amazon.com

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Accounting 372 Financial Statement Analysis

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Business Analysis

Introduction

What began as Earth's biggest bookstore has become Earth's biggest everything store. Expansion has propelled Amazon.com (Amazon) in innumerable directions. While the website still offers millions of books, movies, games, and music, electronics and other general merchandise categories, including apparel and accessories, auto parts, home furnishings, health and beauty aids, toys, and groceries ring up more than 60% of sales (Amazon.com, 2013). Shoppers can also download e-books, games, MP3s, and films to their computers or handheld devices, including Amazon's own portable e-reader, the Kindle. Amazon also offers products and services, such as self-publishing, online advertising, e-commerce platform, hosting, and a co-branded credit card.

Amazon is currently the world's largest on-line retailer. From its origin in 1995 as an online bookseller to an omnipresent virtual merchant, Amazon pursued an aggressive growth strategy that propelled it to the forefront of almost every industry it entered (Amazon.com, 2013). Through acquisitions and investments, Amazon establishes and maintains an infrastructure capable of supporting its increased variety of interests and activities. Along the way, Amazon has picked up a wide variety of competitors, though, through its very uniqueness, no one competitor can truly match what Amazon does.

Amazon's efforts to maintain its competitiveness center on customer service: the ultimate aim is to provide consumers with the products they want at the lowest price in the least amount of time. The website, mobile website, and mobile apps are designed for ease-of-access, whether the user is a buyer or seller. In order to expand its selection, Amazon opened its doors to smaller merchants, including private individuals. Fulfillment time is shortened by multiple centers and warehouses, both within the United States and internationally, through wholly-owned, cosourced, or outsourced arrangements (Amazon.com, 2013). Acquisitions and investments are targeted at shortening the delivery time, expanding the market, and lowering costs.

Competitors

According to their 2012 Annual Report, Amazon states their main competitors are companies who are brick-and-mortar retailers, vendors, distributors, online e-commerce, media companies, companies that provide cloud computing, and companies involved with telecommunication and media devices (Amazon.com, 2012). Even though Amazon does not explicitly state who their competitors are, through market research companies such as Apple, Wal-Mart, Overstock, Barnes and Noble, E-bay, and Best Buy are clear indicators of direct competitors.

Amazon also states that because of numerous factors such as brand recognitions, customer loyalty, favorable supplier terms, and overall length of being in the industry, competitors have a slight advantage. To mitigate the risk of being outsold, Amazon has created a system where one item has many sellers who offer different prices. This allows Amazon to increase their market share by creating a mutual relationship with smaller retailers who will sell through Amazon and in return, will in turn collect and maintain receivables from customers.

Growth Opportunities and Innovation

With advancements in today's technology, Amazon strives to incorporate those technologies to innovate themselves in order to gain competitive advantage. With the ever changing demand of information and media, Amazon has developed user-friendly interfaces through their website and mobile apps which would allow users to access information through Amazon's cloud computing system. When Amazon launched the Cloud Drive, it positioned itself to enter a market currently dominated by IBM and Apple. Cloud computing is a growing industry and a great opportunity for Amazon to expand its services.

For analysts to understand how a business will function and perform in the future, innovation is an important concept for forecasting. Amazon is in the process of developing and testing a new business which it hopes will change the way consumers buy produce and groceries. After five years of testing, AmazonFresh has established a footprint in Seattle and has recently opened operation in Los Angeles area. Other cities are still under consideration with continued observance of profitable of competitors and increased geographical sampling, Amazon expects this new business venture to be very successful.

Innovation is not limited to technology. Innovation can also be a redesigned idea or a process. According to a Bloomberg Business Week article, Amazon is one of the few e-commerce companies that survived the dot-com bubble because they were able to continuously change and innovate themselves to meet the demand of the consumers. The article praises Amazon for entering new markets and meeting the demands of consumers who were never a primary customer when Amazon focused just on books. It is evident that they are continuing their adaptive attitude with AmazonFresh.

Amazon is also growing by acquiring businesses that help develop and create an environment focused on bringing quality service and products to consumers. Amazon acquired quite a few companies, such as Kiva Systems, which produces robots for warehouses to move inventory around and whose sole purpose is to help speed the shipping and picking process. Amazon also established new warehouses that are closer to major cities. This would allow consumers to receive their ordered goods quicker. Overall, Amazon's major concern is providing users with the utmost ease of use and speedy delivery.

Porter's 5 Forces

Amazon's business model can be analyzed using the Porter's Five Forces Mode, which allows an analysis of both its macro and micro external environment. This strategic business tool focuses on vertical and horizontal competition; threats of substitutes, threats of new entrants, threats of well-known rivals, bargaining power of suppliers, and bargaining power of buyers.

For a huge corporation such as Amazon, it is nearly impossible for a new company to enter the market and compete at Amazon's level. Amazon was founded in 1994 and officially established online in 1995. It would be quite difficult for new entrants to reach the level of success as Amazon, given its long history of established businesses and numerous acquisitions. A start-up company in this industry would have to possess the core competencies that Amazon has, for example specific technologies. In this area, Kiva Systems gives Amazon a strong advantage and logistics (Kucera, 2012). This unique technology makes it difficult for new entrants to compete with Amazon. Amazon also creates an environment which entices new entrants to join Amazon, rather than compete.

On the other hand, the threat of substitute products and services for Amazon is greater than new entrants. Amazon is a part of the world-wide online retailer industry. This industry offers consumers many alternative products because many physical stores have online stores available. Substitutes include all of the competitor's previously listed and more which offer majority of already sold items by Amazon. The only services offered by Amazon that are not substitutable are their technology patents. The "1-Click" patent cannot be duplicated by competitors in the United States. However, this technology patent is not allowed to be used in Europe (Worstall, 2011).

Just as threats of substitutes are high for Amazon, rivalry among competing firms is equally high. Since Amazon offers a large selection of products and services, the list of competitors is extensive. In recent years, Amazon has ventured into industries other than the online retailer industry. These include cloud computing, media industry, and communications. Amazon has created the Kindle Fire, a key rival to Apple's iPad. Strategically, Amazon created this device in order to entice consumer to buy from the online store. From an interview, tech writer Farhad Manjoo said, "They don't want to make money from the device. They're selling it, from what we know, for no profit at all. But they want you to buy a lot of stuff from their store" (d'Otreppe, 2011).

The power of buyers is another external analysis used under Porter's 5 Forces. Currently Amazon's buyer power is high because there are many other companies providing the same services and products. There are hundreds of thousands retail stores, both off- and online. Luckily for Amazon, customers are extremely loyal for the exchange of greater savings and discounts. This is possible because Amazon only operates online and has low overhead costs. On the other hand, the firm has a little more power over suppliers. Since Amazon is such a well-known selling commodity, there is a huge influence over smaller suppliers. In general, suppliers have a higher power because Amazon does not produce its own products. Recently, Amazon's CEO, Jeff Bezos took an approach to gain power over book publishers in order to decrease the cost of e-readers. In U.S. News it states, "The short version is that Amazon took away the bargaining power of publishers – and, for digital titles, took a healthy slice of their margins from them, passing part of the savings on to consumers in exchange for repeat business and market share" (Crawford, 2013). This encouraged customers to pick Amazon over bookstores or publishers.

Marketing

Through Amazon's updated Associates Operating Agreement, marketing opportunities are expected to grow with Amazon Prime, according to Anders Bylund of the Motley Fool. With this agreement, Amazon's independent partners, such as bloggers and other third-party websites, send potential Amazon customers via special links (Bylund, 2013). For each successful referral of Amazon Prime Instant Video Free Trial, Amazon will give a $2.00 bounty instead of a commission rate (Bylund). As Amazon's Prime service cost $79.00, a $2.00 flat commission per referral would roughly equate to 25% cut for a one-month service of Prime (Bylund, 2013). It is expected for many of these third-party websites to want a cut, which in return would allow Amazon to have a "serious marketing blitz over the summer" (Bylund, 2013).

After testing Amazon's grocery-delivery service, customers who sign-up for the service will be given a 90-day free trial of Prime; which will then automatically be upgraded to Prime Fresh membership at $299 annually (Amazon.com, 2012). According to Amazon's website, there will also be free delivery on orders over $35 and same-day shipping if ordered by 10:00AM or by breakfast if ordered by 10:00pm. A feature called Seattle Spotlight introduced last year through Amazon Fresh offers ready-to-cook meals and specialty food items from local businesses, shops, and restaurants (Martinez, 2013).

Internet Tax

Amazon currently collects online sales tax from nine states and is not required to collect online sales tax from states where they do not have a physical presence (Bensinger, 2013). Initially, Amazon was one of the biggest opponents of online sales tax, but has now become one of the biggest proponents of the Marketplace Fairness Act (Melugin, 2013). The Marketplace Fairness Act (MFA) gives states the authority to require online retailers to collect sales tax from transactions to align them with already existing requirements applied to local retailers. The state may only be granted authority after its tax laws have been simplified to avoid multi-state taxation (maketplacefairness.org). The MFA would mainly subject online retailers that gross more than $1 million in sales revenue (Melugin, 2013).

Currently, "only companies with a physical presence in a state, such as a store or warehouse, are obligated to remit sales taxes to that state." The MFA "would undermine a protection against taxation without representation… due to many consumers browsing brick-and-mortar stores and then ordering online to avoid sales tax." Amazon changed its position after establishing distribution centers across the country to deliver products to customers more quickly (Melugin, 2013). Promoting online sales tax gives larger retailers an advantage over smaller ones. With the size of Amazon, smaller companies who do not fall within the $1 million online revenue threshold would be at a disadvantage by having to collect tax allowing Amazon to enjoy less competition (Hughey, 2013).

Accounting Analysis

Understanding a firm's accounting methods is an important concept when evaluating and comparing them with their competitors. Accounting methods could relatively change the position of a company by either showing a positive return or loss. To understand and compare Amazon with accuracy and reliability, it is important to understand the firm's different accounting methods for each of the different components of the balance sheet and income statement. Though there are many different accounting methods that Amazon could choose, there are a few accounting methods that stand out more, such as revenue recognition, earnings, and expense recognition. Although Amazon and its competitors have essentially the same accounting methods, it is important understand how the choices affect the financial statements.

In their annual filing, Amazon states that they evaluate inventory using first-in, first-out (FIFO) and lower of cost or market value (LCM). When the market is in an inflationary trend, FIFO will result in a higher ending inventories and lower cost of goods sold, when compared to last-in, first-out. This accounting method allows Amazon to depict a higher net income. Inventory is valued at lower of cost or market, which means that when prices change, Amazon will account for those changes by choosing the cost of the inventory or the market, whichever is lower.

Since Amazon is very active in acquiring companies, it also gathers goodwill (the excess amount of what is paid over book value of the acquired firm). Goodwill must be tested and evaluated for impairment. Amazon states that they test for impairment every October 1st. Under Generally Accepted Accounting Principles, goodwill impairment testing is a two-stage process. Amazon begins the testing process by assessing if the fair value of the reporting unit is less than the book value. If it is, then it is deemed more likely than not that goodwill is impaired. The second step is performed to assess the amount of impairment. This amount is measured by the difference in the fair value of goodwill and the carrying value or book value. Amazon also indicates that the fair value is determined by the discounted cash flow model.

Amazon has a great deal of property, plant, and equipment which is depreciates using the straight-line method. Amazon also uses the straight-line for the amortization of internally used software and online website development. Using straight-line, a firm takes a consistent expense on the income statement if there are no new investments in property, plant, and equipment.

In their annual filings, Amazon states that it invests excess cash in short to intermediate-term investments. Amazon uses high scrutiny when choosing their AAA-rated money market funds. These investments are included in Amazon's Marketable Securities. For securities that have twenty to fifty percent ownership, Amazon uses the equity method of accounting. The equity method of accounting for equity investments allows the firm to record the investment at original cost and is periodically adjusted to reflect the changes in value due to the firm's share in the investments income or loss.

Ratio Analysis

Amazon had a stable return on assets from 2008 to 2011. In 2012, ROA fell to -0.13% due to a net loss of $39 million on the income statement (Mergent). This shows that Amazon has not been as effective at converting investments into a profit for fiscal year 2012. Compared to the other main competitors, Amazon has utilized its assets more effectively than Best Buy and Barnes & Noble, but not Overstock, Apple, Wal-Mart, and eBay (See Appendix A.1).

Amazon's return on equity has declined since 2008 (See Appendix A.2). With a ROE at -0.49%, investors will most likely not be too content seeing that the company is not utilizing its investors' money efficiently (Mergent). Mainly due to a low profit margin, ROE and ROA have a correlation to the net loss.

Breaking ROE and ROA further, looking at the company's profit margin in 2012 shows -0.06% (See Appendix A.3). It may be safe to assume that one of the reasons for such a low profit margin is due to the company's lack of profit from the Kindle. By breaking even from each manufactured Kindle and only expecting profit from the applications and online payments, it could explain the reason for the company reporting high operating expenses on its 2012 10-K. They increased both their revenues and expenses, but resulted in very little operating income in the end.

Amazon's asset turnover at the end of 2012 was 2.11 (See Appendix A.4) (Mergent). This turnover rate represents Amazon's efficiency in using its assets in generating revenue. The company makes most of its revenue from its products versus its services, which includes fees that are charged for every order. With Amazon's high rate, the asset turnover is a great measure to compare the company's ability to generate profits efficiently with less assets.

The online retailer's current ratio was 1.3 in 2008 and 1.12 in 2012 (See Appendix A.5) (Mergent). Based on last fiscal year's numbers, current assets are about $2.2 billion above current liabilities showing that Amazon can handle the short-term debt with short-term assets easily. Breaking down the current ratio further into quick ratio reveals that the company may not be able to pay off current obligations using its more liquid assets. Its continuing decrease in recent years may cause investors to carefully watch its investment patterns more closely. As of December 31, 2012, Amazon's quick ratio was 0.78 (See Appendix A.6) (Mergent).

Receivables Turnover for the company was 20.53 in 2012 with days in receivables at 17.78 (See Appendix A.7 and A.8) (Mergent). The reason for a much lower ratio than some other companies is that Amazon normally collects their payments at the time of sale. This reduces extensions of lines of credit for many of its customers. With increasing days in receivables in recent years, Amazon seems to be extending credit later than usual. This could be a potential problem for the company in which higher estimated allowances may need to be considered.

Amazon has a high inventory turnover rate of 8.34 at 2012 year-end according to Mergent Online database (See Appendix A.9). According to the 10-K, "We expect variability in inventory turnover over time since it is affected by several factors, including our product mix, the mix of sales by us and by other sellers, our continuing focus on in-stock inventory availability and selection of product offerings, our investment in new geographies and product lines, and the extent to which we choose to utilize outsource fulfillment providers." Days in inventory is around 43.77 which is comparable to some of its other competitors (See Appendix A.10). Among all competitors, eBay cannot be compared because they do not hold inventory.

