SBA COMMUNICATIONS CORP
Form 10-Q
August 05, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2011

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 000-30110

SBA COMMUNICATIONS CORPORATION

(Exact name of registrant as specified in its charter)

Florida	**65-0716501**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
5900 Broken Sound Parkway NW Boca Raton, Florida	**33487**
(Address of principal executive offices)	**(Zip code)**

(561) 995-7670

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date: 111,482,031 shares of Class A common stock outstanding as of August 1, 2011.

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SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except par values)

	June 30, 2011 (unaudited)	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 277,749	$ 64,254
Restricted cash	23,956	29,456
Short term investments	2,829	4,016
Accounts receivable, net of allowance of $218 and $263 at June 30, 2011 and December 31, 2010, respectively	18,272	18,784
Costs and estimated earnings in excess of billings on uncompleted contracts	15,362	17,775
Prepaid and other current assets	14,639	12,442
Total current assets	352,807	146,727
Property and equipment, net	1,553,942	1,534,318
Intangible assets, net	1,551,428	1,500,012
Deferred financing fees, net	46,751	45,110
Other assets	188,081	174,008
Total Assets	$ 3,693,009	$ 3,400,175
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 15,511	$ 11,847
Accrued expenses	20,572	21,429
Deferred revenue	52,533	61,138
Accrued interest	32,316	32,293
Current portion of long-term debt	5,000	
Other current liabilities	3,299	3,877
Total current liabilities	129,231	130,584
Long-term liabilities:		
Long-term debt	3,319,362	2,827,450
Other long-term liabilities	119,211	112,008
Total long-term liabilities	3,438,573	2,939,458
Commitments and contingencies		
Redeemable noncontrolling interests	12,284	13,023

Shareholders equity:		
Common stock - Class A, par value $0.01, 400,000 shares authorized, 111,449 and 114,832 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively	1,114	1,148
Additional paid-in capital	2,253,157	2,243,457
Accumulated deficit	(2,143,774)	(1,929,670)
Accumulated other comprehensive income, net	2,424	2,175
Total shareholders equity	112,921	317,110
Total liabilities and shareholders equity	$ 3,693,009	$ 3,400,175

The accompanying condensed notes are an integral part of these consolidated financial statements.

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SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited) (in thousands, except per share amounts)

	For the three months ended June 30,		For the six months ended June 30,	
	2011	2010	2011	2010
Revenues:				
Site leasing	$ 150,173	$ 131,739	$ 296,657	$ 259,706
Site development consulting	4,672	4,680	8,863	9,263
Site development construction	16,208	18,096	33,282	33,511
Total revenues	171,053	154,515	338,802	302,480
Operating expenses:				
Cost of revenues (exclusive of depreciation, accretion and amortization shown below):				
Cost of site leasing	32,123	30,004	64,099	59,187
Cost of site development - consulting	3,540	3,649	6,767	7,281
Cost of site development - construction	14,444	16,305	29,945	30,562
Selling, general and administrative	15,721	14,297	31,616	28,814
Asset impairment	296		296	
Acquisition related expenses	1,029	1,405	3,402	3,449
Depreciation, accretion and amortization	76,691	68,831	151,569	136,277
Total operating expenses	143,844	134,491	287,694	265,570
Operating income	27,209	20,024	51,108	36,910
Other income (expense):				
Interest income	29	175	59	257
Interest expense	(38,528)	(37,711)	(76,309)	(74,829)
Non-cash interest expense	(15,613)	(14,780)	(31,006)	(29,647)
Amortization of deferred financing fees	(2,201)	(2,214)	(4,400)	(4,706)
Loss from extinguishment of debt, net		(48,932)	(1,696)	(49,044)
Other expense, net	(104)	(434)	(649)	(115)
Total other expense, net	(56,417)	(103,896)	(114,001)	(158,084)
Loss before (provision) benefit for income taxes	(29,208)	(83,872)	(62,893)	(121,174)
(Provision) benefit for income taxes	(702)	18	(1,393)	(91)
Net loss	(29,910)	(83,854)	(64,286)	(121,265)
Less: Net loss attributable to the noncontrolling interest	91	155	216	240
Net loss attributable to SBA Communications Corporation	$ (29,819)	$ (83,699)	$ (64,070)	$ (121,025)

Net loss per common share attributable to SBA Communications Corporation:				
Basic and diluted	$ (0.27)	$ (0.72)	$ (0.57)	$ (1.04)
Basic and diluted weighted average number of common shares	112,324	115,666	113,365	116,388

The accompanying condensed notes are an integral part of these consolidated financial statements.

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SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(unaudited) (in thousands)

	For the three months ended June 30, 2011	For the three months ended June 30, 2010	For the six months ended June 30, 2011	For the six months ended June 30, 2010
Net loss attributable to SBA Communications Corporation	$ (29,819)	$ (83,699)	$ (64,070)	$ (121,025)
Other comprehensive loss associated with derivative instruments:				
Amortization of net deferred loss from settlement of derivative financial instruments		91		632
Write-off of net deferred loss from derivative instruments related to repurchase of debt		3,636		3,645
Foreign currency translation adjustments	65	(679)	249	(186)
Comprehensive loss	(29,754)	(80,651)	(63,821)	(116,934)
Comprehensive loss attributable to the noncontrolling interest		62		17
Comprehensive loss attributable to SBA Communications Corporation	$ (29,754)	$ (80,589)	$ (63,821)	$ (116,917)

The accompanying condensed notes are an integral part of these consolidated financial statements.

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SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2011

(unaudited) (in thousands)

	Class A Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income, net	Total
	Shares	Amount				
BALANCE, December 31, 2010	114,832	$ 1,148	$ 2,243,457	$ (1,929,670)	$ 2,175	$ 317,110
Net loss attributable to SBA Communications Corporation				(64,070)		(64,070)
Foreign currency translation adjustments			(38)		249	211
Non-cash compensation			6,002			6,002
Common stock issued in connection with stock purchase/option plans/restriction lapse	357	3	6,343			6,346
Equity component related to repurchases of the 1.875%			(2,607)			(2,607)
Repurchase and retirement of common stock	(3,740)	(37)		(150,034)		(150,071)
BALANCE, June 30, 2011	111,449	$ 1,114	$ 2,253,157	$ (2,143,774)	$ 2,424	$ 112,921

The accompanying notes are an integral part of these consolidated financial statements

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SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (in thousands)

	For the six months ended June 30, 2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (64,286)	$ (121,265)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, accretion and amortization	151,569	136,277
Non-cash interest expense	31,006	29,647
Deferred income tax benefit	(524)	(248)
Asset impairment	296	
Non-cash compensation expense	5,922	5,352
Provision for doubtful accounts	55	400
Amortization of deferred financing fees	4,400	4,706
Loss from extinguishment of debt, net	1,696	49,044
Other non-cash items reflected in the Statements of Operations	575	(293)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable and costs and estimated earnings in excess of billings on uncompleted contracts, net	2,607	(663)
Prepaid and other assets	(8,316)	(6,222)
Accounts payable and accrued expenses	(1,697)	332
Accrued interest	23	(3,571)
Other liabilities	(342)	4,639
Net cash provided by operating activities	122,984	98,135
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions and related earn-outs	(166,044)	(111,970)
Capital expenditures	(55,737)	(27,498)
Purchase of investments	(980)	(34,470)
Proceeds from sales/maturities of investments	2,171	3,527
Proceeds from disposition of fixed assets	9	35
Payment of restricted cash relating to tower removal obligations		(667)
Net cash used in investing activities	(220,581)	(171,043)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of Term Loan, net of original issue discount and fees paid	492,617	
Proceeds from issuance of 2010 Tower Securities, net of fees paid		1,212,381
Repurchase and retirement of common stock	(150,071)	(97,081)
Payment on extinguishment of debt	(17,038)	(979,358)
Borrowings under Revolving Credit Facility	250,000	
Repayment of Revolving Credit Facility	(270,000)	
Proceeds from employee stock purchase/stock option plans	6,346	6,753
(Payment) release of restricted cash relating to 2010 Tower Securities/CMBS Certificates		1,886
Payment of deferred financing fees	(45)	(5,025)
Purchase of noncontrolling interests	(717)	
Other		(26)

Net cash provided by financing activities	311,092	139,530
NET INCREASE IN CASH AND EQUIVALENTS	213,495	66,622
CASH AND CASH EQUIVALENTS:		
Beginning of period	64,254	161,317
End of period	$ 277,749	$ 227,939

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SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (in thousands)

	For the six months ended June 30, 2011	2010
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 76,526	$ 78,656
Income taxes	$ 2,291	$ 647
SUPPLEMENTAL CASH FLOW INFORMATION OF NON-CASH INVESTING & FINANCING ACTIVITIES:		
Assets acquired through capital leases	$ 587	$ 420
Contribution of DAS networks in exchange for equity investment	$	$ 11,000

The accompanying condensed notes are an integral part of these consolidated financial statements.

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SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements should be read in conjunction with the Annual Report on Form 10-K for the fiscal year ended December 31, 2010 for SBA Communications Corporation and its subsidiaries (the Company). The December 31, 2010 Condensed Consolidated Balance Sheet has been derived from the Company s audited consolidated financial statements. These financial statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X and, therefore, omit or condense certain footnotes and other information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States. In the opinion of the Company s management, all adjustments (consisting of normal recurring accruals) considered necessary for fair financial statement presentation have been made. The results of operations for an interim period may not give a true indication of the results for the year. Certain reclassifications have been made to prior year amounts or balances to conform to the presentation adopted in the current year.

2. CURRENT ACCOUNTING PRONOUNCEMENTS

In June 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-05 Comprehensive Income (Topic 220): Presentation of Comprehensive Income, to increase the prominence of other comprehensive income in financial statements. Under the provisions of ASU No. 2011-05, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The statement of other comprehensive income should immediately follow the statement of net income and include the components of other comprehensive income and a total for other comprehensive income, along with a total for comprehensive income. The accounting changes summarized in ASU No. 2011-05 are effective for fiscal years beginning on or after December 15, 2011, with early adoption permitted. The Company adopted ASU No. 2011-05 during the second quarter of fiscal 2011.

3. FAIR VALUE MEASUREMENTS

Items Measured at Fair Value on a Nonrecurring Basis The Company s intangibles, certain long-lived assets, and asset retirement obligations are measured at fair value on a nonrecurring basis using Level 3 inputs. Level 3 valuations rely on unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. The fair value of the long-lived assets, intangibles and asset retirement obligations is calculated using a discounted cash flow model. During the three and six months ended June 30, 2011, the Company recognized an impairment charge of $0.3 million related to its long-lived assets resulting from the Company s analysis that the future cash flows would not recover the carrying value of the investment in tower sites. During the three and six months ended June 30, 2010, the Company did not impair any of its assets to fair value.

Items Measured at Fair Value on a Recurring Basis The Company s short-term investments, which consist of $2.8 million and $4.0 million in certificate deposits and money market funds as of June 30, 2011 and December 31, 2010 respectively, are measured at fair value on a recurring basis using Level 1 inputs. Level 1 valuations rely on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

The Company s earnouts related to acquisitions are measured at fair value on a recurring basis using Level 3 inputs. The fair value of the earnouts is based on the anticipated future earnout obligations. The fair value of the earnouts is reviewed quarterly and is based on the payments the Company expects to make based on the anticipated performance of the underlying assets. The Company s estimate of the fair value of its obligation if the performance targets contained in various acquisition agreements were met was $3.5 million and $3.3 million as of June 30, 2011 and December 31, 2010, respectively, which the Company recorded in accrued expenses (see Note 5).

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SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Fair Value of Financial Instruments The carrying values of cash and cash equivalents, accounts receivable, restricted cash, and accounts payable approximate their related estimated fair values due to the short maturity of those instruments. The Company s estimate of the fair value of its held-to-maturity investments in treasury and corporate bonds, including current portion, are based primarily upon reported market values. As of June 30, 2011, the carrying value and fair value of the held-to-maturity investments, including current portion, was $1.5 million and $1.7 million, respectively. As of December 31, 2010, the carrying value and fair value of the held-to-maturity investments, including current portion, was $1.5 million and $1.7 million, respectively.

The Company determines fair value of its debt instruments utilizing quoted prices and indicative quotes (that is non-binding quotes) from brokers that require judgment to interpret market information including implied credit spreads for similar borrowings on recent trades or bid/ask prices. The fair value of the Term Loan is considered to be equal to the carrying value because the interest payments are based on Eurodollar rates that are reset every one, three or six months at the Company s option. The Company does not believe its credit risk had changed materially from the date the applicable Base Rate plus 1.75 basis points or Eurodollar Rate plus 2.75 basis points was set. The following table reflects fair values, principal values and carrying values of the Company s debt instruments (see Note 9).

