International Accounting Standards Board  
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London EC4M 6XH  
United Kingdom

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

December 15, 2010

Dear Sir/Madam:

Re: Proposed Accounting Standards Update- Leases

We welcome the opportunity to comment on the International Accounting Standards Board and Financial Accounting Standards Board's (collectively referred to as the Boards) Proposed Accounting Standards Update - Leases. While the Company supports the Boards’ effort to review and improve the accounting for leases by providing more useful information to the users of financial statements, there are key conceptual and application related issues associated with the current proposal that need to be addressed in order for these efforts to be worthwhile.

Company Background

SBA Communications Corporation (NASDAQ: SBAC) is a leading independent owner and operator of wireless communications towers. As of September 30, 2010, the Company’s market capitalization was approximately $4.6 billion. Our principal operations are in the United States and its territories; however as of September 30, 2010, we also owned towers in Canada, Costa Rica, El Salvador, and Panama.

SBAC’s primary business line is our site leasing business. This business is an integral part of the wireless and broadcast industries and is essential to the formation of the carrier and broadcast network that transmits voice and data to the end users. We lease antenna space to wireless service providers on towers and other structures that we own, manage or lease from others with the intention of leasing space to multiple wireless carriers on the same structure. (i.e., tenant leases). In addition to our tenant leases, we currently lease land from third parties to secure the ground space on which our communication sites are located (i.e. ground leases). As of September 30, 2010, SBAC had approximately 21,400 tenant leases and approximately 7,000
ground leases (a portion of the plots of land are owned outright by SBAC) associated with our 8,705 owned tower sites.

Tenant lease payments are received primarily from wireless service providers, including but not limited to: AT&T, Sprint, Verizon Wireless and T-Mobile. Wireless service providers enter into numerous individual tenant leases with us, each of which relates to the use of space at an individual tower site. Tenant leases are generally for an initial term of five years with five 5-year renewal periods at the option of the tenant. These tenant leases typically contain specific rent escalators, which average 3% per year, including the renewal option periods. Tenant leases are generally paid on a monthly basis and revenue from site leasing is recorded monthly on a straight-line basis over the current term of the related lease agreements. Historically, we’ve experienced renewals on over 98% of these leases, due to significant obstacles and costs associated with our tenants’ ability to relocate their equipment. Our tenant leases are routinely amended to provide for additional rental income in exchange for our tenants being granted the right to place additional equipment on the tower. In these amendments, most other terms of the underlying lease typically remain unchanged.

Ground leases are generally for an initial term of five years or more with multiple renewal terms of five year periods at our option. We historically renew over 99% of these leases. Some of our ground leases have contingent rent (or revenue sharing) provisions that entitle the landowner to a percentage of collected current and future tenant rents. Our ground lease expense is currently being recorded on a straight-line basis over the minimum lease term, which often includes some or all of the renewal terms under the lease.

Given the specific operational nature of our lease arrangements and their differences from a typical financing arrangement, we believe that the Boards should further articulate a clear differentiation of the various types of lease contracts, particularly those that provide the rights and benefits typically afforded an owner of the underlying asset versus those contracts that do not provide these rights and benefits. It appears there has been acknowledgment in the ED of some difference in these differing types of leases from the lessor’s perspective as provided in the classification of a lease as a performance obligation or derecognition lease. However, we don’t believe that the subsequent income recognition provided from both a lessor and lessee’s perspectives recognize this substantial difference. While we agree that the lease payments that a lessee owes for the use of the asset should be included on the balance sheet, we don’t believe that liability should be amortized on an effective interest method since it is not a financing arrangement. Similarly, although the Boards distinguished leases from a lessor’s perspective on the balance sheet between those that are substantially financing arrangements from those that convey a right to use only a portion of the asset, the amortization of the receivable under the interest method for the performance obligation appears inconsistent and is indicative of a financing arrangement compared to a use arrangement which is what we understand the performance obligation to represent. By not differentiating between the various types of leases, the current Exposure Draft (ED) fails to meet the needs of the users of our financial statements.
because the resulting financial statement presentation would not provide an accurate representation of certain types of leasing transactions for both lessors and lessees. We’ve addressed this issue and others in our responses to some of the specific questions posed in the exposure draft which are set out in the Appendix to this letter.

Sincerely,

Brendan T. Cavanagh
Senior Vice President and Chief Financial Officer

Appendix – Responses to selected questions in the Exposure Draft on leases
Question 1: Lessees

(a) Do you agree that a lessee should recognize a right-of-use asset and a liability to make lease payments? Why or why not? If not, what alternative model would you propose and why?

(b) Do you agree that a lessee should recognize amortization of the right-of-use asset and interest on the liability to make lease payments? Why or why not? If not, what alternative model would you propose and why?

