Plan because of the greater recoveries INAP anticipates will be provided by the Plan. INAP BELIEVES THAT THE PLAN AFFORDS SUBSTANTIALLY GREATER BENEFITS TO HOLDERS OF CLAIMS AND INTERESTS THAN WOULD LIQUIDATION UNDER ANY CHAPTER OF THE BANKRUPTCY CODE.

The Liquidation Analysis, prepared by INAP with its financial advisors, is premised upon a chapter 7 liquidation and is attached hereto as **Exhibit E**. In the Liquidation Analysis, INAP has taken into account the nature, status, and underlying value of the assets of INAP, the ultimate realizable value of such assets, and the extent to which the assets are subject to liens and security interests. Based on this analysis, it is likely that a liquidation of INAP's assets would produce less value for distribution to creditors and equity interest Holders than that recoverable in each instance under the Plan.

**B. Alternative Plans of Reorganization**

If the Debtors remained in chapter 11, the Debtors could continue to operate their businesses and manage its properties as debtors-in-possession, but it would remain subject to the restrictions imposed by the Bankruptcy Code. It is not clear whether the Debtors could continue as a viable going-concern in protracted Chapter 11 Cases. The Debtors could have difficulty operating with the high operating and the eroding confidence of its customers and trade vendors, if INAP remained in chapter 11 for a prolonged period. It likely would be very difficult for the Debtors to find bank financing or financing from other sources if INAP lost use of cash collateral or needed additional liquidity. If the Debtors were unable to obtain financing and continue as a viable going-concern, the Debtors (or other parties in interest) could ultimately propose another plan or attempt to liquidate the Debtors under chapter 7 or chapter 11. Such alternative plans might involve either a reorganization or continuation of the Debtors' businesses or an orderly liquidation of its assets, or a combination of both.

**XV. RECOMMENDATION**

The Debtors, with the support of the Consenting Lenders, believe that confirmation and implementation of the Plan is in the best interests of the Holders of Claims and Interests because it provides the greatest distributions and opportunity for distributions to such Holders. In addition, any alternative to confirmation of the Plan could result in extensive delays and substantially increased administrative expenses. Accordingly, the Debtors, with the support of the Consenting Lenders, urge all Holders of Claims and Interests who are entitled to vote on the Plan to vote to accept the Plan and to evidence such acceptance by returning their Ballots so that they will be actually received by the Voting Agent no later than 5:00 p.m., prevailing Eastern Time, on [●], 2023.

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Dated: May 3, 2023

*/s/Michael T. Sicoli*

\_\_\_\_\_  
Michael T. Sicoli

*President and Chief Executive Officer*

*Internap Holding LLC*

**Exhibit A**

JOINT CHAPTER 11 PLAN OF INTERNAP HOLDING LLC  
AND ITS AFFILIATED DEBTORS

To Be Inserted

**Exhibit B**

RESTRUCTURING SUPPORT AGREEMENT AND TERM SHEET

**THIS RESTRUCTURING SUPPORT AGREEMENT AND THE DOCUMENTS ATTACHED HERETO COLLECTIVELY DESCRIBE A PROPOSED RESTRUCTURING OF THE COMPANY THAT WILL BE EFFECTUATED THROUGH FILING CHAPTER 11 CASES IN THE BANKRUPTCY COURT.**

**THIS RESTRUCTURING SUPPORT AGREEMENT IS NOT AN OFFER OR A SOLICITATION OF AN OFFER WITH RESPECT TO ANY SECURITIES IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE. NOTHING CONTAINED IN THIS RESTRUCTURING SUPPORT AGREEMENT SHALL BE AN ADMISSION OF FACT OR LIABILITY OR, UNTIL THE OCCURRENCE OF THE AGREEMENT EFFECTIVE DATE ON THE TERMS DESCRIBED HEREIN, BINDING ON ANY OF THE PARTIES HERETO. THIS RESTRUCTURING SUPPORT AGREEMENT IS SUBJECT IN ALL RESPECTS TO FEDERAL RULE OF EVIDENCE 408 AND ANY STATE LAW EQUIVALENTS.**

**THIS RESTRUCTURING SUPPORT AGREEMENT DOES NOT PURPORT TO SUMMARIZE ALL OF THE TERMS, CONDITIONS, REPRESENTATIONS, WARRANTIES, AND OTHER PROVISIONS WITH RESPECT TO THE TRANSACTIONS DESCRIBED HEREIN, WHICH TRANSACTIONS WILL BE SUBJECT TO THE COMPLETION OF DEFINITIVE DOCUMENTS INCORPORATING THE TERMS SET FORTH HEREIN AND THE CLOSING OF ANY TRANSACTION SHALL BE SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN SUCH DEFINITIVE DOCUMENTS AND THE APPROVAL RIGHTS OF THE PARTIES SET FORTH HEREIN AND IN SUCH DEFINITIVE DOCUMENTS.**

### **RESTRUCTURING SUPPORT AGREEMENT**

This Restructuring Support Agreement (together with the Restructuring Term Sheet and all other exhibits, schedules, and attachments hereto, each as may be amended, supplemented, or otherwise modified from time to time in accordance with the terms hereof, this "Agreement"), dated as of April 26, 2023, is entered into by and among:

- (i) Internap Holding LLC ("INAP"), Datagram LLC, Hosting Intellect LLC, and SingleHop LLC (collectively, the "Company");
- (ii) BlackRock Capital Investment Advisors, LLC, Benefit Street Partners L.L.C., Aquiline Credit Opportunities Fund L.P., Carlyle Investment Management, LLC, Brightwood Capital Fund III Managers, LLC, and MJX Asset Management, LLC (collectively with their affiliates, funds, accounts, sub-accounts, and clients managed, advised or sub-advised by any of them, the "Initial Consenting Lenders," and individually, an "Initial Consenting Lender"), as undersigned holders that hold a portion of the Loans made or deemed made under that certain Second Out Term Loan Credit Agreement dated as of May 8, 2020, among INAP as borrower, certain of its subsidiaries as guarantors, Wilmington Trust, National

Association, as administrative agent and collateral agent (collectively, in such capacities, the “Agent”), and the other lenders party thereto (the “SOTL Lenders”) (as amended, modified, supplemented, or restated from time to time, the “SOTL Agreement”); and

- (iii) any additional SOTL Lenders under the SOTL Agreement that have executed and delivered counterpart signature pages to this Agreement or Joinder thereto (collectively, the “Additional Consenting Lenders,” and individually, an “Additional Consenting Lender,” and together with the Initial Consenting Lenders, the “Consenting Lenders”).

Each of the Company and the Consenting Lenders is referred to herein as a “Party” and collectively as the “Parties.” Capitalized terms used but not defined herein shall have the meanings ascribed to them in (a) the SOTL Agreement and (b) the term sheet setting forth the terms of the Restructuring (as defined herein), including the Company’s use of cash collateral, a copy of which is attached hereto as **Exhibit A** (including any exhibits and schedules thereto, the “Restructuring Term Sheet”).

## RECITALS

A. The Parties have engaged in arm’s-length, good faith discussions regarding a restructuring of certain of the Company’s indebtedness and other obligations, including the Company’s indebtedness and obligations under the SOTL Agreement on the terms set forth in the Restructuring Term Sheet.

B. The Company has requested that each of the Consenting Lenders, including those lenders that are members of an ad hoc group represented by White & Case LLP (the “Ad Hoc Group”), sign this Agreement to support a recapitalization of the Company on the terms set forth in this Agreement (the “Restructuring”).

C. As of the date hereof, the Consenting Lenders collectively (i) hold approximately 66.74% of the aggregate outstanding principal amount of the Loans (as defined in the SOTL Agreement) and (ii) constitute approximately 60.80% in number of the SOTL Lenders.

D. On April 26, 2023, certain of the SOTL Lenders have amended the SOTL Agreement by including Section 2.10(h) thereto, providing for the Prepetition Prepayment (as defined below).

E. The Parties have agreed to undertake the Restructuring, which is anticipated to be implemented by means of a pre-arranged debt-to-equity exchange pursuant to a chapter 11 plan of reorganization in accordance with the terms set forth herein, including in the Restructuring Term Sheet (the “Plan”), and in connection with voluntary cases of the Company (the “Chapter 11 Cases”) under chapter 11 of title 11 of the United States Code (as amended, the “Bankruptcy Code”) to be filed with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

F. Subject to the terms and conditions set forth herein, the Parties desire to express to one another their mutual support for and commitment in respect of the matters set forth in this Agreement, including the Restructuring Term Sheet.

**NOW, THEREFORE**, in consideration of the foregoing and the covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and each Consenting Lender, on a several but not joint basis, agree as follows:

## **AGREEMENT**

**Section 1. Definitions.** Capitalized terms used herein and not otherwise defined herein shall have the definitions set forth in the Restructuring Term Sheet. In addition, as used herein,

“Agreement Effective Date” means the date when the conditions set forth in Section 9 have occurred.

“All Party Matters” means the definition of “Required Consenting Lenders,” Section 3, Section 4.08, Section 5, and Section 8.06.

“Backstop Lenders” means each of the BlackRock Backstop Funds, Aquiline Credit Opportunities Fund L.P, and the Carlyle Funds.

“BlackRock Backstop Funds” means each of BlackRock DLF IX 2019-G CLO, LLC, BlackRock Rainier CLO VI, Ltd., Reliance Standard Life Insurance Company, TCP Direct Lending Fund VIII-A, LLC, TCP Direct Lending Fund VIII-S, LLC, TCP Direct Lending Fund VIII-T, LLC, TCP Direct Lending Fund VIII-U (Ireland) (a sub fund of TCP DLF VIII ICAV), TCP DLF VIII-L Funding, LP, TCP Enhanced Yield Funding I LLC, TCP Whitney CLO Ltd Loan, Tennenbaum Senior Loan Fund II, LP, and Tennenbaum Senior Loan Fund V, LLC.

“Carlyle Funds” means each of Carlyle CI7 CLO, Ltd., Carlyle Global Market Strategies CLO 2012-3, Ltd., Carlyle Global Market Strategies CLO 2012-4, Ltd., Carlyle Global Market Strategies CLO 2013-1, Ltd., Carlyle Global Market Strategies CLO 2013-3 Ltd., Carlyle Global Market Strategies CLO 2013-4, Ltd., Carlyle Global Market Strategies CLO 2014-1, Ltd., Carlyle Global Market Strategies CLO 2014-2-R, Ltd., Carlyle Global Market Strategies CLO 2014-3-R, Ltd., Carlyle Global Market Strategies CLO 2014-4-R, Ltd., Carlyle Global Market Strategies CLO 2014-5, Ltd., Carlyle Global Market Strategies CLO 2015-1, Ltd., Carlyle Global Market Strategies CLO 2015-4, Ltd., Carlyle Global Market Strategies CLO 2015-5, Ltd., Carlyle Global Market Strategies CLO 2016-1, Ltd., Carlyle Global Market Strategies CLO 2016-3, Ltd., Carlyle US CLO 2016-4, Ltd., Carlyle US CLO 2017-1, Ltd., Carlyle US CLO 2017-2, Ltd., Carlyle US CLO 2017-3, Ltd., Carlyle US CLO 2017-4, Ltd., Carlyle US CLO 2017-5, Ltd., Carlyle US CLO 2018-1, Ltd., Carlyle US CLO 2018-2, Ltd., Carlyle US CLO 2018-3, Ltd., Carlyle US CLO 2018-4, Ltd., Carlyle US CLO 2019-1, Ltd., Carlyle US CLO 2019-2, Ltd., and OCPC Credit Facility SPV LLC.

“Claims” means any claim, as such term is defined in section 101(5) of the Bankruptcy Code, against the Company including Loan Claims, and interests in the instruments underlying the Loan Claims.

“Loan Claims” means Claims outstanding under the Loan Documents.

“Loan Documents” means the “Loan Documents” under and as defined in the SOTL Agreement.

“Required Consenting Lenders” means Consenting Lenders that hold, in aggregate on the relevant date, a majority of the principal amount outstanding of Loans, as defined in the SOTL Agreement (the “SOTL Loans”), held by the Consenting Lenders.

## **Section 2. Definitive Documents.**

(a) The “Definitive Documents” shall consist of (i) this Agreement, (ii) the Restructuring Term Sheet, (iii) documents implementing and achieving the Restructuring, including any substantive “first-day” or “second-day” motion, the Plan, the disclosure statement associated with the Plan (the “Disclosure Statement”), any supplements to the Plan and all material documents, annexes, schedules, exhibits, amendments, or modifications thereto, ballots and procedures for solicitation of the Plan, and exit financing agreements, including, for the avoidance of doubt, agreements with respect to the New Term Loan Exit Facility; (iv) substantive motions or pleadings seeking approval or confirmation of any of the foregoing documents, including the motion to approve of the use of cash collateral of the Company (the “Cash Collateral Motion”), any substantive motion or pleading relating to the rejection, assumption, or other modification with respect to any of the Company’s material contracts or entry into any new material contracts by the Company, the motion to approve the Disclosure Statement, and the brief in support of confirmation; (v) the organizational documents and all other governing documents and agreements of the reorganized INAP, including any stockholders’ agreement and/or a registration rights agreement; and (vi) any proposed order to approve any of the foregoing, including to approve the Cash Collateral Motion (a “Cash Collateral Order”) and/or to approve the Disclosure Statement and confirm the Plan (the “Confirmation Order”).

(b) The Definitive Documents shall be, to the extent permitted by law, consistent with this Agreement in all respects and otherwise reasonably acceptable in form and substance to (i) the Company and (ii) the Required Consenting Lenders.

## **Section 3. Milestones**

The Company shall comply with each of the following milestones, as applicable, unless otherwise expressly and mutually agreed in writing among the Company and the Required Consenting Lenders (in each case, with email from counsel being sufficient) (subparts (a)–(g) below, the “Milestones”):

(a) Company shall, no later than one (1) business day after the Agreement Effective Date, make a voluntary prepayment pursuant to Section 2.10(h) of the SOTL

Agreement of at least \$35 million (the “Prepetition Prepayment”), such Prepetition Prepayment to be applied as set forth in the SOTL Agreement.

(b) no later than five (5) business days after the Agreement Effective Date, the Company shall commence the Chapter 11 Cases (the date of such commencement, the “Petition Date”);

(c) on the Petition Date, the Company shall file (i) the Disclosure Statement, and (ii) the Plan, and will seek entry of an order scheduling a hearing for Disclosure Statement approval no later than 40 days following the Petition Date (the “Scheduling Order”), in each case in form and substance reasonably acceptable to the Required Consenting Lenders and the Company;

(d) no later than five (5) business days after the Petition Date, the Bankruptcy Court shall have entered (i) the Cash Collateral Order on an interim basis and (ii) the Scheduling Order, in each case subject to court availability and willingness to grant emergency relief and in form and substance reasonably acceptable to the Required Consenting Lenders and the Company;

(e) no later than thirty-five (35) days after the Petition Date, the Bankruptcy Court shall have entered a Cash Collateral Order on a final basis, subject to court availability, in form and substance reasonably acceptable to the Required Consenting Lenders and the Company;

(f) no later than forty-five (45) days following the Petition Date, the Company shall commence solicitation of the Plan in accordance with section 1126(b) of the Bankruptcy Code;

(g) no later than eighty (80) days after the Petition Date, the Bankruptcy Court shall have entered the Confirmation Order and an order approving the Disclosure Statement, in each case subject to court availability and in form and substance reasonably acceptable to the Required Consenting Lenders and the Company;

(h) no later than ninety (90) days after the Petition Date (the “Outside Date”), the Plan Effective Date shall have occurred.