	As of June 30, 2011			As of December 31, 2010		
	Fair Value	Principal Value	Carrying Value	Fair Value	Principal Value	Carrying Value
			(in millions)			
1.875% Convertible Senior Notes due 2013	$ 590.2	$ 535.0	$ 467.8	$ 617.4	$ 550.0	$ 464.0
4.0% Convertible Senior Notes due 2014	$ 703.1	$ 500.0	$ 382.6	$ 744.4	$ 500.0	$ 368.5
8.0% Senior Notes due 2016	$ 398.4	$ 375.0	$ 373.0	$ 405.9	$ 375.0	$ 372.9
8.25% Senior Notes due 2019	$ 401.3	$ 375.0	$ 372.2	$ 409.7	$ 375.0	$ 372.1
4.254% 2010-1C Tower Securities	$ 702.1	$ 680.0	$ 680.0	$ 691.9	$ 680.0	$ 680.0
5.101% 2010-2C Tower Securities	$ 569.3	$ 550.0	$ 550.0	$ 556.9	$ 550.0	$ 550.0
Revolving Credit Facility	$	$	$	$ 20.0	$ 20.0	$ 20.0
Term Loan	$ 500.0	$ 500.0	$ 498.8	$	$	$

4. RESTRICTED CASH

Restricted cash consists of the following:

	As of June 30, 2011	As of December 31, 2010	Included on Balance Sheet
	(in thousands)		
Securitization escrow accounts	$ 23,075	$ 28,583	Restricted cash - current asset
Payment and performance bonds	881	873	Restricted cash - current asset
Surety bonds and workers compensation	12,018	11,392	Other assets - noncurrent
Total restricted cash	$ 35,974	$ 40,848	

Securitization escrow accounts relate to funds that are required to be in escrow pursuant to the terms of the Secured Tower Revenue Securities Series 2010-1 (the 2010-1 Tower Securities) and the Secured Tower Revenue Securities Series 2010-2 (the 2010-2 Tower Securities and together with the 2010-1 Tower Securities, the 2010 Tower Securities) (see Note 9). Pursuant to the terms of the 2010 Tower Securities, the Company is required to

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SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

establish a controlled deposit account, held by the indenture trustee, into which all rents and other sums due on the towers that secure the 2010 Tower Securities are directly deposited by the lessees. These restricted cash amounts are used to fund reserve accounts for the payment of (1) debt service costs, (2) ground rents, real estate and personal property taxes and insurance premiums related to tower sites, (3) trustee and servicing expenses, (4) management fees, and (5) to reserve a portion of advance rents from tenants. The restricted cash in the controlled deposit account in excess of required reserve balances is subsequently released to the Borrowers monthly, provided that the Borrowers are in compliance with their debt service coverage ratio and that no Event of Default has occurred. All monies held by the indenture trustee are classified as restricted cash on the Company s Consolidated Balance Sheets.

Payment and performance bonds relate primarily to collateral requirements for tower construction currently in process by the Company. Cash is pledged as collateral related to surety bonds issued for the benefit of the Company or its affiliates in the ordinary course of business and primarily related to the Company s tower removal obligations. As of June 30, 2011, the Company had $20.0 million in surety, payment and performance bonds for which it was required to post $9.8 million in collateral. As of December 31, 2010, the Company had $19.7 million in surety, payment and performance bonds for which it was required to post $9.6 million in collateral. The Company periodically evaluates the collateral posted for its bonds to ensure that it meets the minimum requirements. As of June 30, 2011 and December 31, 2010, the Company had pledged $2.8 million and $2.2 million, respectively, as collateral related to its workers compensation policy. Restricted cash for surety bonds and workers compensation are included in other assets on the Company s Consolidated Balance Sheets.

5. ACQUISITIONS

During the second quarter of 2011, the Company acquired 140 completed towers, 1 antenna site and related assets and liabilities from various sellers. The Company acquired a total of 306 completed towers, two antenna sites and related assets and liabilities during the first six months of 2011. The aggregate consideration paid for these towers and related assets (including working capital adjustments) was approximately $68.6 million during the second quarter of 2011, and $151.7 million during the first six months of 2011, all of which was paid in cash. In addition, as part of the ground lease purchase program, the Company paid, in cash, $2.7 million for long-term lease extensions and $7.1 million for land and perpetual easement purchases in the second quarter of 2011 and an aggregate of $3.9 million for long-term lease extensions and $14.3 million for land and perpetual easement purchases during the first six months of 2011.

The Company accounted for these acquisitions under the acquisition method of accounting. The acquisitions are recorded at fair market value at the date of each acquisition. The results of operations of the acquired assets are included with those of the Company from the dates of the respective acquisitions.

The acquisitions consummated were not significant to the Company and, accordingly, pro forma financial information has not been presented. The Company continues to evaluate all acquisitions within one year after the applicable closing date of each transaction to determine whether any additional adjustments are needed to the allocation of the purchase price paid for the assets acquired and liabilities assumed by major balance sheet caption, as well as the separate recognition of intangible assets from goodwill if certain criteria are met. These intangible assets represent the value associated with current leases in place at the acquisition date (Current contract intangibles) and future tenant leases anticipated to be added to the acquired towers (Network location intangibles) and were calculated using the discounted values of the current or future expected cash flows. The intangible assets are estimated to have an economic useful life consistent with the economic useful life of the related tower assets, which is typically 15 years.

From time to time, the Company agrees to pay additional consideration (or earnouts) in connection with its acquisitions if the towers or businesses that are acquired meet or exceed certain performance targets after they have been acquired. The Company records contingent consideration for acquisitions that occurred prior to January 1, 2009 when the contingent consideration is paid. Effective January 1, 2009, the Company accrues for contingent

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SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

consideration in connection with acquisitions at fair value as of the date of the acquisition. All subsequent changes in fair value are recorded through the Consolidated Statements of Operations. During the three and six months ended June 30, 2011, certain earnings targets associated with previously acquired towers were achieved and therefore the Company paid $1.1 million and $2.5 million in cash, respectively. As of June 30, 2011, the Company had potential obligations to pay up to an additional $6.8 million in consideration if the performance targets contained in various acquisition agreements are met of which the Company recorded, in accrued expenses, $3.5 million. In certain acquisitions, the additional consideration may be paid in cash or shares of Class A common stock at the Company s option.

6. INTANGIBLE ASSETS, NET

The following table provides the gross and net carrying amounts for each major class of intangible assets:

	As of June 30, 2011			As of December 31, 2010		
	Gross carrying amount	Accumulated amortization	Net book value	Gross carrying amount	Accumulated amortization	Net book value
			(in thousands)			
Current contract intangibles	$ 1,286,618	$ (289,930)	$ 996,688	$ 1,206,114	$ (248,308)	$ 957,806
Network location intangibles	720,473	(165,733)	554,740	684,497	(142,291)	542,206
Intangible assets, net	$ 2,007,091	$ (455,663)	$ 1,551,428	$ 1,890,611	$ (390,599)	$ 1,500,012

All intangible assets noted above are included in our site leasing segment. The Company amortizes its intangible assets using the straight-line method over 15 years. Amortization expense relating to the intangible assets above was $33.0 million and $28.7 million for the three months ended June 30, 2011 and 2010, respectively, and $65.0 million and $57.2 million for the six months ended June 30, 2011 and 2010, respectively. These amounts are subject to changes in estimates until the preliminary allocation of the purchase price is finalized for all acquisitions.

7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net (including assets held under capital leases) consists of the following:

	As of June 30, 2011	As of December 31, 2010
	(in thousands)	
Towers and related components	$ 2,485,890	$ 2,407,322
Construction-in-process	28,131	24,984
Furniture, equipment and vehicles	26,276	24,045
Land, buildings and improvements	157,012	143,445
	2,697,309	2,599,796
Less: accumulated depreciation	(1,143,367)	(1,065,478)
Property and equipment, net	$ 1,553,942	$ 1,534,318

Construction-in-process represents costs incurred related to towers that are under development and will be used in the Company s site leasing segment. Depreciation expense was $43.6 million and $40.1 million for the three months ended June 30, 2011 and 2010, respectively, and $86.4 million and $78.9 million for the six months ended June 30, 2011 and 2010, respectively. At June 30, 2011 and December 31, 2010, non-cash capital expenditures that are included in accounts payable and accrued expenses were $8.0 million and $4.7 million, respectively.

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SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The amounts applicable to capital leases for vehicles included in property and equipment, net were:

	As of June 30, 2011	As of December 31, 2010
	(in thousands)	
Vehicles	$ 3,709	$ 3,110
Less: accumulated depreciation	(1,568)	(1,241)
Vehicles, net	$ 2,141	$ 1,869

8. COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

Costs and estimated earnings on uncompleted contracts consist of the following:

	As of June 30, 2011	As of December 31, 2010
	(in thousands)	
Cost incurred on uncompleted contracts	$ 41,555	$ 43,686
Estimated earnings	15,123	14,809
Billings to date	(41,833)	(41,728)
	$ 14,845	$ 16,767

These amounts are included on the accompanying Consolidated Balance Sheets under the following captions:

	As of June 30, 2011	As of December 31, 2010
	(in thousands)	
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 15,362	$ 17,775
Other current liabilities (Billings in excess of costs and estimated earnings on uncompleted contracts)	(517)	(1,008)
	$ 14,845	$ 16,767

At June 30, 2011, five significant customers comprised 82.9% of the costs and estimated earnings in excess of billings on uncompleted contracts, net of billings in excess of costs and estimated earnings, while at December 31, 2010, five significant customers comprised 81.4% of the costs and estimated earnings in excess of billings on uncompleted contracts, net of billings in excess of costs and estimated earnings.

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SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

9. DEBT

The carrying value of debt consists of the following:

	As of June 30, 2011	As of December 31, 2010
	(in thousands)	
1.875% Convertible Senior Notes. Principal balance of $535.0 million	$ 467,756	$ 463,970
4.0% Convertible Senior Notes. Principal balance of $500.0 million	382,571	368,463
8.0% Senior Notes. Principal balance of $375.0 million	373,040	372,889
8.25% Senior Notes. Principal balance of $375.0 million	372,244	372,128
4.254% Secured Tower Revenue Securities Series 2010-1	680,000	680,000
5.101% Secured Tower Revenue Securities Series 2010-2	550,000	550,000
Revolving Credit Facility		20,000
Term Loan	498,751	
Total debt	3,324,362	2,827,450
Less: current maturities of long-term debt	(5,000)	
Total long-term debt, net of current maturities	$ 3,319,362	$ 2,827,450

Credit Agreement

On February 11, 2010, SBA Senior Finance II, LLC (SBA Senior Finance II), an indirect wholly-owned subsidiary of the Company, entered into a credit agreement for a $500.0 million senior secured revolving credit facility (the Revolving Credit Facility, formerly referred to as the 2010 Credit Facility) with several banks and other financial institutions or entities from time to time parties to the credit agreement.

On June 30, 2011, SBA Senior Finance II entered into an Amended and Restated Credit Agreement (the Credit Agreement) with several banks and other financial institutions or entities from time to time parties to the Credit Agreement, to extend the maturity of the Revolving Credit Facility, to obtain a new $500.0 million senior secured term loan (the Term Loan), and to amend certain terms of the existing credit agreement. The Company incurred financing fees of $6.2 million associated with the closing of this transaction. In addition, at the time of entering into the Credit Agreement, the remaining deferred financing fees balance of approximately $4.3 million related to the existing Credit Agreement prior to the amendment was transferred to the Revolving Credit Facility in accordance with accounting guidance for revolving credit facilities.

Revolving Credit Facility

The Revolving Credit Facility consists of a revolving loan under which up to $500.0 million aggregate principal amount may be borrowed, repaid and redrawn, subject to compliance with specific financial ratios and the satisfaction of other customary conditions to borrowing. Amounts borrowed under the Revolving Credit Facility accrue interest at the Eurodollar Rate plus a margin that ranges from 187.5 basis points to 237.5 basis points or at a Base Rate plus a margin that ranges from 87.5 basis points to 137.5 basis points, in each case based on the ratio of Consolidated Total Debt to Annualized Borrower EBITDA (calculated in accordance with the Credit Agreement). If not earlier terminated by SBA Senior Finance II, the Revolving Credit Facility will terminate on, and SBA Senior Finance II will repay all amounts outstanding on or before, June 30, 2016. The proceeds available under the Revolving Credit Facility may be used for general corporate purposes. A 0.375% to 0.5% per annum fee is charged on the amount of unused commitments under the Revolving Credit Facility based on the ratio of Consolidated Total Debt to Annualized Borrower EBITDA (calculated in accordance with the Credit Agreement). SBA Senior

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Finance II may, from time to time, borrow from and repay the Revolving Credit Facility. Consequently, the amount outstanding under the Revolving Credit Facility at the end of a period may not be reflective of the total amounts outstanding during such period.

During the three and six months ended June 30, 2011, SBA Senior Finance II borrowed $75.0 million and $250.0 million, respectively, under the Revolving Credit Facility and recognized $1.5 million and $2.3 million of cash interest expense during the three and six month periods, respectively. During the three and six months ended June 30, 2010, SBA Senior Finance II had no borrowings and recognized $0.5 million and $0.7 million of cash interest expense during the three and six month periods, respectively.

As of June 30, 2011, the availability under the Revolving Credit Facility was $500.0 million.

Term Loan

The Term Loan consists of a senior secured term loan B in an aggregate principal amount of $500.0 million and will mature on June 30, 2018. It will bear interest, at SBA Senior Finance II s election, at either the Base Rate plus a margin of 175 basis points (with a Base Rate floor of 2%) or Eurodollar Rate plus a margin of 275 basis points (with a Eurodollar Rate floor of 1%). The proceeds from the Term Loan were used to pay down the $270.0 million existing balance on the Revolving Credit Facility and may be used for general corporate purposes. Principal on the Term Loan will be repaid in quarterly installments of $1.25 million on the last day of each March, June, September and December, commencing on September 30, 2011. The remaining principal balance of the Term Loan will be due and payable on the maturity date. SBA Senior Finance II has the ability to prepay any or all amounts under the Term Loan. However, to the extent the Term Loan is prepaid prior to June 30, 2012 from the proceeds of a substantially concurrent issuance of certain other syndicated loans, a prepayment fee equal to 1.0% of the aggregate principal amount of such prepayment will apply. The Term Loan was issued at 99.75% of par value.