Accounts payable turnover in 2012 for the company was 4.98 with days in accounts payable at 73.29 (See Appendix A.11 and A.12) (Mergent). They mention that "We expect some variability in accounts payable days over time since they are affected by several factors, including the mix of product sales, the mix of sales by other sellers, the mix of suppliers, seasonality, and changes in payment terms over time, including the effect of balancing pricing and timing of payment terms with suppliers." In recent years, Amazon's days in accounts payable has increased slowly which signals longer repayment of debt.

Amazon's debt to equity ratio was 0.47 (See Appendix A.13)This low ratio signals that the company is financing more with its own money and is not as volatile compared to other companies. This will show that there's less likely a chance of large losses or gains in earnings, assuming that the company is able to continue generating a profit without having to lose their gains.

EBITDA margin shows the true profitability of a company by takings its earnings and dividing by the revenue. In 2012, Amazon had 3.76, a decrease from its previous years (Mergent). eBay's margin is significantly higher, but Amazon out performs Overstock, Best Buy, and Barnes and Noble (See Appendix A.14). An issue with EBITDA margin is that it does not take into consideration of obligation such as taxes and interest, which may give investors a more optimistic outlook on the financials of a company.

According to Amazon's 10-K, the retailer considers operating cycle to be the cash cycle (days in receivables plus to days in inventory less days in accounts payable). Normal calculation of operating cycle equates to 61.55. The cash cycle implies success compared to its competitors (See Appendix A.15). Amazon had a negative cash cycle at -11.74 in 2012, which was considerably higher than in the prior four years (See Appendix A.16). This indicates that although Amazon is able to handle its finances efficiently, an increase in cash cycle is a sign that the company may be showing signs of inefficiency in the recent years. With Amazon's cash cycle in the negatives, the company collects payments for its products before it has paid for them.

Horizontal and Vertical Analysis

Amazon is difficult to compare to other companies because no other company is quite like it. This makes it harder to determine whether or not horizontal and vertical analyses provide an adequate picture of how well Amazon is performing.

Amazon has reported continuous growth in net sales over the past 5 years (Appendix D.1) This has been matched with a continuous growth in Cost of Sales and Total Operating

Expense. However, the past four years have indicated that Total Operating Expense has increased at a slightly higher rate than Total Net Sales, leading to a decrease in Income From Operations. Amazon's business strategy already consists of very low margins; this trend will depress the margins even more. By way of contrast, Apple (Appendix D.3) has maintained a higher sales growth rate than total operating expense. This has the effect of raising Apple's already high margins, relative to Amazon, even higher. On the other hand, Walmart (Appendix D.4), a low-margin company, has managed to keep the sales and expense growth rates very closely linked. This implies that Amazon needs to control its operating costs better if it is to replicate Walmart's stability and success.

Compared to the other two e-commerce companies, E-Bay (Appendix D.2) and Overstock.com (Appendix D.7), Amazon seems to split the difference. While Amazon's Net Income seems to be less volatile than Overstock.com, it has a lower margin than E-Bay. Amazon's revenues have grown faster than E-Bay's revenues, but its interest expenses have increased while Overstock.com's expenses have decreased relative to business growth.

Best Buy (Appendix D.5) and Barnes & Noble (Appendix D.6) are the companies that have been hardest hit by Amazon's seizure of market share. Neither company has adapted well to today's e-commerce world: expenses have outstripped sales, driving earnings-per-share down for the past two years. Both companies have attempted to restructure and have changed reporting periods in order to better compete and compare with other companies.

Amazon's investment in fixed assets (Appendix D.9) has increased more than any other item on the balance sheet. This reflects Amazon's expressed strategy of improving shipping times by increasing the number of warehouses and distribution centers. By the end of 2012, Amazon's percentage of fixed assets had surpassed that of Best Buy and Barnes & Noble (Appendix D.16). While not on the level of Walmart, Amazon investments in fixed assets position it well for future growth. A decrease in shipping time will continue to attract customers to Amazon, away from other e-commerce companies and brick-and-mortar stores.

Cash and cash equivalents remains Amazon's highest concentration of current assets, aside from a brief dip in 2010. Only Overstock.com (Appendix D.15) holds a higher percentage of cash. This implies an inefficient use of cash: less than 5% of Walmart's assets are tied up in cash. Inventory is Amazon's second highest current asset. Walmart, as perhaps the most efficient company in terms of inventory management, is only slightly higher. On the one hand, this could show that Amazon is just as efficient in its use of inventory, but it could also be a factor of Amazon's role as a consignee. Amazon, like E-Bay (Appendix D.10), serves as a marketplace for independent vendors. E-Bay, however, records no inventory and is solely a consignment operation. On the flip-side, E-Bay's level of receivables is higher than all the other companies. Amazon fits rather nicely in the middle, it's receivables are neither as high as E-Bay or Best Buy, but they are not as low as Walmart.

Forecasting and Valuation

By forecasting Amazon's financial statements over the next five years future value of the firm can be obtained. Using the horizontal analysis there is an approximate 33% increase for revenue growth each year over the next five years. This assumption is also made from CNN Money online, which reports Amazon's revenue growth last year as 27.07% (CNN Money, 2013). Amazon's revenue is forecasted to increase from $61 million in 2012 to $74 million in 2013 at year-end (Appendix B.1). In addition to revenues increasing, Amazon's net income is calculated to become positive and increase over time. Last year (2012), Amazon had a net loss of $39 million, which was largely due to their vast spending on investments and equity investment loss recognition in LivingSocial (Amazon.com, 2013). Other 2012 Amazon investments included technology expenses. In the firm's 10-K it states, "We seek to efficiently invest in several areas of technology and content such as technology infrastructure, including AWS, digital initiatives, and expansion of new and existing physical and digital product categories and offerings, so we may continue to enhance the customer experience and improve our process efficiency" (Amazon.com, 2013). Amazon's executives understand the current costly implications of payroll and related expenses will create future growth for the organization.

After reviewing the financial statements from the 10-K filing year end 2012, Amazon reports a free cash flow (FCF = Cash Flow from Operation - Capital Expenditures) of $395 million. From the 2011 records, this is a significant decrease reporting free cash flow of $2.092 billion. In Amazon's case for 2012, the firm increased operating activities by $277 million. However, Amazon purchased equipment including internal-use software and website development, totaling $3.785 billion. This large expenditure for Amazon is not seen as an adverse financial decision. Rather, negative cash flow from investing activities is a signal of future growth for the company. Spending on technology is a potential strength of continuing competitive advantage over other firms. Using the discount dividend model with the FCF, Amazon's projected stock at the end of 2013 should be $179.12. This is due to the fact that they had a negative income. The estimated liquidation value used was $189, operating cash flows plus assets and subtracting liabilities. Furthermore, DDM was calculated using a discount rate of 6%.

Another factor that can portray Amazon's value is the abnormal earnings (ABE) model. This model presents the question of whether investors should pay more than the book value per share, given the expected EPS will be higher (Appendix B). The ABE for 2013 is estimated at a negative $1.00 and remains negative through 2017. The future EPS for 2013 is projected at $.05 and book value per share is $18.09.

A different way to project the future outlook of Amazon is taking a look at the price-to-earnings ratio (PE). This ratio can be used as a stock evaluation method for determining whether a company is a good buy or not. Last year earnings per share were a negative $0.09, but it is forecasted to increase over the next year to $0.05 (Appendix B). In regards to the PE ratio, calculating at a net loss is impossible. However, there can be an estimated PE calculated using the industry or competitor's average and using the projected EPS of 0.05. The competitor PE's includes Wal-Mart with a 15.18, Apple with a 10.20, E-bay with a 27.40, and Overstock with a 36.63, giving an average of 22.35 (Yahoo Finance, 2013). Multiplying this average with Amazon's forecasted EPS of 0.05 equals an estimated PE of 1.12. These results show that Amazon's stock price is definitely overpriced. The closing stock price as of July 12, 2013 was approximately $307.55 (Yahoo Finance, 2013). When in reality the PE ratio provides evidence that Amazon's stock price should not be over $60 per share. For example, Wal-Mart a competitor of Amazon is doing extremely well with a positive EPS, and their stock is only priced at $77 per share (Yahoo Finance, 2013). Given this evaluation it is not suggested to currently buy or invest into Amazon until the price per share decreases. Nonetheless, the firm is projected to do quite well over the next five years with significantly increasing revenues, operating income, and EPS.

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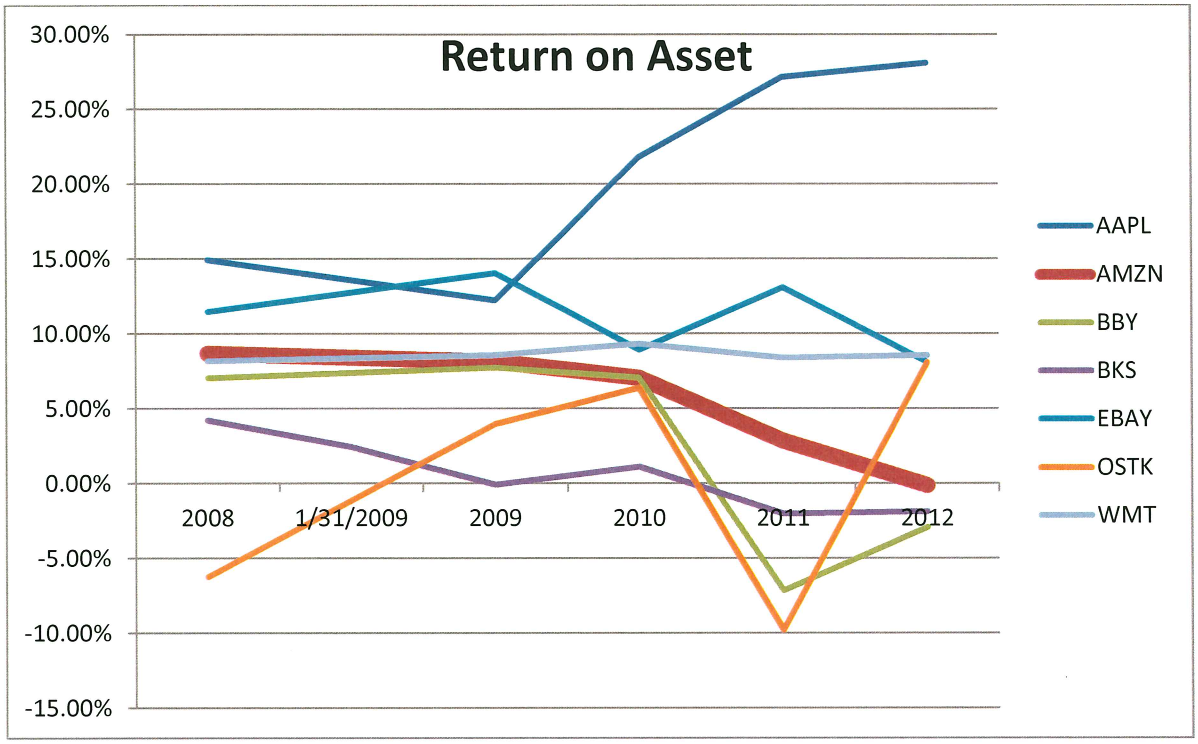
Appendix A

(Appendix A.1)



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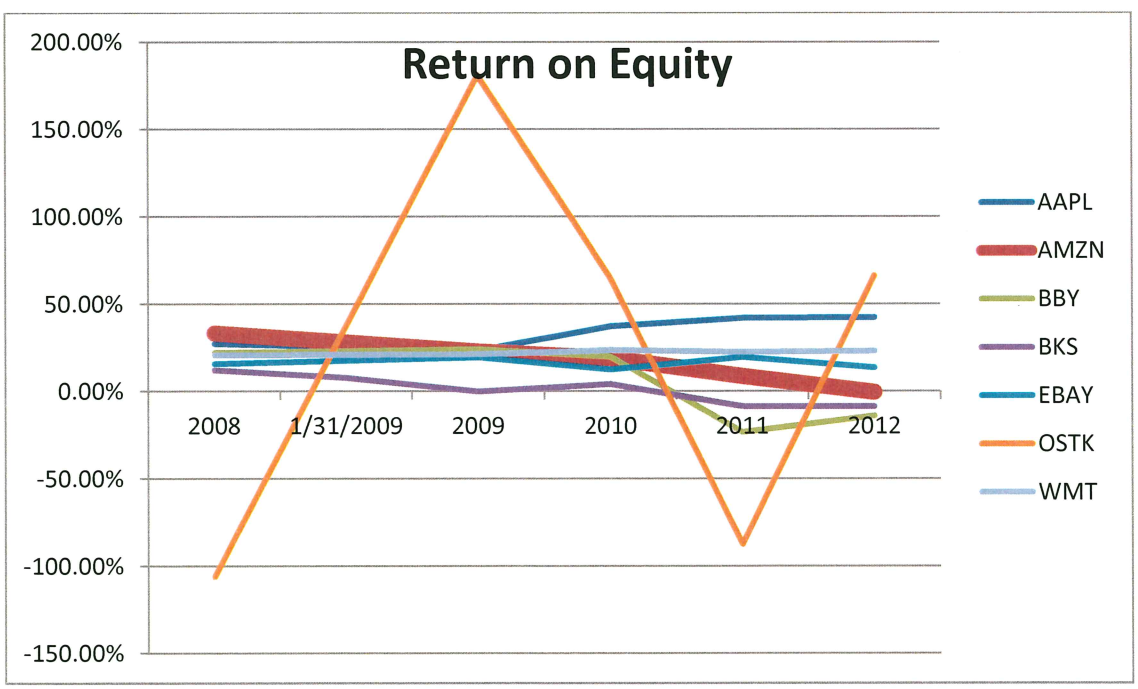

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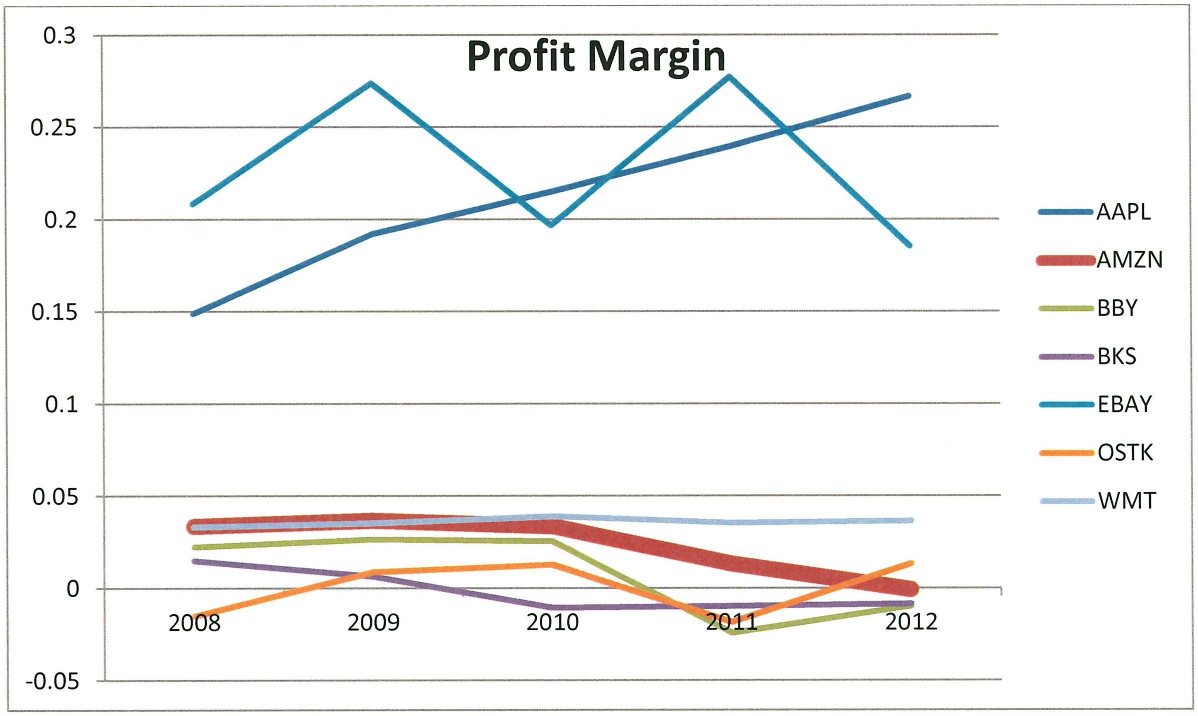