#### **Section 4. Restructuring and Related Support.**

4.01. The Company’s Obligations. During the Effective Period, the Company covenants and agrees to perform and comply, as applicable, with the following obligations:

(a) use commercially reasonable and good faith efforts (i) to pursue, support, solicit, implement, confirm, and consummate the Restructuring on the terms and in accordance with the Milestones set forth in this Agreement, including by negotiating and executing the Definitive Documents in good faith, and (ii) to cooperate with the Consenting Lenders to obtain necessary Bankruptcy Court approval of the Definitive Documents to consummate the Restructuring;

(b) not take any action, and not encourage any other person or entity to take any action, directly or indirectly, that would reasonably be expected to breach or be inconsistent with this Agreement, or take any other action, directly or indirectly, that would reasonably be expected to interfere with the acceptance or implementation of the Restructuring, this Agreement, or the Plan;

(c) negotiate in good faith and use commercially reasonable efforts to execute and deliver any appropriate additional or alternative agreements to address any legal, financial, or structural impediment to the Restructuring or that are necessary to effectuate the Restructuring;

(d) use commercially reasonable efforts to obtain any and all required regulatory and/or third-party approvals for the Restructuring;

(e) to consult with the Ad Hoc Group and its advisors, as well as provide to the Ad Hoc Group the following documentation promptly upon request, subject to any attorney-client privilege, work product, or other similar confidentiality concerns, as to:

(i) updates concerning the status and progress of the Definitive Documents;

(ii) updates concerning the status of the Company's business plan and any discussions with third parties in connection therewith;

(iii) any analysis regarding the potential rejection, assumption, or other modification with respect to any of the Company's material contracts or entry into any new material contracts by the Company; and

(iv) updates concerning the business and financial performance of the Company, including the Company providing the Ad Hoc Group and its advisors with a budget and liquidity update on a bi-weekly (once every two consecutive weeks) basis;

(f) provide counsel to the Ad Hoc Group, promptly upon request, subject to any attorney-client privilege, work product or other similar confidentiality concerns, drafts of all substantive motions, documents or other pleadings (including the Definitive Documents) to be filed in the Chapter 11 Cases in advance of filing, and, in each case, consult in good faith with counsel to the Ad Hoc Group regarding the form and substance of any such document, in accordance with Section 6.01 hereof;

(g) pay all fees and reimburse all expenses in accordance with this Agreement;

(h) use commercially reasonable efforts to maintain their good standing under the Laws of the state or other jurisdiction in which they are incorporated or organized;

(i) use commercially reasonable efforts to operate their business in the ordinary course, taking into account the Restructuring;

(j) use commercially reasonable efforts to seek additional support for the Restructuring from other material stakeholders to the extent reasonably prudent and subject to the notice and consent rights set forth herein with respect to the Consenting Lenders; and

(k) not seek, solicit, or facilitate any plan, inquiry, proposal, offer, bid, term sheet, discussion, or agreement with respect to a sale, disposition, new-money investment, restructuring, reorganization, merger, amalgamation, acquisition, consolidation, dissolution, debt investment, equity investment, liquidation, asset sale, consent solicitation, exchange offer, tender offer, recapitalization, plan of reorganization, share exchange, business combination, or similar transaction involving the Company or the debt, equity, or other interests in the Company that is an alternative to the Restructuring (collectively, “Alternative Restructuring Proposals”); *provided* that if the Company receives a written or oral proposal or expression of interest regarding any Alternative Restructuring Proposal, the Company shall notify (email being sufficient) counsel to the Ad Hoc Group of any such proposal or expression of interest, including the material terms thereof and provide copies of any such Alternative Restructuring Proposal to counsel for the Ad Hoc Group. For the avoidance of doubt, and notwithstanding any provision to the contrary herein, in order to fulfill the Company’s fiduciary obligations, the Company may receive proposals or offers for Alternative Restructuring Proposals from other parties and negotiate, provide due diligence, discuss, and/or analyze such Alternative Restructuring Proposals without breaching or terminating this Agreement, and may terminate this Agreement in accordance with Section 8 hereof.

4.02. Company Negative Commitments. During the Effective Period, the Company shall not directly or indirectly:

(a) object to, delay, impede, or take any other action to interfere with acceptance, implementation, or consummation of the Restructuring;

(b) take any action that is inconsistent in any material respect with, or is intended to frustrate or impede approval, implementation and consummation of the Restructuring described in this Agreement or the Plan;

(c) modify the Plan, in whole or in part, in a manner that is not consistent with this Agreement in all material respects; or

(d) file any motion, pleading, or Definitive Documents with the Bankruptcy Court or any other court (including any modifications or amendments thereof) or initiate or otherwise commence any proceeding that, in whole or in part, is not materially consistent with this Agreement or the Plan.

4.03. Fiduciary Duties.

(a) Notwithstanding anything to the contrary herein, nothing in this Agreement shall require any director or officer of any Company entity, after consultation with

counsel, to take any action or inaction in good faith that would be inconsistent with their fiduciary duties to the Company entity. No action or inaction on the part of any director or officer of the Company entity that such officer or director believes in good faith is consistent with their fiduciary duties shall be limited or precluded by this Agreement. Notwithstanding anything to the contrary herein, each Consenting Lender reserves its rights to challenge any action taken in the exercise of such fiduciary duties.

(b) Notwithstanding anything to the contrary herein, nothing in this Agreement shall create or impose any additional fiduciary obligations upon any Company entity or any of the Consenting Lenders, or any members, partners, managers, managing members, officers, directors, employees, advisors, principals, attorneys, professionals, accountants, investment bankers, consultants, agents or other representatives of the same or their respective affiliated entities, in such person's capacity as a member, partner, manager, managing member, officer, director, employee, advisor, principal, attorney, professional, accountant, investment banker, consultant, agent or other representative of such Party, that such entities did not have prior to the Agreement Effective Date.

4.04. Consenting Lenders' Obligations. During the Effective Period, the Consenting Lenders and Additional Consenting Lenders covenant and agree to perform and comply, as applicable, with the following obligations:

(a) use commercially reasonable efforts to (i) support the Restructuring, including, as applicable, by implementing this Agreement, the Plan, Definitive Documents, and the transactions contemplated hereby and thereby, (ii) act in good faith, and (iii) take any action necessary or reasonably requested by the Company in a timely matter, including to obtain necessary or desirable regulatory and/or third-party approvals, so as to effectuate and implement the Restructuring as soon reasonably practicable;

(b) support the Plan and, subject to receipt of the Disclosure Statement and any other solicitation materials with respect to the Plan, vote each of its Claims, including each of its Claims under the SOTL Agreement (the "SOTL Obligations"), the Loan Claims, and any other Claims assertable against the Company (such Claims, the "Company Claims"), to accept the Plan by delivering a duly executed and completed ballot accepting the Plan on a timely basis during the solicitation of votes on the Plan (the "Solicitation") and consenting to and, if applicable, not opting out of, any optional releases set forth in the Plan, so long as the Plan is consistent in all material respects with the terms of the Restructuring Term Sheet and this Agreement;

(c) not (i) change or withdraw (or cause to be changed or withdrawn) its vote to accept the Plan, (ii) object to, delay, impede, or take any other action to interfere with, delay, or postpone acceptance, consummation, or implementation of the Plan or (iii) propose, file, support, or vote for any restructuring, sale of assets, workout, or plan of reorganization for the Company other than the Plan;

(d) support (i) the assumption of all of prepetition employment agreements, severance agreements, indemnity agreements and director and officer insurance policies, in each case, as set forth in the "Employee Matters" section of the Restructuring Term

Sheet, (ii) the implementation of the Key Employee Retention Plan, and (iii) the adoption of a post-Restructuring MIP, as set forth in the Restructuring Term Sheet;

(e) if reasonably requested by the Company, use commercially reasonable efforts to support approval of the Definitive Documents and confirmation of the Plan by filing papers and appearing the Bankruptcy Court in support thereof, so long as the Definitive Documents, Plan, and any related documentation thereto are consistent in all material respects with the Restructuring Term Sheet and this Agreement;

(f) negotiate in good faith and use commercially reasonable efforts to execute and deliver any appropriate additional or alternative agreements, whether requested by the Company or otherwise, that are reasonably necessary to effectuate the Restructuring in the good faith determination of the Company and the Required Consenting Lenders;

(g) not take any action, and not encourage any other person or entity to, take any action, directly or indirectly, including any action against non-Debtor affiliates, that would reasonably be expected to, breach or be inconsistent with this Agreement, or take any other action, directly or indirectly, including any action against non-Debtor affiliates, that would reasonably be expected to interfere with the acceptance or implementation of the Restructuring, this Agreement, or the Plan;

(h) not take any other action, including initiating or joining in any legal proceeding, that is inconsistent with its obligations under this Agreement, provided, further, that the Consenting Lenders specifically agree that this Agreement constitutes a direction to the Agent to refrain from taking any other action available or power conferred to the Agent against the Company or any guarantor thereof that is inconsistent with its obligations under this Agreement;

(i) forbear from exercising, directly or indirectly, its rights or remedies or from asserting or bringing any claims under or with respect to the SOTL Agreement against the Company or any guarantor thereof or any of their respective assets, including with respect to any Default or Event of Default (as such terms are defined in the SOTL Agreement) that may now exist or come to exist or be continuing during the Effective Period; provided, that the Consenting Lenders specifically agree that this Agreement constitutes a direction to the Agent to refrain from exercising any remedy available or power conferred to the Agent against the Company or any guarantor thereof or any of their respective assets; provided further, however, nothing in this section shall prohibit the Agent or any Consenting Lender from filing a proof of claim in the Chapter 11 Cases; and

(j) not object to the retention and reasonable and documented fees and expenses of (i) Jenner & Block LLP and Saul Ewing, each as counsel to the Company and (ii) FTI Consulting, Inc., as financial advisor to the Company.

#### 4.05. New Term Loan Exit Facility Commitments.

(a) The Initial Consenting Lenders listed on Annex 2 of the Restructuring Term Sheet (each, an "Initial Exit Facility Commitment Party") commit to provide

the New Term Loans in an amount equal to the amount opposite its name set forth on Annex 2 of the Restructuring Term Sheet (subject to reduction as set forth in the section titled “New Term Loan Exit Facility” of the Restructuring Term Sheet) (the “Initial Commitment Amount”); such New Term Loans to be funded by the Initial Consenting Lenders listed on Annex 2 on the Plan Effective Date and subject to the terms and conditions set forth in the section titled “New Term Loan Exit Facility” in the Restructuring Term Sheet.

(b) Any Consenting Lender that executes a Joinder to this Agreement after the Agreement Effective Date may, by making the appropriate election on such Joinder, commit to provide a share of the New Term Loan Exit Facility equal to such Consenting Lender’s pro rata share of the New Term Loan Exit Facility as set forth in the Restructuring Term Sheet. Any Consenting Lender that makes such commitment pursuant to a Joinder will be considered a “Joining Exit Facility Commitment Party.” Additionally, and for the avoidance of doubt, any SOTL Lender that does not execute a Joinder to this Agreement may still be eligible to participate in the New Term Loan Exit Facility through the treatment provided for under the Plan (such lenders “Non-Consenting Exit Facility Commitment Parties,” and collectively with the Initial Exit Facility Commitment Parties and Joining Exit Facility Commitment Parties, the “Exit Facility Commitment Parties”). If, and to the extent that, the amount of the initial Exit Facility Commitments is less than the amount of New Term Loans required to be funded upon exit under the Plan (such shortfall, the “Initial Exit Facility Shortfall Amount”), then each of the Exit Facility Commitment Parties shall have an opportunity, not to exceed three (3) Business Days, but not an obligation, to offer to provide additional commitments with respect to the New Term Loans (the “Additional Exit Facility Commitments”) in an amount equal to the amount (expressed in dollars) obtained by multiplying (i) the Initial Exit Facility Shortfall Amount by (ii) the percentage obtained by dividing (x) such Exit Facility Commitment Party’s pro rata share of the Exit Facility Commitment (excluding any Initial Exit Facility Shortfall Amounts) by (y) the sum of all Exit Facility Commitments (excluding any Initial Exit Facility Shortfall Amounts) of all Exit Facility Commitment Parties electing to provide such Additional Exit Facility Commitments.

(c) Each Backstop Lender agrees (on a several, and not joint, basis) that, in addition to the each Backstop Lender’s commitment to provide their share of the New Term Loans in the amounts and in the manner set forth in Section 4.05(b), if, and to the extent that, the amount of the Exit Facility Commitments (after giving effect to any Additional Exit Facility Commitments) or the amount that is funded by all Exit Facility Commitment Parties for any reason, in each case, is less than the amount of New Term Loans required to be funded upon exit under the Restructuring Term Sheet (any such shortfall, the “Exit Facility Shortfall Amount”), each Backstop Lender commits to provide on the Plan Effective Date a portion of the Exit Facility Shortfall Amount equal to one-third (1/3) (expressed in dollars) of the Exit Facility Shortfall Amount. Notwithstanding anything to the contrary herein, no Backstop Lender or any of its permitted assignees shall, under any circumstances, be obligated to contribute or otherwise make available or cause to be made available any amounts in excess of (y) such Backstop Lender’s applicable share of the Initial Commitment Amount, *plus* (z) such Backstop Lender’s applicable Exit Facility Shortfall Amount.

(d) On the Plan Effective Date after giving effect to the funding of the New Term Loans, the Exit Facility Commitment Parties shall receive their pro rata share of 34.9% of the New Common Stock.

(e) The obligations of the Backstop Lenders set forth in this Section 4.05 shall be subject to the following conditions: (i) the representations and warranties of the Company in Section 7 of this Agreement being true and correct on the date hereof and on the Plan Effective Date and (ii) the compliance in all material respects by the Company of their obligations set forth herein.

4.06. Specific Performance. It is understood and agreed by the Parties that the exact nature and extent of damages resulting from a breach of this Agreement are uncertain and that any breach by a Party of this Agreement would result in irreparable damage for which monetary damages would not be an adequate remedy. Each Party accordingly agrees that each other Party shall be entitled to specific performance and injunctive or other equitable relief as a remedy of any such breach thereof, including an order of the Bankruptcy Court or other court of competent jurisdiction requiring any Party to comply promptly with any of its obligations hereunder, without the necessity of posting a bond and without proof of actual damages. All rights, powers, and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any right, power, or remedy thereof by any Party shall not preclude the simultaneous or later exercise of any other such right, power, or remedy by such Party or any other Party.

4.07. Additional Parties.

Any Holder of Loan Claims may, at any time after the occurrence of the Agreement Effective Date, become a party to this Agreement as a Consenting Lender, as an Additional Consenting Lender, by executing a joinder in the form attached hereto as **Exhibit B** (the "Joinder"), pursuant to which such Additional Consenting Lender shall be bound by the terms of this Agreement as a Consenting Lender hereunder (as defined in the preamble to this Agreement, each Additional Consenting Lender a "Consenting Lender").

4.08. Transfer of Claims.

(a) Each Consenting Lender acknowledges and agrees that INAP has the right to consent to certain assignments of the SOTL Loans, as set forth in Section 10.04 of the Loan Agreement. In addition, except as expressly provided herein, during the Effective Period, each Consenting Lender shall not sell, assign, pledge, transfer, grant a participation interest in, or otherwise dispose of, directly or indirectly any of the Loan Claims, in whole or in part (any such actions are collectively referred to herein as a "Transfer" and the Consenting Lender making such Transfer is referred to herein as the "Transferor"), and any purported Transfer of any Loan Claims shall be void and without effect; provided, that such Transfer may be made if (i) the Company consents in writing to such Transfer, provided that such consent may only be withheld by the Company to the extent based on its reasonable and good faith determination that consent to Transfer could, based upon IRS guidance, impact the Company's ability to use any of its net operating losses and other tax attributes after consummation of the Plan; and (ii) without limiting the Company's transfer consent rights, in the event that a Consenting Lender proposes to sell,

pledge or otherwise transfer any Loan Claims or any interest in any Loan Claims to a third party, the Initial Consenting Lenders shall have the Right of First Offer/Refusal with respect to any portion of such Loan Claims and such Right of First Offer/Refusal shall be held open to the Initial Consenting Lenders for three (3) business days; and (ii) if the Initial Consenting Lenders do not exercise their Right of First Offer/Refusal, any Consenting Lender may transfer any of its Loan Claims to either (A) a transferee that is another Consenting Lender or (B) if the transferee is not another Consenting Lender, to a transferee that agrees in writing to be bound by the terms of this Agreement by executing the Joinder Agreement (a transferee that satisfies such requirements, a “Permitted Transferee,” and such Transfer, a “Permitted Transfer”). Upon compliance with the foregoing, (x) the Transferor shall be deemed to relinquish its rights (and be released from its obligations, except for any claim for breach of this Agreement that occurs prior to such Transfer) under this Agreement to the extent of such transferred Loan Claims, and (y) the transferee shall be deemed to be a Consenting Lender under this Agreement with respect to such transferred Loan Claims. Each Consenting Lender agrees and acknowledges that any Transfer of Loan Claims that does not comply with the terms and procedures set forth in this Section 4.08(a) shall be deemed null and void *ab initio* and of no force or effect until such a joinder is executed and effective.

(b) This Agreement shall in no way be construed to preclude the Consenting Parties from acquiring additional Company Claims (other than any Loan Claims); provided, that (y) any Consenting Lender that acquires additional Company Claims after executing this Agreement shall notify the Company of such acquisition within three (3) Business Days after the closing of such trade and (z) any such acquired Company Claims shall automatically and immediately upon acquisition by a Consenting Lender be deemed subject to all of the terms of this Agreement whether or not notice is given to the Company of such acquisition.

4.09. Public Disclosure. The Parties understand and acknowledge that, on or after the Agreement Effective Date (as defined herein), the Company may disclose the existence of, or the terms of, this Agreement or any other term of the transactions contemplated herein without the consent of the other Parties.

4.10. D&O Claims. Regardless of whether the Bankruptcy Court approves the releases by the Parties that are set forth in the Plan, but subject to the occurrence of the Plan Effective Date, each Consenting Lender and Additional Consenting Lender hereby (i) grants such releases in favor of the current and former directors and officers of the Company and (ii) agrees not to pursue any claims that such Consenting Party may currently have against the current and former directors and officers of the Company; provided that in either case of (i) or (ii), other than claims or liabilities arising out of or relating to any act or omission of current and former directors and officers of the Company that constitutes willful misconduct, fraud, or gross negligence.