Terms of the Credit Agreement

The Credit Agreement, as amended, requires SBA Senior Finance II and SBA Communications Corporation (SBAC) to maintain specific financial ratios, including, at the SBA Senior Finance II level, (1) a ratio of Consolidated Total Debt to Annualized Borrower EBITDA not to exceed 6.0 times for any fiscal quarter, (2) a ratio of Consolidated Total Debt and Net Hedge Exposure (calculated in accordance with the Credit Agreement) to Annualized Borrower EBITDA for the most recently ended fiscal quarter not to exceed 6.0 times for 30 consecutive days and (3) a ratio of Annualized Borrower EBITDA to Annualized Cash Interest Expense (calculated in accordance with the Credit Agreement) of not less than 2.0 times for any fiscal quarter. In addition, SBAC s ratio of Consolidated Total Net Debt to Consolidated Adjusted EBITDA (calculated in accordance with the Credit Agreement) for any fiscal quarter on an annualized basis cannot exceed 9.5 times. The Credit Agreement contains customary affirmative and negative covenants that, among other things, limit the ability of SBA Senior Finance II and its subsidiaries to incur indebtedness, grant certain liens, make certain investments, enter into sale leaseback transactions, merge or consolidate, make certain restricted payments, enter into transactions with affiliates, and engage in certain asset dispositions, including a sale of all or substantially all of their property. As of June 30, 2011, SBA Senior Finance II and SBAC were in compliance with the financial covenants contained in the Credit Agreement. The Credit Agreement is also subject to customary events of default. Pursuant to an Amended and Restated Guarantee and Collateral Agreement, amounts borrowed under the Revolving Credit Facility, the Term Loan and certain hedging transactions that may be entered into by SBA Senior Finance II or the Subsidiary Guarantors with lenders or their affiliates are secured by a first lien on the capital stock of SBA Telecommunications, Inc., SBA Senior Finance, LLC (formerly known as SBA Senior Finance, Inc.) and SBA Senior Finance II and on substantially all of the assets (other than leasehold, easement and fee interests in real property) of SBA Senior Finance II and the Subsidiary Guarantors.

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The Credit Agreement permits SBA Senior Finance II to request that one or more lenders (1) increase their proportionate share of the Revolving Credit Facility commitment, up to an additional $200.0 million in the aggregate, and/or (2) provide SBA Senior Finance II with additional term loans in an aggregate principal amount of up to $500.0 million, in each case without requesting the consent of the other lenders. SBA Senior Finance II s ability to request such increases in the Revolving Credit Facility or additional term loans is subject to its compliance with customary conditions set forth in the Credit Agreement including, with respect to any additional term loan, compliance, on a pro forma basis, with the financial covenants and ratios set forth therein and an increase in the margin on existing term loans, to the extent required by the terms of the Credit Agreement. Upon SBA Senior Finance II s request, each lender may decide, in its sole discretion, whether to increase all or a portion of its Revolving Credit Facility commitment or whether to provide SBA Senior Finance II with additional term loans and, if so, upon what terms.

Secured Tower Revenue Securities Series 2010

On April 16, 2010, a New York common law trust (the Trust) issued $680.0 million of 2010-1 Tower Securities and $550.0 million of 2010-2 Tower Securities. The 2010-1 Tower Securities have an annual interest rate of 4.254% and the 2010-2 Tower Securities have an annual interest rate of 5.101%. The weighted average annual fixed coupon interest rate of the 2010 Tower Securities is 4.6%, payable monthly. The anticipated repayment date and the final maturity date for the 2010-1 Tower Securities is April 16, 2015 and April 16, 2040, respectively. The anticipated repayment date and the final maturity date for the 2010-2 Tower Securities is April 16, 2017 and April 16, 2042, respectively. The sole asset of the Trust consists of a non-recourse mortgage loan made in favor of SBA Properties, Inc., SBA Sites, Inc., and SBA Structures, Inc., indirect wholly-owned operating subsidiaries of the Company (collectively, the Borrowers). For a detailed discussion of the 2010 Tower Securities, see Note 12 in the Notes to Consolidated Financial Statements included in the Form 10-K for the year ended December 31, 2010, filed with the Securities and Exchange Commission, or the Commission, on February 25, 2011.

As of June 30, 2011, the Borrowers met the required Debt Service Coverage Ratio and were in compliance with all other covenants as set forth in the mortgage loan agreement.

The Company incurred cash interest expense related to the 2010 Tower Securities of $14.3 million and $28.7 million for the three and six month periods ended June 30, 2011, respectively, and $12.0 million for both of the three and six month periods ended June 30, 2010.

1.875% Convertible Senior Notes due 2013

On May 16, 2008, the Company issued $550.0 million of its 1.875% Convertible Senior Notes (the 1.875% Notes). Interest is payable semi-annually on May 1 and November 1. The 1.875% Notes have a maturity date of May 1, 2013. The 1.875% Notes are convertible, at the holder s option, into shares of our Class A common stock, at an initial conversion rate of 24.1196 shares of Class A common stock per $1,000 principal amount of 1.875% Notes (subject to certain customary adjustments), which is equivalent to an initial conversion price of approximately $41.46 per share or a 20% conversion premium based on the last reported sale price of $34.55 per share of Class A common stock on the Nasdaq Global Select Market on May 12, 2008, the purchase agreement date.

Concurrently with the pricing of the 1.875% Notes, the Company entered into convertible note hedge transactions and warrant transactions with affiliates of certain of the initial purchasers of the convertible note offerings. The initial strike price of the convertible note hedge transactions relating to the 1.875% Notes is $41.46 per share of the Company s Class A common stock (the same as the initial conversion price of the 1.875% convertible notes) and the upper strike price of the warrants is $67.37 per share. Although the Company initially entered into convertible note hedge and warrant transactions to cover the full amount of the shares that were issuable upon conversion of the 1.875% Notes, as a result of the bankruptcy of Lehman Brothers OTC Derivatives Inc. (Lehman Derivatives), on November 7, 2008, the Company terminated the convertible note hedge transaction with Lehman Derivatives which covered 55% of the 13,265,780 shares of the Company s Class A common stock potentially issuable upon conversion

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of the 1.875% Notes. Consequently, the Company does not currently have a hedge with respect to those shares and, to the extent that the market price of the Company s Class A common stock exceeds $41.46 per share upon conversion of the notes, the Company will be subject to dilution or if the Company settles in cash, additional costs, upon conversion of that portion of the 1.875% Notes.

As of June 30, 2011, the carrying amount of the equity component related to the 1.875% Notes was $156.6 million. As of June 30, 2011, the Company had $535.0 million of 1.875% Notes outstanding.

During the six months ended June 30, 2011, a wholly owned subsidiary of the Company repurchased an aggregate of $15.0 million in principal amount of the 1.875% Notes for $17.0 million in cash.

The 1.875% Notes are reflected at carrying value in long-term debt in the Company s Condensed Consolidated Balance Sheets. The following table summarizes the balances for the 1.875% Notes:

	As of June 30, 2011	As of December 31, 2010
	(in thousands)	
Principal balance	$ 535,000	$ 550,000
Debt discount	(67,244)	(86,030)
Carrying value	$ 467,756	$ 463,970

The Company is amortizing the debt discount on the 1.875% Notes utilizing the effective interest method over the life of the 1.875% Notes which increases the effective interest rate from its coupon rate of 1.875% to 9.4%. The Company incurred cash interest expense of $2.5 million and $2.6 million for the three months ended June 30, 2011 and 2010, respectively, and cash interest expense of $5.0 million and $5.2 million for the six months ended June 30, 2011 and 2010, respectively. The Company recorded non-cash interest expense of $8.5 million and $7.8 million for the three months ended June 30, 2011 and 2010, respectively, and non-cash interest expense of $16.9 million and $15.4 million for the six months ended June 30, 2011 and 2010, respectively.

4.0% Convertible Senior Notes due 2014

On April 24, 2009, the Company issued $500.0 million of its 4.0% Convertible Senior Notes (the 4.0% Notes). Interest on the 4.0% Notes is payable semi-annually on April 1 and October 1. The maturity date of the 4.0% Notes is October 1, 2014. The 4.0% Notes are convertible, at the holder s option, into shares of our Class A common stock, at an initial conversion rate of 32.9164 shares of our Class A common stock per $1,000 principal amount of 4.0% Notes (subject to certain customary adjustments), which is equivalent to an initial conversion price of approximately $30.38 per share or a 22.5% conversion premium based on the last reported sale price of $24.80 per share of our Class A common stock on the Nasdaq Global Select Market on April 20, 2009, the purchase agreement date.

Concurrently with the pricing of the 4.0% Notes, the Company entered into convertible note hedge transactions and warrant transactions with affiliates of certain of the initial purchasers of the convertible note offerings. The initial strike price of the convertible note hedge transactions relating to the 4.0% Notes is $30.38 per share of the Company s Class A common stock (the same as the initial conversion price of the 4.0% Notes) and the upper strike price of the warrant transactions is $44.64 per share.

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The 4.0% Notes are reflected at carrying value in long-term debt in the Company s Condensed Consolidated Balance Sheets. The following table summarizes the balances for the 4.0% Notes:

	As of June 30, 2011	As of December 31, 2010
	(in thousands)	
Principal balance	$ 500,000	$ 500,000
Debt discount	(117,429)	(131,537)
Carrying value	$ 382,571	$ 368,463

The Company is amortizing the debt discount on the 4.0% Notes utilizing the effective interest method over the life of the 4.0% Notes which increases the effective interest rate from its coupon rate of 4.0% to 13.0%. The Company incurred cash interest expense of $5.0 million for each of the three months ended June 30, 2011 and 2010, respectively, and cash interest expense of $10.0 million for each of the six months ended June 30, 2011 and 2010, respectively. The Company recorded non-cash interest expense of $7.2 million and $6.3 million for the three months ended June 30, 2011 and 2010, respectively, and non-cash interest expense of $14.1 million and $12.4 million for the six months ended June 30, 2011 and 2010, respectively. As of June 30, 2011, the carrying amount of the equity component related to the 4.0% Notes was $169.0 million.

Senior Notes

On July 24, 2009, the Company s wholly-owned subsidiary, SBA Telecommunications, Inc. (Telecommunications), issued $750.0 million of unsecured senior notes (the Senior Notes), $375.0 million of which are due August 15, 2016 (the 2016 Notes) and $375.0 million of which are due August 15, 2019 (the 2019 Notes). The 2016 Notes have an interest rate of 8.00% and were issued at a price of 99.330% of their face value. The 2019 Notes have an interest rate of 8.25% and were issued at a price of 99.152% of their face value. Interest on the 2016 Notes and 2019 Notes is due semi-annually on February 15 and August 15 of each year beginning on February 15, 2010. The Company is amortizing the debt discount on the 2016 Notes and the 2019 Notes utilizing the effective interest method over the life of the 2016 Notes and 2019 Notes, respectively.

The Company incurred cash interest expense related to the 2016 Notes of $7.5 million for each of the three months ended June 30, 2011, and 2010, and non-cash interest expense of $0.08 million and $0.07 million for the three months ended June 30, 2011, and 2010, respectively. The Company incurred cash interest expense related to the 2016 Notes of $15.0 million for each of the six months ended June 30, 2011, and 2010, and non-cash interest expense of $0.2 million and $0.1 million for the six months ended June 30, 2011, and 2010, respectively.

The Company incurred cash interest expense related to the 2019 Notes of $7.7 million for each of the three months ended June 30, 2011, and 2010, and non-cash interest expense of $0.06 million and $0.05 million for the three months ended June 30, 2011, and 2010, respectively. The Company incurred cash interest expense related to the 2019 Notes of $15.5 million for each of the six months ended June 30, 2011, and 2010, and non-cash interest expense of $0.1 million for each of the six months ended June 30, 2011, and 2010.

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SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

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10. SHAREHOLDERS EQUITY

Common Stock Equivalents

The Company has potential common stock equivalents related to its outstanding stock options, restricted stock units, 1.875% Notes and 4.0% Notes (see Note 9). These potential common stock equivalents were not included in diluted loss per share because the effect would have been anti-dilutive for each of the three and six months ended June 30, 2011 and 2010, respectively. Accordingly, basic and diluted loss per common share and the weighted average number of shares used in the computation are the same for each period presented.

Stock Repurchases

The Company s Board of Directors authorized a stock repurchase program effective November 3, 2009. This program authorized the Company to purchase, from time to time, up to $250.0 million of the Company s outstanding Class A common stock through open market repurchases in compliance with Rule 10b-18 of the Securities Exchange Act of 1934, as amended, and/or in privately negotiated transactions at management s discretion based on market and business conditions, applicable legal requirements and other factors.

On April 27, 2011, the Company s Board of Directors (1) terminated the existing $250.0 million stock repurchase program (under which $65.9 million of repurchase authorization remained available at the termination date), and (2) approved a new $300.0 million stock repurchase program. This new program authorizes the Company to purchase, from time to time, up to $300.0 million of the Company s outstanding Class A common stock through open market repurchases in compliance with Rule 10b-18 of the Securities Exchange Act of 1934, as amended, and/or in privately negotiated transactions at management s discretion based on market and business conditions, applicable legal requirements and other factors. This program became effective on April 28, 2011 and will continue until otherwise modified or terminated by the Company s Board of Directors at any time in the Company s sole discretion.