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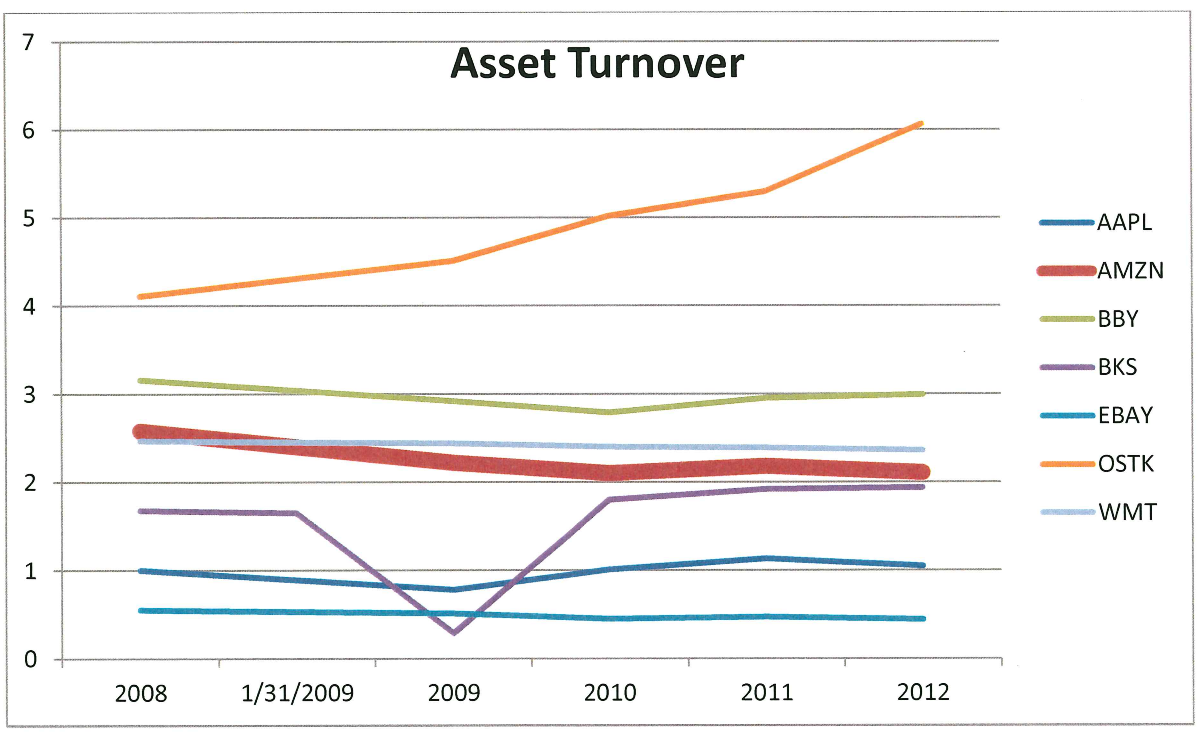

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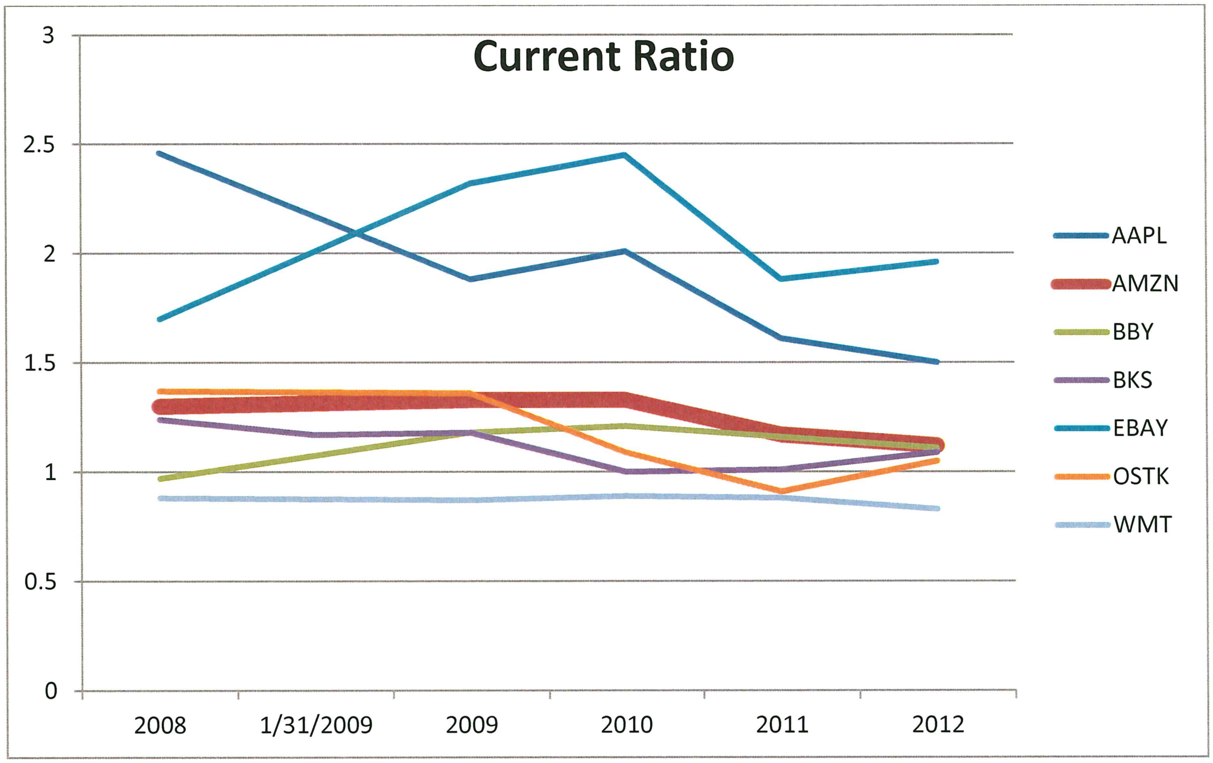

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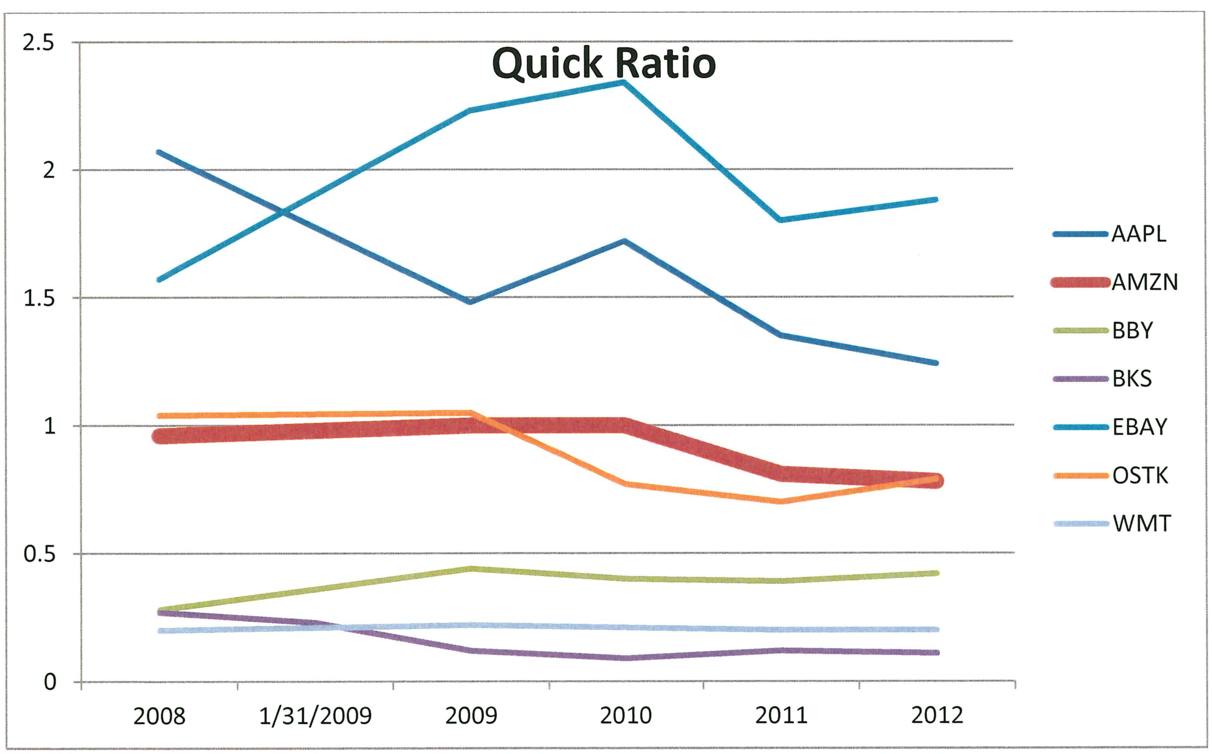

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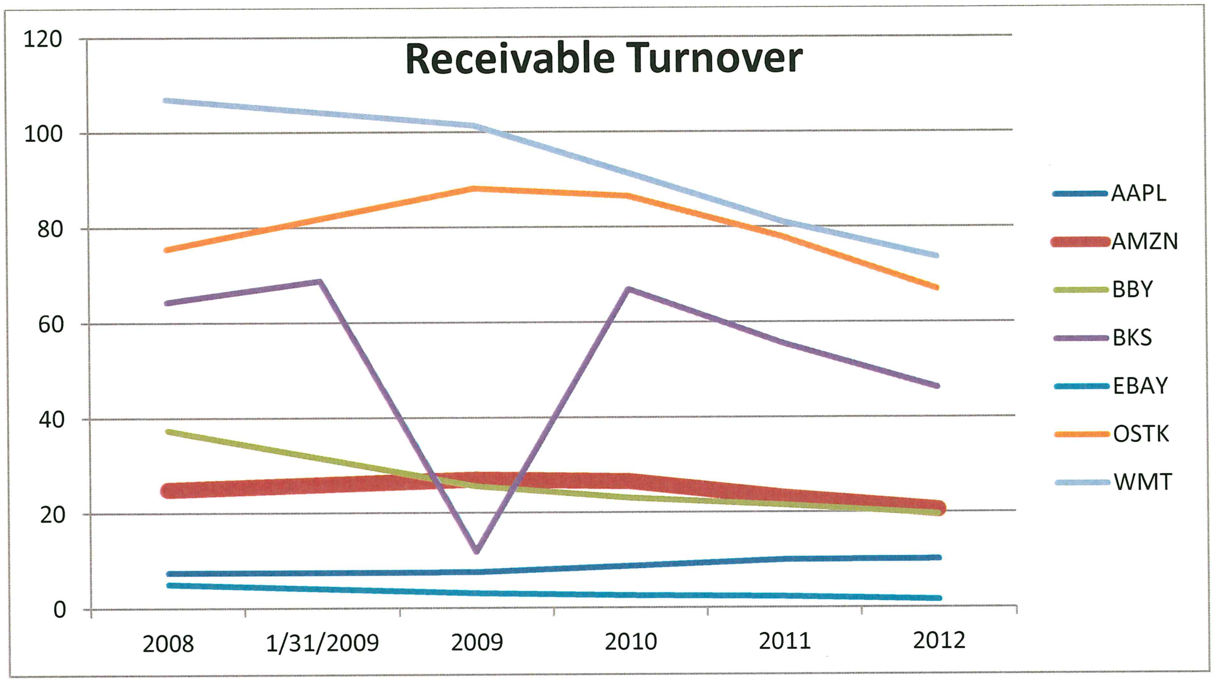

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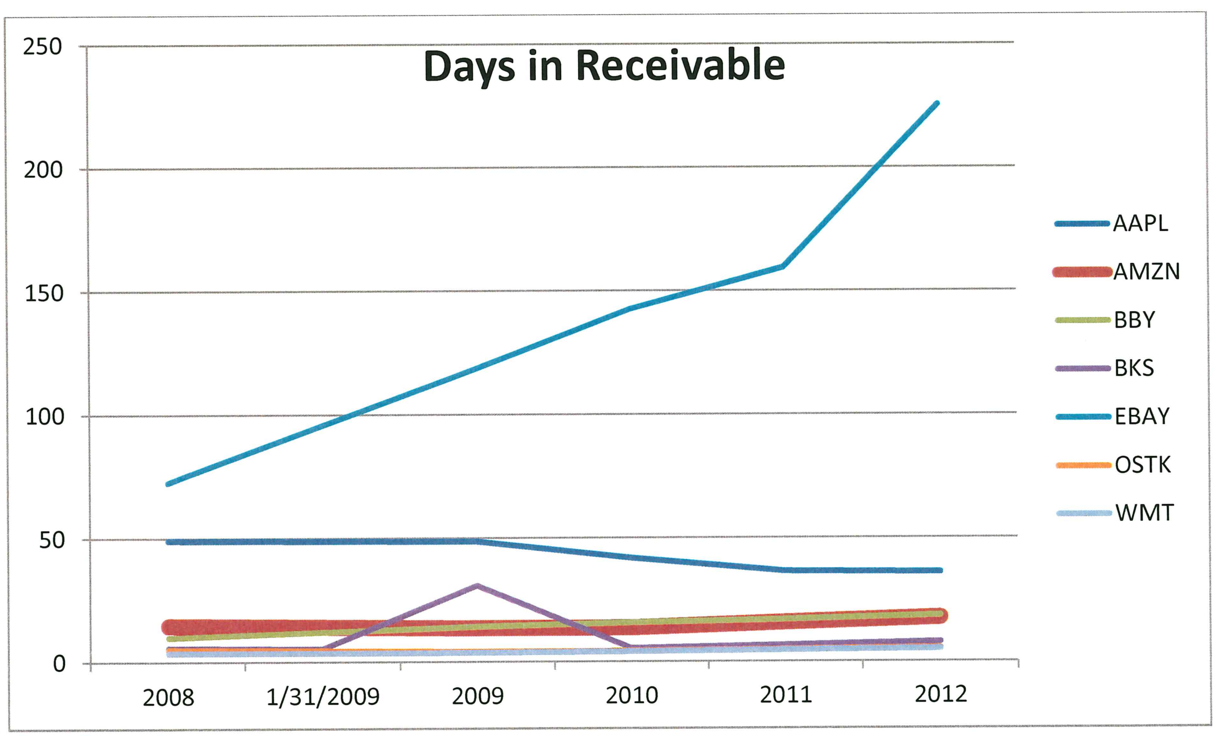