Answer:

We agree that an obligation to make lease payments is a liability and that lessees should recognize a right of use asset and a corresponding liability to make lease payments. Under the current proposed method the right of use asset would be amortized on a straight-line basis (assuming even and consistent usage of the leased asset throughout the minimum lease term) and the liability to make lease payments is amortized using the effective interest method. The use of the effective interest method will create a front-end loading of the lease expenses which will be classified as interest expense. While we agree that the lease payments that a lessee owes for the use of the asset should be included on the balance sheet, we don’t believe that the liability should be amortized on an effective interest method since it is not a financing arrangement. We believe that the proposed method of measurement as outlined in the ED would reduce the income statement’s overall usefulness to investors and other users of our financial statements. Since the asset and the liability are linked and are being used up throughout the lease term at the same rate, they should be amortized utilizing the same method. Leases which are substantially financings to a lessee may be appropriately amortized on an effective interest method.

Question 2: Lessors

(a) Do you agree that a lessor should apply (i) the performance obligation approach if the lessor retains exposure to significant risks or benefits associated with the underlying asset during or after the expected lease term and (ii) the derecognition approach otherwise? Why or why not? If not, what alternative approach would you propose and why?

(b) Do you agree with the boards’ proposals for the recognition of assets, liabilities, income and expenses for the performance obligation and derecognition approaches to lessor accounting? Why or why not? If not, what alternative model would you propose and why?

Answer:

Although we acknowledge the Boards’ desire to develop a leasing model that is consistent between lessees and lessors, we believe the lessor accounting as proposed does not achieve this
desired result and is not an improvement over the current accounting guidance. Put simply, the same lease transaction would likely result in two different, unmatched accounting treatments by the lessor and the lessee due to differences in interpretation, discount rates, renewal assumptions and other assumptions and estimates.

The Company believes the Boards should further differentiate the various types of lease transactions in which the lessor continues to retain the risks and rewards of ownership and those transactions that transfer those risks to the lessees. Although the Boards have distinguished leases from a lessor’s perspective on the balance sheet between those that are substantially financing arrangements from those that convey a right to use only a portion of the asset, the amortization of the receivable under the interest method for the performance obligation appears inconsistent and is indicative of a financing arrangement compared to a use arrangement which is what we understand the performance obligation to represent. Of the two approaches presented, we believe the performance obligation approach would be more appropriate if the lessor retains exposure to significant risks and benefits associated with the underlying asset. However, we believe that the proposed method of measurement as outlined in the ED would reduce the income statement’s overall usefulness to investors and other users of our financial statements and would require substantial non-GAAP reconciliations and disclosures in order to provide relevant information to those users of our financial statements.

We ask the Boards to consider an approach that will result in the measurement of the asset and liability in a manner that is not indicative of a financing arrangement given the fact that the lessor is only conveying the right to use the asset. We believe an approach that treats use leases in a manner that would result in revenue and expense recognition that more closely mirrors the earnings cycle of these transactions would be more appropriate than the current proposed model. Since the asset and the liability are linked and are being used up throughout the lease term at the same rate, they should be amortized utilizing the same method. However, leases which are substantially financings to a lessor may be appropriately amortized on an effective interest method.

**Question 8: Lease term**

Do you agree that a lessee or a lessor should determine the lease term as the longest possible term that is more likely than not to occur taking into account the effect of any options to extend or terminate the lease? Why or why not? If not, how do you propose that a lessee or a lessor should determine the lease term and why?

**Answer:**

We agree that the lease term should be the longest possible term that is “more likely than not” to occur. The tower industry model centers around the wireless carriers leasing space on our tower assets which have a very long useful life and often reside on land that is leased and includes multiple renewals at our option. The tenant leases are renewed at the option of the tenant (or
wireless carrier). Our tenants are economically compelled to utilize future renewals because of the critical importance of the equipment to the carrier’s network and the high cost to relocate that equipment. As a result, we are compelled to renew our ground leases if we have tenants that we expect to continue renewing their tenant leases. A failure to recognize future lease renewals could significantly understate the expected obligations and receivables under our lessee and lessor arrangements. Therefore, we believe that the inclusion of renewal options at the “more likely than not” threshold better reflects the economics of our business and leasing arrangements, and we believe this method of determining the lease term should be consistent for lessors and lessees. However, despite this opinion, we are concerned that if the method of income and expense recognition is not modified as discussed in our responses to Questions 1 and 2, a longer term will exacerbate the magnitude to which misleading financial results are reported in the income statement.

**Question 9: Lease payments**

a) Do you agree that contingent rentals and expected payments under term option penalties and residual value guarantees that are specified in the lease should be included in the measurement of assets and liabilities arising from a lease using an expected outcome technique? Why or why not? If not, how do you propose that a lessee or a lessor should account for contingent rentals and expected payments under term option penalties and residual value guarantees and why?

b) Do you agree that lessors should only include contingent rentals and expected payments under term option penalties and residual value guarantees in the measurement of the right to receive lease payments if they can be reliably measured? Why or why not?

