



U.S. Securities and Exchange Commission

Office of the Chief Accountant Issues Letter Expressing Its Views on the Appropriate Application of the Stock Option Accounting Literature

FOR IMMEDIATE RELEASE
2006-156

Washington, D.C., Sept. 19, 2006 — The Office of the Chief Accountant of the Securities and Exchange Commission today issued a letter summarizing the staff's views regarding the accounting for stock options in the historical financial statements of public companies.

"The views expressed in this letter will assist in the resolution of accounting issues that have been raised during reviews of past stock option grants in a way that benefits investors and the capital markets," said SEC Chief Accountant Conrad Hewitt.

Prior to the adoption of the Financial Accounting Standards Board's Statement No. 123 (revised 2004), "Share-Based Payment," many public companies accounted for stock options under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." This letter discusses the accounting consequences under Opinion 25 of dating an option award to predate the actual award date, option grants with administrative delays, uncertainty as to the validity of prior grants, and other related circumstances.

The letter can be accessed on the SEC's website at the following link: <http://www.sec.gov/info/accountants/staffletters.shtml>.

<http://www.sec.gov/news/press/2006-156.htm>