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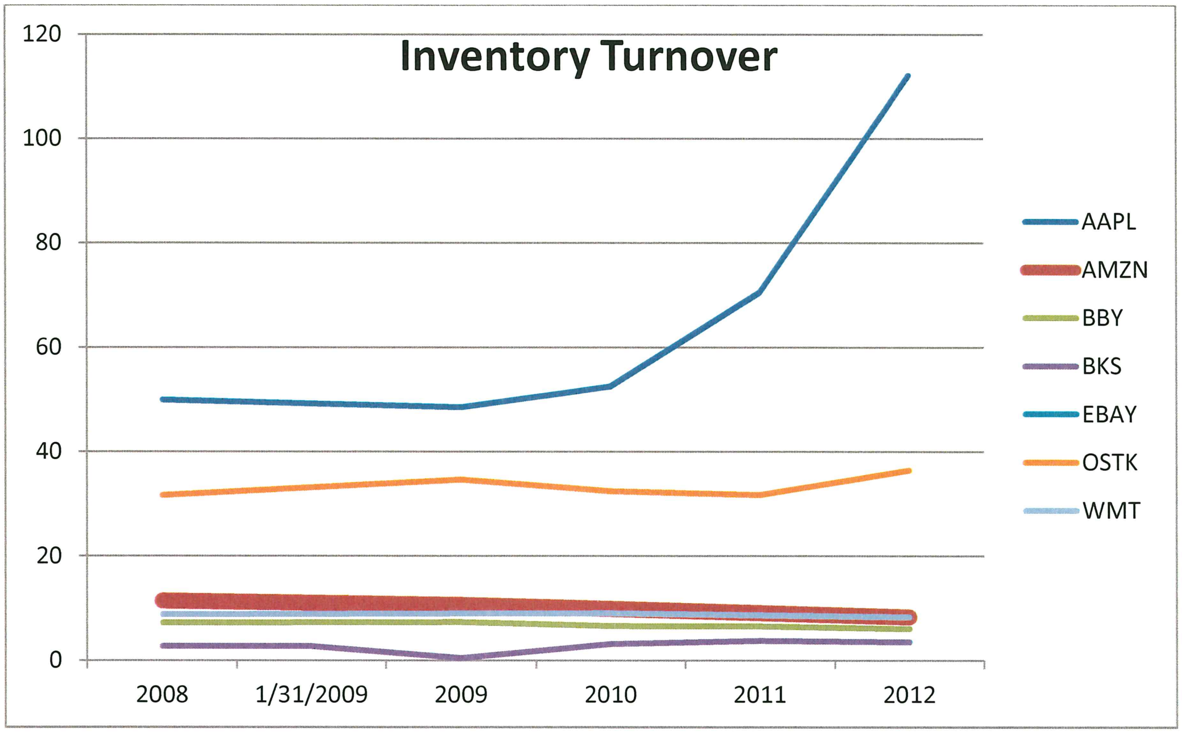

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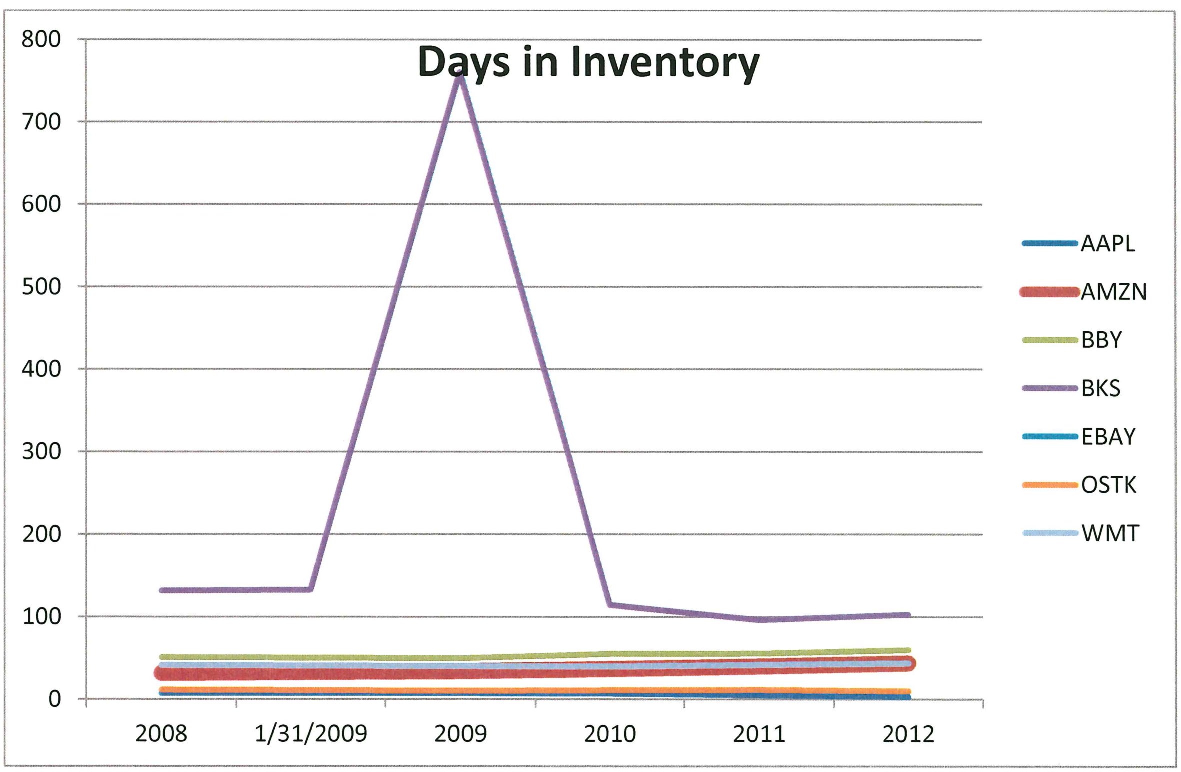
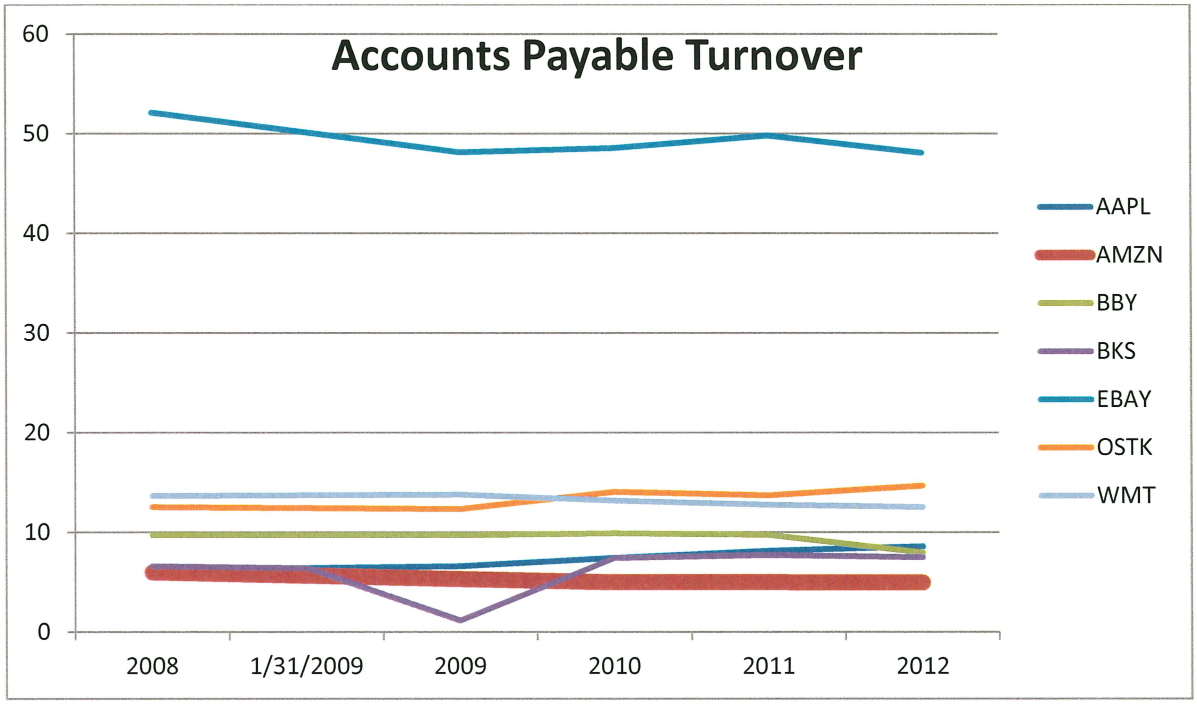
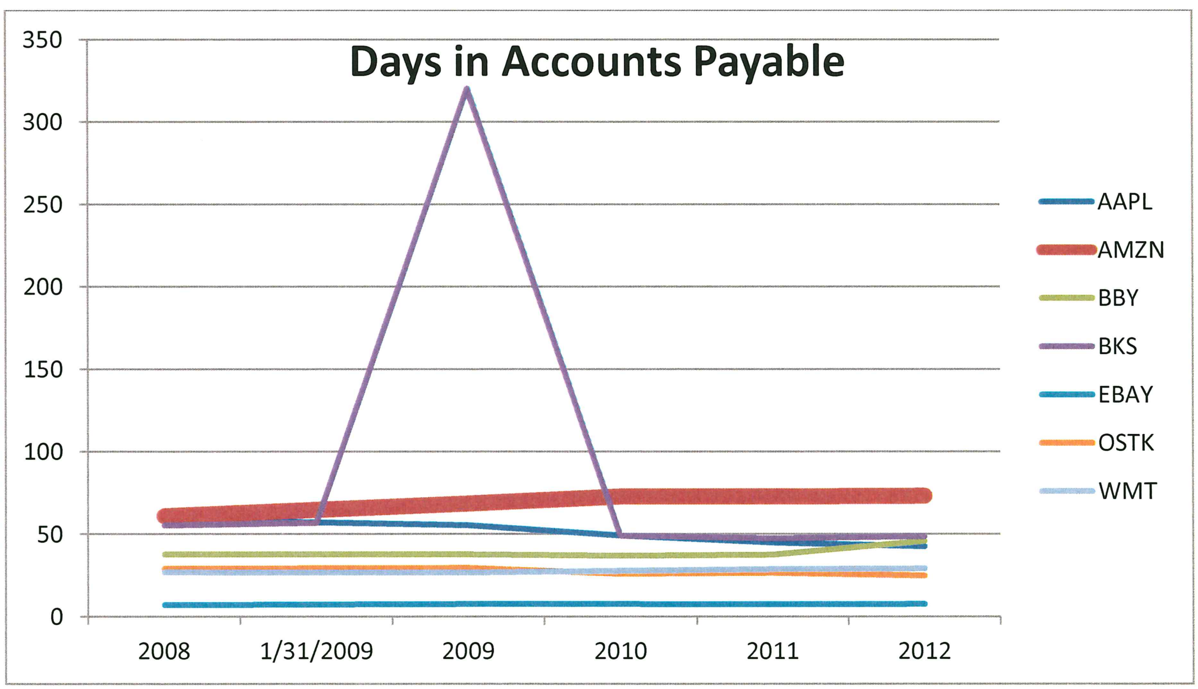


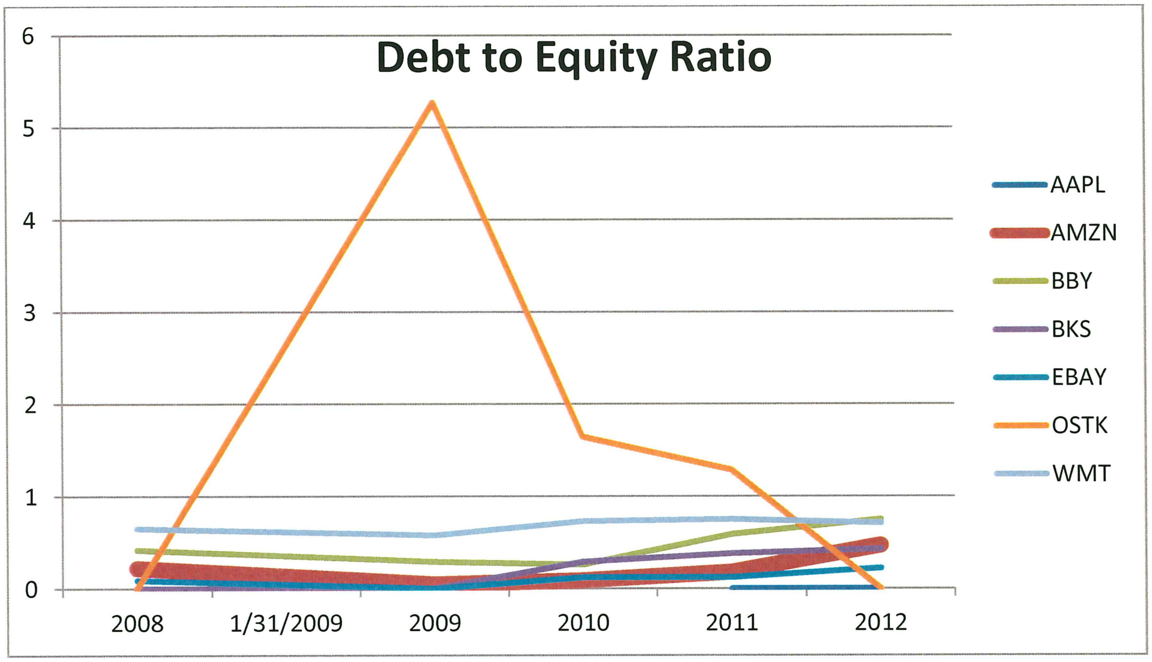
(Appendix A.11)