4.11. Backstop Lender Limited Recourse; Enforcement. Notwithstanding anything that may be expressed or implied in this Agreement, or any document or instrument delivered in connection herewith, the Company, by their acceptance of the benefits of the commitments provided in Section 4.05 herein, agree and acknowledge that, as between any Backstop Lender and the Company, no person or entity other than the Backstop Lenders and the Company shall have any obligations hereunder with respect to any to obligation of a Backstop

Lender to provide any Backstop Facility Shortfall Amount, and that, notwithstanding that a Backstop Lender or any of its permitted assigns may be a limited partnership, separate limited partnership or limited liability company, no recourse hereunder or under any documents or instruments delivered in connection herewith or in respect of any oral representations or warranties made or alleged to have been made in connection herewith or therewith shall be had against any former, current or future director, officer, employee, representative, direct or indirect controlling person or entity, equityholder, general or limited partner, member, stockholder, incorporator, affiliate, successor or permitted assignee of a Backstop Lender or any former, current or future director, officer, employee, representative, direct or indirect controlling person or entity, equityholder, general or limited partner, member, stockholder, incorporator, affiliate, successor or permitted assignee of any of the foregoing (each, other than the Backstop Lenders, a “Backstop Lender Related Party”), whether by or through attempted piercing of the corporate (or limited liability company or limited partnership or separate limited partnership) veil, by or through a claim by or on behalf of any Company or any Backstop Lender against any Backstop Lender Related Party, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute, regulation or applicable law, or otherwise. It is expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Backstop Lender Related Party for any obligations of the Backstop Lenders or any Backstop Lender’s successors or permitted assigns under Section 4.05 of this Agreement or any documents or instruments delivered in connection therewith or in respect of any oral representations or warranties made or alleged to have been made in connection herewith or therewith or for any claim (whether at law or equity or in tort, contract or otherwise) based on, in respect of, or by reason of such obligations or their creation.

4.12. Backstop Lender Transfer and Assignment. Each Backstop Lender shall have the right to transfer, directly or indirectly, all or any portion of its Backstop Lender Pro Rata Share Commitment to (i) any one or more trusts, funds, companies, partnerships or other persons or entities owned, managed, sponsored or advised, directly or indirectly, by such Backstop Lender or any of its affiliates (each an “Affiliated Fund”) (ii) one or more affiliates of such Backstop Lender and its Affiliated Funds, or (iii) any other Backstop Lender upon obtaining such other Backstop Lender’s written consent (each of the entities referred to in clauses (i), (ii) and (iii) above, an “Ultimate Purchaser”); provided, that, in each case, (x) such Backstop Lender shall remain obligated to fund such Backstop Lender’s Backstop Lender Pro Rata Share Commitment and (y) the written consent of the Company shall be obtained (provided that such consent may only be withheld by the Company to the extent based on its reasonable and good faith determination that consent to Transfer could, based upon IRS guidance, impact the Company’s ability to use any of its net operating losses and other tax attributes after consummation of the Plan). In each case of a Backstop Lender’s transfer of all or any portion of its Backstop Lender Pro Rata Share Commitment pursuant to this Section 4.12, (y) the Ultimate Purchaser shall have provided a written agreement to the Company under which it agrees to (A) commit to fund the assigned Backstop Lender Pro Rata Share Commitment and (B) be fully bound by, and subject to, this Agreement as a Backstop Lender hereto, and (z) the transferring Backstop Lender and the Ultimate Purchaser shall have duly executed and delivered to the Company written notice of such transfer. Notwithstanding anything to the contrary, the terms “Backstop Lender” and “Backstop Lenders” shall include any Ultimate Purchaser pursuant to the provisions of this Section 4.12.

**Section 5. Amendments, Modifications and Waivers.**

(a) This Agreement may not be modified, amended, or supplemented, and no condition or requirement of this Agreement may be waived, in any manner except in accordance with this Section 5.

(b) Other than the All Party Matters, this Agreement may be amended or modified from time to time solely with the prior written approval (email being sufficient) of each of the Company and the Required Consenting Lenders, solely with respect to any modification, amendment, waiver or supplement that materially and adversely affects the rights of such Consenting Lenders; provided, however, that if the proposed modification, amendment, waiver or supplement has a material, disproportionate (as compared to other Consenting Lenders holding claims within the same class as provided for in the Restructuring Term Sheet) and adverse effect on any of the Claims held by such Consenting Lenders, then the consent of each such affected Consenting Lender shall also be required to effectuate such modification, amendment, waiver or supplement. Any waiver of any condition, term or provision to this Agreement must be in writing signed by each of the Parties entitled to waive such condition, term, or provision. Any proposed modification, amendment, waiver, or supplement that does not comply with this Section 5 shall be ineffective and void *ab initio*.

(c) The All Party Matters may not be modified, amended, waived or supplemented in any manner except in writing signed by: (i) the Company and (ii) the Required Consenting Lenders.

(d) The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any Party to exercise, and no delay in exercising, any right, power or remedy under this Agreement shall operate as a waiver of any such right, power or remedy or any provision of this Agreement, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise of such right, power or remedy or the exercise of any other right, power or remedy. All remedies under this Agreement are cumulative and are not exclusive of any other remedies provided by Law.

**Section 6. Undertakings and Representations.**

6.01. Chapter 11 Related Matters. To the extent reasonably practicable, the Company shall provide counsel for the Ad Hoc Group a review period of (a) at least three (3) calendar days (or such shorter review period as necessary or appropriate) prior to the date when the Company intends to file any Definitive Document with the Bankruptcy Court and (b) at least one(1) calendar days (or such shorter review period as necessary or appropriate) prior to the date when the Company intends to file any other material pleading with the Bankruptcy Court.

6.02. Further Assurances. Each Party hereby covenants and agrees to cooperate with each other in good faith with respect to the pursuit, approval, implementation, and consummation of the Restructuring and the Plan, as well as the negotiation, drafting, execution, and delivery of documents (including any related orders, agreements, instruments, schedules, or

exhibits) described in this Agreement or the Definitive Documents or otherwise necessary or desirable to facilitate the Restructuring in accordance with this Agreement and the Definitive Documents. Furthermore, subject to the terms hereof, each Party shall take such action as may be reasonably necessary or reasonably requested by another Party to carry out the purpose and intent of this Agreement, including facilitating any necessary regulatory filings, and shall refrain from taking any action that would frustrate the purposes and intent of this Agreement.

**Section 7. Representations and Warranties.**

7.01. Each Party, severally and not jointly, represents and warrants to the other Parties that the following statements are true, correct, and complete as of the date hereof (or as of the date on which a subsequent Party becomes a party hereto):

(a) Enforceability. It is validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, and has all requisite corporate, partnership, limited liability company, or similar authority to enter into this Agreement, carry out the transactions set forth herein, and perform its obligations set forth hereunder. The execution and delivery of this Agreement and the performance of such Party's obligations hereunder have been duly authorized by all necessary corporate, limited liability company, partnership, or other similar action on its part. Each Party has no actual knowledge of any event that, due to any fiduciary or similar duty to any other person or entity, would prevent it from taking any action required of it under this Agreement.

(b) No Violation of Law or Breach. Subject to and other than any registration, filing, consent, notice, or approval required in connection with the Restructuring, the execution, delivery, and performance by such Party of this Agreement does not and will not (x) violate any provision of law, rule, or regulation applicable to it or its charter or bylaws (or other similar governing documents) in any material respect, or (y) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it or any of its subsidiaries is a party, which conflict, breach, or default would have a material adverse effect on the Restructuring.

(c) No Consent or Approval. The execution, delivery, and performance by such Party of this Agreement does not and will not require any material registration or filing with, consent or approval of, or notice to, or other action, with or by, any federal, state or governmental authority or regulatory body, except such filings as may be necessary and/or required by the Securities & Exchange Commission or other securities regulatory authorities under applicable securities laws. For the avoidance of doubt, the Parties acknowledge that the Restructuring shall be subject to approval by the Bankruptcy Court.

(d) Binding Obligation. This Agreement is the legally valid and binding obligation of such Party, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability or a ruling of the Bankruptcy Court.

7.02. Each Consenting Lender individually represents on a several basis, and as to itself only, that, as applicable, as of the date such Consenting Lender executes and delivers this Agreement (i) it is the beneficial owner of the aggregate principal amount of the Loan Claims set forth below its name on the signature page hereto (or below its name on the signature page of a Joinder Agreement for any Additional Consenting Lender), or (ii) it is the nominee, investment manager, advisor, or subadvisor for one or more beneficial holders thereof, and has, with respect to the beneficial owners of such Loan Claims, (A) sole investment or voting discretion with respect thereto, (B) full power and authority to vote on and consent to matters concerning such Loan Claims or to exchange, assign, and transfer such Loan Claims, and (C) full power and authority to bind or act on the behalf of, such beneficial owners. Each Consenting Lender further individually represents on a several basis, and as to itself only, that, other than pursuant to this Agreement, such Loan Claims are free and clear of any pledge, lien, security interest, charge, claim, equity, option, proxy, voting restriction, right of first refusal, or other limitation on disposition or encumbrance of any kind, in each case that would prevent in any way such Consenting Lender's performance of its obligations contained in this Agreement at the time such obligations are required to be performed. Each Consenting Lender, to the best of its knowledge, further individually represents on a several basis, and as to itself only, that it holds "Qualified Indebtedness" within the meaning of Treas. Reg. 1.382-9(d)(2)(i) and paragraph 1.382-9(d)(4)(i) thereof does not apply to the SOTL Obligations held by such Consenting Lender.

## **Section 8. Termination.**

8.01. Required Consenting Lender Termination Events. Prior to the Plan Effective Date, the Required Consenting Lenders may terminate this Agreement on five (5) Business Days' prior written notice, delivered to the other Parties in accordance with Section 11.08, upon the occurrence and continuance of any of the following events:

- (a) if the Company fails to make the Prepetition Prepayment within one (1) business day of the Agreement Effective Date;
- (b) the breach in any material respect by the Company of any of the undertakings, representations, warranties, or covenants of the Company, as applicable, set forth in this Agreement, which remains uncured for a period of five (5) business days after receipt of written notice of such breach (which period shall run concurrently with the notice period set forth in this Section);
- (c) the economic substance or the legal rights, remedies, or benefits of the Restructuring is materially and adversely affected in a manner that is a result of fraud, bad faith, or willful misconduct by any of the Company or its applicable boards of directors or officers;
- (d) the failure of the Company to meet a Milestone, which has not been waived or extended in a manner consistent with this Agreement, unless such failure is the result of any act, omission, or delay on the part of a Consenting Lender in violation of its obligations under this Agreement (including its obligation to fund the New Term Loans) or as a result of the Bankruptcy Court's availability;

(e) entry of a final order that grants relief terminating, annulling, or materially modifying the automatic stay (as set forth in section 362 of the Bankruptcy Code) with regard to any material asset that, to the extent such relief were granted, would have a material adverse effect on the consummation of the Restructuring;

(f) if the Company withdraws the Plan, informs the Required Consenting Lenders in writing it intends to proceed with an Alternative Restructuring Transaction, or files any plan of reorganization or liquidation or disclosure statement that is not consistent in any material respect with this Agreement, the Restructuring Term Sheet or the Plan; or

(g) the failure by the Company to have completed the Restructuring by the Outside Date, unless such failure is the result of any act, omission, or delay on the part of a Consenting Lender in violation of its obligations under this Agreement or as a result of the Bankruptcy Court's availability;

(h) the occurrence of a termination event under the Cash Collateral Order;

(i) one or more of the Chapter 11 Cases shall have been converted to cases under chapter 7 of the Bankruptcy Code or one or more of the Chapter 11 Cases shall have been dismissed (unless caused by a default by any Consenting Lender of its obligations hereunder, in which event the Consenting Lender shall not have the right to terminate under this subsection);

(j) the appointment of a trustee, receiver or examiner with expanded powers beyond those set forth in sections 1106(a)(3) and (4) of the Bankruptcy Code in one or more of the Chapter 11 Cases;

(k) the Company files a motion, application, or adversary proceeding or moves to intervene in support of any such motion, application, or adversary proceeding filed or commenced by any third party or states in Court either orally or writing that it supports any such motion, application, or adversary proceeding by a third party, (A) challenging the validity, enforceability, perfection, or priority of, or seeking avoidance or subordination of, any portion of the Loan Claims or asserting any other cause of action against the Consenting Lenders or with respect or relating to such Loan Claim, the SOTL Agreement or any Loan Document (as such term is defined in the SOTL Agreement) or the liens securing the Loan Claims or (B) challenging the validity, enforceability, perfection, or priority of, or seeking avoidance or subordination of, any portion of the Loan Claims or asserting any other cause of action against the Consenting Lenders or with respect or relating to such Loan Claims or the liens securing the Loan Claims;

(l) the Company loses the exclusive right to file a plan or plans of reorganization or to solicit acceptances thereof pursuant to section 1121 of the Bankruptcy Code;

(m) the commencement of an involuntary case against the Company or the filing of an involuntary petition seeking bankruptcy, winding up, dissolution, liquidation, administration, moratorium, reorganization or other relief in respect of the Company, or their

debts, or of a substantial part of their assets, under any federal, state or foreign bankruptcy, insolvency, administrative receivership or similar law now or hereafter in effect (provided that such involuntary proceeding is not dismissed within a period of sixty (60) days after the filing thereof) or if any court grants the relief sought in such involuntary proceeding;

(n) without the prior consent of the Required Consenting Lenders, the Company (A) voluntarily commences any case or files any petition seeking bankruptcy, winding up, dissolution, liquidation, administration, moratorium, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency, administrative receivership or similar law now or hereafter in effect except consistent with this Agreement, (B) consents to the institution of, or fails to contest in a timely and appropriate manner, any involuntary proceeding or petition described above, (C) files an answer admitting the material allegations of a petition filed against it in any such proceeding, (D) applies for or consents to the appointment of appoint a receiver, administrator, administrative receiver, trustee, custodian, sequestrator, conservator or similar official, trustee or an examiner pursuant to section 1104 of the Bankruptcy Code in any of the Chapter 11 Cases, (E) makes a general assignment or arrangement for the benefit of creditors or (F) takes any corporate action for the purpose of authorizing any of the foregoing; or

(o) The occurrence of the termination event described in Section 8.02(b) of this Agreement.

8.02. Company Termination Events. The Company may terminate this Agreement on five (5) Business Days' prior written notice (except for the termination event in (d) below, for which no prior notice is required), delivered to the other Consenting Lenders in accordance with Section 11.08, upon the occurrence and continuance of any of the following events:

(a) the breach in any material respect by any Consenting Lender of any of its undertakings, representations, warranties, or covenants set forth in this Agreement which remains uncured for a period of five (5) Business Days after receipt of written notice of such breach (which period shall run concurrently with the notice period set forth in this Section), provided that, so long as the Consenting Lenders own no less than two-thirds of the outstanding Loan Claims, then termination under this Section 8.02(a) shall be limited solely to the breaching Consenting Lender;

(b) the board of directors, board of managers, or similar governing body of any Company entity determines in good faith upon the advice of external counsel (i) that continued performance under this Agreement would be inconsistent with the exercise of its fiduciary duties under applicable law, or (ii) in the exercise of its fiduciary duties, pursues an Alternative Restructuring Proposal; and

(c) if any of the Exit Facility Commitment Parties fail to provide their share of the New Term Loan Exit Facility and such commitments are not assumed by another Exit Facility Commitment Party.

8.03. Other Termination Events. Prior to the Plan Effective Date, any of the Company or the Required Consenting Lenders may terminate this Agreement on three (3)

Business Days' prior written notice, delivered to the other Consenting Parties in accordance with Section 11.08, upon the occurrence of any of the following events:

(a) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any final, non-appealable injunction, judgment, decree, ruling, or order restraining, enjoining, or otherwise prohibiting the consummation of the Restructuring or the Plan; provided, that the Company shall have ten (10) Business Days to obtain relief that would allow consummation of the Restructuring that does not prevent or materially diminish compliance with the terms of this Agreement;

(b) appointment of an examiner (with expanded powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code), or a trustee or receiver by final, non-appealable order in one or more of the Chapter 11 Cases;

(c) entry of a final, non-appealable order in one or more of the Chapter 11 Cases terminating the Company's exclusive right to file a plan or plans of reorganization or to solicit acceptances thereof pursuant to section 1121 of the Bankruptcy Code;

(d) the commencement of an involuntary bankruptcy case against the Company under the Bankruptcy Code solely to the extent a court order grants the relief sought in such involuntary case;

(e) the Bankruptcy Court enters an order denying confirmation of the Plan and such order remains in effect for ten (10) Business Days after entry of such order; or

(f) one or more of the Chapter 11 Cases shall have been converted to cases under chapter 7 of the Bankruptcy Code or one or more of the Chapter 11 Cases shall have been dismissed by final, non-appealable order of a court of competent jurisdiction (unless caused by a default by any Consenting Lender of its obligations hereunder, in which event the Consenting Lender shall not have the right to terminate under this subsection).