During the three and six months ended June 30, 2011, the Company repurchased and retired 1,943,664 and 3,740,358 shares of Class A common stock for an aggregate of $75.0 million and $150.1 million, respectively, including commissions and fees in connection with the stock repurchase programs.

As of June 30, 2011, the Company had a remaining authorization to repurchase an additional $225.0 million of its common stock under its current $300.0 million stock repurchase program.

11. REDEEMABLE NONCONTROLLING INTERESTS

In connection with the Company s business operations in Canada and Central America, the Company entered into agreements with non-affiliated joint venture partners that contain both a put option for its partners and a call option for the Company, requiring or allowing the Company, in certain circumstances, to purchase the remaining interest in such entity at a price based on predetermined earnings multiples. Each of these options is triggered upon the occurrence of specified events and/or upon the passage of time. The put rights may be exercised on varying dates causing the Company to purchase the applicable partner s equity interests (the Redemption Amount) based on a formula defined in the respective joint venture agreements. None of these options are currently exercisable by either the Company or its partners. The noncontrolling interest is classified as a redeemable equity interest in mezzanine (or temporary) equity on the Company s Consolidated Balance Sheets.

During the six months ended June 30, 2011, the Company acquired the remaining noncontrolling interest in the Canadian joint venture for $0.7 million in cash, increasing its ownership interest to 100%.

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The Company allocates income and losses to the noncontrolling interest holder based on the applicable membership interest percentage. After applying those provisions, the Company calculates the redemption amount at each reporting period and records the amount, if any, by which the redemption amount exceeds the carrying value as a charge against income (loss) available to common shareholders. As of June 30, 2011 the carrying amount exceeded the redemption amount and thus no change was recorded to income (loss) attributable to common shareholders.

12. STOCK-BASED COMPENSATION

On May 6, 2010, the Company adopted the 2010 Performance and Equity Incentive Plan (the 2010 Plan) whereby options, restricted stock units and other equity and performance based instruments may be granted to directors, employees and consultants. Upon the adoption of the 2010 Plan by the Company s shareholders, no further grants were permitted under the 2001 Equity Participation Plan. The 2010 Plan provides for the issuance of a maximum of 15.0 million shares of our Class A common stock, however, the aggregate number of shares that may be issued pursuant to restricted stock awards, restricted stock unit awards, stock bonus awards, performance awards, other stock-based awards or other awards granted under the 2010 Plan will not exceed 7.5 million.

Stock Options

The Company records compensation expense for employee stock options based on the estimated fair value of the options on the date of grant using the Black-Scholes option-pricing model with the assumptions included in the table below. The Company uses a combination of historical data and historical volatility to establish the expected volatility. Historical data is used to estimate the expected option life and the expected forfeiture rate. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for the estimated life of the option. The following assumptions were used to estimate the fair value of options granted using the Black-Scholes option-pricing model:

	For the six months ended June 30, 2011	2010
Risk free interest rate	1.17% - 2.17%	1.70% - 1.83%
Dividend yield	0.0%	0.0%
Expected volatility	53.9%	55.2%
Expected lives	3.5 - 4.5 years	3.6 - 4.3 years

The following table summarizes the Company s activities with respect to its stock options for the six months ended June 30, 2011:

	Number of Shares (in thousands)	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life (in years)
Outstanding at December 31, 2010	3,791	$ 24.77	4.7
Granted	569	$ 41.97	
Exercised	(320)	$ 19.40	
Canceled	(31)	$ 30.83	
Outstanding at June 30, 2011	4,009	$ 27.60	4.53

Exercisable at June 30, 2011	2,340	$ 24.11	3.79
Unvested at June 30, 2011	1,669	$ 32.49	5.56

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The weighted-average fair value of options granted during the six months ended June 30, 2011 and 2010 was $18.55 and $15.88, respectively. The total intrinsic value for options exercised during the six months ended June 30, 2011 and 2010 was $6.9 million and $7.6 million, respectively.

Restricted Stock Units

The Company granted 133,971 restricted stock units pursuant to its 2010 Performance and Equity Incentive Plan during the six months ended June 30, 2011. The expense is based on the fair market value of the units awarded at the date of the grant times the number of shares subject to the units awarded. The Company typically recognizes the expense associated with the units on a straight-line basis over the vesting term.

The following table summarizes the Company s restricted stock unit activity for the six months ended June 30, 2011:

	Number of Units (in thousands)	Weighted-Average Grant Date Fair Value per share	
Outstanding at December 31, 2010	130	$	35.58
Granted	134	$	41.71
Restriction Lapse	(34)	$	35.39
Forfeited/Canceled	(4)	$	36.60
Outstanding at June 30, 2011	226	$	39.22

13. INCOME TAXES

The Company had taxable losses during the three and six months ended June 30, 2011 and 2010, and as a result, net operating loss carry-forwards have been generated. The majority of these net operating loss carry-forwards are fully reserved as management believes it is not more-likely-than-not that the Company will generate sufficient taxable income in future periods to recognize the losses.

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14. SEGMENT DATA

The Company operates principally in three business segments: site leasing, site development consulting and site development construction. The Company s reportable segments are strategic business units that offer different services. The site leasing segment includes results of the managed and sublease businesses. Summarized financial information concerning the Company s reportable segments for the three and six months ended June 30, 2011 and 2010 is shown below:

	Site Leasing	Site Development Consulting	Site Development Construction (in thousands)	Not Identified by Segment (1)	Total
Three months ended June 30, 2011					
Revenues	$ 150,173	$ 4,672	$ 16,208	$	$ 171,053
Cost of revenues (2)	$ 32,123	$ 3,540	$ 14,444	$	$ 50,107
Depreciation, amortization and accretion	$ 76,048	$ 49	$ 310	$ 284	$ 76,691
Operating income (loss)	$ 28,477	$ 679	$ 47	$ (1,994)	$ 27,209
Capital expenditures (3)	$ 110,394	$ 66	$ 392	$ 827	$ 111,679
Three months ended June 30, 2010					
Revenues	$ 131,739	$ 4,680	$ 18,096	$	$ 154,515
Cost of revenues (2)	$ 30,004	$ 3,649	$ 16,305	$	$ 49,958
Depreciation, amortization and accretion	$ 68,314	$ 45	$ 261	$ 211	$ 68,831
Operating income (loss)	$ 21,300	$ 622	$ 113	$ (2,011)	$ 20,024
Capital expenditures (3)	$ 96,668	$ 24	$ 332	$ 120	$ 97,144
Six months ended June 30, 2011					
Revenues	$ 296,657	$ 8,863	$ 33,282	$	$ 338,802
Cost of revenues (2)	$ 64,099	$ 6,767	$ 29,945	$	$ 100,811
Depreciation, amortization and accretion	$ 150,313	$ 94	$ 620	$ 542	$ 151,569
Operating income (loss)	$ 53,512	$ 1,250	$ (107)	$ (3,547)	$ 51,108
Capital expenditures (3)	$ 220,046	$ 107	$ 757	$ 1,459	$ 222,369
Six months ended June 30, 2010					
Revenues	$ 259,706	$ 9,263	$ 33,511	$	$ 302,480
Cost of revenues (2)	$ 59,187	$ 7,281	$ 30,562	$	$ 97,030
Depreciation, amortization and accretion	$ 135,277	$ 93	$ 490	$ 417	$ 136,277
Operating income (loss)	$ 40,004	$ 1,127	$ (298)	$ (3,923)	$ 36,910
Capital expenditures (3)	$ 138,686	$ 105	$ 655	$ 442	$ 139,888
Assets					
As of June 30, 2011	$ 3,299,772	$ 4,035	$ 31,823	$ 357,379	$ 3,693,009
As of December 31, 2010	$ 3,218,892	$ 4,458	$ 35,567	$ 141,258	$ 3,400,175

(1) Assets not identified by segment consist primarily of general corporate assets.
(2) Excludes depreciation, amortization and accretion.
(3) Includes cash paid for capital expenditures and acquisitions and related earn-outs and vehicle capital lease additions.

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15. CONCENTRATION OF CREDIT RISK

The Company s credit risks arise from accounts receivable with international, national, regional and local wireless service providers and federal and state government agencies. The Company performs periodic credit evaluations of its customers financial condition and provides allowances for doubtful accounts, as required, based upon factors surrounding the credit risk of specific customers, historical trends and other information. The Company generally does not require collateral.

The following is a list of significant customers (representing at least 10% of revenue for at least one of the periods reported) and the percentage of total revenue for the specified time periods derived from such customers:

	Percentage of Site Leasing Revenue for the three months ended June 30,	
	2011	2010
AT&T	26.9%	27.8%
Sprint	22.2%	23.6%
Verizon	15.6%	15.5%
T-Mobile	11.4%	11.8%

	Percentage of Site Development Consulting Revenue for the three months ended June 30,	
	2011	2010
Verizon	17.0%	17.2%
Nsoro Mastec	12.5%	14.1%
T-Mobile	11.1%	2.6%
Clearwire Tech, Inc.	0.7%	10.2%
Cox Communications	0.0%	16.6%

	Percentage of Site Development Construction Revenue for the three months ended June 30,	
	2011	2010
Nsoro Mastec	46.9%	34.0%
Verizon	8.3%	11.0%
T-Mobile	5.2%	14.5%

At June 30, 2011, five significant customers comprised 56.8% of total gross accounts receivable compared to five significant customers which comprised 50.5% of total gross accounts receivable at December 31, 2010.

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We are a leading independent owner and operator of wireless communications towers. Our principal operations are in the United States and its territories. As of June 30, 2011, we also owned towers in Canada, Costa Rica, El Salvador, and Panama. Our primary business line is our site leasing business, which contributed approximately 97.6% of our total segment operating profit for the year-to-date period ended June 30, 2011. In our site leasing business, we lease antenna space to wireless service providers on towers and other structures that we own, manage or lease from others. The towers that we own have been constructed by us at the request of a wireless service provider, constructed based on our own initiative or acquired. As of June 30, 2011, we owned 9,574 tower sites, the substantial majority of which have been built by us or built by other tower owners or operators who, like us, have built such towers to lease space to multiple wireless service providers. We also managed or leased approximately 4,800 actual or potential additional communications sites, approximately 500 of which were revenue producing as of June 30, 2011. Our other business line is our site development business, through which we assist wireless service providers in developing and maintaining their own wireless service networks.

Site Leasing Services

Our primary focus is the leasing of antenna space on our multi-tenant towers to a variety of wireless service providers under long-term lease contracts. Site leasing revenues are received primarily from wireless service provider tenants, including AT&T, Sprint, Verizon Wireless and T-Mobile. Wireless service providers enter into numerous different tenant leases with us, each of which relates to the lease or 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 during 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. Rental amounts received in advance are recorded in deferred revenue.

Cost of site leasing revenue primarily consists of:

- Rental payments on ground and other underlying property leases;
- Straight-line rent adjustment for the difference between rental payments made and the expense recorded as if the payments had been made evenly throughout the minimum lease term (which may include renewal terms) of the underlying property leases;
- Property taxes;
- Site maintenance and monitoring costs (exclusive of employee related costs);
- Utilities;
- Property insurance; and
- Deferred lease origination cost amortization.

Ground leases are generally for an initial term of five years or more with multiple renewal terms of five year periods at our option and provide for rent escalators which typically average 3% annually or provide for term escalators of approximately 15%. Of the 9,574 tower sites we owned as of June 30, 2011, approximately 33.4% were located on parcels of land that we own, land subject to perpetual easements, or parcels of land in which we have a

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leasehold interest that extends beyond 50 years. For any given tower, costs are relatively fixed over a monthly or an annual time period. As such, operating costs for owned towers do not generally increase as a result of adding additional customers to the tower. The amount of direct costs associated with operating a tower varies from site to site depending on the taxing jurisdiction and the height and age of the tower. The ongoing maintenance requirements are typically minimal and include replacing lighting systems, painting a tower or upgrading or repairing an access road or fencing.

As indicated in the table below, our site leasing business generates a significant portion of our total revenues. For information regarding our operating segments, please see Note 14 of our Condensed Notes to Consolidated Financial Statements included in this quarterly report.

	Revenues			
	For the three months ended June 30,		For the six months ended June 30,	
	2011	2010	2011	2010
	(dollars in thousands)			
Site leasing revenue	$ 150,173	$ 131,739	$ 296,657	$ 259,706
Total revenues	$ 171,053	$ 154,515	$ 338,802	$ 302,480
Site leasing revenue percentage of total revenues	87.8%	85.3%	87.6%	85.9%

We believe that over the long-term, site leasing revenues will continue to grow as wireless service providers lease additional antenna space on our towers due to increasing data usage, minutes of network use, network expansion and network coverage requirements. We believe our site leasing business is characterized by stable and long-term recurring revenues, predictable operating costs and minimal non-discretionary capital expenditures. Due to the relatively young age and mix of our tower portfolio, we expect future expenditures required to maintain these towers to be minimal. Consequently, we expect to grow our cash flows by adding tenants to our towers at minimal incremental costs by using existing tower capacity or requiring wireless service providers to bear all or a portion of the cost of tower modifications. Furthermore, because our towers are strategically positioned and our customers typically do not relocate, we have historically experienced low customer churn as a percentage of revenue.