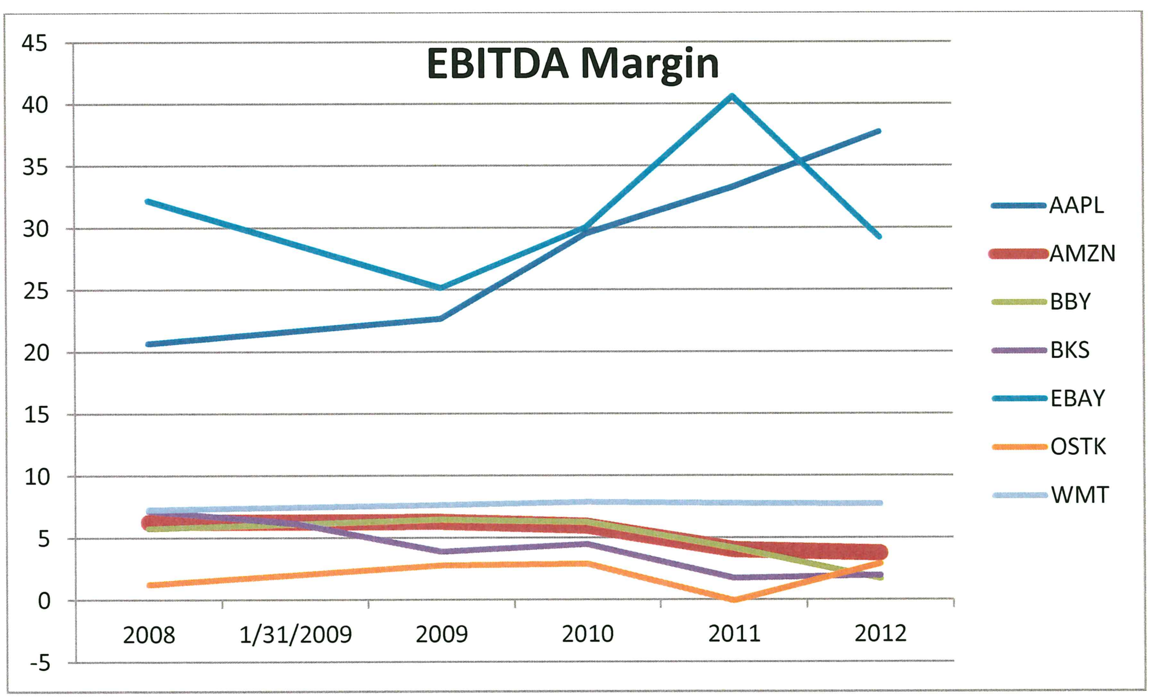
(Appendix A.12)



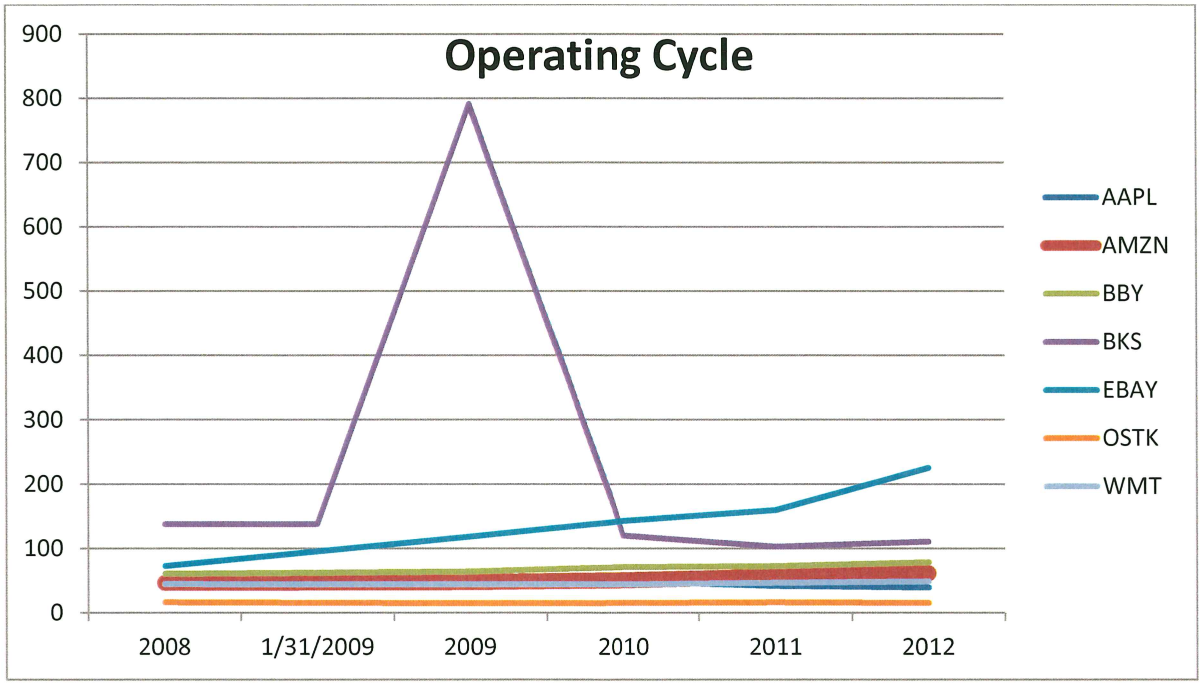
(Appendix A.13)



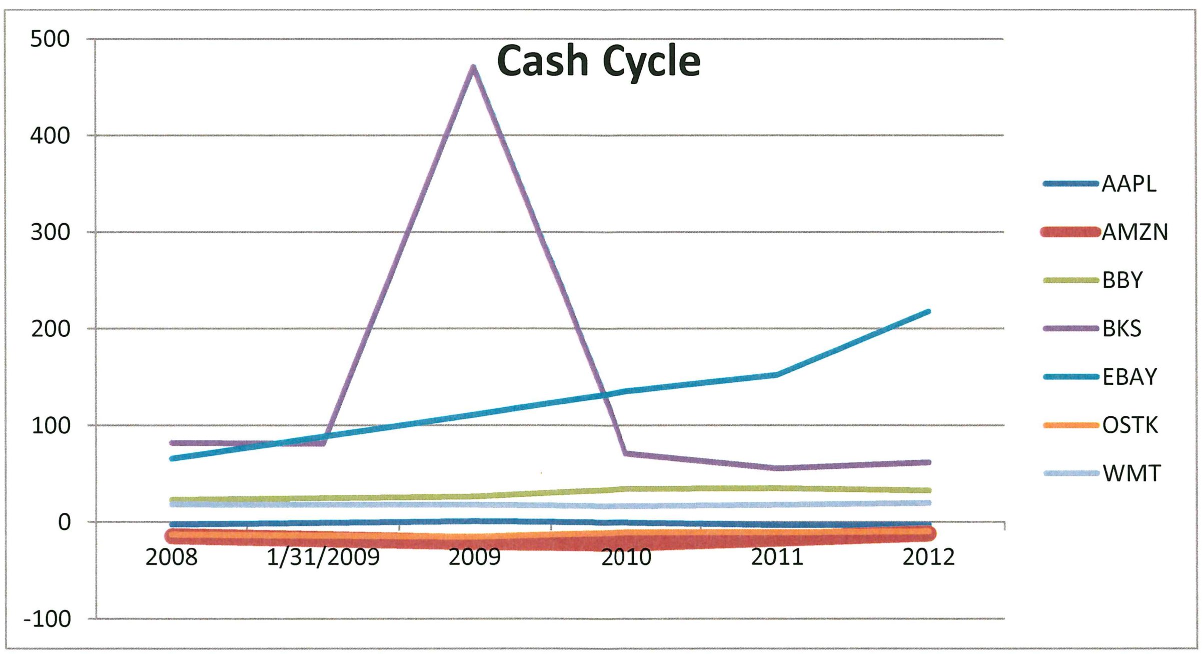
(Appendix A.14)



(Appendix A.15)

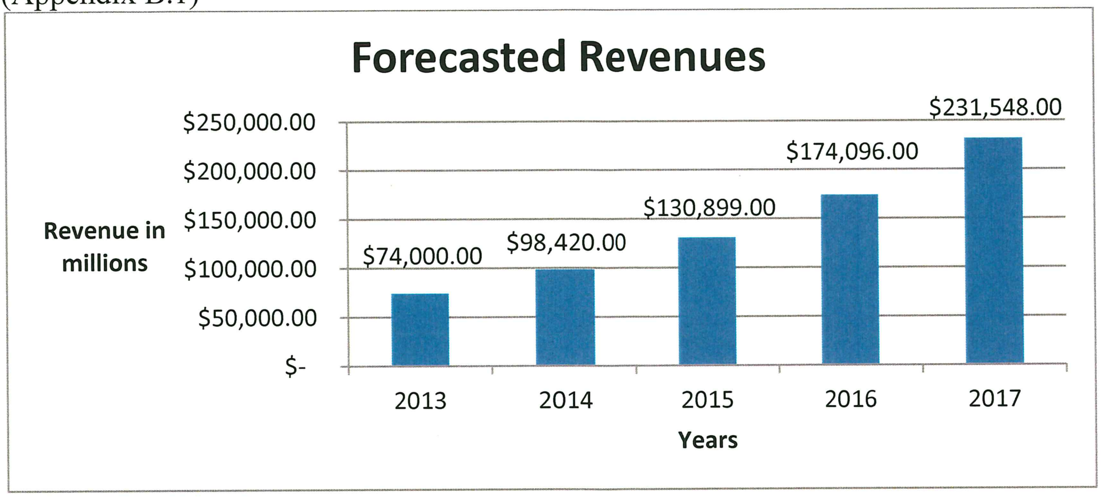


(Appendix A.16)

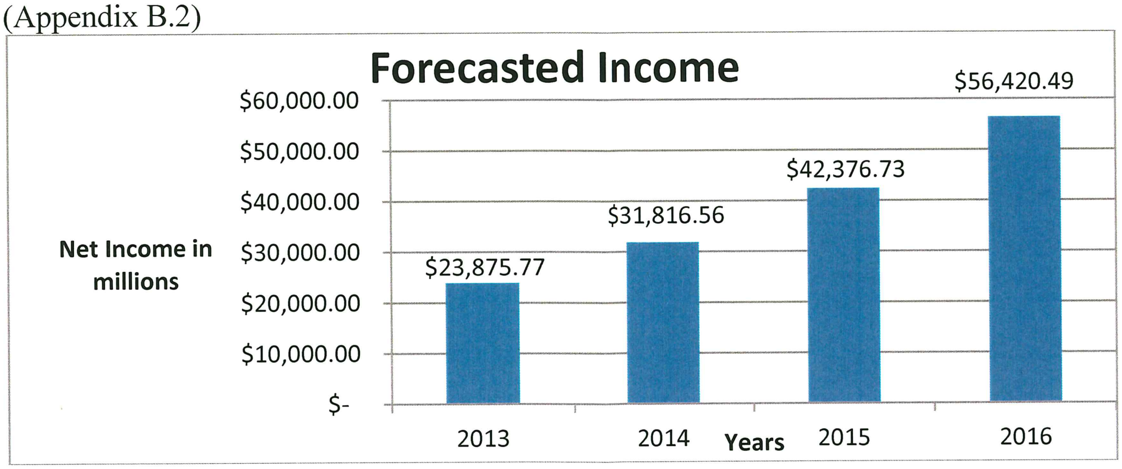


Appendix B

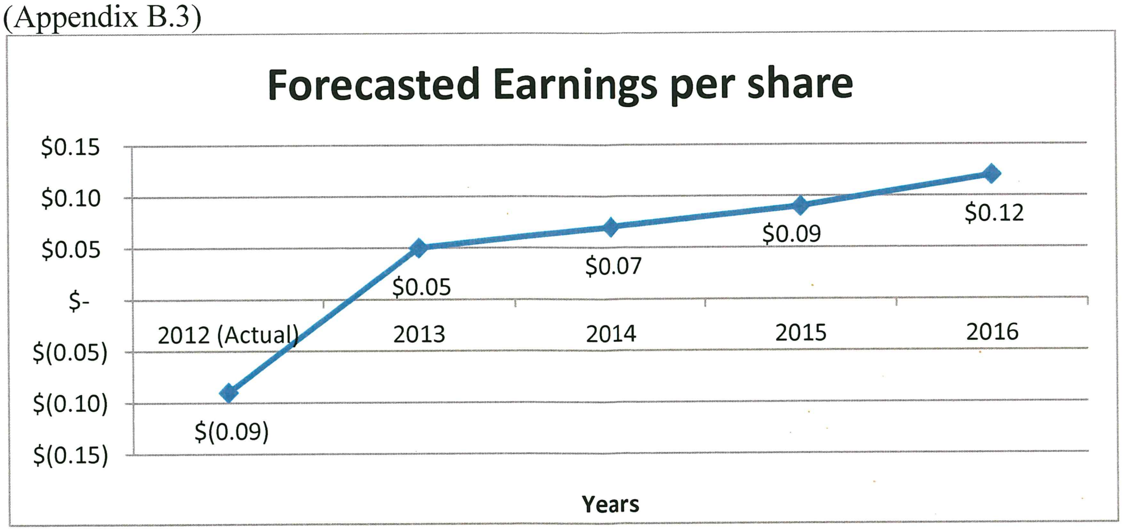
(Appendix B.1)



(Appendix B.2)



(Appendix B.3)



Excel spreadsheets correlating to above graphs:

	(in millions)	(in millions)	(in millions)	(in millions)	(in millions)
YEAR	2013	2014	2015	2016	2017
projected revenues	$ 74,000.00	$ 98,420.00	$ 130,899.00	$ 174,096.00	$ 231,548.00
1-Gross Margin (COGS/Sales)	25%	25%	25%	25%	25%
SG&A expenses/revenues	25%	25%	25%	25%	25%
Interest expense/Prior Year Debt	5%	5%	5%	5%	5%
Tax Rate	35%	35%	35%	35%	35%
YEAR	2013	2014	2015	2016	2017
Target Inventory Balance/Next Year's sales	10%	10%	10%	10%	10%
Target A/R Balance/Current Year's sales	5%	5%	5%	5%	5%
Target A/P Balance/COGS	15%	15%	15%	15%	15%
Capital Expenditures/Next Year's sales	5%	5%	5%	5%	5%
Dividends/Sales	5%	5%	5%	5%	5%
Beginning AR	$ 3,364.00	$ 3,700.00	$ 4,921.00	$ 6,544.95	
Sales	$ 74,000.00	$ 98,420.00	$ 130,899.00	$ 174,096.00	
Less Ending AR	$ (3,700.00)	$ (4,921.00)	$ (6,544.95)	$ (8,704.80)	
Collections	$ 73,664.00	$ 97,199.00	$ 129,275.05	$ 171,936.15	
Target Ending Inventory	$ 9,842.00	$ 13,089.90	$ 17,409.60	$ 23,154.80	
COGS	$ 18,500.00	$ 24,605.00	$ 32,724.75	$ 43,524.00	
Less Beginning Inventory	$ (6,031.00)	$ (9,842.00)	$ (13,089.90)	$ (17,409.60)	
Purchases	$ 22,311.00	$ 27,852.90	$ 37,044.45	$ 49,269.20	
Beginning AP	$ 19,002.00	$ 2,775.00	$ 3,690.75	$ 4,908.71	
Purchases	$	$	$	$	