8.04. Mutual Termination. This Agreement and the obligations of all Parties hereunder may be terminated by mutual agreement among the Company and the Required Consenting Lenders.

8.05. Automatic Termination. This Agreement shall terminate automatically without any further required action or notice when the Plan Effective Date has occurred with respect to all Debtors.

8.06. Effect of Termination. Notwithstanding anything to the contrary in this Agreement, other than as provided in Section 8.04 or Section 8.05, (x) neither the Company nor any of the Consenting Lenders may terminate this Agreement, as applicable, if such Party failed to perform or comply in all material respects with the terms and conditions of this Agreement, with such failure to perform or comply causing, or resulting in, the occurrence of one or more termination events specified herein. Subject to Section 11.05, upon termination of this Agreement, each Party shall be released from its commitments, undertakings, and agreements under or related to this Agreement and shall have the rights and remedies that it would have had

and shall be entitled to take all actions, whether with respect to the Restructuring or otherwise, that it would have been entitled to take had it not entered into this Agreement. Further, upon the termination of this Agreement, any and all consents or ballots tendered by the Parties, for all purposes, shall be deemed, for all purposes, to be null and void *ab initio* and shall not be considered or otherwise used in any manner in connection with the Restructuring, this Agreement, confirmation of the Plan, or otherwise.

8.07. Automatic Stay. The Company acknowledges and, to the extent necessary, consents that after the Petition Date, the giving of notice of termination by any Party pursuant to this Agreement shall not be considered a violation of the automatic stay of section 362 of the Bankruptcy Code and, for the further avoidance of doubt and to the extent necessary, consents to the lifting of the automatic stay to permit such actions by any Party; provided, that nothing herein shall prejudice any Party's right to argue that the giving of notice of termination was not proper under the terms of this Agreement.

**Section 9. Effectiveness**. This Agreement shall become effective and binding on each of the Parties on the date and time on which the following has occurred (such date, the "Agreement Effective Date"):

(a) The SOTL Lenders constituting Required Lenders under the SOTL Agreement shall have delivered Amendment No. 5 to the SOTL Agreement, in form attached as **Exhibit C** hereto. ;

(b) counterpart signature pages to this Agreement shall have been executed and delivered by: (i) the Company; and (ii) Consenting Lenders constituting a majority in number of the SOTL Lenders and together holding at least two-thirds (2/3) of the principal amount of the Loan Claims in the aggregate;

(b) the Company shall have paid all reasonable and documented fees and out of pocket expenses and all agreed and unpaid professional retainer amounts as set forth in Section 10 hereof for which an invoice has been received by the Company on or before the date that is one (1) Business Day prior to the Agreement Effective Date.

(c) The Company shall have provided the Ad Hoc Group and its advisors with a copy of its (i) latest budget and cash flow projections and (ii) the Cash Collateral Motion and Cash Collateral Order.

(d) The Agreement shall be effective from the Agreement Effective Date until terminated pursuant to the terms hereof (such period, the "Effective Period"). To the extent that a signatory to this Agreement holds, as of the date hereof or thereafter, multiple Company Claims, such Party shall be deemed to have executed this Agreement in its capacity as a Holder of all such Company Claims, and this Agreement shall apply severally to such Party with respect to each such claim held by such Party.

**Section 10. Fees and Expenses**. The Company shall pay or reimburse all reasonable and documented fees and expenses of the Ad Hoc Group, including the fees and expenses of White & Case LLP, as counsel to the Ad Hoc Group.

**Section 11. Miscellaneous.**

11.01. Complete Agreement. This Agreement together with the exhibits, other documents and instruments referenced herein constitute the entire agreement of the parties hereto and supersedes all prior agreements, arrangements or understandings, whether written or oral, between the parties hereto with respect to the subject matter of this Agreement, other than for any confidentiality agreement. No claim of waiver, modification, consent, or acquiescence with respect to any provision of this Agreement shall be made against any Party, except on the basis of a written instrument executed by or on behalf of such Party on the date hereof or thereafter.

11.02. Parties. This Agreement shall be binding upon, and inure to the benefit of, the Parties. No rights or obligations of any Party under this Agreement may be assigned or transferred to any other person or entity except as provided in Section 4.08. Nothing in this Agreement, express or implied, shall give to any person or entity, other than the Parties, any benefit or any legal or equitable right, remedy, or claim under this Agreement. Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties and no other person or entity shall be a third-party beneficiary hereof.

11.03. Governing Law; Submission to Jurisdiction; Selection of Forum; WAIVER OF TRIAL BY JURY. This Agreement, and all claims or causes of action (whether in contract or tort) that may be based upon, arise out of, or relate to this Agreement or the negotiation, execution, termination, performance, or nonperformance of this Agreement (including exhibits), shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and performed in such State, without giving effect to any applicable conflict of laws principles to the extent that the application of the laws of another jurisdiction would be required thereby. Each Party agrees that it shall bring any action or proceeding in respect of any claim based upon, arising out of, or related to this Agreement, any provision hereof or the Restructuring described herein, in the United States District Court for the Southern District of New York, any New York State court sitting in the Borough of Manhattan of New York City, or, to the extent the Company commences the Chapter 11 Cases, the Bankruptcy Court (the "Chosen Courts") and, solely in connection with claims arising under this Agreement or the Restructuring that are the subject of this Agreement, (i) irrevocably submits to the exclusive jurisdiction of the Chosen Courts, (ii) waives any objection to laying venue in any such action or proceeding in the Chosen Courts and (iii) waives any objection that the Chosen Courts are an inconvenient forum or do not have jurisdiction over any party hereto; provided, that, upon the commencement of the Chapter 11 Cases, the Bankruptcy Court shall be the sole Chosen Court. Each party hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. **EACH PARTY HERETO WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, MATTER OR PROCEEDING BASED UPON, ARISING OUT OF, OR RELATED TO THIS AGREEMENT, ANY PROVISION HEREOF OR THE RESTRUCTURING DESCRIBED HEREIN.**

11.04. Execution of Agreement. This Agreement may be executed and delivered (by email or otherwise) in any number of counterparts, each of which, when executed and delivered in accordance with Section 9, shall be deemed an original, and all of which together

shall constitute the same agreement. Except as expressly provided in this Agreement, each individual executing this Agreement on behalf of a Party has been duly authorized and empowered to execute and deliver this Agreement on behalf of said Party.

11.05. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, assigns, and representatives, other than a trustee or similar representative appointed in a bankruptcy case. The agreements, representations, and obligations of the Parties under this Agreement are, in all respects, several and not joint.

11.06. Survival. Notwithstanding the termination of this Agreement, the agreements and obligations of the Parties in Section 8.06 and Section 10, shall survive such termination and shall continue in full force and effect for the benefit of the Parties in accordance with the terms hereof.

11.07. Relationship Among Parties. It is understood and agreed that no Consenting Lender has any duty of trust or confidence in any form with any other Consenting Lender, and, except as provided in this Agreement, there are no agreements, commitments, or undertakings between or among them. In this regard, it is understood and agreed that any Consenting Lender may trade in the loans and/or commitments under the Term Loan or other debt or equity securities of the Company without the consent of the Company, as the case may be, or any other Consenting Lender, subject to applicable securities laws, the terms of any applicable non-disclosure agreement, and the terms of this Agreement; provided, further, that neither any Consenting Lender nor the Company shall have any responsibility for any such trading by any other entity by virtue of this Agreement. No prior history, pattern, or practice of sharing confidences among or between the Consenting Parties shall in any way affect or negate this understanding and agreement.

11.08. Notices. Unless otherwise provided herein, all notices and other communications under this Agreement shall be in writing and shall be deemed given (i) when delivered personally by hand (with written confirmation of receipt), (ii) one (1) Business Day following the day sent by overnight courier (with written confirmation of receipt), or (iii) when sent by email, in each case at the following addresses (or to such other address as a Party may have specified by notice given to the other Party pursuant to this provision):

(a) If to the Company, to:

Internap Holding LLC  
200 Williams Street  
Suite E-100  
Atlanta, GA 30303  
Attn: Elizabeth Gothe Shenai, General Counsel & Corporate Secretary  
Email: eshenai@inap.com

with a copy to:

Jenner & Block LLP  
353 North Clark Street  
Chicago, Illinois 60654  
Attn: Anna Meresidis, Esq.  
Catherine Steege, Esq.  
Email: ameresidis@jenner.com  
csteege@jenner.com

(b) If to the Ad Hoc Group, to the addresses set forth below following each such lender's signature with a copy to:

White & Case LLP  
1221 Avenue of the Americas  
New York, NY 10020  
Attn: Harrison Denman, Esq.  
Drew Magee, Esq.  
Email: harrison.denman@whitecase.com  
drew.magee@whitecase.com

11.09. No Solicitation. This Agreement does not constitute an offer to issue or sell securities to any person, or the solicitation of an offer to acquire or buy securities, in any jurisdiction where such offer or solicitation would be unlawful. In addition, this Agreement is not and shall not be deemed to be a solicitation for consents to the Plan. The votes of the Holders of claims against the Company will not be solicited until such Holders who are entitled to vote on the Plan have received the Plan, the Disclosure Statement, and any other required solicitation materials.

11.10. Other Interpretive Matters.

(a) Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply: (i) when calculating the period of time before which, within which, or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded and, if the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day; (ii) all exhibits attached hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein; (iii) words imparting the singular number only shall include the plural and vice versa; (iv) the words such as “herein,” “hereinafter,” “hereof,” and “hereunder” refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires; (v) the word “including” or any variation thereof means “including, without limitation” and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it; (vi) the division of this Agreement into Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in construing or interpreting this Agreement; (vii) all references in this Agreement to any “Section” are to the corresponding Section of this Agreement unless otherwise specified; and (viii) “Business Day” means any day of the year on which national banking institutions in New York are open to the public for conducting business and are not required or authorized to close.

(b) The Company and Consenting Parties have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

*[Signature Pages Follow]*

[Signatures on file with the Company]

**EXHIBIT A**

**RESTRUCTURING TERM SHEET**

**FRE 408 SETTLEMENT PROPOSAL  
CONFIDENTIAL**

**Restructuring Term Sheet**

This Restructuring Term Sheet, which is **Exhibit A** to a Restructuring Support Agreement dated April 26, 2023 (the “Restructuring Support Agreement”), by and among Internap Holding LLC (the “Company”) and certain of its subsidiaries (collectively with the Company, the “Debtors”) and the Consenting Lenders, describes the proposed terms of the Company’s restructuring (the “Restructuring”). The Debtors will implement the Restructuring through a plan of reorganization under chapter 11 of the Bankruptcy Code, which shall be consistent with the terms of this Restructuring Term Sheet and the Restructuring Support Agreement (as it may be amended or supplemented from time to time in accordance with the terms of the Restructuring Support Agreement, the “Plan”), in Chapter 11 Cases to be commenced in the United States Bankruptcy Court for the District of Delaware. This Term Sheet incorporates the rules of construction set forth in section 102 of the Bankruptcy Code. Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Restructuring Support Agreement and in the Restructuring Term Sheet below.

**THIS RESTRUCTURING TERM SHEET IS NOT AN OFFER OR A SOLICITATION OF AN OFFER WITH RESPECT TO ANY SECURITIES IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE. NOTHING CONTAINED IN THIS RESTRUCTURING TERM SHEET SHALL BE AN ADMISSION OF FACT OR LIABILITY OR, UNTIL THE OCCURRENCE OF THE AGREEMENT EFFECTIVE DATE ON THE TERMS DESCRIBED HEREIN AND IN THE RESTRUCTURING SUPPORT AGREEMENT, DEEMED BINDING ON ANY OF THE PARTIES HERETO.**

**THIS RESTRUCTURING TERM SHEET DOES NOT PURPORT TO SUMMARIZE ALL OF THE TERMS, CONDITIONS, REPRESENTATIONS, WARRANTIES, AND OTHER PROVISIONS WITH RESPECT TO THE TRANSACTIONS DESCRIBED HEREIN, WHICH TRANSACTIONS WILL BE SUBJECT TO THE COMPLETION OF DEFINITIVE DOCUMENTS INCORPORATING THE TERMS SET FORTH HEREIN. THE CLOSING OF ANY TRANSACTION WILL BE SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN SUCH DEFINITIVE DOCUMENTS. EXCEPT AS SET FORTH IN THE RESTRUCTURING SUPPORT AGREEMENT, NO BINDING OBLIGATIONS WILL BE CREATED BY THIS RESTRUCTURING TERM SHEET UNLESS AND UNTIL BINDING DEFINITIVE DOCUMENTS ARE EXECUTED AND DELIVERED BY ALL APPLICABLE PARTIES. THIS TERM SHEET IS SUBJECT IN ALL RESPECTS TO FEDERAL RULE OF EVIDENCE 408 AND ANY STATE LAW EQUIVALENTS.**

This Restructuring Term Sheet is provided as part of a settlement proposal in furtherance of settlement discussions and is entitled to protection from any use or disclosure to any party or person pursuant to Rule 408 of the Federal Rules of Evidence and any applicable statutes,

doctrines or rules protecting the use or disclosure of confidential information and information exchanged in the context of settlement discussions.

This Restructuring Term Sheet and the information contained herein is strictly confidential and may not be shared with any person or entity without the prior written consent of the Company and the Required Consenting Lenders; *provided that* this Restructuring Term Sheet may be shared with each of the parties to the Restructuring Support Agreement, any Existing Lender and each of their respective advisors, so long as such entities agree to keep this Restructuring Term Sheet and the information contained herein strictly confidential and not share this Restructuring Term Sheet or such information with any other party (other than their respective advisors).

<b><u>OVERVIEW OF THE RESTRUCTURING</u></b>	
<b>Debtors</b>	Internap Holding LLC, Datagram LLC, Hosting Intellect LLC, and SingleHop LLC (collectively, the “ <u>Company</u> ”)
<b>Summary</b>	Subject in all respects to and as provided by the other terms of this Restructuring Term Sheet and the Restructuring Support Agreement, the Debtors will restructure their funded debt obligations by, among other things: (i) making a prepayment (the “ <u>Voluntary Prepayment</u> ”) of at least \$35 million (the “ <u>Prepayment Amount</u> ”) pursuant to Section 2.10(h) of the SOTL Agreement, no later than one (1) business day after the Agreement Effective Date (as defined in the Restructuring Support Agreement), (ii) equitization of the outstanding SOTL Obligations into New Common Stock, and (iii) entry into a New Term Loan Exit Facility, as more fully described in the section titled “New Term Loan Exit Facility” below.
<b>Implementation: Chapter 11 Case; Plan</b>	Each of the Debtors will commence cases under chapter 11 (the “ <u>Chapter 11 Cases</u> ”) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “ <u>Bankruptcy Code</u> ”), in the United States Bankruptcy Court for the District of Delaware (the “ <u>Bankruptcy Court</u> ”) on or before 11:59 p.m. Eastern Time no later than five (5) business days after the Agreement Effective Date (the date of such filing, the “ <u>Petition Date</u> ”). The Debtors will effectuate the Restructuring through the Chapter 11 Cases and confirmation of the Plan, which shall be consistent with this Restructuring Term Sheet and subject to the terms and conditions set forth in the Restructuring Support Agreement.
<b>Cash Collateral Order</b>	Cash Collateral Orders approved in the Chapter 11 Cases shall permit the Debtors to use cash to (i) pay ongoing operational fees and expenses of the Debtors (including the payment of officers and employees of the Debtors, rent obligations, and other expenses in a manner consistent with the budget and the Restructuring Support Agreement) and (ii) pay, as a form of adequate protection, the fees and expenses of professionals of (A) the Debtors (including Jenner & Block LLP, FTI Consulting, and Saul Ewing), (B) the Administrative Agent under the SOTL Agreement (including Willkie Farr & Gallagher LLP), (C) the Ad Hoc Group of Consenting Lenders, as defined in the Restructuring Support Agreement (including White & Case LLP) (clauses (B) and (C), the “ <u>SOTL Professionals</u> ”); provided that the obligation to pay the fees and expenses of the SOTL Professionals, as a form of adequate protection, shall terminate upon termination of the Cash Collateral Order; provided further that in the event of such termination of the Cash Collateral Order, all parties shall retain all