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The following rollforward summarizes the activity in our consolidated tower portfolio from December 31, 2010 to June 30, 2011:

	Number of Towers
Towers owned at December 31, 2010	9,111
Purchased towers	166
Constructed towers	35
Towers reclassified/disposed [1]	(22)
Towers owned at March 31, 2011	9,290
Purchased towers	140
Constructed towers	151
Towers reclassified/disposed [1]	(7)
Towers owned at June 30, 2011	9,574

(1) Reclassifications reflect the combination for reporting purposes of multiple tower structures on a single parcel of real estate, which we market and customers view as a single location, into a single tower site. Dispositions reflect the decommissioning, sale, conveyance or legal transfer of owned tower sites.

Site Development Services

Our site development business is complementary to our site leasing business and provides us the ability to keep in close contact with the wireless service providers who generate substantially all of our site leasing revenue and to capture ancillary revenues that are generated by our site leasing activities, such as antenna and equipment installation at our tower locations. Site development services revenues are received primarily from providing a full range of end to end services to wireless service providers or companies providing development or project management services to wireless service providers. We principally perform services for third parties in our core, historical areas of wireless expertise, specifically, site acquisition, zoning, technical services and construction. Our site development business consists of two segments, site development consulting and site development construction.

Our site development customers engage us on a project-by-project basis and a customer can generally terminate an assignment at any time without penalty. Site development projects, both consulting and construction, include contracts on a time and materials basis or a fixed price basis. The majority of our site development services are billed on a fixed price basis. Time and materials based site development contracts are billed and revenue is recognized at contractual rates as the services are rendered. Our site development projects generally take from three to twelve months to complete. For those site development consulting contracts in which we perform work on a fixed price basis, we recognize revenue based on the completion of agreed upon phases of the project on a per site basis.

Our revenue from site development construction contracts is recognized on the percentage-of-completion method of accounting, determined by the percentage of cost incurred to date compared to management s estimated total cost for each contract. This method is used because management considers total cost to be the best available measure of progress on the contracts. These amounts are based on estimates, and the uncertainty inherent in the estimates initially is reduced as work on the contracts nears completion. Revenue from our site development construction business may fluctuate from period to period depending on construction activities, which are a function of the timing and amount of our clients capital expenditures, the number and significance of active customer engagements during a period, weather and other factors.

Cost of site development consulting revenue and construction revenue includes all costs of materials, salaries and labor costs, including payroll taxes, subcontract labor, vehicle expense and other costs directly and indirectly related to the projects. All costs related to site development consulting contracts and construction contracts are recognized as incurred.

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The table below provides the percentage of total revenues contributed by site development consulting services and site development construction services for the three and six months ended June 30, 2011 and 2010. For information regarding our operating segments, see Note 14 of our Condensed Notes to Consolidated Financial Statements included in this quarterly report.

	Revenues			
	For the three months ended June 30,		For the six months ended June 30,	
	2011	2010	2011	2010
	(dollars in thousands)			
Site development consulting	$ 4,672	$ 4,680	$ 8,863	$ 9,263
Site development construction	$ 16,208	$ 18,096	$ 33,282	$ 33,511
Total revenues	$ 171,053	$ 154,515	$ 338,802	$ 302,480
Site development consulting	2.7%	3.0%	2.6%	3.1%
Site development construction	9.5%	11.7%	9.8%	11.1%

International Operations

As of June 30, 2011, we had operations in Canada, Costa Rica, El Salvador and Panama. Our operations in these four countries are solely in the site leasing business, and we expect to expand operations through new builds and acquisitions. Tenant leases and ground leases in these international markets typically have similar terms and conditions as those in the United States, with a fixed initial term of three to five years, and specific rent escalators.

In our Central American markets, significantly all of our revenue, expenses, and capital expenditures arising from our new build activities are denominated in U.S. dollars. Specifically, our ground leases, our tenant leases and most of our tower related expenses are due, and paid, in U.S. dollars. In our Central American markets, our local currency obligations are principally limited to (1) permitting and other local fees, (2) utilities and (3) taxes. In our Canadian operations, significantly all of our revenue, expenses and capital expenditures, including tenant leases, ground leases and other tower-related expenses, are denominated in Canadian dollars.

CRITICAL ACCOUNTING POLICIES

We have identified the policies and significant estimation processes below as critical to our business operations and the understanding of our results of operations. The listing is not intended to be a comprehensive list. In many cases, the accounting treatment of a particular transaction is specifically dictated by accounting principles generally accepted in the United States, with no need for management s judgment in their application. In other cases, management is required to exercise judgment in the application of accounting principles with respect to particular transactions. The impact and any associated risks related to these policies on our business operations is discussed throughout Management s Discussion and Analysis of Financial Condition and Results of Operations where such policies affect reported and expected financial results. For a detailed discussion on the application of these and other accounting policies, see Note 2 in the Notes to Consolidated Financial Statements for the year ended December 31, 2010, included in the Form 10-K filed with the Securities and Exchange Commission, or the Commission, on February 25, 2011. Our preparation of our financial statements requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements, and the reported amounts of revenue and expenses during the reporting periods. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. There can be no assurance that actual results will not differ from those estimates and such differences could be significant.

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Construction Revenue

Revenue from construction projects is recognized using the percentage-of-completion method of accounting, determined by the percentage of cost incurred to date compared to management s estimated total cost for each contract. This method is used because we consider total cost to be the best available measure of progress on each contract. These amounts are based on estimates, and the uncertainty inherent in the estimates initially is reduced as work on each contract nears completion. The asset Costs and estimated earnings in excess of billings on uncompleted contracts represents expenses incurred and revenues recognized in excess of amounts billed. The liability Billings in excess of costs and estimated earnings on uncompleted contracts represents billings in excess of revenues recognized.

Allowance for Doubtful Accounts

We perform periodic credit evaluations of our customers. We continuously monitor collections and payments from our customers and maintain an allowance for estimated credit losses based upon our historical experience and any specific customer collection issues that we have identified. Establishing reserves against specific accounts receivable and the overall adequacy of our allowance is a matter of judgment.

Asset Impairment

We evaluate the potential impairment of individual long-lived assets, principally the tower sites. We record an impairment charge when we believe an investment in towers, intangible assets or construction-in-process has been impaired, such that future undiscounted cash flows would not recover the then current carrying value of the investment in the tower site. We consider many factors and make certain assumptions when making this assessment, including but not limited to: general market and economic conditions, historical operating results, geographic location, lease-up potential and expected timing of lease-up. In addition, we make certain assumptions in determining an asset s fair value for purposes of calculating the amount of an impairment charge. Changes in those assumptions or market conditions may result in a fair value which is different from management s estimates. Future adverse changes in market conditions could result in losses or an inability to recover the carrying value, thereby possibly requiring an impairment charge in the future. In addition, if our assumptions regarding future undiscounted cash flows and related assumptions are incorrect, a future impairment charge may be required. During the three months ended June 30, 2011, we recorded an impairment charge of $0.3 million.

Property Tax Expense

We typically receive notifications and invoices in arrears for property taxes associated with the tangible personal property and real property used in our site leasing business. As a result, we recognize property tax expense, which is reflected as a component of site leasing cost of revenue, based on our best estimate of anticipated property tax payments related to the current period. We consider several factors in establishing this estimate, including our historical level of incurred property taxes, the location of the property, our awareness of jurisdictional property value assessment methods and industry related property tax information. If our estimates regarding anticipated property tax expenses are incorrect, a future increase or decrease in site leasing cost of revenue may be required.

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KEY PERFORMANCE INDICATORS

Non-GAAP Financial Measures

This report contains certain non-GAAP measures, including Segment operating profit and Adjusted EBITDA information. We have provided below a description of such non-GAAP measures, a reconciliation of such non-GAAP measures to their most directly comparable GAAP measures and an explanation as to why management utilizes these measures.

Segment operating profit:

We believe that Segment operating profit is an indicator of the operating performance of our site leasing and site development segments and is used to provide management with the ability to monitor the operating results and margin of each segment, while excluding the impact of depreciation, accretion and amortization, which is largely fixed and non-cash in nature. Segment operating profit is not intended to be an alternative measure of revenue or segment gross profit as determined in accordance with GAAP.

Each respective Segment operating profit is defined as segment revenues less segment cost of revenues (excluding depreciation, accretion and amortization). Total Segment operating profit is the total of the operating profits of the three segments. The reconciliation of Segment operating profit is as follows:

	Site leasing segment					
	For the three months ended June 30,		Dollar	For the six months ended June 30,		Dollar
	2011	2010	Change	2011	2010	Change
	(in thousands)					
Segment revenue	$ 150,173	$ 131,739	$ 18,434	$ 296,657	$ 259,706	$ 36,951
Segment cost of revenues (excluding depreciation, accretion and amortization)	(32,123)	(30,004)	(2,119)	(64,099)	(59,187)	(4,912)
Segment operating profit	$ 118,050	$ 101,735	$ 16,315	$ 232,558	$ 200,519	$ 32,039

	Site development consulting segment					
	For the three months ended June 30,		Dollar	For the six months ended June 30,		Dollar
	2011	2010	Change	2011	2010	Change
	(in thousands)					
Segment revenue	$ 4,672	$ 4,680	$ (8)	$ 8,863	$ 9,263	$ (400)
Segment cost of revenues (excluding depreciation, accretion and amortization)	(3,540)	(3,649)	109	(6,767)	(7,281)	514
Segment operating profit	$ 1,132	$ 1,031	$ 101	$ 2,096	$ 1,982	$ 114

	Site development construction segment					
	For the three months ended June 30,		Dollar	For the six months ended June 30,		Dollar
	2011	2010	Change	2011	2010	Change
	(in thousands)					
Segment revenue	$ 16,208	$ 18,096	$ (1,888)	$ 33,282	$ 33,511	$ (229)
Segment cost of revenues (excluding depreciation, accretion and amortization)	(14,444)	(16,305)	1,861	(29,945)	(30,562)	617
Segment operating profit	$ 1,764	$ 1,791	$ (27)	$ 3,337	$ 2,949	$ 388

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Site leasing segment operating profit increased $16.3 million and $32.0 million for the three and six months ended June 30, 2011, respectively, compared to the same period in the prior year, primarily due to additional profit generated by the towers that we acquired or constructed subsequent to June 30, 2010, organic site leasing growth from new leases and contractual rent escalators and lease amendments with current tenants which increased the related rent to reflect additional equipment added to our towers, control of our site leasing cost of revenue and the positive impact of our ground lease purchase program.

Adjusted EBITDA:

We define Adjusted EBITDA as net loss excluding the impact of net interest expenses, provision for taxes, depreciation, accretion and amortization, asset impairment and other charges, non-cash compensation, net loss from extinguishment of debt, other income and expenses, acquisition related expenses, non-cash straight-line leasing revenue and non-cash straight-line ground lease expense.

We believe that Adjusted EBITDA is an indicator of the financial performance of our core business. Adjusted EBITDA is a component of the calculation that has been used by our lenders to determine compliance with certain covenants under our Credit Agreement and Senior Notes. Adjusted EBITDA is not intended to be an alternative measure of operating income or gross profit margin as determined in accordance with GAAP.

Adjusted EBITDA increased $14.0 million for the three months ended June 30, 2011, compared to the same period in the prior year, primarily due to increased site leasing segment operating profit offset by an increase in selling, general and administrative costs. The reconciliation of Adjusted EBITDA is as follows:

	For the three months ended June 30,		Dollar
	2011	2010	Change
	(in thousands)		
Net loss	$ (29,910)	$ (83,854)	$ 53,944
Interest Income	(29)	(175)	146
Total Interest Expense[1]	56,342	54,705	1,637
Depreciation, Accretion & Amortization	76,691	68,831	7,860
Asset Impairment Charge	296		296
Total Provision for Income Tax[2]	1,251	450	801
Loss from write-off of deferred financing fees and extinguishment of debt		48,932	(48,932)
Non Cash Compensation SG&A	3,141	2,780	361
Tenant Straight-line Revenue	(2,096)	(1,242)	(854)
Ground Rent Straight-line Expense	2,690	3,263	(573)
Acquisition Related Costs	1,029	1,405	(376)
Other Income/Expense	104	434	(330)
Adjusted EBITDA	$ 109,509	$ 95,529	$ 13,980

(1) Total interest expense includes interest expense, non-cash interest expense and amortization of deferred financing fees.

(2) Includes $549 and $468 of franchise taxes for the three months ended June 30, 2011 and 2010, respectively, reflected in the Consolidated Statement of Operations in selling, general and administrative expenses.

