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December 13, 2010

Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Re: File Reference No. 1850-100

Dear Sir/Madam:

SanDisk Corporation appreciates the opportunity to provide our views on the Proposed FASB Exposure Draft, *Leases* (FASB file No.1850-100, the “Proposed Standard”). In general, we support the Board’s goal of establishing a principle-based approach to lease accounting.

SanDisk, a global technology company, is the inventor and largest supplier of NAND flash storage card products. Our products are used in a variety of large markets, and we distribute our products globally through retail and original equipment manufacturer channels. As a common business practice, we lease many of our office facilities and operating equipment utilizing various terms generally under long-term non-cancelable operating lease agreements.

Our comments relate to our position as a lessee and specifically address our concern on the following:

Lease Term

The Proposed Standard requires the lessee to determine the lease term as the longest possible term that is more likely than not to occur. We believe that the FASB should reconsider this requirement for the following reasons:

- If all lease liabilities are placed on the balance sheet, we believe that potential renewals should not be included. The lease payment under the option period is not based on a past event, as the definition of a liability requires, but on the future event of exercising the option, and accordingly does not represent a present obligation but a potential future obligation.
- Under the proposed model, if a company determines at any time during a lease period that the initial estimation of the more likely than not lease terms is no longer true, the adjustment from the remeasurement will cause a change in both the right-of-use asset and lease liability. A renewal option is fundamentally different than an asset or liability, it reflects operational flexibility. It does not seem appropriate or consistent with the negotiated business flexibility

to reflect financial position volatility solely due to a change in estimate for a potential renewal option on a lease agreement. Thus we recommend the Board to increase the hurdle as to when a renewal option would be included in the initial lease liability.

- Given the length of some leases and the renewal periods (20 years or more), the inherent subjectivity used to determine whether renewal periods will more likely than not be exercised and the related potential costs for auditors to review do not seem cost beneficial.

Overall, we believe that the lease term should not incorporate a renewal option until it is probable or reasonably certain (70-90% likelihood) that the option will be exercised. Once renewal is probable or reasonably certain, the entire renewal period should be incorporated into the determination of the lease term. We believe this establishes a more practical approach and results in much less frequent changes in estimates and thus mitigating much of the uncertainty and volatility.

#### Discount Rates

We agree with the discount rate guidance in paragraph B11 regarding allowing lessees to use either the incremental borrowing rate or the rate the lessor charges the lessees if that rate can be reliability determined. However, our view is that consideration be given to allowing lessees to calculate and use the rate implicit in the lease. We believe using the rate implicit in the lease allows for greater flexibility and is still consistent with the principle-based standard.

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We thank you for providing us with the opportunity to provide our comments on the Proposed Accounting Standards Update and you can reach me directly at (408) 801-1856 to discuss these issues further.

Sincerely,

Donald F. Robertson, Jr.  
Vice President and Corporate Controller  
SanDisk Corporation

CC: Judy Bruner, Executive Vice President, Administration and Chief Financial Officer