	<p>rights regarding usage of Cash Collateral and the provisions of adequate protection related thereto.</p> <p>The Cash Collateral Order shall provide the SOTL Lenders with additional adequate protection in the form of adequate protection replacement liens (subject to a carve-out) in the same assets and to the same extent the Lenders’ pre-petition liens, adequate protection superiority claims against all Debtors, in the amount, time, and manner as provided for in the SOTL Agreement, Budget and variance reporting, and access to records and other customary terms.</p> <p>The Cash Collateral Motion and Cash Collateral Order shall include other customary protections for secured creditors including stipulation and termination events.</p>
<p><b>New Term Loan Exit Facility</b></p>	<p>On the Plan Effective Date, the Reorganized Company shall enter into a new credit facility (the “<u>New Term Loan Exit Facility</u>”) and the new loans issued thereunder, the “<u>New Term Loans</u>”) as follows:</p> <p><u>Amount</u>: \$30 million.</p> <ul style="list-style-type: none"> <li>• The New Term Loans shall be made on the Plan Effective Date by the Exit Facility Commitment Parties.</li> <li>• The Exit Facility Commitment Parties hereby agree to fund the New Term Loans on a pro rata basis in the amount set forth on <b><u>Annex 2</u></b>.</li> <li>• The Backstop Lenders (as defined in the Restructuring Support Agreement) shall backstop the funding of the New Term Loans to the extent of any Exit Facility Shortfall Amount in accordance with the terms of the Restructuring Support Agreement;</li> <li>• The aggregate amount of the New Term Loans shall be automatically reduced, pro rata in accordance with each Exit Facility Commitment Party’s commitment, by the amount that cash on hand of the Reorganized Company, including the cash funded by New Term Loans and, without duplication, any cash in any accounts of the Reorganized Company, exceeds, after giving effect to the Plan Effective Date, \$35 million.</li> </ul> <p><u>Priority</u>. Secured by a lien on substantially all assets of the Reorganized Company with exceptions substantially similar to the Loan Documents; junior or pari passu to any working capital</p>

	<p>facility or revolver facility in an aggregate amount not to exceed \$15 million and other permitted debt consistent with the SOTL Agreement.</p> <p><u>Maturity.</u> The New Term Loans shall mature on the date that is five (5) years following the Plan Effective Date.</p> <p><u>Interest.</u> The New Term Loans shall bear interest at a rate of 800 bps; provided that (i) at least 100 bps shall be payable in cash and (ii) the remainder shall be payable in cash or paid in kind in the discretion of the Reorganized Company.</p> <p><u>Default Interest:</u> Same as SOTL Agreement.</p> <p><u>Fees:</u> None, except for customary fees of administrative agent.</p> <p><u>Lenders:</u> The Exit Facility Commitment Parties.</p> <p><u>Use of Proceeds:</u> The proceeds of the New Term Loans shall be used for working capital and for general corporate purposes of the Reorganized Company and its subsidiaries.</p> <p><u>Optional Prepayments:</u> Permitted at any time without premium or penalty.</p> <p><u>Mandatory Prepayments:</u> New Term Loans shall be prepaid with (a) 50% (with a step down to 0% if the Total Net Leverage Ratio at the end of such period is less than 3.0:1.0) of Excess Cash Flow (such calculation and required payment amount to be consistent with the SOTL Agreement) for the immediately preceding fiscal year (commencing with the fiscal year ending December 31, 2024), (b) 100% of the net cash proceeds in amounts exceeding an individual and aggregate amount to be agreed of all non-ordinary course asset sales and 100% of the net cash proceeds of casualty events (subject in each case to exceptions to be agreed and (if no payment or bankruptcy event of default has occurred and is continuing) the right to reinvest such proceeds in assets constituting Collateral (as defined in a manner consistent with the SOTL Agreement) within 12 months of receipt (or 18 months of receipt, if contractually committed to be so reinvested within 12 months), and (c) 100% of the net cash proceeds of issuances, offerings or placements of debt obligations of the Reorganized Company and its subsidiaries (other than permitted indebtedness and subject to other exceptions to be agreed).</p> <p><u>Amortization:</u> None.</p> <p><u>Financial Covenants:</u> None.</p> <p><u>Affirmative Covenants:</u> Substantially similar and no more</p>
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	<p>burdensome that the SOTL Agreement.</p> <p><u>Negative Covenants</u>: Limited to the following, with exceptions consistent with the SOTL Agreement, and baskets and thresholds to be agreed: limitations on indebtedness, liens, investments, mergers and fundamental changes, asset sales, dividends, affiliate transactions, adverse changes to organizational documents, changes in fiscal year, burdensome agreements, lines of business, money laundering and sanctions. For the avoidance of doubt, a working capital, revolving and/or letter of credit facility or facilities up to an aggregate amount not to exceed \$10 million outstanding at any time shall be permitted, and shall be permitted to be senior to or pari passu with the obligations under the New Term Loan Exit Facility.</p> <p><u>Representations and Warranties</u>: Substantially similar to SOTL Agreement.</p> <p><u>Events of Default</u>: Limited to the following, with exceptions, thresholds and cure periods substantially similar to the SOTL Agreement: nonpayment of principal, interest or other amounts; violation of covenants; incorrectness of representations and warranties in any material respect; cross default and cross acceleration to indebtedness (provided that a breach of the financial covenant under any working capital, revolving or letter of credit facility shall not constitute an event of default under the New Term Loan Exit Facility unless and until the lenders under such working capital, revolving or letter of credit facility have accelerated the obligations thereunder); bankruptcy and other insolvency-related defaults; actual or asserted invalidity of guarantees or security documents or other documentation governing the New Term Loan Exit Facility; loss of lien priority; ERISA events; and change of control (to be defined in a manner consistent with the SOTL Agreement).</p> <p>Other terms shall be consistent with the SOTL Agreement, or as may otherwise be agreed prior to the Plan Effective Date.</p>
<p><b>New Common Stock</b></p>	<p>On the Plan Effective Date, the Reorganized Company shall issue to Holders of the SOTL Obligations 100% of the shares of common stock of the Reorganized Company (the “<u>New Common Stock</u>”), subject to dilution by (i) the MIP (as defined herein) and (ii) by the New Common Stock Commitment Fee, which shall have agreed upon rights and privileges.</p> <p><u>“New Common Stock Commitment Fee”</u>: 34.9% of the New Common Stock allocated on a pro rata basis on the Plan Effective Date to the Exit Facility Commitment Parties after giving effect to</p>

	the funding of the New Term Loans.
<b>Certain Employee Matters During Chapter 11 Cases</b>	<p>Except as otherwise set forth herein, and subject to Bankruptcy Court approval, the Debtors will continue their ordinary course employee compensation and benefits programs according to existing terms and practices, and any motions in the Bankruptcy Court for approval of such programs shall be reasonably acceptable to the Company and the Required Consenting Lenders.</p> <p>Upon and subject to any applicable Bankruptcy Court approval, the Company shall (i) implement a retention plan for certain non-insider employees (the “Key Employee Retention Plan”), up to \$1 million in the aggregate, subject to allocations, and terms, conditions, and documentation reasonably acceptable to the Company and the Required Consenting Lenders and (ii) assume upon the Plan Effective Date, the employment agreements and other arrangements (including any existing severance agreements) with Michael Sicoli, Lisa Mayr, Jennifer Curry, Martina Saracevic and Elizabeth Gocke Shenai.</p>

**TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN**

<b>Type of Claim</b>	<b>Treatment</b>	<b>Impairment / Voting</b>
<b>Administrative Claims</b>	Except to the extent that a Holder of an Allowed Administrative Claim and the Debtor against which such allowed Administrative Claim is asserted agree to less favorable treatment for such Holder, each Holder of an Allowed Administrative Claim shall receive, in full satisfaction of its Claim, payment in full in cash.	Unimpaired; deemed to accept
<b>Priority Tax Claims</b>	In full satisfaction of the Allowed Priority Tax Claims, each Holder of an Allowed Priority Tax Claim will be paid in full in cash or otherwise receive treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.	Unimpaired; deemed to accept
<b>Other Secured Claims</b>	Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in full and final satisfaction of such Allowed Other Secured Claim, at the option of the Debtors or the Reorganized Company, such Holder will receive (i) payment in full in cash, payable on the later of the Plan Effective Date and the date that is ten (10) Business Days after the date on which	Unimpaired; deemed to accept

	such Other Secured Claim becomes an Allowed Other Secured Claim, in each case, or as soon as reasonably practicable thereafter or (ii) such other treatment so as to render such Holder's Allowed Other Secured Claim Unimpaired.	
<b>Other Priority Claims</b>	Except to the extent that a Holder of an Allowed Other Priority Claim and the Debtor against which such Allowed Other Priority Claim is asserted agree to less favorable treatment for such Holder, in full satisfaction of each Allowed Other Priority Claim against the Debtors, each Holder thereof shall receive payment in full in cash or other treatment rendering such Claim Unimpaired.	Unimpaired; deemed to accept
<b>Loan Claims</b>	In full satisfaction of the SOTL Obligations, each Lender thereof will receive (i) its pro rata share of 100% of New Common Stock, subject to dilution (a) pursuant to any MIP and (b) the New Common Stock Commitment Fee, and (ii) the opportunity to participate on a pro rata basis in the New Exit Term Loan.	Impaired; entitled to vote
<b>General Unsecured Claims</b>	<p>These claims will be classified into three classes:</p> <p>A. Holders of vendor claims designated by the Debtors that agree to provide continued credit on customary terms will be paid in full thirty days following the Effective Date or on the date such claim is Allowed, whichever is later.</p> <p>B. Claims under any employee agreements, benefits and arrangements, as set forth in the section entitled "Employee Matters" may be assumed or rejected and cancelled.</p> <p>C. All other General Unsecured Claims will receive no distribution under the Plan.</p>	<p>Impaired; entitled to vote</p> <p>Unimpaired or Impaired; deemed to accept or deemed to reject</p> <p>Impaired; deemed to reject</p>

<b>Intercompany Claims</b>	No property will be distributed to the holders of allowed Intercompany Claims. Unless otherwise provided for under the Plan, each Intercompany Claim will either be Reinstated or canceled and released.	Unimpaired or Impaired; deemed to accept or deemed to reject
<b>Intercompany Interests</b>	Intercompany Interests will receive no recovery or distribution and be Reinstated solely to the extent necessary to maintain the Debtors' corporate structure.	Unimpaired or Impaired; deemed to accept or deemed to reject
<b>Existing Equity Interests</b>	All Existing Equity Interests will be cancelled, released, and extinguished as of the Plan Effective Date, and Holders of Existing Equity Interests shall not receive or retain any property under the Plan on account of such Existing Equity Interests.	Impaired; deemed to reject

**OTHER TERMS OF THE RESTRUCTURING**

<b>Executory Contracts and Unexpired Leases; Indemnity Obligations</b>	<p>As of and subject to the occurrence of the Plan Effective Date, all executory contracts and unexpired leases to which any of the Debtors are parties shall be deemed rejected, unless such contract or lease (i) is designated specifically as an executory contract or unexpired lease on a schedule attached to the Plan to be assumed (which schedule may be amended or supplemented); (ii) was previously assumed or rejected; (iii) was previously expired or terminated pursuant to its own terms; or (iv) is the subject of a motion to reject, assume or assume and assign filed on or before the entry of the Confirmation Order, <u>provided</u> that, to the extent requested by the Ad Hoc Group of Consenting Lenders or the Required Consenting Lenders and to the extent commercially reasonable and not subject to any attorney-client privilege, work product, confidentiality, or other restriction, the Company will provide any analysis, to the extent such written analysis exists, regarding the potential rejection, assumption, or other modification with respect to any of the Company's executory contracts or unexpired leases or entry into any new executory contracts or unexpired leases by the Company.</p> <p>The Debtors shall assume all prepetition indemnity agreements and director and officer insurance policies, as may be modified from time to time (whether in the by-laws, certificates of incorporation or</p>
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	<p>formation, limited liability company agreements, other organizational documents, board resolutions, indemnification agreements, employment contracts or otherwise), for the current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Debtors.</p>
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<p><b>Charter; Bylaws; Corporate Governance.</b></p>	<p>Corporate governance for the Reorganized Company, including charters, bylaws, a shareholder rights agreement, operating agreements, or other organization or formation documents, as applicable, shall be consistent with section 1123(a)(6) of the Bankruptcy Code, as applicable.</p> <p>The Board of Directors of the Reorganized Company shall consist of a minimum of directors as agreed by the Required Consenting Lenders and a maximum of seven (7) directors, and shall in any event consist of:</p> <ul style="list-style-type: none"> <li>• The President and CEO of the Reorganized Company;</li> <li>• Up to four (4) directors, of which each group of affiliated lenders holding at least 10% of the memberships interests of the Reorganized Company shall have the power to appoint one (1) such director. If after the Plan Effective Date any such affiliated lenders cease to hold at least 10% of the memberships interests of the Reorganized Company, such appointed director shall automatically be removed and the holders of a majority of memberships interests in the reorganized company may appoint a replacement director, who shall be an Independent Director.</li> <li>• An Independent Director, initially chosen by the holders of a majority of the membership interests of the Reorganized Company.</li> </ul> <p>The corporate governance documents of the Reorganized Company will contain a board observation right consistent with the existing governing documents of the Debtors (and the equity ownership threshold for members (together with their affiliates) for obtaining a board observer right will remain at 6% of the designated units issued and outstanding).</p> <p>Corporate governance documents of the Reorganized Company will be consistent with the existing governing documents of the Debtors, as modified to be consistent with the terms of this Restructuring Term Sheet, requirements necessary to ensure a tax-favorable treatment of the Reorganized Company, and otherwise acceptable to the Required Consenting Lenders; provided that the corporate organizational documents for the Reorganized Company shall contain (i) provisions for a limited right of first offer in favor of the Reorganized Company and certain holders of equity interests in the Reorganized Company, and (ii) customary affiliate protections and customary minority protections, including a prohibition on related party transactions that are not on arm's-length terms and approved by a majority of disinterested directors, in each case, in form and substance acceptable to the Required Consenting Lenders. All SOTL Lenders that acquire New Common Stock pursuant to the Plan shall be deemed to have entered into all applicable governance documents as of the Plan Effective Date.</p>
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<p><b>Employee Matters</b></p>	<p>The Debtors may, in their discretion, assume or reject, any vacation, holiday pay, severance, retirement, supplemental retirement, executive retirement, pension, deferred compensation, medical, dental, vision, life and disability insurance, flexible spending account, and other health and welfare benefit plans, programs and arrangements, and all other wage, compensation, employee expense reimbursement, and other benefit obligations of the Debtors as of the Plan Effective Date. Prior to the Petition Date, the Company shall, at its option, make payments in an amount not to exceed \$300,000 to certain insider employees; provided that the documentation of such prepayment shall provide a mechanism for the clawback of such payments on the occurrence conditions stated in such documentation subject to the consent of the Required Consenting Lenders.</p> <p>The Debtors shall assume as of the Plan Effective Date the employment agreements and arrangements (including any existing severance agreements) with Michael Sicoli, Lisa Mayr, Jennifer Curry, Martina Saracevic and Elizabeth Gocke Shenai and the Key Employee Retention Plan referenced in the section titled “Certain Employee Matters During the Chapter 11 Cases” (to the extent such Key Employee Retention Plan is approved by the Bankruptcy Court). Except as set forth in this section, no other employment agreements or arrangements shall be assumed.</p>
<p><b>Management Incentive Plan</b></p>	<p>On the Plan Effective Date, the Reorganized Company will reserve exclusively for participating employees (such reserve, the “<u>MIP</u>”) at least 15% of the New Common Stock determined on a fully diluted and fully distributed basis (i.e., assuming conversion of all outstanding convertible securities and full distribution of the MIP and all securities contemplated by the Plan on the Plan Effective Date), as determined by the Reorganized Company; provided that no more than one third of the New Common Stock issued pursuant to the MIP may be issued as time-based restricted stock units and the remaining New Common Stock issued pursuant to the MIP will be issued as performance-based grants (“<u>PSU’s</u>”). The PSUs shall be issued as follows: (i) one-third shall vest if the total enterprise value of the Reorganized Company on the date of determination is at least \$100 million, (ii) one-third shall vest if the total enterprise value of the Reorganized Company on the date of determination is at least \$150 million, and (iii) the remaining one-third shall vest if the total enterprise value of the Reorganized Company on the date of determination is at least \$200 million. The MIP shall have a vesting period of 4 years, subject to (with respect to John Scanlon and Ali Marashi only) single-trigger acceleration in the event of a</p>

	change of control. The agreements governing the foregoing shall be substantially similar to the agreements currently in place for INAP, subject to the provisions of this section. Senior management shall be permitted, at its option, to make an additional equity investment in an aggregate amount to be agreed with the Required Consenting Lenders.
<b>Tax Issues</b>	The terms of the Restructuring, including whether the Restructuring is structured as a taxable transaction (in whole or in part), shall be structured to preserve or otherwise maximize favorable tax attributes (including tax basis) of the Company to the extent practicable, as determined by the Company and the Required Consenting Lenders.
<b>Cancellation of Notes, Instruments, Certificates, and Other Documents</b>	On the Plan Effective Date, all notes, instruments, certificates, and other documents evidencing Claims or Interests, including credit agreements and indentures, shall be canceled and the obligations of the Debtors thereunder or in any way related thereto shall be deemed satisfied in full and discharged.
<b>Issuance of New Securities; Execution of the Plan Restructuring Documents</b>	On the Plan Effective Date, the Debtors or Reorganized Company, as applicable, shall enter into all agreements and other documents required pursuant to the Restructuring and shall issue all securities, notes, certificates, and other instruments required to be issued pursuant to the Restructuring, including pursuant to section 1145 of the Bankruptcy Code, to the extent applicable, or another available exemption from the registration requirements of the Securities Act of 1933, as amended.
<b>Professional Fee Escrow</b>	A professional fee escrow will be created for the benefit of the Debtors' estate professionals on agreed terms.
<b>Fees and Expenses of the Consenting Lenders</b>	The Company shall pay or reimburse all outstanding reasonable and documented fees and out-of-pocket expenses of White & Case LLP on or before the date that is one (1) Business Day prior to the Plan Effective Date, as a condition precedent to the Plan Effective Date.
<b>Retention of Jurisdiction</b>	The Plan will provide for a retention of jurisdiction by the Bankruptcy Court for (i) resolution of Claims, (ii) allowance of compensation and expenses for pre- Plan Effective Date services, (iii) resolution of motions, adversary proceedings, or other contested matters, (iv) entry of such orders as necessary to implement or consummate the Plan and any related documents or agreements, and (v) other purposes as may be agreed.
<b>Releases by Debtors</b>	The Plan shall provide as follows (the " <u>Debtor Releases</u> "): Except as otherwise expressly provided in the Plan, pursuant to