	22,311.00	27,852.90	37,044.45	49,269.20	
Less target ending AP	$ (2,775.00)	$ (3,690.75)	$ (4,908.71)	$ (6,528.60)	
Cash paid to suppliers	$ 38,538.00	$ 26,937.15	$ 35,826.49	$ 47,649.31	
Beginning Long-term assets	$ 15,076.00	$ 19,997.00	$ 26,541.95	$ 35,246.75	
Purchases	$ 4,921.00	$ 6,544.95	$ 8,704.80	$ 11,577.40	
Ending long-term assets	$ 19,997.00	$ 26,541.95	$ 35,246.75	$ 46,824.15	
Beginning Long term debt	$ 5,361.00	$ 5,229.05	$ 5,090.50	$ 4,945.03	
Interest expense	$ 268.05	$ 261.45	$ 254.53	$ 247.25	
Repayments	$ (400.00)	$ (400.00)	$ (400.00)	$ (400.00)	
Ending long-term debt	$ 5,229.05	$ 5,090.50	$ 4,945.03	$ 4,792.28	
Begininng Retained Earnings	$ 1,916.00	$ 22,091.77	$ 48,987.32	$ 84,819.11	
Income	$ 23,875.77	$ 31,816.56	$ 42,376.73	$ 56,420.49	
Dividends paid	$ (3,700.00)	$ (4,921.00)	$ (6,544.95)	$ (8,704.80)	
Ending Retained Earnings	$ 22,091.77	$ 48,987.32	$ 84,819.11	$ 132,534.79	
Other operating expenses payable	$0	$0	$0	$0	
Purchases	$18,500	$24,605	$32,725	$43,524	
Payments	-$18,500	-$24,605	-$32,725	-$43,524	
Ending balance	$0	$0	$0	$0	
Income tax payable	$0	$0			
Taxes due	$12,856	$17,132	$22,818	$30,380	
Payments	-$12,856	-$17,132	-$22,818	-$30,380	
Ending balance	$0	$0	$0	$0	

Beginning Cash	$ 8,084.00	$ 2,832.82	$ 19,491.73	$ 41,747.55	
Cash Collections	$ 73,664.00	$ 97,199.00	$ 129,275.05	$ 171,936.15	
Cash disbursements	($78,915)	($80,540)	($107,019)	($142,236)	
Ending Cash	$ 2,832.82	$ 19,491.73	$ 41,747.55	$ 71,447.92	

Amazon.com				
Income Statement (forecasted)				
	2013	2014	2015	2016
Revenues	$ 74,000.00	$ 98,420.00	$ 130,899.00	$ 174,096.00
Cost of Goods Sold	$ 18,500.00	$ 24,605.00	$ 32,724.75	$ 43,524.00
Other Operating Expenses	$ 18,500.00	$ 24,605.00	$ 32,724.75	$ 43,524.00
Operating Income	$ 37,000.00	$ 49,210.00	$ 65,449.50	$ 87,048.00
Net Interest Expense (Income)	$ 268.05	$ 261.45	$ 254.53	$ 247.25
Income Before Taxes	$ 36,731.95	$ 48,948.55	$ 65,194.97	$ 86,800.75
Tax Expense	$ 12,856.18	$ 17,131.99	$ 22,818.24	$ 30,380.26
Net Income	$ 23,875.77	$ 31,816.56	$ 42,376.73	$ 56,420.49

Balance Sheet					
Amazon.com					
(in millions)					
Year	2012 (actuals)	2013	2014	2015	2016
Cash	$ 8,084.00	$ 2,832.82	$ 19,491.73	$ 41,747.55	$ 71,447.92
Accounts Receivables	$ 3,364.00	$ 3,700.00	$ 4,921.00	$ 6,544.95	$ 8,704.80
Inventories	$ 6,031.00	$ 9,842.00	$ 13,089.90	$ 17,409.60	$ 23,154.80
Other Assets	$ 15,076.00	$ 19,997.00	$ 26,541.95	$ 35,246.75	$ 46,824.15
Total Assets	$ 32,555.00	$ 36,371.82	$ 64,044.58	$ 100,948.85	$ 150,131.67
Accounts Payable	$ 19,002.00	$ 2,775.00	$ 3,690.75	$ 4,908.71	$ 6,528.60
Long-term debt	$ 5,361.00	$ 5,229.05	$ 5,090.50	$ 4,945.03	$ 4,792.28
Common Stock	$ 6,276.00	$ 6,276.00	$ 6,276.00	$ 6,276.00	$ 6,276.00
Retained Earnings	$ 1,916.00	$ 22,091.77	$ 48,987.32	$ 84,819.11	$ 132,534.79
Total liabilities and equity	$ 32,555.00	$ 36,371.82	$ 64,044.58	$ 100,948.85	$ 150,131.67

ABC Company Statement of Cash Flows (direct method)					
Year		2013	2014	2015	2016
Cash Flows from Operations:					
Cash Collections from Customers		$ 73,664.00	$ 97,199.00	$ 129,275.05	$ 171,936.15
Cash Payments to Suppliers		$ (38,538.00)	$ (26,937.15)	$ (35,826.49)	$ (47,649.31)
Cash paid for Other Expenses		$ (18,500.00)	$ (24,605.00)	$ (32,724.75)	$ (43,524.00)

Cash paid for Interest		$ (400.00)	$ (400.00)	$ (400.00)	$ (400.00)
Cash paid for Taxes		$ (12,856.18)	$ (17,131.99)	$ (22,818.24)	$ (30,380.26)
Cash Flows from Operations		$ 3,369.82	$ 28,124.86	$ 37,505.57	$ 49,982.58
Cash Flows from Investing Activities					
Cash paid for equipment purchases		$ (4,921.00)	$ (6,544.95)	$ (8,704.80)	$ (11,577.40)
Cash Flows from Financing Activities					
Dividends Paid		$ (3,700.00)	$ (4,921.00)	$ (6,544.95)	$ (8,704.80)
Net Cash Flow		$ (5,251.18)	$ 16,658.91	$ 22,255.82	$ 29,700.38
Beginning Cash		$ 8,084.00	$ 2,832.82	$ 19,491.73	$ 41,747.55
Ending Cash		$ 2,832.82	$ 19,491.73	$ 41,747.55	$ 71,447.92
Free Cash Flow		$ (1,551.18)	$ 21,579.91	$ 28,800.77	$ 38,405.18

Appendix C

(Appendix C.1)

Abnormal Earnings						
Amazon.com						
Year	Earnings	End of Year Book Value	DIV	Abnormal earnings	Discount Rate	PV of AE at time 0
2012		$ 18.04	$ -		6%	$ 18.04
2013	$ 0.05	$ 18.09	$ -	($1)	6%	$ (0.00)
2014	$ 0.07	$ 18.16	$ -	($1.02)	6%	$ (0.00)
2015	$ 0.09	$ 18.25	$ -	($1.00)	6%	$ (0.00)
2016	$ 0.12	$ 18.37	$ -	($0.98)	6%	$ (0.00)
2017	$ 0.15	$ 18.52	$ -	($0.95)	6%	$ (0.00)

Appendix D

Horizontal Analysis – Income Statement: Amazon.com (Appendix D.1)

Income Statement (in millions except EPS)	2008	2009	% Change	2010	% Change	2011	% Change	2012	% Change from 2011	% Change from 2008
Net Product Sales		22,273		30,792	38.25%	42,000	36.40%	51,733	23.17%	
Net Service Sales		2,236		3,412	52.59%	6,077	78.11%	9,360	54.02%	
Total Net Sales	19,166	24,509	**27.88%**	34,204	**39.56%**	48,077	**40.56%**	61,093	**27.07%**	**218.76%**
Operating Expenses										
Cost of Sales	14,896	18,978	27.40%	26,561	39.96%	37,288	40.39%	45,971	23.29%	208.61%
Fulfillment	1,658	2,052	23.76%	2,898	41.23%	4,576	57.90%	6,419	40.28%	287.15%
Marketing	482	680	41.08%	1,029	51.32%	1,630	58.41%	2,408	47.73%	399.59%
Technology & Content	1,033	1,240	20.04%	1,734	39.84%	2,909	67.76%	4,564	56.89%	341.82%
General & Administrative	279	328	17.56%	470	43.29%	658	40.00%	896	36.17%	221.15%
Other Operating Expenses (Income) Net	-24	102	-525.00%	106	3.92%	154	45.28%	159	3.25%	-762.50%
Total Operating Expenses	18,324	23,380	**27.59%**	32,798	**40.28%**	47,215	**43.96%**	60,417	**27.96%**	**229.72%**
Income From Operations	842	1,129	**34.09%**	1,406	**24.53%**	862	**-38.69%**	676	**-21.58%**	**-19.71%**
Interest Income	83	37	-55.42%	51	37.84%	61	19.61%	40	-34.43%	-51.81%
Interest Expense	-71	-34	-52.11%	-39	14.71%	-65	66.67%	-92	41.54%	29.58%
Other Income (Expense) Net	47	29	-38.30%	79	172.41%	76	-3.80%	-80	-205.26%	-270.21%
Total Non-Operating Income (Expense)	59	32	**-45.76%**	91	**184.38%**	72	**-20.88%**	-132	**-283.33%**	**-323.73%**
Income Before Income Taxes	901	1,161	28.86%	1,497	28.94%	934	-37.61%	544	-41.76%	-39.62%
Provision For Income Taxes	-247	-253	2.43%	-352	39.13%	-291	-17.33%	-428	47.08%	73.28%
Equity Method Investment, Net of Tax	-9	-6	-33.33%	7	-216.67%	-12	-271.43%	-155	1191.67%	1622.22%
Net Income (Loss)	645	902	**39.84%**	1,152	**27.72%**	631	**-45.23%**	-39	**-106.18%**	**-106.05%**
Basic EPS	1.52	2.08	**36.84%**	2.58	**24.04%**	1.39	**-46.12%**	-0.09	**-106.47%**	**-105.92%**
Diluted EPS	1.49	2.04	**36.91%**	2.53	**24.02%**	1.37	**-45.85%**	-0.09	**-106.57%**	**-106.04%**
Weighted Average Shares Used in Computation of EPS										
Basic	423	433	2.36%	447	3.23%	453	1.34%	453	0.00%	7.09%
Diluted	432	442	2.31%	456	3.17%	461	1.10%	453	-1.74%	4.86%

Horizontal Analysis – Income Statement: E-Bay (Appendix D.2)

Income Statement (in millions except EPS)	2008	2009	% Change	2010	% Change	2011	% Change	2012	% Change from 2011	% Change from 2008
Net Product Sales										
Net Service Sales										
Total Net Sales	8,541	8,727	**2.18%**	9,156	**4.92%**	11,652	**27.26%**	14,072	**20.77%**	**64.76%**
Operating Expenses										
Cost of Sales	2,228	2,480	11.31%	2,564	3.39%	3,461	34.98%	4,216	21.81%	89.23%
Fulfillment										
Marketing	1882	1886	0.21%	1,947	3.23%	2,435	25.06%	2,913	19.63%	54.78%
Technology & Content	726	803	10.61%	908	13.08%	1,235	36.01%	1,573	27.37%	116.67%
General & Administrative	999	1418	41.94%	1101	-22.36%	1364	23.89%	1567	14.88%	56.86%
Other Operating Expenses (Income) Net	582	646	11.00%	582	-9.91%	784	34.71%	915	16.71%	57.22%
Total Operating Expenses	6,417	7,233	**12.72%**	7,102	**-1.81%**	9,279	**30.65%**	11,184	**20.53%**	**74.29%**
Income From Operations	2124	1,494	**-29.66%**	2,054	**37.48%**	2373	**15.53%**	2888	**21.70%**	**35.97%**
Interest Income										
Interest Expense										
Other Income (Expense) Net										
Total Non-Operating Income (Expense)	108	1422	**1216.67%**	44	**-96.91%**	1537	**3393.18%**	196	**-87.25%**	**81.48%**
Income Before Income Taxes	2232	2,916	30.65%	2,098	-28.05%	3910	86.37%	3084	-21.13%	38.17%
Provision For Income Taxes	-404	-490	21.29%	-297	-39.39%	-681	129.29%	-475	-30.25%	17.57%
Equity Method Investment, Net of Tax										
Net Income (Loss)	1828	2426	**32.71%**	1,801	**-25.76%**	3229	**79.29%**	2609	**-19.20%**	**42.72%**
Basic EPS	1.37	1.85	**35.04%**	1.38	**-25.41%**	2.5	**81.16%**	2.02	**-19.20%**	**47.45%**
Diluted EPS	1.36	1.83	**34.56%**	1.36	**-25.68%**	2.46	**80.88%**	1.99	**-19.11%**	**46.32%**
Weighted Average Shares Used in Computation of EPS										
Basic	1303	1290	-1.00%	1306	1.24%	1293	-1.00%	1292	-0.08%	-0.84%
Diluted	1313	1305	-0.61%	1327	1.69%	1313	-1.06%	1313	0.00%	0.00%

Horizontal Analysis – Income Statement: Apple (Appendix D.3)

Income Statement (in millions except EPS)	2008	2009	% Change	2010	% Change	2011	% Change	2012	% Change from 2011	% Change from 2008
Net Product Sales										
Net Service Sales										
Total Net Sales	37,491	42,905	**14.44%**	65,225	**52.02%**	108,249	**65.96%**	156,508	**44.58%**	**317.45%**
Operating Expenses										
Cost of Sales	24,294	25,683	5.72%	39,541	53.96%	64,431	62.95%	87,846	36.34%	261.60%
Fulfillment										
Marketing										
Technology & Content	1,109	1,333	20.20%	1,782	33.68%	2,429	36.31%	3,381	39.19%	204.87%
General & Administrative	3761	4149	10.32%	5517	32.97%	7599	37.74%	10040	32.12%	166.95%
Other Operating Expenses (Income) Net										
Total Operating Expenses	29,164	31,165	**6.86%**	46,840	**50.30%**	74,459	**58.96%**	101,267	**36.00%**	**247.23%**
Income From Operations	8327	11,740	**40.99%**	18,385	**56.60%**	33790	**83.79%**	55241	**63.48%**	**563.40%**
Interest Income										
Interest Expense										
Other Income (Expense) Net	620	326	-47.42%	155	-52.45%	415	167.74%	522	25.78%	-15.81%
Total Non-Operating Income (Expense)	620	326	**-47.42%**	155	**-52.45%**	415	**167.74%**	522	**25.78%**	**-15.81%**
Income Before Income Taxes	8947	12,066	34.86%	18,540	53.65%	34205	84.49%	55763	63.03%	523.26%
Provision For Income Taxes	-2828	-3831	35.47%	-4527	18.17%	-8283	82.97%	-14030	69.38%	396.11%
Equity Method Investment, Net of Tax										
Net Income (Loss)	6119	8235	**34.58%**	14,013	**70.16%**	25922	**84.99%**	41733	**60.99%**	**582.02%**
Basic EPS	6.94	9.22	**32.85%**	15.41	**67.14%**	28.05	**82.02%**	44.64	**59.14%**	**543.23%**
Diluted EPS	6.78	9.08	**33.92%**	15.15	**66.85%**	27.68	**82.71%**	44.15	**59.50%**	**551.18%**
Weighted Average Shares Used in Computation of EPS										
Basic	882	893	1.25%	909	1.79%	924	1.65%	935	1.19%	6.01%
Diluted	902	907	0.55%	925	1.98%	937	1.30%	945	0.85%	4.77%

