

August 2, 2017



InterCloud Releases Open Letter to Shareholders

Open Letter to Shareholders Summarizes Restructuring Efforts

NEW YORK, Aug. 02, 2017 (GLOBE NEWSWIRE) -- InterCloud Systems, Inc. (the "Company" or "InterCloud") (NASDAQ:ICLDD), a leading provider of cloud networking orchestration and automation solutions and services today released the following letter to Shareholders from the Company's Chief Executive Officer, Mark Munro.

Dear InterCloud Shareholders:

As we are a little more than half way through this tumultuous year, I would like to take this opportunity to reflect on the status of our restructuring efforts and our outlook moving forward. I am pleased to say that from an operations perspective, the last six months have been successful. Our prospects have improved since the beginning of the year and our operating costs continue to be reduced.

For the period ended June 30, 2016, we reported \$25.7 million in senior secured debt and \$40.6 million in unsecured debt. Currently, we have \$4.7 million in senior secured debt and \$27.3 million in unsecured debt resulting from cumulative debt reduction of \$34.3 million over this period. And while our revenue for that six month period ending June 30, 2016 was over \$40 million, we were heavily leveraged. Over the last twelve months, the Board of Directors and I implemented a plan to strengthen our balance sheet and reduce our operating expenses to restore value to our shareholders. During the period July 1, 2016 to December 31, 2016, we significantly reduced operating expenses. This reduction in liabilities and operating costs continued into 2017. During the first quarter of this year, we reported continued debt reductions as well as continued reductions in our operating expenses. We reported an additional \$8 million quarterly debt reduction and a 20% reduction in our operating expenses. When we report our second quarter 2017 results, we expect to show continued debt reductions and cost savings. We have sold several non-core assets during the second quarter and used those sales to reduce our debt as well.

These reductions in debt and operating expenses have not been without a cost. In particular, our stock has declined due to certain debt holders converting their debt into the Company's common shares. Additionally, certain individuals are reporting false and malicious rumors of a potential bankruptcy. In order to dispel these bankruptcy rumors and show our commitment to the restructuring, Board Member Mark Durfee and I converted \$4.3 million of our personal debt into restricted equity. This equity cannot convert or dilute the shareholders of this Company unless there is a fundamental transaction.

Our balance sheet continues to strengthen through this restructuring. Currently, our senior secured debt is approximately \$4.7 million and our accounts receivable balance is almost twice that amount. We are reducing our existing convertible debt and attempting to secure conventional asset based financing for our working capital needs. We are making every attempt to eliminate the convertible debentures that have hurt our share price and market capitalization. With our reductions in operating expenses and improved cash flow from operations, we believe there is a light at the end of the tunnel.

While I'm as disappointed as most of you with our current share price, I do not believe that our share price and market capitalization accurately reflects the value of our Company and our assets. Our remaining subsidiaries produce approximately \$40 million in annual revenues and operate profitably. Our new product releases have not even been factored in our current valuation.

Continued Outlook for 2017

InterCloud continues to maintain profitable relationships with some of the world's largest businesses including, AT&T, Verizon and Ericsson, to name a few. Recently we announced the launch of two new products: "X-Barrier", part of InterCloud's suite of network management and automation products for Next-Gen Software Defined Networks (SDN) and traditional network environments. These products target the network security vulnerability of the Healthcare enterprises. "NFVgrid SD-WAN" provides automated cloud-based provisioning and management of Customer Premises Equipment (CPE) and Virtual CPE (vCPE), through personnel-less data center locations. These new products are on the cutting edge of SDN technology.

As we move forward in 2017, we will attempt to bring these new products to market with strong profit margins associated with them. There is tremendous value in InterCloud that is currently unrealized. We anticipate our stronger balance sheet, continued product expansion and strong partnerships will produce improved shareholder value.

Sincerely,

Mark Munro

Chief Executive Officer

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Source: InterCloud Systems, Inc.