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RESULTS OF OPERATIONS

Three months ended June 30, 2011 Compared to Three months ended June 30, 2010

	For the three months ended June 30, 2011	For the three months ended June 30, 2010	Dollar Change	Percentage Increase (Decrease)
Revenues:				
Site leasing	$ 150,173	$ 131,739	$ 18,434	14.0%
Site development consulting	4,672	4,680	(8)	(0.2%)
Site development construction	16,208	18,096	(1,888)	(10.4%)
Total revenues	171,053	154,515	16,538	10.7%
Operating expenses:				
Cost of revenues (exclusive of depreciation, accretion and amortization shown below):				
Cost of site leasing	32,123	30,004	2,119	7.1%
Cost of site development consulting	3,540	3,649	(109)	(3.0%)
Cost of site development construction	14,444	16,305	(1,861)	(11.4%)
Selling, general and administrative	15,721	14,297	1,424	10.0%
Asset impairment	296		296	100.0%
Acquisition related expenses	1,029	1,405	(376)	(26.8%)
Depreciation, accretion and amortization	76,691	68,831	7,860	11.4%
Total operating expenses	143,844	134,491	9,353	7.0%
Operating income	27,209	20,024	7,185	35.9%
Other income (expense):				
Interest income	29	175	(146)	(83.4%)
Interest expense	(38,528)	(37,711)	(817)	2.2%
Non-cash interest expense	(15,613)	(14,780)	(833)	5.6%
Amortization of deferred financing fees	(2,201)	(2,214)	13	(0.6%)
Loss from extinguishment of debt, net		(48,932)	48,932	(100.0%)
Other (expense) income	(104)	(434)	330	(76.0%)
Total other expense	(56,417)	(103,896)	47,479	(45.7%)
Loss before (provision) benefit for income taxes	(29,208)	(83,872)	54,664	(65.2%)
(Provision) benefit for income taxes	(702)	18	(720)	NM
Net loss	(29,910)	(83,854)	53,944	(64.3%)
Net loss attributable to the noncontrolling interest	91	155	(64)	(41.3%)
Net loss attributable to SBA Communications Corporation	$ (29,819)	$ (83,699)	$ 53,880	(64.4%)

NM Not meaningful

Revenues:

Site leasing revenues increased $18.4 million for the three months ended June 30, 2011, as compared to the same period in the prior year, due largely to (i) revenues from the towers that we acquired or constructed subsequent to June 30, 2010 and (ii) organic site leasing growth from new leases, contractual rent escalators and lease amendments which increased the related rent to reflect additional equipment added to our towers.

Site development consulting revenues remained relatively stable for the three months ended June 30, 2011 as compared to the same period in the prior year. Site development construction revenues decreased $1.9 million for the three months ended June 30, 2011, as compared to the three months ended June 30, 2010, as a result of a lower volume of work performed during second quarter of 2011 compared to the same period in the prior year.

Operating Expenses:

Site leasing cost of revenues increased $2.1 million for the three months ended June 30, 2011, as compared to the same period in the prior year, primarily as a result of the growth in the number of tower sites owned by us offset by the positive impact of our ground lease purchase program.

Site development consulting cost of revenues remained relatively stable for the three months ended June 30, 2011 as compared to the same period in the prior year. Site development construction cost of revenues decreased $1.9 million for the three months ended June 30, 2011, as compared to the same period in the prior year, as a result of a lower volume of work performed during second quarter of 2011 compared to the same period in the prior year.

Selling, general and administrative expenses increased $1.4 million for the three months ended June 30, 2011, as compared to the same period in the prior year, primarily as a result of an increase in salaries and benefits, non-cash compensation as well as costs incurred in connection with our international expansion.

Acquisition related expenses decreased $0.4 million for the three months ended June 30, 2011, as compared to the same period in the prior year, primarily as a result of an increase in the number of towers acquired as well as towers under contract for acquisition or due diligence on potential acquisitions during the quarter ended June 30, 2011 compared to the quarter ended June 30, 2010 offset by a decrease in potential earnout obligation.

Depreciation, accretion and amortization expense increased $7.9 million for the three months ended June 30, 2011, as compared to the same period in the prior year, due to an increase in the number of tower sites owned by us as of June 30, 2011 compared to those owned at June 30, 2010.

Operating Income:

Operating income increased $7.2 million for the three months ended June 30, 2011 from the three months ended June 30, 2010 primarily due to the result of higher segment operating profit in the site leasing segment offset by increases in depreciation, accretion and amortization expense and selling, general and administrative expenses.

Other Income (Expense):

Interest expense increased $0.8 million from the three months ended June 30, 2010 due to the higher weighted average principal amount of cash-interest bearing debt for the three months ended June 30, 2011 compared to the three months ended June 30, 2010.

Non-cash interest expense increased $0.8 million to $15.6 million for the three months ended June 30, 2011, compared to $14.8 million for the three months ended June 30, 2010. This increase reflects the accretion of the debt discounts on the 1.875% Notes (as defined below), the 4.0% Notes (as defined below), and the Senior Notes offset by the impact of the repurchase of the 0.375% Notes in the fourth quarter of 2010 and the repurchase of $15.0 million of 1.875% Notes in the first quarter of 2011.

The loss from extinguishment of debt of $48.9 million for the three months ended June 30, 2010 is associated with the repayment of $938.6 million in principal of our 2006 CMBS Certificates.

Net Loss

Net loss decreased $53.9 million to $29.9 million for the three months ended June 30, 2011 from the three months ended June 30, 2010. The decrease in net loss for the three months ended June 30, 2011 is primarily due to a decrease in the loss on extinguishment of debt coupled with an increase in site leasing segment operating profit partially offset by an increase in depreciation, accretion and amortization expense, interest expense and non-cash interest expense.

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Six months ended June 30, 2011 Compared to Six months ended June 30, 2010

	For the six months ended June 30, 2011	2010	Dollar Change	Percentage Increase (Decrease)
Revenues:				
Site leasing	$ 296,657	$ 259,706	$ 36,951	14.2%
Site development consulting	8,863	9,263	(400)	(4.3%)
Site development construction	33,282	33,511	(229)	(0.7%)
Total revenues	338,802	302,480	36,322	12.0%
Operating expenses:				
Cost of revenues (exclusive of depreciation, accretion, and amortization shown below):				
Cost of site leasing	64,099	59,187	4,912	8.3%
Cost of site development consulting	6,767	7,281	(514)	(7.1%)
Cost of site development construction	29,945	30,562	(617)	(2.0%)
Selling, general and administrative	31,616	28,814	2,802	9.7%
Asset impairment	296		296	100.0%
Acquisition related expenses	3,402	3,449	(47)	(1.4%)
Depreciation, accretion and amortization	151,569	136,277	15,292	11.2%
Total operating expenses	287,694	265,570	22,124	8.3%
Operating income	51,108	36,910	14,198	38.5%
Other income (expense):				
Interest income	59	257	(198)	(77.0%)
Interest expense	(76,309)	(74,829)	(1,480)	2.0%
Non-cash interest expense	(31,006)	(29,647)	(1,359)	4.6%
Amortization of deferred financing fees	(4,400)	(4,706)	306	(6.5%)
Loss from extinguishment of debt, net	(1,696)	(49,044)	47,348	(96.5%)
Other income	(649)	(115)	(534)	464.3%
Total other expense	(114,001)	(158,084)	44,083	(27.9%)
Loss before provision for income taxes	(62,893)	(121,174)	58,281	(48.1%)
Provision for income taxes	(1,393)	(91)	(1,302)	1430.8%
Net loss	(64,286)	(121,265)	56,979	(47.0%)
Net loss attributable to the noncontrolling interest	216	240	(24)	(10.0%)
Net loss attributable to SBA Communications Corporation	$ (64,070)	$ (121,025)	$ 56,955	(47.1%)

Revenues:

Site leasing revenues increased $37.0 million for the six months ended June 30, 2011, as compared to the same period in the prior year, due largely to (i) revenues from the towers that we acquired or constructed subsequent to June 30, 2010 and (ii) organic site leasing growth from new leases, contractual rent escalators and lease amendments which increased the related rent to reflect additional equipment added to our towers.

Site development consulting revenues decreased $0.4 million and site development construction revenues decreased $0.2 million for the six months ended June 30, 2011, as compared to the same period in the prior year, as a result of a lower volume of work performed in the first half of 2011 compared to the comparable period in 2010.

Operating Expenses:

Site leasing cost of revenues increased $4.9 million for the six months ended June 30, 2011, as compared to the same period in the prior year, primarily as a result of the growth in the number of tower sites owned by us offset by the positive impact of our ground lease purchase program.

Site development consulting cost of revenues decreased $0.5 million and site development construction cost of revenues decreased $0.6 million for six months ended June 30, 2011, as compared to the same period in the prior year, as a result of a lower volume of work performed during 2011.

Selling, general and administrative expenses increased $2.8 million for the six months ended June 30, 2011, as compared to the same period in the prior year, primarily as a result of an increase in salaries and benefits and non-cash compensation, as well as costs incurred in connection with our international expansion.

Depreciation, accretion and amortization expense increased $15.3 million to $151.6 million for the six months ended June 30, 2011, as compared to the same period in the prior year, due to an increase in the number of tower sites owned by us as of June 30, 2011 compared to those owned at June 30, 2010.

Operating Income:

Operating income increased $14.2 million to $51.1 million for the six months ended June 30, 2011 from $36.9 million for the six months ended June 30, 2010 primarily due to higher segment operating profit in the site leasing segment offset by increases in depreciation, accretion and amortization expense and selling, general and administrative expenses.

Other Income (Expense):

Interest expense was $76.3 million for the six months ended June 30, 2011, an increase of $1.5 million from the six months ended June 30, 2010. This increase was due to the higher weighted average amount of cash-interest bearing debt outstanding for the six months ended June 30, 2011 compared to the six months ended June 30, 2010.

Non-cash interest expense was $31.0 million for the six months ended June 30, 2011, an increase of $1.4 million from the six months ended June 30, 2010. This increase reflects the accretion of the debt discount on the 1.875% Notes, the 4.0% Notes, the Term Loan, and the Senior Notes, using the effective interest method offset by the impact of the repurchase of the 0.375% Notes in the fourth quarter of 2010 and the repurchase of $15.0 million of 1.875% Notes in the first quarter of 2011.

The loss from extinguishment of debt of $1.7 million for the six months ended June 30, 2011 is associated with the repurchase of $15.0 million in principal of our 1.875% Notes. The loss from extinguishment of debt of $49.0 million for the six months ended June 30, 2010 is associated with the repayment of $938.6 million in principal of our 2006 CMBS Certificates.

Net Loss

Net loss was $64.3 million for the six months ended June 30, 2011, a decrease of $57.0 million from the six months ended June 30, 2010, primarily due to a decrease in the loss on extinguishment of debt, and an increase in site leasing segment operating profit partially offset by increases in depreciation, accretion and amortization expense, interest expense, non-cash interest expense and selling, general and administrative costs.

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LIQUIDITY AND CAPITAL RESOURCES

SBA Communications Corporation is a holding company with no business operations of its own. SBA Communications only significant asset is the outstanding capital stock of SBA Telecommunications, Inc. (Telecommunications) which is also a holding company that owns equity interests in (1) SBA Senior Finance, LLC (the entity that indirectly owns some of our domestic towers and assets and all of our international entities) and (2) remaining domestic operating entities. We conduct all of our business operations through Telecommunications subsidiaries. Accordingly, our only source of cash to pay our obligations, other than financings, is distributions with respect to our ownership interest in our subsidiaries from the net earnings and cash flow generated by these subsidiaries.

A summary of our cash flows is as follows:

	For the six months ended June 30, 2011	June 30, 2010
	(in thousands)	
Summary cash flow information:		
Cash provided by operating activities	$ 122,984	$ 98,135
Cash used in investing activities	(220,581)	(171,043)
Cash provided by financing activities	311,092	139,530
Increase in cash and cash equivalents	213,495	66,622
Cash and cash equivalents, beginning of the period	64,254	161,317
Cash and cash equivalents, end of the period	$ 277,749	$ 227,939

Sources of Liquidity

We fund our growth, including our tower portfolio growth, through cash flows from operations, long-term indebtedness and equity issuances. With respect to our debt financing, we have issued secured and unsecured debt instruments at various levels of our organizational structure to minimize our financing costs while maximizing our operational flexibility.

Cash provided by operating activities was $123.0 million for the six months ended June 30, 2011 as compared to $98.1 million for the six months ended June 30, 2010. This increase was primarily due an increase in segment operating profit from the site leasing segment for the six months ended June 30, 2011 compared to the six months ended June 30, 2010.

During the six months ended June 30, 2011 SBA Senior Finance II borrowed $250.0 million under the Revolving Credit Facility. On June 30, 2011, SBA Senior Finance II entered into an amended and restated credit agreement which extended the maturity of the Revolving Credit Facility and included a new $500.0 million Term Loan. The proceeds from the Term Loan were used to repay the existing $270.0 million balance on the Revolving Credit Facility and for general corporate purposes. As of June 30, 2011, the availability under the Revolving Credit Facility was $500.0 million.

Registration Statements

We have on file with the Commission a shelf registration statement on Form S-4 registering shares of Class A common stock that we may issue in connection with the acquisition of wireless communication towers or antenna sites and related assets or, companies who own wireless communication towers, antenna sites or related assets. During the six months ended June 30, 2011, we did not issue any shares of Class A common stock under this registration statement. As of June 30, 2011, we had approximately 1.7 million shares of Class A common stock remaining under this shelf registration statement.

On March 3, 2009, we filed with the Commission an automatic shelf registration statement for well-known seasoned issuers on Form S-3ASR. This registration statement enables us to issue shares of our Class A common stock, preferred stock or debt securities either separately or represented by warrants, or depositary shares as well as units that include any of these securities. Under the rules governing automatic shelf registration statements, we will file a prospectus supplement and advise the Commission of the amount and type of securities each time we issue securities under this registration statement. For the six months ended June 30, 2011, we did not issue any securities under this automatic shelf registration statement.

Uses of Liquidity

We believe that our principal use of liquidity will be to fund tower portfolio growth and, secondarily, to opportunistically repurchase our outstanding securities, including through our stock repurchase program. In the future, we may continue to repurchase, for cash or equity, our outstanding indebtedness in privately-negotiated or open market transactions in order to optimize our liquidity and leverage and take advantage of market opportunities. During the six months ended June 30, 2011, our wholly owned subsidiary repurchased an aggregate of $15.0 million in principal amount of the 1.875% Notes for $17.0 million in cash.