Horizontal Analysis – Income Statement: Walmart (Appendix D.4)

Income Statement (in millions except EPS)	2008	2009	% Change	2010	% Change	2011	% Change	2012	% Change from 2011	% Change from 2008
Net Product Sales	401087	405,132	0.0101	418,952	3.41%	443,854	5.94%	466,114	5.02%	0.1621
Membership and Other	3167	2,953	-0.0676	2,897	-1.90%	3,096	6.87%	3,048	-1.55%	-0.0376
Total Net Sales	404,254	408,085	**0.95%**	421,849	**3.37%**	446,950	**5.95%**	469,162	**4.97%**	**16.06%**
Operating Expenses										
Cost of Sales	303,941	304,444	0.17%	314,946	3.45%	335,127	6.41%	352,488	5.18%	15.97%
Fulfillment										
Marketing										
Technology & Content										
General & Administrative	77546	79639	2.70%	81361	2.16%	85265	4.80%	88873	4.23%	14.61%
Other Operating Expenses (Income) Net										
Total Operating Expenses	381,487	384,083	**0.68%**	396,307	**3.18%**	420,392	**6.08%**	441,361	**4.99%**	**15.69%**
Income From Operations	22767	24,002	**5.42%**	25,542	**6.42%**	26558	**3.98%**	27801	**4.68%**	**22.11%**
Interest Income	284	181	-36.27%	201	11.05%	162	-19.40%	187	15.43%	-34.15%
Interest Expense	-2184	-2065	-5.45%	-2205	6.78%	-2322	5.31%	-2251	-3.06%	3.07%
Other Income (Expense) Net	-	-		-		-		-		
Total Non-Operating Income (Expense)	-1900	-1884	**-0.84%**	-2004	**6.37%**	-2160	**7.78%**	-2064	**-4.44%**	**8.63%**
Income Before Income Taxes	20867	22,118	6.00%	23,538	6.42%	24398	3.65%	25737	5.49%	23.34%
Provision For Income Taxes	-7133	-7156	0.32%	-7579	5.91%	-7944	4.82%	-7981	0.47%	11.89%
Less Attributed to Non-Controlling Interest	-499	-513	2.81%	-604	17.74%	-688	13.91%	-757	10.03%	51.70%
Net Income (Loss)	13235	14449	**9.17%**	15,355	**6.27%**	15766	**2.68%**	16999	**7.82%**	**28.44%**
Basic EPS	3.36	3.74	**11.31%**	4.2	**12.30%**	4.56	**8.57%**	5.04	**10.53%**	**50.00%**
Diluted EPS	3.35	3.73	**11.34%**	4.18	**12.06%**	4.54	**8.61%**	5.02	**10.57%**	**49.85%**
Weighted Average Shares Used in Computation of EPS										
Basic	3939	3866	-1.85%	3656	-5.43%	3460	-5.36%	3374	-2.49%	-14.34%
Diluted	3951	3877	-1.87%	3670	-5.34%	3474	-5.34%	3389	-2.45%	-14.22%

Horizontal Analysis – Income Statement: Best Buy (Appendix D.5)

Income Statement (in millions except EPS)	2008	2009	% Change	2010	% Change	2011	% Change	2012	% Change from 2011	% Change from 2008
Net Product Sales										
Net Service Sales										
Total Net Sales	45,015	49,694	**10.39%**	49,747	**0.11%**	50,705	**1.93%**	45,085	**-11.08%**	**0.16%**
Operating Expenses										
Cost of Sales	34,017	37,534	10.34%	37,206	-0.87%	38,132	2.49%	34,435	-9.70%	1.23%
Fulfillment										
Marketing										
Technology & Content										
General & Administrative	8984	9873	9.90%	10029	1.58%	10242	2.12%	9502	-7.23%	5.77%
Other Operating Expenses (Income) Net	144	52	-63.89%	138	165.38%	1246	802.90%	1273	2.17%	784.03%
Total Operating Expenses	43,145	47,459	**10.00%**	47,373	**-0.18%**	49,620	**4.74%**	45,210	**-8.89%**	**4.79%**
Income From Operations	1870	2,235	**19.52%**	2,374	**6.22%**	1085	**-54.30%**	-125	**-111.52%**	**-106.68%**
Interest Income										
Interest Expense	-94	-94	0.00%	-86	-8.51%	-134	55.81%	-112	-16.42%	19.15%
Other Income (Expense) Net	-76	54	-171.05%	43	-20.37%	92	113.95%	51	-44.57%	-167.11%
Total Non-Operating Income (Expense)	-170	-40	**-76.47%**	-43	**7.50%**	-42	**-2.33%**	-61	**45.24%**	**-64.12%**
Income Before Income Taxes	1700	2,195	29.12%	2,331	6.20%	1043	-55.26%	-186	-117.83%	-110.94%
Provision For Income Taxes	-674	-802	18.99%	-779	-2.87%	-709	-8.99%	-231	-67.42%	-65.73%
Equity Method Investment, Net of Tax	-23	-76	230.43%	-125	64.47%	-1391	1012.80%	-4	-99.71%	-82.61%
Net Income (Loss)	1003	1317	**31.31%**	1,427	**8.35%**	-1057	**-174.07%**	-421	**-60.17%**	**-141.97%**
Basic EPS	2.43	3.16	**30.04%**	3.51	**11.08%**	-2.89	**-182.34%**	-1.31	**-54.67%**	**-153.91%**
Diluted EPS	2.39	3.1	**29.71%**	3.44	**10.97%**	-2.89	**-184.01%**	-1.3	**-55.02%**	**-154.39%**
Weighted Average Shares Used in Computation of EPS										
Basic	412.5	416.8	1.04%	406.1	-2.57%	366.3	-9.80%	338.6	-7.56%	-17.92%
Diluted	422.9	427.5	1.09%	416.5	-2.57%	366.3	-12.05%	338.6	-7.56%	-19.93%

Horizontal Analysis – Income Statement: Barnes & Noble (Appendix D.6)

Income Statement (in thousands except EPS)	2008	2009	% Change	2010	% Change	2011	% Change	2012	% Change from 2011	% Change from 2008
Net Product Sales										
Net Service Sales										
Total Net Sales	5,286,674	5,121,804	**-3.12%**	5,807,754	**13.39%**	6,998,565	**20.50%**	7,129,199	**1.87%**	**34.85%**
Operating Expenses										
Cost of Sales	3,679,845	3,540,596	-3.78%	4,131,009	16.68%	5,205,712	26.02%	5,218,383	0.24%	41.81%
Fulfillment										
Marketing										
Technology & Content										
General & Administrative	1236178	1264320	2.28%	1395725	10.39%	1629465	16.75%	1739452	6.75%	40.71%
Other Operating Expenses (Income) Net	168600	173557	2.94%	207774	19.72%	228647	10.05%	232667	1.76%	38.00%
Total Operating Expenses	5,084,623	4,978,473	**-2.09%**	5,734,508	**15.19%**	7,063,824	**23.18%**	7,190,502	**1.79%**	**41.42%**
Income From Operations	202051	143,331	**-29.06%**	73,246	**-48.90%**	-65259	**-189.10%**	-61303	**-6.06%**	**-130.34%**
Interest Income										
Interest Expense										
Other Income (Expense) Net	7483	-2344	-131.32%	-28237	1104.65%	-57350	103.10%	-35304	-38.44%	-571.79%
Total Non-Operating Income (Expense)	7483	-2344	**-131.32%**	-28237	**1104.65%**	-57350	**103.10%**	-35304	**-38.44%**	**-571.79%**
Income Before Income Taxes	209534	140,987	-32.71%	45,009	-68.08%	-122609	-372.41%	-96607	-21.21%	-146.11%
Provision For Income Taxes	-74623	-55591	-25.50%	-8365	-84.95%	48652	-681.61%	27740	-42.98%	-137.17%
Equity Method Investment, Net of Tax	-	-30		-32	6.67%	-37	15.63%	-	-100.00%	
Net Income (Loss)	134911	85366	**-36.72%**	36,612	**-57.11%**	-73994	**-302.10%**	-68867	**-6.93%**	**-151.05%**
Basic EPS	2.07	1.5	**-27.54%**	0.64	**-57.33%**	-1.31	**-304.69%**	-1.41	**7.63%**	**-168.12%**
Diluted EPS	1.99	1.46	**-26.63%**	0.63	**-56.85%**	-1.31	**-307.94%**	-1.41	**7.63%**	**-170.85%**
Weighted Average Shares Used in Computation of EPS										
Basic	63662	55207	-13.28%	55344	0.25%	56588	2.25%	57337	1.32%	-9.94%
Diluted	66221	56529	-14.64%	56153	-0.67%	56588	0.77%	57337	1.32%	-13.42%

Horizontal Analysis – Income Statement: Overstock.com (Appendix D.7)

Income Statement (in thousands except EPS)	2008	2009	% Change	2010	% Change	2011	% Change	2012	% Change from 2011	% Change from 2008
Direct	173687	150,901	-0.1312	209,646	38.93%	163,609	-21.96%	155,516	-4.95%	-0.1046
With Fulfillment Partner	656163	725,868	0.1062	880,227	21.27%	890,668	1.19%	943,773	5.96%	0.4383
Total Net Sales	829,850	876,769	**5.65%**	1,089,873	**24.31%**	1,054,277	**-3.27%**	1,099,289	**4.27%**	**32.47%**
Operating Expenses										
Cost of Sales	153,967	130,890	-14.99%	187,124	42.96%	149,660	-20.02%	140,536	-6.10%	-8.72%
Fulfillment	531,647	581,127	9.31%	713,109	22.71%	725,529	1.74%	760,323	4.80%	43.01%
Marketing	57668	55549	-3.67%	61,334	10.41%	61,813	0.78%	63,467	2.68%	10.06%
Technology & Content	56,677	52,336	-7.66%	58,260	11.32%	67,043	15.08%	65,467	-2.35%	15.51%
General & Administrative	39348	48906	24.29%	55650	13.79%	67766	21.77%	57259	-15.50%	45.52%
Other Operating Expenses (Income) Net	-299	-66	-77.93%	-569	762.12%	-	-100.00%	76		-125.42%
Total Operating Expenses	839,008	868,742	**3.54%**	1,074,908	**23.73%**	1,071,811	**-0.29%**	1,087,128	**1.43%**	**29.57%**
Income From Operations	-9158	8,027	**-187.65%**	14,965	**86.43%**	-17534	**-217.17%**	12161	**-169.36%**	**-232.79%**
Interest Income	3163	170	-94.63%	157	-7.65%	161	2.55%	116	-27.95%	-96.33%
Interest Expense	-3565	-3470	-2.66%	-2962	-14.64%	-2485	-16.10%	-809	-67.44%	-77.31%
Other Income (Expense) Net	-1446	3277	-326.63%	2088	-36.28%	278	-86.69%	3686	1225.90%	-354.91%
Total Non-Operating Income (Expense)	-1848	-23	**-98.76%**	-717	**3017.39%**	-2046	**185.36%**	2993	**-246.29%**	**-261.96%**
Income Before Income Taxes	-11006	8,004	-172.72%	14,248	78.01%	-19580	-237.42%	15154	-177.40%	-237.69%
Provision For Income Taxes	-	-257	0.00%	-359	39.69%	142	-139.55%	-485	-441.55%	0.00%
Equity Method Investment, Net of Tax	-	-								
Net Income (Loss)	-11006	7747	**-170.39%**	13,889	**79.28%**	-19438	**-239.95%**	14669	**-175.47%**	**-233.28%**
Basic EPS	-0.48	0.34	**-170.83%**	0.6	**76.47%**	-0.84	**-240.00%**	0.63	**-175.00%**	**-231.25%**
Diluted EPS	-0.48	0.33	**-168.75%**	0.59	**78.79%**	-0.84	**-242.37%**	0.62	**-173.81%**	**-229.17%**
Weighted Average Shares Used in Computation of EPS										
Basic	22901	22821	-0.35%	23019	0.87%	23259	1.04%	23387	0.55%	2.12%
Diluted	22901	23067	0.72%	23366	1.30%	23259	-0.46%	23672	1.78%	3.37%

Vertical Analysis – Income Statement 2012 (Appendix D.8)

2012	Amazon In Millions	% of Sales	E-Bay In Millions	% of Sales	Apple In Millions	% of Sales	Walmart In Millions	% of Sales	Best Buy In Millions	% of Sales	Barnes & Noble In Thousands	% of Sales	Overstock In Thousands	% of Sales
Net Product Sales	51,733	84.68%					466,114	99.35%					155,516	14.15%
Net Service Sales	9,360	15.32%					3,048	0.65%					943,773	85.85%
Total Net Sales	61,093	**100.00%**	14,072	**100.00%**	156,508	**100.00%**	469,162	**100.00%**	45,085	**100.00%**	7,129,199	**100.00%**	1,099,289	**100.00%**
Operating Expenses														
Cost of Sales	45,971	75.25%	4,216	29.96%	87,846	56.13%	352,488	75.13%	34,435	76.38%	5,218,383	73.20%	140,536	12.78%
Fulfillment	6,419	10.51%											760,323	69.16%
Marketing	2,408	3.94%	2,913	20.70%									63,467	5.77%
Technology & Content	4,564	7.47%	1,573	11.18%	3,381	2.16%							65,467	5.96%
General & Administrative	896	1.47%	1,567	11.14%	10,040	6.42%	88,873	18.94%	9,502	21.08%	1,739,452	24.40%	57,259	5.21%
Other Operating Expenses (Income) Net	159	0.26%	915	6.50%					1,273	2.82%	232,667	3.26%	76	0.01%
Total Operating Expenses	60,417	**98.89%**	11,184	**79.48%**	101,267	**64.70%**	441,361	**94.07%**	45,210	**100.28%**	7,190,502	**100.86%**	1,087,128	**98.89%**
Income From Operations	676	1.11%	2,888	20.52%	55,241	35.30%	27,801	5.93%	-125	-0.28%	-61,303	-0.86%	12,161	1.11%
Interest Income	40	0.07%					187	0.04%					116	0.01%
Interest Expense	-92	-0.15%					-2,251	-0.48%	-112	-0.25%			-809	-0.07%
Other Income (Expense) Net	-80	-0.13%	196	1.39%	522	0.33%			51	0.11%			3,686	0.34%
Total Non-Operating Income (Expense)	-132	-0.22%	196	1.39%	522	0.33%	-2,064	-0.44%	-61	-0.14%	-35,304	-0.50%	2,993	0.27%
Income Before Income Taxes	544	0.89%	3,084	21.92%	55,763	35.63%	25,737	5.49%	-186	-0.41%	-96,607	-1.36%	15,154	1.38%
Provision For Income Taxes	-428	-0.70%	-475	-3.38%	-14,030	-8.96%	-7,981	-1.70%	-231	-0.51%	27,740	0.39%	-485	-0.04%
Equity Method Investment, Net of Tax	-155	-0.25%							-4	-0.01%	-	0.00%	-	0.00%
Net Income (Loss)	-39	**-0.06%**	2,609	**18.54%**	41,733	**26.67%**	17,756	**3.78%**	-421	**-0.93%**	-68,867	**-0.97%**	14,669	**1.33%**
Basic EPS	-0.09		2.02		44.64		5.04		-1.31		-1.41		0.63	
Diluted EPS	-0.09		1.99		44.15		5.02		-1.3		-1.41		0.62	
Weighted Average Shares Used in Computation of EPS														
Basic	453		1292		935		3374		338.6		57337		23387	
Diluted	453		1313		945		3389		338.6		57337		23672	

