
Applying the New SEC Staff Guidance on Non-GAAP Measures to Your Next Earnings Announcement

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On May 17, 2016, the SEC's Division of Corporation Finance escalated the SEC's efforts to curb perceived misuse of non-GAAP financial measures with the issuance of a revised set of Compliance and Disclosure Interpretations (CDIs). This action follows a series of speeches by SEC Chair Mary Jo White and SEC senior staff members, and an uptick in comment letter activity, all focused on what a member of the SEC staff described in one speech as a “troubling increase over the past few years in the use of, and nature of adjustments within, non-GAAP measures by companies.”

All public companies should consider and address the SEC staff's new guidance, as well as other recent developments regarding the use of non-GAAP measures, as they prepare for their next earnings announcement. To help you work through the implications of the new guidance, we discuss—in the attached PDF—the new and revised CDIs, and offer our analysis of key takeaways and action items.

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