Our cash capital expenditures, including cash used for acquisitions, for the six months ended June 30, 2011 were $221.8 million. The $221.8 million consists of cash capital expenditures of $151.7 million that we incurred primarily in connection with the acquisition of 306 completed towers net of related working capital adjustments and earnouts paid in connection with previous acquisitions, $41.3 million for construction and related costs associated with the completion of 186 new towers and for sites in process during the six months ended June 30, 2011, $5.7 million for tower maintenance capital expenditures, $6.3 million for augmentations and tower upgrades, $2.5 million for general corporate expenditures and $14.3 million for ground lease purchases (not including $3.9 million spent to extend ground lease terms).

In connection with the stock repurchase program, we repurchased and retired 3,740,358 shares for an aggregate of $150.1 million including commissions and fees in the six months ended June 30, 2011. On April 27, 2011, our Board of Directors (1) terminated the existing $250.0 million stock repurchase program (under which $65.9 million of repurchase authorization remained available at the termination date), and (2) approved a new $300.0 million stock repurchase program. This new program authorizes us to purchase, from time to time, up to $300.0 million of our outstanding common stock through open market repurchases in compliance with Rule 10b-18 of the Securities Exchange Act of 1934, as amended, and/or in privately negotiated transactions at management s discretion based on market and business conditions, applicable legal requirements and other factors. This program became effective on April 28, 2011 and will continue until otherwise modified or terminated by our Board of Directors at any time in our sole discretion. As of June 30, 2011, we had a remaining authorization to repurchase an additional $225.0 million of common stock under our current $300.0 million stock repurchase program.

Subsequent to June 30, 2011, we acquired 33 towers and related assets and liabilities from various sellers. The aggregate consideration paid for the towers and related assets was $14.5 million in cash.

During 2011, we expect to incur non-discretionary cash capital expenditures associated with tower maintenance and general corporate expenditures of $14.0 million to $17.0 million and discretionary cash capital expenditures, based on current obligations, of $320.0 million to $340.0 million primarily associated with the towers we intend to build in 2011, tower acquisitions closed or currently under contract, tower augmentations and ground lease purchases. We may spend additional capital in 2011 on acquiring revenue producing or expense reducing assets not yet identified and under contract, or possibly stock repurchases. We estimate we will incur approximately $1,000 per tower per year for capital improvements or modifications to our towers. We expect to fund cash capital expenditures from cash on hand, cash flow from operations and borrowings under the Revolving Credit Facility. The exact amount of our future capital expenditures will depend on a number of factors including amounts necessary to support our tower portfolio, our new tower build and tower acquisition programs, and our ground lease purchase program.

Debt Instruments and Debt Service Requirements

As of June 30, 2011, we believe that our cash on hand and our cash flows from operations for the next twelve months will be sufficient to service our outstanding debt during the next twelve months.

Credit Agreement

On February 11, 2010, SBA Senior Finance II, LLC (SBA Senior Finance II), our indirect wholly-owned subsidiary, entered into a credit agreement for a $500.0 million senior secured revolving credit facility (the Revolving Credit Facility, formerly referred to as the 2010 Credit Facility) with several banks and other financial institutions or entities from time to time parties to the credit agreement.

On June 30, 2011, SBA Senior Finance II entered into an Amended and Restated Credit Agreement (the Credit Agreement) with several banks and other financial institutions or entities from time to time parties to the Credit Agreement, to extend the maturity of the Revolving Credit Facility, to obtain a new $500.0 million senior secured term loan (the Term Loan), and to amend certain terms of the existing credit agreement. We incurred financing fees of $6.2 million associated with the closing of this transaction. In addition, at the time of entering into the Credit Agreement, the remaining deferred financing fees balance of approximately $4.3 million related to the existing Credit Agreement prior to the amendment was transferred to the Revolving Credit Facility in accordance with accounting guidance for revolving credit facilities.

Revolving Credit Facility

The Revolving Credit Facility consists of a revolving loan under which up to $500.0 million aggregate principal amount may be borrowed, repaid and redrawn, subject to compliance with specific financial ratios and the satisfaction of other customary conditions to borrowing. Amounts borrowed under the Revolving Credit Facility accrue interest at the Eurodollar Rate plus a margin that ranges from 187.5 basis points to 237.5 basis points or at a Base Rate plus a margin that ranges from 87.5 basis points to 137.5 basis points, in each case based on the ratio of Consolidated Total Debt to Annualized Borrower EBITDA (calculated in accordance with the Credit Agreement). If not earlier terminated by SBA Senior Finance II, the Revolving Credit Facility will terminate on, and SBA Senior Finance II will repay all amounts outstanding on or before, June 30, 2016. The proceeds available under the Revolving Credit Facility may be used for general corporate purposes. A 0.375% to 0.5% per annum fee is charged on the amount of unused commitments under the Revolving Credit Facility based on the ratio of Consolidated Total Debt to Annualized Borrower EBITDA (calculated in accordance with the Credit Agreement). SBA Senior Finance II may, from time to time, borrow from and repay the Revolving Credit Facility. Consequently, the amount outstanding under the Revolving Credit Facility at the end of a period may not be reflective of the total amounts outstanding during such period.

During the three and six months ended June 30, 2011, SBA Senior Finance II borrowed $75.0 million and $250.0 million, respectively, under the Revolving Credit Facility and recognized $1.5 million and $2.3 million of cash interest expense during the three and six month periods, respectively. During the three and six months ended June 30, 2010, SBA Senior Finance II had no borrowings and recognized $0.5 million and $0.7 million of cash interest expense during the three and six month periods, respectively.

As of June 30, 2011, the availability under the Revolving Credit Facility was $500.0 million.

Term Loan

The Term Loan consists of a senior secured term loan B in an aggregate principal amount of $500.0 million and will mature on June 30, 2018. It will bear interest, at SBA Senior Finance II s election, at either the Base Rate plus a margin of 175 basis points (with a Base Rate floor of 2%) or Eurodollar Rate plus a margin of 275 basis points (with a Eurodollar Rate floor of 1%). The proceeds from the Term Loan were used to pay down existing balances on the Revolving Credit Facility and may be used for general corporate purposes. Principal on the Term Loan will be repaid in quarterly installments of $1.25 million on the last day of each March, June, September and December, commencing on September 30, 2011. The remaining principal balance of the Term Loan will be due and payable on the maturity date. SBA Senior Finance II has the ability to prepay any or all amounts under the Term Loan. However, to the extent the Term Loan is prepaid prior to June 30, 2012 from the proceeds of a substantially concurrent issuance of certain other syndicated loans, a prepayment fee equal to 1.0% of the aggregate principal amount of such prepayment will apply. The Term Loan was issued at 99.75% of par value. Based on the amount outstanding at June 30, 2011, debt service for the next twelve months on the Term Loan would be $24.1 million.

Terms of the Credit Agreement

The Credit Agreement, as amended, requires SBA Senior Finance II and SBA Communications Corporation (SBAC) to maintain specific financial ratios, including, at the SBA Senior Finance II level, (1) a ratio of Consolidated Total Debt to Annualized Borrower EBITDA not to exceed 6.0 times for any fiscal quarter, (2) a ratio of Consolidated Total Debt and Net Hedge Exposure (calculated in accordance with the Credit Agreement) to Annualized Borrower EBITDA for the most recently ended fiscal quarter not to exceed 6.0 times for 30 consecutive days and (3) a ratio of Annualized Borrower EBITDA to Annualized Cash Interest Expense (calculated in accordance with the Credit Agreement) of not less than 2.0 times for any fiscal quarter. In addition, SBAC s ratio of Consolidated Total Net Debt to Consolidated Adjusted EBITDA (calculated in accordance with the Credit Agreement) for any fiscal quarter on an annualized basis cannot exceed 9.5 times. The Credit Agreement contains customary affirmative and negative covenants that, among other things, limit the ability of SBA Senior Finance II and its subsidiaries to incur indebtedness, grant certain liens, make certain investments, enter into sale leaseback transactions, merge or consolidate, make certain restricted payments, enter into transactions with affiliates, and engage in certain asset dispositions, including a sale of all or substantially all of their property. As of June 30, 2011, SBA Senior Finance II and SBAC were in full compliance with the financial covenants contained in the Credit Agreement. The Credit Agreement is also subject to customary events of default. Pursuant to an Amended and Restated Guarantee and Collateral Agreement, amounts borrowed under the Revolving Credit Facility, the Term Loan and certain hedging transactions that may be entered into by SBA Senior Finance II or the Subsidiary Guarantors with lenders or their affiliates are secured by a first lien on the capital stock of SBA Telecommunications, Inc., SBA Senior Finance, LLC (formerly known as SBA Senior Finance, Inc.) and SBA Senior Finance II and on substantially all of the assets (other than leasehold, easement and fee interests in real property) of SBA Senior Finance II and the Subsidiary Guarantors.

The Credit Agreement permits SBA Senior Finance II to request that one or more lenders (1) increase their proportionate share of the Revolving Credit Facility commitment, up to an additional $200.0 million in the aggregate, and/or (2) provide SBA Senior Finance II with additional term loans in an aggregate principal amount of up to $500.0 million, in each case without requesting the consent of the other lenders. SBA Senior Finance II s ability to request such increases in the Revolving Credit Facility or additional term loans is subject to its compliance with customary conditions set forth in the Credit Agreement including, with respect to any additional term loan, compliance, on a pro forma basis, with the financial covenants and ratios set forth therein and an increase in the margin on existing term loans, to the extent required by the terms of the Credit Agreement. Upon SBA Senior Finance II s request, each lender may decide, in its sole discretion, whether to increase all or a portion of its Revolving Credit Facility commitment or whether to provide SBA Senior Finance II with additional term loans and, if so, upon what terms.

Secured Tower Revenue Securities Series 2010

On April 16, 2010, a New York common law trust (the Trust) issued $680.0 million of Secured Tower Revenue Securities Series 2010-1 (the 2010-1 Tower Securities), and $550.0 million of Secured Tower Revenue Securities Series 2010-2 (the 2010-2 Tower Securities and together with the 2010-1 Tower Securities, the 2010 Tower Securities). The weighted average annual fixed coupon interest rate of the 2010 Tower Securities is 4.7%, payable monthly. The anticipated repayment date and the final maturity date for the 2010-1 Tower Securities is April 16, 2015 and April 16, 2040, respectively. The anticipated repayment date and the final maturity date for the 2010-2 Tower Securities is April 16, 2017 and April 16, 2042, respectively. The sole asset of the Trust consists of a non-recourse mortgage loan made in favor of SBA Properties, Inc., SBA Sites, Inc., and SBA Structures, Inc., our indirect wholly-owned operating subsidiaries (collectively, the Borrowers). For a detailed discussion of the 2010 Tower Securities, see Note 12 in the Notes to Consolidated Financial Statements included in the Form 10-K for the year ended December 31, 2010, filed with the Commission on February 25, 2011.

As of June 30, 2011, the Borrowers met the required Debt Service Coverage Ratio as set forth in the mortgage loan agreement. Based on the amounts outstanding at June 30, 2011, the debt service for the next twelve months on the 2010 Tower Securities would be $57.4 million.

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1.875% Convertible Senior Notes due 2013

At June 30, 2011, we had $535.0 million outstanding of 1.875% Convertible Senior Notes (the 1.875% Notes) which were recorded at their discounted carrying value of $467.8 million. The maturity date of the 1.875% Notes is May 1, 2013. Interest on the 1.875% Notes is payable semi-annually each May 1 and November 1. The 1.875% Notes are convertible, at the holder s option, into shares of our Class A common stock, at an initial conversion rate of 24.1196 shares of Class A common stock per $1,000 principal amount of 1.875% Notes (subject to certain customary adjustments), which is equivalent to an initial conversion price of approximately $41.46 per share or a 20% conversion premium based on the last reported sale price of $34.55 per share of Class A common stock on the Nasdaq Global Select Market on May 12, 2008, the purchase agreement date. Based on the amounts outstanding at June 30, 2011, debt service for the next twelve months on the 1.875% Notes would be $10.0 million.

Concurrently with the pricing of our 1.875% Notes, we entered into convertible note hedge transactions and warrant transactions with affiliates of certain of the initial purchasers of the convertible note offerings. The initial strike price of the convertible note hedge transactions relating to our 1.875% Notes is $41.46 per share of our Class A common stock (the same as the initial conversion price of our 1.875% Notes) and the upper strike price of the warrants is $67.37 per share. Although we initially entered into convertible note hedge and warrant transactions to cover the full amount of the shares that were issuable upon conversion of the 1.875% Notes, as a result of the bankruptcy of Lehman Brothers OTC Derivatives Inc. (Lehman Derivatives), on November 7, 2008, we terminated the convertible note hedge transaction with Lehman Derivatives which covered 55% of the 13,265,780 shares of our Class A common stock potentially issuable upon conversion of our 1.875% Notes. Consequently, we do not currently have a hedge with respect to those shares and, to the extent that the market price of our Class A common stock exceeds $41.46 per share upon conversion of the notes, we will be subject to dilution, or if we settle in cash, additional costs, upon conversion of that portion of the 1.875% Notes.