**Answer:**

We do not agree that contingent rentals and expected payments under option penalties and residual value guarantees should be included in the measurement of assets and liabilities arising from a lease using expected outcome techniques. The key issues are consistency between lessor and lessee accounting and the practical ability to estimate these potential future cash flows. In the wireless tower industry, contingent rents typically exist in the form of revenue sharing with our ground lessor of future and unknown tenant related revenue that is added to the tower. So, in effect, if the contingent rental was estimated and measured at inception, the expense would be recognized before the benefits would be recognized in our lessor revenues. We believe such a result would be misleading and unacceptable to our investors and other users of the financial statements. In addition, we believe that it would be virtually impossible to accurately determine the probability of individual outcomes when measuring lease payments under the proposed model. There would certainly be differences between actual payments and these estimates leading to constant fluctuations in the balance sheet and income statement. Lease payments should only be included by the lessee and lessor if these payments are contractually obligated and can be reliably measured.
Consistent with this position, we do not support the inclusion of index-based contingent payments such as the consumer price index until such amounts are determinable. We respectively request that the Boards clarify how index-based contingent payments could or should be measured including consideration of leases with very long terms such as the Company’s lease arrangements that often extend for several decades.

**Question 10: Reassessment**

Do you agree that lessees and lessors should remeasure assets and liabilities arising under a lease when changes in facts or circumstances indicate that there is a significant change in the liability to make lease payments or in the right to receive lease payments arising from changes in the lease term or contingent payments (including expected payments under term option penalties and residual value guarantees) since the previous reporting period? Why or why not? If not, what other basis would you propose for reassessment and why?

**Answer:**

We agree that some form of periodic reassessment is necessary to ensure that the balance sheet truly reflects the rights and obligations under the existing lease contracts. This would provide more relevant information to financial statement users. However, we believe that the model, as proposed, will create significant practical and operational issues for the preparer and the cost to perform the proposed reassessment will most likely outweigh the benefits. The proposed approach would require the Company to institute processes to actively monitor all of the relevant factors on a timely basis that would indicate if a significant change in the recorded amounts has occurred.

We respectively suggest that the boards consider an annual reassessment requirement supplemented by a triggering event model that would presume a significant change has not occurred unless certain events have occurred. Further to this point, we suggest including some discussion of aggregation of leases in certain circumstances such as in evaluating reassessment.

In addition, the Company’s tenant leases are regularly amended to provide for additional rents in exchange for the tenant’s right to add incremental equipment to the tower. We request additional guidance on whether the Boards would expect a reassessment of all factors associated with the lease each time an amendment is executed or if each amendment is expected to be treated as a separate lease in its own right (even though it remains part of one singular legal contract).

**Question 13: Income statement**

Do you think that lessees and lessors should present lease income and lease expense separately from other income and expense in the income statement (paragraphs 26, 44, 61, 62, BC146, BC151, BC152, BC157 and BC158)? Why or why not? If not, do you think that a lessee should disclose that information in the notes instead? Why or why not?
Answer:

While we agree that the lease payments for should be included on the balance sheet, we don’t believe that the asset or liability should be amortized on an effective interest method if not a financing arrangement. Therefore, we believe that all revenues and costs associated with our types of leases should be reflected as operating revenue and expense and no amounts should be reflected as interest income or expense.

As discussed in Questions 1 and 2 above, we believe the current model as presented provides a front-end loading of lease revenue or lease expense (inclusive of the interest component) and those revenues and expenses decline over time which we believe is inappropriate for use leases (non-financing leases). Therefore, we believe that all lease related revenue and expense for use leases should be reflected as operating revenue and expense, and there should be no separate amount reflected as interest income or expense. However, we believe an interest component would be appropriate if a lease is substantially a financing arrangement.

**Question 14: Statement of cash flows**

Do you think that cash flows arising from leases should be presented in the statement of cash flows separately from other cash flows (paragraphs 27, 45, 63, BC147, BC153 and BC159)? Why or why not? If not, do you think that a lessee or a lessor should disclose this information in the notes instead? Why or why not?

Answer:

For the wireless tower industry, all cash flows from leasing (as a lessee or lessor) are a part of the core business operations. Separately presenting lease related cash flows would result in minimal to no operating cash flows for our Company. Since our leases do not provide for any transfer of ownership or any other risks or rewards, our cash flows from leases should not be considered a financing activity. For true use leases, the cash flows should be reflected in the statement of cash flows in the cash flows from operations section instead of the financing section or a separate new section.

