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Letter of Comment No: 4791
File Reference: 1102-100

Dear FASB Representative,

I am writing this letter in strong opposition to the March 31, 2004 stock option expensing proposal. I am the CEO of Internap Network Services Corporation, the leading provider of high performance Internet connectivity solutions for business customers and an AMEX-listed company located in Atlanta, Georgia. My company has employed hundreds of U.S. employees since its inception, virtually each of whom was or is an equity owner in the business as a result of stock option grants. Internap exercises fiscal discipline in its operations and looks to deploy its cash resources to generate future growth. Consequently, our employee compensation system depends heavily on stock option compensation for attraction and retention of key talent and skills.

There has been substantial debate over the issue of expensing stock options, but the focus on large companies has overshadowed the impact that the proposal would have on smaller companies like Internap. At a time when the requirements of the Sarbanes-Oxley Act and related rules and regulations are adding significantly to the financial and operational costs of being a public company, and disproportionately so to smaller public companies like Internap, the imposition of FASB rules on stock option expensing will be most unwelcome.

As a CEO, board member, and employee, I urge you to reconsider your proposal and to continue to investigate these issues. Rushing to implement this proposal without working through the necessary issues will have a detrimental affect on Internap and the multitude of present and future technology companies, public and private, that will rely on stock options as a critical differentiator in a challenging business environment.

Sincerely,

Gregory A. Peters
President and Chief Executive Officer