4.0% Convertible Senior Notes due 2014

As of June 30, 2011, we had outstanding $500.0 million of our 4.0% Convertible Senior Notes (the 4.0% Notes) which were recorded at their discounted carrying value of $382.6 million. The maturity date of the 4.0% Notes is October 1, 2014. Interest on the 4.0% Notes is payable semi-annually on April 1 and October 1. The 4.0% Notes are convertible, at the holder s option, into shares of our Class A common stock, at an initial conversion rate of 32.9164 shares of our Class A common stock per $1,000 principal amount of 4.0% Notes (subject to certain customary adjustments), which is equivalent to an initial conversion price of approximately $30.38 per share or a 22.5% conversion premium based on the last reported sale price of $24.80 per share of our Class A common stock on the Nasdaq Global Select Market on April 20, 2009, the purchase agreement date. Based on the amounts outstanding at June 30, 2011, debt service for the next twelve months on the 4.0% Notes would be $20.0 million.

Concurrently with the pricing of our 4.0% Notes, we entered into convertible note hedge transactions and warrant transactions with affiliates of certain of the initial purchasers of the convertible note offerings. The initial strike price of the convertible note hedge transactions relating to our 4.0% Notes is $30.38 per share of our Class A common stock (the same as the initial conversion price of the 4.0% Notes) and the upper strike price of the warrant transactions is $44.64 per share.

Convertible Senior Notes Conversion Options

The 1.875% Notes and 4.0% Notes (collectively the Notes) are convertible only under the following circumstances:

- during any calendar quarter, if the last reported sale price of our Class A common stock for at least 20 trading days in the 30 consecutive trading day period ending on the last trading day of the preceding calendar quarter is more than 130% of the applicable conversion price per share of Class A common stock on the last day of such preceding calendar quarter,

- during the five business day period after any ten consecutive trading day period in which the trading price per $1,000 principal amount of the Notes for each day in the measurement period was less than 95% of the product of the last reported sale price of Class A common stock and the applicable conversion rate,

- if specified distributions to holders of Class A common stock are made or specified corporate transactions occur, and at any time on or after February 19, 2013 for the 1.875% Notes and July 22, 2014 for the 4.0% Notes.

Upon conversion, we have the right to settle our conversion obligation in cash, shares of Class A common stock or a combination of cash and shares of our Class A common stock. From time to time, upon notice to the holders of the Notes, we may change our election regarding the form of consideration that we will use to settle our conversion obligation; provided, however, that we are not permitted to change our settlement election after February 18, 2013 for the 1.875% Notes and July 21, 2014 for the 4.0% Notes. A discussion of the full convertibility provisions of our convertible senior notes and of the related hedging arrangements, including the impact of Lehman Brothers OTC Derivatives Inc. default on a portion of the hedge associated with the 1.875% Notes, is included in our Annual Report on Form 10-K filed with the SEC on February 25, 2011.

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Senior Notes

On July 24, 2009, Telecommunications issued $750.0 million of unsecured senior notes (the Senior Notes), $375.0 million of which are due August 15, 2016 (the 2016 Notes) and $375.0 million of which are due August 15, 2019 (the 2019 Notes). At June 30, 2011, the 2016 Notes and the 2019 Notes were recorded at carrying values of $373.0 million and $372.2 million, respectively.

The 2016 Notes have an interest rate of 8.00% and were issued at a price of 99.330% of their face value. The 2019 Notes have an interest rate of 8.25% and were issued at a price of 99.152% of their face value. Interest on the 2016 Notes and 2019 Notes is due semi-annually on February 15 and August 15 of each year beginning on February 15, 2010. Based on the amounts outstanding at June 30, 2011, debt service for the next twelve months on the 2016 Senior Notes and the 2019 Senior Notes would be $30.0 million and $30.9 million, respectively. The 2016 Notes and the 2019 Notes are fully and unconditionally guaranteed by SBA Communications.

Inflation

The impact of inflation on our operations has not been significant to date. However, we cannot assure you that a high rate of inflation in the future will not adversely affect our operating results particularly in light of the fact that our site leasing revenues are governed by long-term contracts with pre-determined pricing that we will not be able to increase in response to increases in inflation.

Accounting Changes and Recent Accounting Pronouncements

For a description of accounting changes and recent accounting pronouncements, including the expected dates of adoption and estimated effects, if any, on our condensed consolidated financial statements, see Note 2: Current Accounting Pronouncements in the Condensed Notes to Consolidated Financial Statements of this Form 10-Q.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks that are inherent in our financial instruments.

The following table presents the future principal payment obligations and interest rates associated with our debt instruments assuming our actual level of indebtedness as of June 30, 2011:

	2011	2012	2013	2014	2015 (in thousands)	Thereafter	Total	Fair Value
Debt:								
1.875% Convertible Senior Notes due 2013	$	$	$ 535,000	$	$	$	$ 535,000	$ 590,199
4.0% Convertible Senior Notes due 2014	$	$	$	$ 500,000	$	$	$ 500,000	$ 703,125
8.0% Senior Notes due 2016	$	$	$	$	$	$ 375,000	$ 375,000	$ 398,438
8.25% Senior Notes due 2019	$	$	$	$	$	$ 375,000	$ 375,000	$ 401,250
4.254% 2010-1 Tower Securities (1)	$	$	$	$	$ 680,000	$	$ 680,000	$ 702,100
5.101% 2010-2 Tower Securities (1)	$	$	$	$	$	$ 550,000	$ 550,000	$ 569,250
Revolving Credit Facility	$	$	$	$	$	$	$	$
Term Loan	$ 2,500	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 477,500	$ 500,000	$ 500,000
Total debt obligation	$ 2,500	$ 5,000	$ 540,000	$ 505,000	$ 685,000	$ 1,777,500	$ 3,515,000	$ 3,864,375

(1) The anticipated repayment date and the final maturity date for the 2010-1 Tower Securities is April 16, 2015 and April 16, 2040, respectively. The anticipated repayment date and the final maturity date for the 2010-2 Tower Securities is April 16, 2017 and April 16, 2042, respectively.

We are exposed to interest rate risk and to market risk associated with the market price of our Class A common stock.

We are currently subject to interest rate risk relating to the impact of interest rate movements on any borrowings that we may incur under our Revolving Credit Facility and Term Loan which are at floating rates. We manage the interest rate risk on our outstanding debt through our large percentage of fixed rate debt. While we cannot predict our ability to refinance existing debt or the impact interest rate movements will have on our existing debt, we continue to evaluate our financial position on an ongoing basis.

In addition, in connection with our convertible notes, we are subject to market risk associated with the market price of our Class A common stock. Because we pay fixed interest coupons on our convertible notes, market interest rate fluctuations do not impact our debt interest payments or the amount of principal that we will be required to pay at maturity. However, to the extent the market price of our Class A common stock for the measurement periods set forth in the relevant instruments exceeds the conversion price or the strike price of the warrant transactions that we entered into in connection with the issuance of the convertible notes, the aggregate amount that we will be required to pay upon conversion of the convertible notes may exceed the principal amount of the notes outstanding. We currently have convertible note hedges and warrants outstanding with respect to approximately 50% of our outstanding 1.875% Notes and all of our 4.0% Notes. The last sales price of our Class A common stock on June 30, 2011 was $38.19, while the conversion rate of the 1.875% Notes is $41.46 per share and the conversion rate of the 4.0% Notes is $30.38 per share and the upper strike price of the warrant transaction that we entered into in connection with the 1.875% and the 4.0% Notes is $67.37 per share and $44.64 per share, respectively.

In addition, the fair value of our convertible notes is subject to interest rate risk, market risk and other factors due to the convertible feature. The fair value of the convertible notes will generally increase as interest rates fall and decrease as interest rates rise. In addition, the fair value of the convertible notes will generally increase as our Class A common stock prices increase and decrease as the stock prices fall. The interest and market value changes affect the fair value of our convertible notes but do not impact our financial position, cash flows or results of operations due to the fixed nature of the debt obligation. Additionally, we do not carry the convertible notes at fair value. We present the fair value of the convertible notes for required disclosure purposes only.

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Special Note Regarding Forward-Looking Statements

This quarterly report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements concern expectations, beliefs, projections, plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. Specifically, this quarterly report contains forward-looking statements regarding:

- our expectations on the future growth and financial health of the wireless industry and the industry participants, and the drivers of such growth;
- our beliefs regarding our ability to capture and capitalize on industry growth and the impact of such growth on our financial and operational results;
- our expectations regarding the opportunities in the international wireless markets in which we currently operate or have targeted for growth, and our beliefs regarding how we can capitalize on such opportunities;
- our belief that our site leasing business is characterized by stable and long-term recurring revenues, predictable operating costs and minimal non-discretionary capital expenditures;
- our belief that our towers have significant capacity to accommodate additional tenants, that our tower operations are highly scalable, that we can add tenants to our towers at minimal incremental costs, and the impact of these economies of scale on our cash flow and financial results;
- our expectations regarding our future cash capital expenditures, both discretionary and non-discretionary, including expenditures required to maintain, improve and modify our towers and general corporate expenditures;
- our estimates regarding certain accounting valuation and tax matters;
- our estimates regarding our liquidity position and our intended use of such liquidity;
- our expectations regarding our annual debt service in 2011 and thereafter, and our belief that our cash on hand and cash flows from operations for the next twelve months will be sufficient to service our outstanding debt during the next twelve months; and
- our expectations regarding the acquisition of revenue producing or expense reducing assets not yet identified and under contract and stock repurchases;

These forward-looking statements reflect our current views about future events and are subject to risks, uncertainties and assumptions. We wish to caution readers that certain important factors may have affected and could in the future affect our actual results and could cause actual results to differ significantly from those expressed in any forward-looking statement. The most important factors that could prevent us from achieving our goals, and cause the assumptions underlying forward-looking statements and the actual results to differ materially from those expressed in or implied by those forward-looking statements include, but are not limited to, the following:

developments in the wireless communications industry in general, and for wireless communications infrastructure providers in particular, that may slow growth or affect the willingness or ability of the wireless service providers to expend capital to fund network expansion or enhancements;

the impact of recent and pending consolidation among wireless service providers on our leasing revenue;

our ability to secure as many site leasing tenants as anticipated and our ability to retain current leases on towers;

our ability to recognize our expected economies of scale with respect to new tenants on our towers and new towers in our portfolio and additional expenses or capital expenditures that we may be required to incur to capture the additional revenue;

factors that would adversely impact our ability to build the anticipated number of new towers, including our ability to identify and acquire land that would be attractive for our clients and to successfully and timely address zoning, permitting and other issues that arise in connection with the building of new towers;

competition for the acquisition of towers and other factors that may adversely affect our ability to purchase towers that meet our investment criteria and are available at prices which we believe will be accretive to our shareholders and allow us to maintain our long-term target leverage ratios;

our ability to successfully manage the risks associated with international operations, including foreign exchange risk, currency restrictions and foreign regulatory and legal risks;

our intent and ability to continue our ground lease purchase program and the effect of such ground lease purchases on our margins and long-term financial condition;

our ability to secure and deliver anticipated services business at contemplated margins;

our ability to continue to comply with covenants and the terms of our credit instruments;

our ability to sufficiently increase our revenues and maintain expenses and cash capital expenditures at appropriate levels to permit us to meet our anticipated uses of liquidity for operations, debt service and estimated portfolio growth;

our ability to successfully estimate the impact of certain accounting and tax matters, including the effect on our company of adopting certain accounting pronouncements and the availability of sufficient net operating losses to offset future taxable income;

natural disasters and other unforeseen damage for which our insurance may not provide adequate coverage; and

the introduction of new technologies that may make our tower leasing business less desirable to potential tenants.

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ITEM 4. CONTROLS AND PROCEDURES

In order to ensure that the information we must disclose in our filings with the SEC is recorded, processed, summarized and reported on a timely basis, we have formalized our disclosure controls and procedures. Our principal executive officer and principal financial officer have reviewed and evaluated the effectiveness of our disclosure controls and procedures, as defined in Securities and Exchange Act Rule 13a-15(e) as of June 30, 2011. Based on such evaluation, such officers have concluded that, as of June 30, 2011, our disclosure controls and procedures were effective.

There have been no changes in our internal control over financial reporting during the quarter ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer purchases of equity securities

The following table presents information related to our repurchases of Class A common stock during the second quarter of 2011:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
4/1/2011 - 4/30/2011		$		$
5/1/2011 - 5/31/2011	1,943,664	$ 38.59	1,943,664	$ 225,002,484
6/1/2011 - 6/30/2011		$		$
Total	1,943,664	$	1,943,664	$ 225,002,484

(1) On April 27, 2011, our Board of Directors authorized a 300.0 million share repurchase program pursuant to which we would repurchase shares of our Class A common stock through open market repurchases in compliance with Rule 10b-18 of the Securities Exchange Act of 1934, as amended, and/or in privately negotiated transactions at management s discretion based on market and business conditions, applicable legal requirements and other factors. This program became effective on April 28, 2011 and will continue unless otherwise modified or terminated by our Board of Directors at any time in our sole discretion.

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ITEM 6. EXHIBITS

Exhibits

Exhibit No.	Description
*10.75A	SBA Communications Corporation 2008 Employee Stock Purchase Plan, as amended on May 4, 2011.
*31.1	Certification by Jeffrey A. Stoops, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification by Brendan T. Cavanagh, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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**101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.
** Furnished herewith.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	SBA COMMUNICATIONS CORPORATION
August 5, 2011	/s/ Jeffrey A. Stoops Jeffrey A. Stoops Chief Executive Officer (Duly Authorized Officer)
August 5, 2011	/s/ Brendan T. Cavanagh Brendan T. Cavanagh Chief Financial Officer (Principal Financial Officer)

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Exhibit Index

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