**Question 15: Disclosure**

Do you agree that lessees and lessors should disclose quantitative and qualitative information that:

(a) Identifies and explains the amounts recognized in the financial statements arising from leases; and

(b) Describes how leases may affect the amount, timing and uncertainty of the entity’s future cash flows?
Answer:

We expect that a model that strives to achieve greater transparency related to leases by recognizing assets and liabilities in the statement of financial position should not require significantly more disclosure than the current standards. Since these amounts would now be included on the face of the financial statements, additional disclosure should only be required to enhance the users’ understanding of the significant judgments and estimates made by management that gave rise to the assets and liabilities. Of course, under the current proposal, the Company would be required to enhance its Non-GAAP disclosures to provide the users of the financial statements with a clear understanding of the economics of the transactions primarily associated with the cash related lease revenue and expenses as these are the metrics by which SBAC and its peer group are valued.

**Question 16: Transition**

(a) This exposure draft proposes that lessees and lessors should recognize and measure all outstanding leases as of the date of initial application using a simplified retrospective approach (paragraphs 88–96 and BC186–BC199). Are these proposals appropriate? Why or why not? If not, what transitional requirements do you propose and why?

(b) Do you think full retrospective application of lease accounting requirements should be permitted? Why or why not?

(c) Are there any additional transitional issues the boards need to consider? If yes, which ones and why?

Answer:

We believe that a simplified approach to transition is necessary however we do not believe that any form of retrospective application would be appropriate or meaningful to users of the financial statements. Companies like ours have had a significant amount of amendments to existing leases annually due to the ever evolving wireless telecommunication industry. The cost to identify and track new leases and amendments to existing leases on a separate system will be extremely high on a prospective basis, while our ability to do this at all will be almost impossible under a retrospective approach. The benefits to the users of the financial statements would be limited and simply do not outweigh the costs. In many instances, existing leases were amended on multiple occasions making the data unavailable to perform a retrospective adoption.

If the Boards move forward with the proposal as drafted, we believe a cumulative catch-up or simplified prospective approach would be more appropriate. Even still, significant time and cost will be required of the Company in order to expand financial reporting for leases and to implement a new lease tracking system which would have to be run parallel to the current system in order to track the data for current reporting requirements and also for the new reporting.
requirements. We would also need to enhance the Non-GAAP reporting measures which are used by our investors and the analyst community as a way to ascribe value to the wireless tower companies.

Question 17: Benefits and costs

Paragraphs BC200–BC205 set out the boards’ assessment of the costs and benefits of the proposed requirements. Do you agree with the boards’ assessment that the benefits of the proposals would outweigh the costs? Why or why not?

Answer:

We generally support the Boards’ approach to recording lease related assets and liabilities on the statement of financial position. However we do expect significant costs and efforts to comply with this proposed standard and do not believe that the standard provides more useful financial information to the users of our financial statements. Given the enormous complexity, cost and impact of this proposed standard on our financial statements, we respectfully request the Boards reconsider various aspects of the guidance to achieve the desired result. For the wireless infrastructure industry, we believe the proposals would not provide information that would be useful to present and potential investors and creditors and other users in making rational investment, credit and other decisions. As such, additional non-GAAP disclosures would be required in order for the users of the financials to be able to understand the economics of our business.

Question 18: Other Comments

Do you have any other comments on the proposals?

Discount Rate

Under the proposal, the Company would be required to discount its performance obligation using a rate representative of what the lessor would charge the lessee. In our case, pricing of our tenant leases is primarily market driven and is dependent on various factors such as location, competition and negotiation with the customer. As a result, we do not believe the proposed method for determining the discount rate is appropriate or meaningful with regard to use leases. We respectfully ask the Boards to consider other alternatives for the determination of the discount rate, such as the Company’s weighted average cost of capital or incremental borrowing rate. However, we believe it would still be appropriate to use the actual rate charged to a lessee by a lessor for a lease that is substantially a financing arrangement.

Costs of Implementation

As noted above in our response to Question 17, we believe the costs associated with the implementation of this proposal will be extremely high and outweigh the benefits of adopting
this accounting treatment. As a company with approximately 30,000 lease agreements each containing specific individual terms, the required additional personnel and systems in order to properly evaluate and implement the proposed accounting will be extensive. In addition to the costs to be incurred, the time requirements will impact the company’s ability to focus on other profit-enhancing initiatives to the potential detriment of our shareholders. These financial and operational costs may be worthwhile if the ultimate financial statement product provided additional value to our investors. However, we believe that any benefits will be minimal at best and far outweighed by the costs. In our experience, we have not heard any questions or concerns about the transparency of our lease arrangements from any of the key stakeholders of our financial reports. Therefore, we respectfully request that the Boards seriously weigh the practical costs and benefits of this initiative in determining whether to move forward with the proposed changes at all.