	<p>section 1123(b) of the Bankruptcy Code, for good and valuable consideration, including without limitation the efforts of the Released Parties to facilitate the reorganization of the Debtors and the implementation of the Restructuring contemplated by the Restructuring Support Agreement, on and after the Plan Effective Date, to the maximum extent permitted by applicable law, the Debtors and the Estates are deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released, waived, and discharged each Released Party from, and covenanted not to sue on account of, any and all claims, interests, obligations (contractual or otherwise), rights, suits, damages, Causes of Action (including Avoidance Actions), remedies, and liabilities whatsoever, including any derivative claims assertable by or on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, fixed or contingent, matured or unmatured, disputed or undisputed, liquidated or unliquidated, existing or hereafter arising, in law, equity, or otherwise, that the Debtors, or the Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Entity (including any Debtor), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Chapter 11 Cases, the SOTL Obligations, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or Reorganized Company, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests before or during the Chapter 11 Cases, the negotiation, formulation, preparation, consummation, or dissemination of: (i) the Plan (including, for the avoidance of doubt, any plan supplement), (ii) the New Term Loan Exit Facility, (iii) the Disclosure Statement, (iv) the Restructuring Support Agreement, (v) the SOTL Agreement, (vi) Amendment No. 5 to the SOTL Agreement, or (vii) related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Plan Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct, fraud, or gross negligence.</p>
<p><b>Releases by Holders of Claims and Interests</b></p>	<p>The Plan shall provide as follows (the “<u>Holder Releases</u>”):</p> <p>Except as otherwise expressly provided in the Plan, pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, including without limitation the efforts of the Debtors and Released Parties to facilitate the reorganization of the Debtors and the implementation of the Restructuring contemplated</p>

	<p>by the Restructuring Support Agreement, on and after the Plan Effective Date, to the maximum extent permitted by applicable law, each Releasing Party shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released, waived and discharged the Released Parties from, and covenanted not to sue on account of, any and all claims, interests, obligations (contractual or otherwise), rights, suits, damages, Causes of Action (including Avoidance Actions), remedies, and liabilities whatsoever, including any derivative claims assertable by or on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, fixed or contingent, matured or unmatured, disputed or undisputed, liquidated or unliquidated, existing or hereafter arising, in law, equity or otherwise, that such Releasing Party would have been legally entitled to assert in its own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Entity (including any Debtor), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Chapter 11 Cases, the SOTL Obligations, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or Reorganized Company, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests before or during the Chapter 11 Cases, the negotiation, formulation, preparation, consummation, or dissemination of: (i) the Plan (including, for the avoidance of doubt, any plan supplement), (ii) the New Term Loan Exit Facility, (iii) the Disclosure Statement, (iv) the Restructuring Support Agreement, (v) the SOTL Agreement, (vi) Amendment No. 5 to the SOTL Agreement, or (vii) related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Plan Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct, fraud, or gross negligence.</p>
<p><b>Exculpation</b></p>	<p>The Plan shall provide:</p> <p>To the fullest extent permitted by applicable law, no Exculpated Party shall have or incur, and each Exculpated Party shall be released and exculpated from, any claim or Cause of Action in connection with or arising out of the administration of the Chapter 11 Cases; the negotiation and pursuit of the New Term Loan Exit Facility, the MIP, the Disclosure Statement, the Restructuring Supporting Agreement, the Restructuring, and the Plan, or the solicitation of votes for, or confirmation of, the Plan; the funding of the Plan; the occurrence of the Plan Effective Date; the</p>

	<p>administration of the Plan or the property to be distributed under the Plan; the issuance of securities under or in connection with the Plan; the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Company; or the transactions in furtherance of any of the foregoing; other than claims or Causes of Action arising out of or related to any act or omission of an Exculpated Party that is a criminal act or constitutes intentional fraud or willful misconduct as determined by a Final Order, but in all respects such Persons shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have acted in compliance with the applicable provisions of the Bankruptcy Code with regard to the solicitation and distribution of securities pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan, including the issuance of securities thereunder. This exculpation shall be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable law or rules protecting such Exculpated Parties from liability.</p>
<p><b>Consent Rights</b></p>	<p>All consent rights not otherwise set forth herein shall be as set forth in the Restructuring Support Agreement.</p>
<p><b>Conditions Precedent to the Plan Effective Date</b></p>	<p>The Plan shall contain customary conditions precedent to occurrence of the Plan Effective Date, including the following:</p> <ol style="list-style-type: none"> <li>1) all transactions and other documents to effectuate the Restructuring shall contain terms and conditions consistent in all material respects with this Restructuring Term Sheet and the Restructuring Support Agreement;</li> <li>2) no valid termination of the Restructuring Support Agreement with respect to the obligations of all parties thereto shall have occurred in accordance with the terms of the Restructuring Support Agreement, and no Termination Event shall have occurred and not been waived;</li> <li>3) the Bankruptcy Court shall have entered the Disclosure Statement Order and such order shall not have been reversed, stayed, amended or modified in a manner materially inconsistent with this Restructuring Term Sheet, dismissed, vacated or reconsidered;</li> <li>4) the Bankruptcy Court shall have entered the Confirmation Order and such order shall not have been reversed, stayed, amended or modified in a manner materially inconsistent</li> </ol>

	<p>with this Restructuring Term Sheet, dismissed, vacated or reconsidered;</p> <ol style="list-style-type: none"><li>5) there shall not be in effect any (a) order, opinion, ruling, or other decision entered by any court or other governmental unit or (b) U.S. or other applicable law staying, restraining, enjoining, prohibiting, or otherwise making illegal the implementation of any of the transactions contemplated by the Plan;</li><li>6) the Debtors shall have obtained all governmental and regulatory approvals, consents, authorizations, rulings, or other documents that are legally required for the consummation of the Restructuring shall have been obtained, not be subject to unfulfilled conditions, and be in full force and effect;</li><li>7) each document or agreement constituting the Definitive Documents shall have been executed and/or effectuated and shall be in form and substance consistent with the Restructuring Support Agreement, including, without limitation, any consent rights included therein;</li><li>8) the Debtors shall have paid or reimbursed all reasonable and documented fees and expenses of the Ad Hoc Group of Consenting Lenders, including the fees and expenses of White &amp; Case LLP, counsel to the Ad Hoc Group of Consenting Lenders;</li><li>9) the final version of the Plan and all of the schedules, documents, and exhibits contained therein, and all other schedules, documents, supplements, and exhibits to the Plan, shall be consistent with the Restructuring Support Agreement and this Restructuring Term Sheet;</li><li>10) the Company shall have satisfied or will contemporaneously satisfy on the Plan Effective Date (or the Exit Facility Commitment Parties shall have waived such conditions) the conditions to the effectiveness of the New Term Loan Exit Facility in the Company's control;</li><li>11) the Professional Fees Escrow Account shall have been established and funded in full, in cash, in accordance with, and in the amounts required by, the Plan;</li><li>12) the Restructuring to be implemented on the Plan Effective Date shall be consistent with the Plan and the Restructuring Support Agreement; and</li><li>13) Such other conditions precedent to the Plan Effective Date, as are customary and otherwise reasonably acceptable to the</li></ol>
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	Debtors and the Required Consenting Lenders.
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**ANNEX 1 TO RESTRUCTURING TERM SHEET**

**DEFINITIONS** – Capitalized Terms not defined in this Annex 1 or the Restructuring Term Sheet shall have the definition contained in the Restructuring Support Agreement.

<b>Administrative Claim</b>	A Claim incurred by the Debtors on or after the Petition Date and before the Plan Effective Date for a cost or expense of administration of the Chapter 11 Cases entitled to priority under sections 503(b), 507(a)(2), or 507(b) of the Bankruptcy Code.
<b>Allowed</b>	With reference to any Claim, a Claim arising on or before the Plan Effective Date (a) that has been scheduled on the Debtor’s schedules as undisputed, liquidated and non-contingent, (b) (i) as to which no objection to allowance has been interposed within the time period set forth in the Plan, or (ii) as to which any objection has been determined by a Final Order of the Bankruptcy Court in favor of the Holder, (c) any Claim as to which the Debtor’s liability and the amount thereof are determined by a Final Order of a court of competent jurisdiction other than the Bankruptcy Court or (d) any Claim expressly allowed under the Plan; <i>provided, however,</i> that notwithstanding the foregoing, the Reorganized Company shall retain all claims and defenses with respect to Allowed Claims that are Reinstated or otherwise Unimpaired pursuant to the Plan.
<b>Avoidance Actions</b>	Any and all actual or potential claims and Causes of Action to avoid a transfer of property from, or an obligation incurred by, one or more of the Debtors, that arise under chapter 5 of the Bankruptcy Code, including sections 544, 545, 547, 548, 549, 550, 551, and 553(b) of the Bankruptcy Code or similar state law.
<b>Cash Collateral Order</b>	The Interim Cash Collateral Order and the Final Cash Collateral Order.
<b>Causes of Action</b>	Any action, claim, cause of action, controversy, demand, right, action, remedy, lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, offset, power, privilege, license, and franchise of any kind or character whatsoever, whether known or unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, arising before, on, or after the Petition Date, in contract or in tort, in law or in equity, or pursuant to any other theory of law. For the avoidance of doubt, “Cause of Action” includes: (a) any right of setoff or counterclaim and any claim for breach of contract or for breach of duties imposed by law or in equity; (b) the right to object to Claims or Interests; (c) any

	Claim pursuant to section 362 or chapter 5 of the Bankruptcy Code, including, but not limited to, Avoidance Actions; (d) any counterclaim or defense, including fraud, mistake, duress, usury, recoupment, and any other defenses set forth in section 558 of the Bankruptcy Code; and (e) any state law fraudulent transfer or similar claim.
<b>Claim</b>	As defined in section 101(5) of the Bankruptcy Code against a Debtor.
<b>Confirmation Order</b>	The order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.
<b>Disclosure Statement</b>	The disclosure statement in respect of the Plan.
<b>Disclosure Statement Order</b>	The order entered by the Bankruptcy Court approving the Disclosure Statement and Solicitation Materials as containing, among other things, “adequate information” as required by section 1125 of the Bankruptcy Code.
<b>Entity</b>	As defined in section 101(15) of the Bankruptcy Code.
<b>Estate</b>	With respect to a particular Debtor, the estate created for such Debtor upon commencement of its Chapter 11 Case pursuant to section 541 of the Bankruptcy Code, and the “ <i>Estates</i> ” means every Debtors’ Estate, collectively.
<b>Exculpated Parties</b>	Collectively, and in each case in their capacities as such during the Chapter 11 Cases, (i) the Debtors, (ii) the Reorganized Company, (iii) any statutory committee appointed in the Chapter 11 Cases, (iv) the Ad Hoc Group, (v) the parties to the Restructuring Support Agreement, (vi) Wilmington Trust N.A., as administrative agent and collateral agent under the SOTL Agreement, (vii) the lenders under the SOTL Agreement, (viii) the New Term Loan Exit Facility lenders, and New Term Loan Exit Facility agent under the New Term Loan Exit Facility, (ix) the Consenting Lenders, and (x) with respect to each of the foregoing Persons in clauses (i) through (x), such Persons’ predecessors, successors, assigns, subsidiaries, affiliates, managed accounts and funds, and all of their respective current and former officers and directors, principals, equity holders, members, partners, managers, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, investment managers, investment advisors, management companies, fund advisors, and other professionals, and such Persons’ respective heirs, executors, estates, and nominees, in each case in their capacity as such.

<b>Existing Equity Interests</b>	The existing limited liability company membership interests of INAP or any interest therein, including the right to receive membership interests. For the avoidance of doubt, unvested granted equity awards and any warrants will be accelerated and treated equivalently to other existing common stock.
<b>Final Cash Collateral Order</b>	The final order to be entered by the Bankruptcy Court, approving, among other things, the Debtors' use of cash collateral on a final basis subject to an agreed budget attached thereto (as may be amended from time to time).
<b>Final Order</b>	An order entered by the Bankruptcy Court or other court of competent jurisdiction: (a) that has not been reversed, stayed, modified, amended, or revoked, and as to which (i) any right to appeal or seek leave to appeal, certiorari, review, reargument, stay, or rehearing has been waived or (ii) the time to appeal or seek leave to appeal, certiorari, review, reargument, stay, or rehearing has expired and no appeal, motion for leave to appeal, or petition for certiorari, review, reargument, stay, or rehearing is pending or (b) as to which an appeal has been taken, a motion for leave to appeal, or petition for certiorari, review, reargument, stay, or rehearing has been filed and (i) such appeal, motion for leave to appeal or petition for certiorari, review, reargument, stay, or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which leave to appeal, certiorari, review, reargument, stay, or rehearing was sought and (ii) the time to appeal (in the event leave is granted) further or seek leave to appeal, certiorari, further review, reargument, stay, or rehearing has expired and no such appeal, motion for leave to appeal, or petition for certiorari, further review, reargument, stay, or rehearing is pending.
<b>General Unsecured Claim</b>	Any Claims as of the Petition Date (other than Intercompany Claims) that are neither Secured nor entitled to priority under the Bankruptcy Code or any order of the Bankruptcy Court.
<b>Holder</b>	An Entity holding a Claim or Interest, as applicable.
<b>Impaired</b>	With respect to any class of Claims or Interests, a class of Claims or Interests that is impaired within the meaning of section 1124 of the Bankruptcy Code.
<b>Intercompany Claim</b>	A prepetition Claim held by a Debtor against a Debtor.
<b>Intercompany Interest</b>	An Interest in any Debtor other than the Company.

<b>Interest</b>	Any equity security (as defined in section 101(16) of the Bankruptcy Code) in any Debtor.
<b>Interim Cash Collateral Order</b>	The interim order to be entered by the Bankruptcy Court, approving, among other things, the Debtors' use of cash collateral on an interim basis subject to an agreed budget attached thereto (as may be amended from time to time).
<b>Loan Claim</b>	Any Claim arising under, derived from, or based on a SOTL Loan under the SOTL Agreement.
<b>Other Priority Claim</b>	Any Claim, other than an Administrative Claim or a Priority Tax Claim, entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.
<b>Other Secured Claim</b>	Any Secured Claim against any of the Debtors, other than a Loan Claim.
<b>Person</b>	An individual, corporation, partnership, limited liability company, joint venture, trust, estate, unincorporated association, governmental entity, or political subdivision thereof, or any other entity.
<b>Plan Effective Date</b>	The Plan Effective Date, as each shall be selected by the Debtors, in accordance with the Restructuring Support Agreement.
<b>Priority Tax Claims</b>	Claims of governmental units of the type described in section 507(a)(8) of the Bankruptcy Code.
<b>Reinstated</b>	With respect to Claims and Interests, that the Claim or Interest shall be rendered Unimpaired in accordance with section 1124 of the Bankruptcy Code.
<b>Released Parties</b>	To the extent such party has not opted out of being a Releasing Party, all of the following, each in their respective capacities as such: (i) the Debtors, (ii) the Reorganized Company, (iii) to the extent that the applicable foregoing Entity has not opted out of being a Releasing Party, each of the foregoing Entities' respective successors, assigns, current and former shareholders, subsidiaries, directors, officers, funds, affiliates, members, employees, partners, limited partners, general partners, members, management companies, investment managers, investment advisors, investment bankers, financial advisors, restructuring advisors, accountants, managers, agents, representatives, principals, consultants, attorneys, and professional advisors (each in their capacity as such), (iv) the Releasing Parties and (v) each such Entity's

	predecessors.
<b>Releasing Parties</b>	Each in their respective capacities as such: (i) the Debtors; (ii) the Released Parties (each in their capacity as such); (iii) Holders of Existing Equity Interests who consent to the Holder Release; and (iv) Holders of all Claims or Interests that have not opted out of being a Releasing Party.
<b>Secured</b>	When referring to a Claim: (a) secured by a lien on property in which any of Debtors has an interest, which lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Final Order of the Bankruptcy Court, or that is subject to setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value of the creditor's interest in the Debtors' interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code; or (b) allowed pursuant to the Plan, or separate Final Order of the Bankruptcy Court, as a secured claim.
<b>Unimpaired</b>	With respect to a Class of Claims or Interests, a Class of Claims or Interests that is not Impaired.

**Exhibit C**

FINANCIAL PROJECTIONS

### Plan Projections

The Debtors prepared the Financial Projections based on, among other things, the anticipated future financial condition and results of operations of the Debtors. In conjunction with the Company's advisors, Management developed and refined the business plan and prepared consolidated financial projections of the Debtors for the post-emergence period from July 1, 2023 through June 30, 2028 (the "**Projection Period**").

The Financial Projections assume that the Plan will be consummated in accordance with its terms and that all transactions contemplated by the Plan will be consummated by June 30, 2023<sup>1</sup> (the "**Assumed Effective Date**"). Any significant delay in the Assumed Effective Date may have a significant negative impact on the operations and financial performance of the Debtors including, but not limited to, an increased risk or inability to meet forecasts and the incurrence of higher reorganization expenses.

Although the Financial Projections represent the Debtors' best estimates and good faith judgment (for which Management believes it has a reasonable basis) of the results of future operations, financial position, and cash flows of the Debtors, they are only estimates and actual results may vary considerably from such Financial Projections. Consequently, the inclusion of the Financial Projections herein should not be regarded as a representation by the Debtors, the Debtors' advisors or any other person that the projected results of operations, financial position, and cash flows of the Debtors will be achieved.

The Debtors do not intend to further update or otherwise revise the Financial Projections to reflect circumstances that may occur after their preparation, or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Additional information relating to the principal assumptions used in preparing the Financial Projections are set forth below.

THE FINANCIAL PROJECTIONS HAVE BEEN PREPARED BY THE MANAGEMENT OF THE DEBTORS, IN CONJUNCTION WITH THE DEBTORS' ADVISORS, FTI CONSULTING, INC. THE FINANCIAL PROJECTIONS WERE NOT PREPARED TO COMPLY WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OR THE RULES AND REGULATIONS OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, AND BY THEIR NATURE ARE NOT FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA.

THE DEBTORS' INDEPENDENT ACCOUNTANTS HAVE NEITHER EXAMINED NOR COMPILED THE ACCOMPANYING FINANCIAL PROJECTIONS AND ACCORDINGLY DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE FINANCIAL PROJECTIONS, ASSUME NO RESPONSIBILITY FOR THE FINANCIAL PROJECTIONS AND DISCLAIM ANY ASSOCIATION WITH THE FINANCIAL PROJECTIONS.

THE FINANCIAL PROJECTIONS DO NOT REFLECT THE IMPACT OF FRESH START REPORTING IN ACCORDANCE WITH AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS STATEMENT OF POSITION 90-7 "FINANCIAL REPORTING BY ENTITIES IN REORGANIZATION UNDER THE BANKRUPTCY CODE." THE IMPACT OF FRESH START REPORTING AT THE EFFECTIVE DATE MAY HAVE AN IMPACT ON ASSETS, LIABILITIES

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<sup>1</sup> The financial projections are prepared on a quarterly basis and utilize an emergence date of June 30, 2023. The projections would not be materially impacted based on an emergence date of July 28, 2023.

AND SHAREHOLDER EQUITY AS REFLECTED ON THE REORGANIZED DEBTORS' CONSOLIDATED BALANCE SHEETS AND PROSPECTIVE RESULTS OF OPERATIONS.

***General Assumptions and Methodology***

The Financial Projections for the Debtors are based on the Debtors' July 2023 – June 2028 business plan as informed by current and projected conditions in the Debtors' markets and were prepared on a consolidated basis. The Financial Projections consist of the following unaudited pro forma financial statements for each year in the Projection Period: (i) projected consolidated statements of operations, (ii) projected consolidated balance sheets, and (iii) projected consolidated statements of cash flows.

Management reports and uses the Adjusted EBITDA metric to assess the ongoing performance of the Debtors' core operations, adjusted for certain non-operating costs.

***Consolidated Statements of Operations Assumptions***

**Revenue**

Revenue is primarily based upon assumptions for bookings, monthly recurring revenue, and churn. The Debtor considers all revenue to be recurring.

***Monthly Recurring Revenue.*** Monthly Recurring revenue ("MRR") represents revenue received by the Debtors from their customers primarily for Bare Metal, Dedicated Private Cloud ("DPC"), and Managed Hosting services, for which customers pay a fixed monthly charge. Customer contracts vary in duration and can range from month-to-month to 3-4 years.

***Other Revenue.*** Represents miscellaneous revenue as well as recurring revenue for ancillary services provided including Disaster-Recovery-as-a-Service ("DRaaS"), Backend-as-a-service ("BaaS"), Virtual Private Cloud ("VPC").

**Cost of Goods Sold**

Cost of Goods Sold represents the Debtors' direct costs of providing private cloud and bare metal services to their customers. These costs include the cost of leasing data center space and power, as well as third party software, maintenance and repair, and IP services.

**Operating Expenses**

Operating Expenses include costs associated with compensation, commissions (internal and external), and other expense for product development, finance, operations, service delivery, support, sales, executive, legal, and human resources, as well as contractor costs, professional fees, software costs and other general corporate costs. Operating expenses in the Financial Projections reflect cost savings and rationalization actions undertaken by the Debtors.

**Depreciation and Amortization ("D&A")**

D&A reflects the anticipated depreciation of the Debtors' net property, plant & equipment, based on book values. The Debtor is assumed to have no intangibles or goodwill.

**Interest Expense**

The Projection Period reflects interest expense associated with a reorganized capital structure. The reorganized capital structure includes a proposed Term Loan with a principal balance of \$23.6M at 8.0% interest paid quarterly, 7.0% of the interest paid in kind and 1.0% of the interest paid in cash.

**Income Taxes**

The Debtors assume the ability to utilize prepetition net operating losses (“NOLs”) to offset otherwise taxable income. As a result, the projected income tax expense reflects the utilization of NOLs to offset taxable income. The Debtors’ actual ability to utilize these NOLs in the future is uncertain and may be impacted by, among other things, any past or future “ownership changes” within the meaning of section 382 of the Internal Revenue Code, including the ownership change expected to occur as a result of the transactions under the Plan. In addition, NOLs available for federal or state tax purposes are expected to be impacted by cancellation of indebtedness income resulting from the consummation of the Plan. The projected income tax expense is presented on a ‘cash’ basis, and is not intended to reflect income tax expense in accordance with generally accepted accounting principles (GAAP), the reflection of which may materially vary from the amounts presented herein.

### ***Consolidated Balance Sheet and Statement of Cash Flows Assumptions***

#### **Capital Expenditures**

Capital Expenditures primarily relate to success-based capital required to install and provision new customer services, maintenance-oriented capital necessary to maintain the operating capability of the Debtors’ existing assets in the ordinary course and capex to streamline IT systems.

#### **Debt**

The Plan contemplates a restructured Capital Structure for the Debtors consisting of a \$23.6 million term loan.

<b>Projected Consolidated Profit and Loss Statement</b>					
	<b>2023E<sup>(1)</sup></b>	<b>FY2024E</b>	<b>FY2025E</b>	<b>FY2026E</b>	<b>FY2027E</b>
Revenue	\$ 28,959	\$ 59,767	\$ 66,879	\$ 79,033	\$ 93,578
Cost of Revenue	11,595	23,553	25,983	28,702	31,177
<b>Gross Profit</b>	<b>\$ 17,364</b>	<b>\$ 36,213</b>	<b>\$ 40,896</b>	<b>\$ 50,331</b>	<b>\$ 62,401</b>
Operating Expense	13,394	28,825	31,827	35,687	38,878
<b>Adjusted EBITDA</b>	<b>\$ 3,970</b>	<b>\$ 7,388</b>	<b>\$ 9,069</b>	<b>\$ 14,644</b>	<b>\$ 23,523</b>
Depreciation and Amortization	4,828	8,979	9,578	10,182	10,891
Interest Expense	975	2,045	2,189	2,348	2,519
Income Tax Expense	-	-	-	-	-
Restructuring / Implementation Expense	2,647	-	-	-	-
<b>Net Income</b>	<b>\$ (4,480)</b>	<b>\$ (3,636)</b>	<b>\$ (2,698)</b>	<b>\$ 2,114</b>	<b>\$ 10,113</b>

Projected Consolidated Cash Flow Statement					
	2023E <sup>(1)</sup>	FY2024E	FY2025E	FY2026E	FY2027E
<b>Operating Activities</b>					
Net Income	\$ (4,480)	\$ (3,636)	\$ (2,698)	\$ 2,114	\$ 10,113
Depreciation and Amortization	4,828	8,979	9,578	10,182	10,891
Changes in Working Capital	3,693	(326)	781	(1,378)	(1,283)
Other	853	1,790	1,915	2,055	2,204
<b>Cash from Operating Activities</b>	<b>\$ 4,894</b>	<b>\$ 6,806</b>	<b>\$ 9,577</b>	<b>\$ 12,972</b>	<b>\$ 21,926</b>
<b>Investing Activities</b>					
Capital Expenditures	(8,671)	(17,910)	(20,490)	(17,299)	(18,707)
<b>Cash from Investing Activities</b>	<b>(8,671)</b>	<b>(17,910)</b>	<b>(20,490)</b>	<b>(17,299)</b>	<b>(18,707)</b>
<b>Financing Activities</b>					
Net Debt Issued	23,633	-	-	-	-
<b>Cash from Financing Activities</b>	<b>23,633</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Cash</b>	<b>19,855</b>	<b>(11,104)</b>	<b>(10,913)</b>	<b>(4,327)</b>	<b>3,219</b>

Projected Consolidated Balance Sheet <sup>(2)</sup> (as of)						
	PF 7/1/2023E <sup>(3)</sup>	FY2023E	FY2024E	FY2025E	FY2026E	FY2027E
<b>Assets</b>						
Current Assets:						
Cash and Cash Equivalents	\$ 35,000	\$ 31,223	\$ 20,119	\$ 9,206	\$ 4,879	\$ 8,098
Accounts Receivable	4,129	3,887	4,257	4,821	5,727	6,730
Other Current Assets	8,967	8,630	9,261	10,224	11,770	13,480
<b>Total Current Assets</b>	<b>\$ 48,096</b>	<b>\$ 43,739</b>	<b>\$ 33,636</b>	<b>\$ 24,252</b>	<b>\$ 22,376</b>	<b>\$ 28,308</b>
Long-term Assets:						
Net PP&E	22,604	26,447	35,378	46,289	53,407	61,223
Other Non-Current Assets	57,927	57,927	57,927	57,927	57,927	57,927
<b>Total Long-term Assets</b>	<b>\$ 80,531</b>	<b>\$ 84,374</b>	<b>\$ 93,305</b>	<b>\$ 104,217</b>	<b>\$ 111,335</b>	<b>\$ 119,151</b>
<b>Total Assets</b>	<b>\$ 128,627</b>	<b>\$ 128,113</b>	<b>\$ 126,941</b>	<b>\$ 128,469</b>	<b>\$ 133,711</b>	<b>\$ 147,458</b>
<b>Liabilities and Equity</b>						
Current Liabilities:						
Accounts Payable	2,493	3,920	4,161	5,806	5,857	6,273
Other Current Liabilities	13,548	15,234	15,668	16,334	17,356	18,370
<b>Total Current Liabilities</b>	<b>\$ 16,041</b>	<b>\$ 19,154</b>	<b>\$ 19,829</b>	<b>\$ 22,139</b>	<b>\$ 23,212</b>	<b>\$ 24,643</b>
Non-Current Liabilities:						
Term Loan	23,633	24,486	26,276	28,191	30,245	32,450
Other Non-current Liabilities	44,448	44,448	44,448	44,448	44,448	44,448
<b>Total Non-current Liabilities</b>	<b>\$ 68,080</b>	<b>\$ 68,933</b>	<b>\$ 70,723</b>	<b>\$ 72,638</b>	<b>\$ 74,693</b>	<b>\$ 76,897</b>
<b>Total Liabilities</b>	<b>\$ 84,121</b>	<b>\$ 88,087</b>	<b>\$ 90,552</b>	<b>\$ 94,777</b>	<b>\$ 97,905</b>	<b>\$ 101,540</b>
<b>Shareholder's Equity</b>	<b>\$ 44,506</b>	<b>\$ 40,025</b>	<b>\$ 36,389</b>	<b>\$ 33,691</b>	<b>\$ 35,806</b>	<b>\$ 45,919</b>
<b>Total Liabilities and Equity</b>	<b>\$ 128,627</b>	<b>\$ 128,113</b>	<b>\$ 126,941</b>	<b>\$ 128,469</b>	<b>\$ 133,711</b>	<b>\$ 147,458</b>

Note (1): FY2023E represents the period 7/1/2023 through 12/31/2023

Note (2): Projected Consolidated Balance Sheet reflects discharge of debts and emergence financing elements of the Plan unadjusted for fresh start accounting entries or reorganized equity value.

Note (3): 7/1/2023 is pro-forma for post-emergence capital structure.

**Exhibit D**

VALUATION ANALYSIS

## VALUATION ANALYSIS

**THE VALUATIONS SET FORTH HEREIN REPRESENT ESTIMATED DISTRIBUTABLE VALUE FOR THE DEBTORS AND DO NOT NECESSARILY REFLECT VALUES THAT COULD BE ATTAINABLE IN THE PUBLIC OR PRIVATE MARKETS. THE VALUE OF THE NEW COMMON STOCK DOES NOT PURPORT TO BE AN ESTIMATE OF THE POST-REORGANIZATION MARKET VALUE OF THE REORGANIZED DEBTORS.**

### Introduction

In connection with developing the Plan, the Debtors directed their advisor, FTI, to estimate the going-concern value of the Reorganized Debtors. This analysis has been prepared for the Debtors' sole use and is based on information provided to FTI by the Debtors.

Based on the Financial Projections and subject to the disclaimers and the descriptions of FTI's methodology set forth herein, and solely for purposes of the Plan, FTI estimates the total enterprise value of the Reorganized Debtors to be between approximately \$55.2 million and \$71.0 million as of the assumed Effective Date of June 30, 2023<sup>1</sup> with a midpoint of \$63.1 million. The implied total enterprise value should be considered as a whole, and the underlying analyses should not be considered indicative of the values of any individual operation of the Reorganized Debtors.

In preparing the estimated total enterprise value range for the Reorganized Debtors, FTI: (i) reviewed certain historical financial information of the Debtors for recent years and interim periods; (ii) spoke with certain members of the Debtors' senior management to discuss the Debtors' operations and future prospects; (iii) reviewed publicly available financial data and considered the market values of public companies deemed generally comparable to the operating businesses of the Debtors; (iv) considered certain economic and industry information relevant to the Debtors' operating businesses; (v) prepared discounted cash flow analyses based on the Debtors' financial projections, utilizing various discount rates and assumptions in the calculation of terminal values; and (vi) conducted such other analyses as FTI deemed appropriate.

Although FTI conducted a review and analysis of the Debtors' businesses, operating assets and liabilities, and business plans, FTI relied on the accuracy and completeness of all financial and other information furnished to it by the Debtors and by other firms retained by the Debtors and on certain publicly available information as to which FTI does not have independent knowledge.

The projections provided by the Debtors to FTI are for fiscal years ended December 31, 2023 through 2028. FTI has relied on the Debtors' representations and warranties that financial projections provided by the Debtors to FTI (i) have been prepared in good faith, (ii) are based on fully disclosed assumptions which, in light of the circumstances under which they were made, are reasonable, (iii) reflect the Debtors' best currently available estimates, and (iv) reflect the good faith judgments of the Debtors. FTI does not offer an opinion as to the attainability of the Debtors'

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<sup>1</sup> The valuation was based on the projections which had emergence at quarter end June 30, 2023. The valuation would not be materially impacted based on an emergence date of July 28, 2023.

financial projections. The future results of the Reorganized Debtors are dependent upon various factors, many of which are beyond the control or knowledge of the Debtors, and consequently are inherently difficult to project. The Reorganized Debtors' actual future results may differ materially (positively or negatively) from their financial projections and as a result, the actual total enterprise value of the Reorganized Debtors may be significantly higher or lower than the estimated range herein.

No independent evaluations or appraisals of the Debtors' assets were sought or were obtained in connection with FTI's valuation. FTI did not conduct an independent investigation into any of the legal, tax, pension or accounting matters affecting the Debtors, and therefore makes no representations as to their impact on the Debtors' financial statements.

### **Valuation Methodologies**

The following is a brief summary of certain financial analyses performed by FTI to arrive at a range of estimated total enterprise values for the Reorganized Debtors. The following summary does not purport to be a complete description of all of the analyses undertaken to support FTI's conclusions. The preparation of a valuation is a complex process involving various determinations as to the most appropriate analyses and factors to consider, and the application of those analyses and factors under the particular circumstances. As a result, the process involved in preparing a valuation is not readily summarized.

In performing its analysis, FTI applied the following valuation methodologies as applicable to the operations of the Debtors: (i) the discounted cash flow methodology; and (ii) the guideline public company methodology.

- **Discounted Cash Flow Methodology.** FTI's application of the discounted cash flow methodology involved deriving the unlevered free cash flows that the Debtors' operations would generate assuming their financial projections are realized. To determine the enterprise value range, these cash flows and an estimated enterprise value at the end of the Projection Period were discounted to derive their present value as of an assumed Effective Date of June 30, 2023, using the estimated weighted average cost of capital of the Reorganized Debtors.
- **Guideline Public Company Methodology.** FTI's application of the guideline public company methodology involved identifying a group of publicly-traded companies whose businesses and operating characteristics are generally similar to the Reorganized Debtors' operations, although no selected company is either identical or directly comparable to the business of the Reorganized Debtors' operations. From a review of this group, FTI then developed a range of valuation multiples to apply to the Reorganized Debtors' financial projections to derive a range of implied enterprise values for the Reorganized Debtors' operations.

In arriving at its valuation estimate, FTI did not consider any one analysis or factor to the exclusion of any other analyses or factors. Accordingly, FTI believes that its analysis and views must be

considered as a whole and that selecting portions of its analysis and factors could create a misleading or incomplete view of the processes underlying the preparation of the valuation. FTI's analysis includes multiple valuation methodologies. Reliance on only one of the methodologies used or portions of the analysis performed could create a misleading or incomplete conclusion as to total enterprise value.

### **Valuation Considerations**

This valuation is based upon market information available to, and analyses undertaken by, FTI as of April 4, 2023 with an assumed valuation date of June 30, 2023 ("Assumed Valuation Date"), and reflects, among other factors discussed below, the current financial market conditions and the inherent uncertainty today as to the achievement of the financial projections prepared by the Debtors. The value of an operating business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial conditions and prospects of such a business. For purposes of this valuation, FTI has assumed that no material changes that would affect value will occur between the date of this Disclosure Statement and the assumed Effective Date. Events and conditions subsequent to this date, including but not limited to updated projections, as well as other factors, could have a substantial impact upon the Reorganized Debtors' value. Neither FTI nor the Debtors has any obligation to update, revise or reaffirm the valuation.

This valuation also reflects a number of assumptions, including a successful reorganization of the Debtors' businesses and finances in a timely manner, achieving the forecasts reflected in the financial projections, the minimum amount of cash required to operate the Debtors' businesses, market conditions and the Plan becoming effective in accordance with its terms on a basis consistent with the estimates and other assumptions discussed herein. Among other things, failure to consummate the Plan in a timely manner may have a materially negative impact on the enterprise value of the Reorganized Debtors.

The estimate of total enterprise value set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein depending on the results of the Debtors' operations or changes in the financial markets. Additionally, these estimates of value represent hypothetical enterprise and equity values of the Reorganized Debtors as the continuing operators of the Debtors' businesses and assets, and do not purport to reflect or constitute appraisals, liquidation values or estimates of the actual market value that may be realized through the sale of any securities to be issued pursuant to the Plan, which may be significantly different than the amounts set forth herein. Such estimates were developed solely for purposes of formulation and negotiation of the Plan and analysis of implied relative recoveries to creditors thereunder. The value of an operating business such as the Debtors' business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such business.

FTI's estimated valuation range of the Reorganized Debtors does not constitute a recommendation to any Holder of an Allowed Claim or Equity Interest as to how such person should vote or otherwise act with respect to the Plan. The estimated value of the Reorganized Debtors set forth

herein does not constitute an opinion as to the fairness from a financial point of view to any person of the consideration to be received by such person under the Plan or of the terms and provisions of the Plan. Because valuation estimates are inherently subject to uncertainties, none of the Debtors, FTI or any other person assumes responsibility for their accuracy or any differences between the estimated valuation ranges herein and any actual outcome.

**Exhibit E**

LIQUIDATION ANALYSIS

## LIQUIDATION ANALYSIS<sup>1</sup>

**NOTHING CONTAINED IN THE FOLLOWING LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION OR ADMISSION OF THE DEBTORS. THE ESTIMATED AMOUNT OF ALLOWED CLAIMS SET FORTH HEREIN SHOULD NOT BE RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING ANY DETERMINATION OF THE VALUE OF ANY DISTRIBUTION TO BE MADE ON ACCOUNT OF ALLOWED CLAIMS UNDER THE PLAN. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THESE CHAPTER 11 CASES COULD DIFFER MATERIALLY FROM THE ESTIMATED AMOUNTS SET FORTH IN THE LIQUIDATION ANALYSIS.**

### **A. Introduction**

A chapter 11 plan cannot be confirmed unless a bankruptcy court determines that the plan is in the “best interests” of all holders of claims and interests that are impaired by the plan and that have not accepted the plan. The “best interests” test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires that a bankruptcy court find, prior to confirming the plan, either that: (i) all members of an impaired class of claims or interests have accepted the plan or (ii) the plan will provide a member of an impaired class of claims or interests who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such date. To determine the Debtors’ compliance with section 1129(a)(7), the Bankruptcy Court must evaluate: (a) the cash proceeds that a chapter 7 trustee would generate if each Debtor’s chapter 11 case were converted to a chapter 7 case on the Effective Date and the assets of such Debtor’s estate were liquidated; (b) the distribution that each non-accepting Holder of a Claim or Interest would receive from the net estimated liquidation proceeds under the priority scheme set forth in chapter 7; and (c) a comparison of each Holder’s estimated recovery through chapter 7 liquidation to the distribution under the Plan that such Holder would receive if the Plan were confirmed and consummated.

Based on the hypothetical liquidation analysis set forth herein (the “**Liquidation Analysis**”), the Debtors believe that the Plan satisfies the best interests test and that each Holder of an Impaired Claim or Interest will receive value under the Plan on the Effective Date that is not less than the value such Holder would receive if the Debtors liquidated under chapter 7 of the Bankruptcy Code. The Debtors believe that this Liquidation Analysis and the conclusions set forth herein are fair and represent management’s best judgment regarding the results of a hypothetical liquidation of the Debtors under chapter 7 of the Bankruptcy Code, taking into account various factors, including the negative impact on values arising from a liquidation of the Debtors’ assets under current market conditions. This Liquidation Analysis was prepared for the sole purpose of assisting the Bankruptcy Court and Holders of Impaired Claims or Interests in making this determination and should not be used for any other purpose. Nothing contained in this Liquidation Analysis is intended as or constitutes a concession or admission for any purpose other than the presentation of a hypothetical liquidation for purposes of the best interests test. Accordingly, asset

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<sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Disclosure Statement or the Plan, as applicable.

values discussed herein may be different than amounts referred to in the Plan. This Liquidation Analysis is based upon certain assumptions discussed herein and in the Disclosure Statement.

This Liquidation Analysis was prepared by FTI Consulting, Inc. (“**FTI**”) in connection with FTI’s representation of the Debtors in these chapter 11 cases. This Liquidation Analysis assumes that the Debtors’ liquidation would commence on or about **July 28, 2023** (the “**Conversion Date**”) under the direction of a chapter 7 trustee, during which time the Debtors’ assets would be administered and the cash proceeds (net of liquidation-related costs), together with cash on hand, would be distributed to creditors in accordance with the priority scheme established under the Bankruptcy Code. It is assumed that the Debtors would (i) immediately cease all operations following the Conversion Date; (ii) lose access to cash collateral; (iii) lose access to critical employees as a result of immediate departures, including employees involved in accounting, treasury, IT support, and management; and (iv) not receive relief from the regulations of the Federal Communications Commission or state regulators that provide for restrictions on and notice requirements for the transfer of customer accounts and services to other providers. All other operations, management, and corporate functions are assumed to immediately cease in order to minimize costs associated with the chapter 7 liquidation. The Debtors would expect the chapter 7 trustee to retain professionals to assist in the liquidation of the Debtors’ estates.

For purposes of this Liquidation Analysis, FTI has attempted to ascribe value to the assets based on general classes by estimating the percentage recoveries that a chapter 7 trustee might achieve under these conditions. Where applicable, asset recoveries below are shown net of the costs to achieve those recoveries.

## **B. Statements of Limitation**

The preparation of a liquidation analysis is an uncertain process involving the use of estimates and assumptions that, although considered reasonable by the Debtors based upon their business judgment and input from their advisors, are inherently subject to significant business, economic, and competitive risks, uncertainties and contingencies, most of which are difficult to predict and many of which are beyond the control of the Debtors, their management, and their advisors. Inevitably, some assumptions in the Liquidation Analysis would not materialize in an actual chapter 7 liquidation and unanticipated events and circumstances could materially affect the ultimate results of an actual chapter 7 liquidation. The Liquidation Analysis was prepared for the sole purpose of generating a reasonable good-faith estimate of the proceeds that would be generated if the Debtors’ assets were liquidated in accordance with chapter 7 of the Bankruptcy Code; it is not intended, and should not be used, for any other purpose. The underlying financial information in the Liquidation Analysis, and the values stated herein, have not been subject to review, compilation, or audit by any independent accounting firm. In addition, various assumptions are subject to change. Moreover, the actual amount of the Claims against the Debtors’ Estates could vary significantly from the estimates stated herein, depending on the nature and amount of Claims asserted during the pendency of the chapter 7 cases. Similarly, the value of the Debtors’ assets in a liquidation scenario is uncertain and could vary significantly from the values set forth in the Liquidation Analysis.

As further detailed below, in preparing the Liquidation Analysis, the Debtors estimated Allowed Claims based on the Debtors' financial statements. The Debtors have not estimated, and the Liquidation Analysis does not take into account: (i) the tax consequences that may result from the liquidation and sale of the Debtors' assets; (ii) recoveries resulting from any potential preference, fraudulent transfer, or other litigation or avoidance actions; or (iii) the priority that certain Claims may be entitled to under the Bankruptcy Code, including administrative status under sections 503(b) and 507(b) of the Bankruptcy Code.

In addition, the Liquidation Analysis includes estimates for Claims not currently asserted in these Chapter 11 Cases, but which could be asserted and allowed in a chapter 7 liquidation, including wind down costs and chapter 7 trustee fees. To date, the Bankruptcy Court has not estimated or otherwise fixed the total amount of Allowed Claims used for purposes of preparing the Liquidation Analysis. Therefore, the Debtors' estimate of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including determining the value of any distribution to be made on account of Allowed Claims and Interests under the Plan.

**THE DEBTORS BELIEVE THAT ANY ANALYSIS OF A HYPOTHETICAL LIQUIDATION IS NECESSARILY SPECULATIVE. THERE ARE A NUMBER OF ESTIMATES AND ASSUMPTIONS UNDERLYING THE LIQUIDATION ANALYSIS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS OR A CHAPTER 7 TRUSTEE. NEITHER THE LIQUIDATION ANALYSIS NOR THE FINANCIAL INFORMATION ON WHICH IT IS BASED HAS BEEN EXAMINED OR REVIEWED BY INDEPENDENT ACCOUNTANTS IN ACCORDANCE WITH STANDARDS PROMULGATED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THERE CAN BE NO ASSURANCE THAT ACTUAL RESULTS WILL NOT VARY MATERIALLY FROM THE HYPOTHETICAL RESULTS PRESENTED IN THE LIQUIDATION ANALYSIS.**

### **C. Summary Notes to Liquidation Analysis**

- 1. *Dependence on Assumptions.*** The Liquidation Analysis is based on a number of estimates and assumptions that are inherently subject to significant economic, business, regulatory and competitive uncertainties and contingencies beyond the control of the Debtors. Accordingly, there can be no assurance that the values reflected in the Liquidation Analysis would be realized if the Debtors were, in fact, to undergo such liquidation and actual results could vary materially and adversely from those contained herein.
- 2. *Additional Claims in a Liquidation.*** The liquidation itself may trigger certain obligations and priority payments that otherwise would not be due in the ordinary course of business or would otherwise not exist under a chapter 11 plan. These priority payments must be paid in full before any distribution of proceeds to Holders of General Unsecured Claims or Existing Equity Interests. The liquidation would likely prompt

certain other events to occur, including the immediate rejection of executory contracts and unexpired leases, defaults under agreements with vendors and customers, the exercise of set-off rights by creditors, and acceleration of severance obligations. Such events, if triggered, would subject the chapter 7 estates to additional claims.

3. **Litigation Claims.** The Liquidation Analysis does not attribute any value to potential litigation claims that may belong to the Debtors' estates, including any claims to recover potentially avoidable preferential and/or fraudulent transfers.
4. **Chapter 7 Liquidation Costs.** It is assumed that a period of six to nine months would be required to complete the liquidation of the Debtors' estates. The fees and operating expenses incurred during the chapter 7 process are included in the estimate of Chapter 7 Administrative Claims and Trustee Expenses. In addition, there are liquidation costs associated with most of the Debtors' assets. Costs of liquidation are displayed as a reduction to gross liquidation proceeds.
5. **Claim Estimates.** Given the expectation that recoveries will not exceed Loan Claims, estimates for the remaining classes of claims were not determined.

**D. Detailed Assumptions.** Asset recovery estimates presented in the Liquidation Analysis are based on the Debtors' unaudited balance sheets as of February 28, 2023 and projected Cash and Cash Equivalents as of July 28, 2023.

1. **[a] Cash and Cash Equivalents.** The Debtors estimate 100% realization on projected unrestricted Cash and Cash Equivalents as of July 28, 2023.
2. **[b] Accounts Receivable.** The Debtors estimate an overall 14% to 27% realization rate on accounts receivable, which is based on collecting 15% to 30% of accounts receivable balances less than sixty (60) days past their due dates.
3. **[c] Prepaid Expenses.** Prepaid expenses include a variety of asset balances, which are assumed not to have any realizable value.
4. **[d] Deposits and Other Assets.** Deposits and Other Assets include a variety of assets, which the Debtors assume to have no realizable value. The Debtors assume that parties holding deposits would set the deposits off against the Debtors' liabilities and no amount would be recovered.
5. **[e] Net PP&E.** Property, plant, and equipment includes a variety of asset types, some of which are assumed not to have any realizable value. Leased assets are assumed to have been immediately returned to the lessors or secured parties upon the Conversion Date. The Debtors estimate an overall 17% to 28% realization on total net book value as of February 28, 2023, which is based on realizing 25% to 40% of the net book value of network equipment, 10% to 20% of the net book value of network components, 5% to 10% of the net book value of office equipment and no realization on leasehold improvements and other assets that would not be converted to cash.

6. **[f] Right-of-Use Assets.** ROU Assets includes operating lease asset balances, which are assumed not to have any realizable value.
7. **[g] Investments in Non-Debtor Subsidiaries.** Investments in Non-Debtor Subsidiaries includes advances to and equity investments by the Debtors in Non-Debtor Subsidiaries. The Debtors estimate that \$0.5M to \$1.0M would be realized from sale and/or collection of Investments in Non-Debtor Subsidiaries.
8. **[h] Post-Petition Capital Expenditures.** This includes anticipated capital expenditures on network equipment and components to be made post-petition. The Debtors estimate an overall 60% to 75% realization rate.
9. **[i] Trustee Fees and Expenses.** These claims represent the estimated chapter 7 operating and administrative expenses, costs of the chapter 7 trustee's professionals, and other associated costs.
  - a. **Chapter 7 Trustee Fees.** The Liquidation Analysis assumes that the chapter 7 trustee would be compensated in accordance with the guidelines of section 326 of the Bankruptcy Code.
  - b. **Chapter 7 Trustee Professional Fees.** Legal and financial professionals assisting the chapter 7 trustee are estimated to cost \$0.1M to \$0.15M for the entirety of the liquidation period.
10. **[j] Asset Sale Commissions.** The Debtors estimate a 10% commission cost on the proceeds realized from sale of net property, plant, and equipment.
11. **[k] Wind-Down & AR Collection Costs.** It is assumed that a chapter 7 trustee would retain or hire personnel to wind down the estate and conduct a collection effort for outstanding accounts receivable. The Debtors estimate that the costs associated with winding down the estate and collecting accounts receivable, including salaries for the collections team, office rent, subscription costs for billing systems, and professional fees would range from \$0.35M to \$0.55M. The chapter 7 trustee is assumed to be reimbursed for such costs from the proceeds of collection of accounts receivable otherwise allocable to the Holders of the Loan Claims.

## E. Conclusion

Based on the assumptions outlined herein, the Debtors project they would realize \$18.1M to \$22.3M in gross liquidation proceeds from their assets in a chapter 7 liquidation, representing 11.2% to 13.7% of aggregate net book value. After the trustee fees and expenses, estimated asset sale commissions, and costs for collection of receivables, recovery to holders of Loan Claims is estimated to range from \$17.7M to \$21.6M, or a recovery rate of 10.9% to 13.3% of the principal amount of the Loan Claims.

Holders of General Unsecured Claims against the estates of all Debtors are not expected to realize any recoveries in a chapter 7 liquidation. Holders of Existing Equity Interests are not expected to realize any recoveries in a chapter 7 liquidation.