Horizontal Analysis – Balance Sheet: Amazon.com (Appendix D.9)

Balance Sheet (In Millions)	2008	2009	% Change	2010	% Change	2011	% Change	2012	% Change from 2011	% Change from 2008
Current Assets										
Cash and Cash Equivalents	2,769	3,444	24.38%	3,777	9.67%	5,269	39.50%	8,084	53.43%	191.95%
Marketable Securities	958	2,922	205.01%	4,985	70.60%	4,307	-13.60%	3,364	-21.89%	251.15%
Inventories	1,399	2,171	55.18%	3,202	47.49%	4,992	55.90%	6,031	20.81%	331.09%
Accounts Receivable, Net, and Other	827	988	19.47%	1,587	60.63%	2,571	62.00%	3,364	30.84%	306.77%
Deferred Tax	204	272	33.33%	196	-27.94%	351	79.08%	453	29.06%	122.06%
Total Current Assets	6,157	9,797	**59.12%**	13,747	**40.32%**	17,490	**27.23%**	21,296	**21.76%**	**245.88%**
Fixed Assets, Net	854	1,290	51.05%	2,414	87.13%	4,417	82.97%	7,060	59.84%	726.70%
Deferred Tax	145	18	-87.59%	22	22.22%	28	27.27%	123	339.29%	-15.17%
Goodwill	438	1,234	181.74%	1,349	9.32%	1,955	44.92%	2,552	30.54%	482.65%
Other	720	1,474	104.72%	1,265	-14.18%	1,388	9.72%	1,524	9.80%	111.67%
Total Non-Current Assets	2,157	4,016	**86.18%**	5,050	**25.75%**	7,788	**54.22%**	11,259	**44.57%**	**421.97%**
Total Assets	8,314	13,813	**66.14%**	18,797	**36.08%**	25,278	**34.48%**	32,555	**28.79%**	**291.57%**
Liabilities										
Current Liabilities										
Accounts Payable	3,594	5,605	55.95%	8,051	43.64%	11,145	38.43%	13,318	19.50%	270.56%
Accrued Expenses and Other	1,152	1,759	52.69%	2,321	31.95%	3,751	61.61%	5,684	51.53%	393.40%
Total Current Liabilities	4,746	7,364	55.16%	10,372	40.85%	14,896	43.62%	19,002	27.56%	300.38%
Long-Term Debt	409	1,192	**191.44%**	1,561	**30.96%**	255	**-83.66%**	3,084	**1109.41%**	**654.03%**
Other Long-Term Liabilities	487	-	-100.00%	-		2,370		2,277	-3.92%	367.56%
Commitments and Contingencies	-	-		-		-		-		
Total Non-Current Liabilities	896	1,192	**33.04%**	1,561	**30.96%**	2,625	**68.16%**	5,361	**104.23%**	**498.33%**
Total Liabilities	5,642	8,556	**51.65%**	11,933	**39.47%**	17,521	**46.83%**	24,363	**39.05%**	**331.81%**
Stockholders' Equity										
Preferred Stock	-	-		-		-		-		
Common Stock	4	5	25.00%	5	0.00%	5	0.00%	5	0.00%	25.00%
Treasury Stock (at Cost)	-600	-600	0.00%	-600	0.00%	-877	46.17%	-1,837	109.46%	206.17%
Additional Paid In Capital	4,121	5,736	39.19%	6,325	10.27%	6,990	10.51%	8,347	19.41%	102.55%
Accumulated Other Comprehensive Income (Loss)	-123	-56	-54.47%	-190	239.29%	-316	66.32%	-239	-24.37%	94.31%
Retained Earnings	-730	172	**-123.56%**	1,324	**669.77%**	1,955	**47.66%**	1,916	**-1.99%**	**-362.47%**
Total Stockholders' Equity	2,672	5,257	**96.74%**	6,864	**30.57%**	7,757	**13.01%**	8,192	**5.61%**	**206.59%**
Total Liabilities and Stockholders' Equity	8,314	13,813	66.14%	18,797	36.08%	25,278	34.48%	32,555	28.79%	291.57%

Horizontal Analysis – Balance Sheet: E-Bay (Appendix D.10)

Balance Sheet (In Millions)	2008	2009	% Change	2010	% Change	2011	% Change	2012	% Change from 2011	% Change from 2008
Current Assets										
Cash and Cash Equivalents	3,189	4,000	25.43%	5,577	39.43%	4,691	-15.89%	6,817	45.32%	113.77%
Marketable Securities	164	944	475.61%	1,045	10.70%	1,238	18.47%	2,591	109.29%	1479.88%
Inventories	-	-		-		-		-		
Accounts Receivable, Net, and Other	2934	3516	19.84%	4,444	26.39%	6,732	51.49%	11,990	78.10%	308.66%
Deferred Tax	-	-		-		-		-		
Total Current Assets	6,287	8,460	**34.56%**	11,066	**30.80%**	12,661	**14.41%**	21,398	**69.01%**	**240.35%**
Fixed Assets, Net	1199	1,314	9.59%	1,523	15.91%	1,986	30.40%	2,491	25.43%	107.76%
Deferred Tax	-	-		-		-		-		
Goodwill	7025	6,143	-12.56%	6,193	0.81%	8,365	35.07%	8,537	2.06%	21.52%
Other	1081	2,491	130.43%	3,222	29.35%	4,308	33.71%	4,648	7.89%	329.97%
Total Non-Current Assets	9,305	9,948	**6.91%**	10,938	**9.95%**	14,659	**34.02%**	15,676	**6.94%**	**68.47%**
Total Assets	15,592	18,408	**18.06%**	22,004	**19.53%**	27,320	**24.16%**	37,074	**35.70%**	**137.78%**
Liabilities										
Current Liabilities										
Accounts Payable	170	192	12.94%	185	-3.65%	282	52.43%	301	6.74%	77.06%
Accrued Expenses and Other	3,535	3,450	-2.40%	4,332	25.57%	6,452	48.94%	10,623	64.65%	200.51%
Total Current Liabilities	3,705	3,642	-1.70%	4,517	24.03%	6,734	49.08%	10,924	62.22%	194.84%
Long-Term Debt	-	-		1,494		1525	**2.07%**	4,106	**169.25%**	
Other Long-Term Liabilities	804	979	21.77%	690	-0.2952	1,131	0.6391	1,179	4.24%	46.64%
Commitments and Contingencies	-	-		-		-		-		
Total Non-Current Liabilities	804	979	**21.77%**	2,184	**123.08%**	2,656	**21.61%**	5,285	**98.98%**	**557.34%**
Total Liabilities	4,509	4,621	**2.48%**	6,701	**45.01%**	9,390	**40.13%**	16,209	**72.62%**	**259.48%**
Stockholders' Equity										
Preferred Stock										
Common Stock	1	1	0.00%	2	100.00%	2	0.00%	2	0.00%	100.00%
Treasury Stock (at Cost)	-5377	-5377	0.00%	-6091	13.28%	-7155	17.47%	-8,053	12.55%	49.77%
Additional Paid In Capital	9,586	9,986	4.17%	10,481	4.96%	11,145	6.34%	12,062	8.23%	25.83%
Accumulated Other Comprehensive Income (Loss)	903	818	-9.41%	751	-8.19%	549	-26.90%	856	55.92%	-5.20%
Retained Earnings	5970	8359	**40.02%**	10,160	**21.55%**	13,389	**31.78%**	15,998	**19.49%**	**167.97%**
Total Stockholders' Equity	11,083	13,787	**24.40%**	15,303	**11.00%**	17,930	**17.17%**	20,865	**16.37%**	**88.26%**
Total Liabilities and Stockholders' Equity	15,592	18,408	18.06%	22,004	19.53%	20,586	-6.44%	37,074	80.09%	137.78%

Horizontal Analysis – Balance Sheet: Apple (Appendix D.11)

Balance Sheet (In Millions)	2008	2009	% Change	2010	% Change	2011	% Change	2012	% Change from 2011	% Change from 2008
Current Assets										
Cash and Cash Equivalents	11,875	5,263	-55.68%	11,261	113.97%	9,815	-12.84%	10,746	9.49%	-9.51%
Marketable Securities	10236	18,201	77.81%	14,359	-21.11%	16,137	12.38%	18,383	13.92%	79.59%
Inventories	509	455	-10.61%	1,051	130.99%	776	-26.17%	791	1.93%	55.40%
Accounts Receivable, Net, and Other	6342	6501	2.51%	13,371	105.68%	16,246	21.50%	25,150	54.81%	296.56%
Deferred Tax	1044	1135	8.72%	1636	44.14%	2014	23.11%	2583	28.25%	147.41%
Total Current Assets	30,006	31,555	**5.16%**	41,678	**32.08%**	44,988	**7.94%**	57,653	**28.15%**	**92.14%**
Fixed Assets, Net	2455	2,954	20.33%	4,768	61.41%	7,777	63.11%	15,452	98.69%	529.41%
Deferred Tax	-	-		-		-		-		
Goodwill	207	206	-0.48%	741	259.71%	896	20.92%	1,135	26.67%	448.31%
Other	3503	12,786	265.00%	27,996	118.96%	62,710	124.00%	101,824	62.37%	2806.77%
Total Non-Current Assets	6,165	15,946	**158.65%**	33,505	**110.12%**	71,383	**113.05%**	118,411	**65.88%**	**1820.70%**
Total Assets	36,171	47,501	**31.32%**	75,183	**58.28%**	116,371	**54.78%**	176,064	**51.30%**	**386.75%**
Liabilities										
Current Liabilities										
Accounts Payable	5,520	5,601	1.47%	12,015	114.52%	14,632	21.78%	21,175	44.72%	283.61%
Accrued Expenses and Other	5,841	5,905	1.10%	8,707	47.45%	13,338	53.19%	17,367	30.21%	197.33%
Total Current Liabilities	11,361	11,506	1.28%	20,722	80.10%	27,970	34.98%	38,542	37.80%	239.25%
Long-Term Debt	-	-		-		-		-		
Other Long-Term Liabilities	2513	4355	73.30%	6670	0.5316	11,786	0.767	19,312	63.86%	668.48%
Commitments and Contingencies	-	-		-		-		-		
Total Non-Current Liabilities	2513	4,355	**73.30%**	6,670	**53.16%**	11,786	**76.70%**	19,312	**63.86%**	**668.48%**
Total Liabilities	13,874	15,861	**14.32%**	27,392	**72.70%**	39,756	**45.14%**	57,854	**45.52%**	**317.00%**
Stockholders' Equity										
Preferred Stock	-	-		-		-		-		
Common Stock	7177	8210	14.39%	10668	29.94%	13331	24.96%	16422	23.19%	128.81%
Treasury Stock (at Cost)	-	-		-		-		-		
Additional Paid In Capital	-	-		-		-		-		
Accumulated Other Comprehensive Income (Loss)	-9	77	-955.56%	-46	-159.74%	443	-1063.04%	499	12.64%	-5644.44%
Retained Earnings	15129	23353	**54.36%**	37,169	**59.16%**	62,841	**69.07%**	101,289	**61.18%**	**569.50%**
Total Stockholders' Equity	22,297	31,640	**41.90%**	47,791	**51.05%**	76,615	**60.31%**	118,210	**54.29%**	**430.16%**
Total Liabilities and Stockholders' Equity	36,171	47,501	31.32%	75,183	58.28%	116,371	54.78%	176,064	51.30%	386.75%

Horizontal Analysis – Balance Sheet: Walmart (Appendix D.12)

Balance Sheet (In Millions)	2008	2009	% Change	2010	% Change	2011	% Change	2012	% Change from 2011	% Change from 2008
Current Assets										
Cash and Cash Equivalents	7,275	7,907	8.69%	7,395	-6.48%	6,550	-11.43%	7,781	18.79%	6.96%
Marketable Securities	-	-		-		-		-		
Inventories	34,511	32,713	-5.21%	36,318	11.02%	40,714	12.10%	43,803	7.59%	26.92%
Accounts Receivable, Net, and Other	7163	7412	3.48%	8,180	10.36%	7,711	-5.73%	8,356	8.36%	16.66%
Deferred Tax	-	-		-		-		-		
Total Current Assets	48,949	48,032	**-1.87%**	51,893	**8.04%**	54,975	**5.94%**	59,940	**9.03%**	**22.45%**
Fixed Assets, Net	95653	102,307	6.96%	107,878	5.45%	112,324	4.12%	116,681	3.88%	21.98%
Deferred Tax	-	-		-		-		-		
Goodwill	15260	16,126	5.67%	16,763	3.95%	20,651	23.19%	20,497	-0.75%	34.32%
Other	3567	3,942	10.51%	4,129	4.74%	5,456	32.14%	5,987	9.73%	67.84%
Total Non-Current Assets	114,480	122,375	**6.90%**	128,770	**5.23%**	138,431	**7.50%**	143,165	**3.42%**	**25.06%**
Total Assets	163,429	170,407	**4.27%**	180,663	**6.02%**	193,406	**7.05%**	203,105	**5.01%**	**24.28%**
Liabilities										
Current Liabilities										
Accounts Payable	28,849	30,451	5.55%	33,557	10.20%	36,608	9.09%	38,080	4.02%	32.00%
Accrued Expenses and Other	26,541	25,092	-5.46%	24,927	-0.66%	25,692	3.07%	33,738	31.32%	27.12%
Total Current Liabilities	55,390	55,543	0.28%	58,484	5.29%	62,300	6.52%	71,818	15.28%	29.66%
Long-Term Debt	31349	33,231	**6.00%**	40,692	**22.45%**	44070	**8.30%**	38,394	**-12.88%**	**22.47%**
Other Long-Term Liabilities	9611	8985	-6.51%	10240	0.1397	11,275	0.1011	11,155	-1.06%	16.06%
Commitments and Contingencies	-	-		-		-		-		
Total Non-Current Liabilities	40960	42,216	**3.07%**	50,932	**20.65%**	55,345	**8.66%**	49,549	**-10.47%**	**20.97%**
Total Liabilities	96,350	97,759	**1.46%**	109,416	**11.92%**	117,645	**7.52%**	121,367	**3.16%**	**25.96%**
Stockholders' Equity										
Preferred Stock										
Common Stock	393	378	-3.82%	352	-6.88%	342	-2.84%	332	-2.92%	-15.52%
Treasury Stock (at Cost)	-	-		-		-		-		
Additional Paid In Capital	3,920	3,803	-2.98%	3,577	-5.94%	3,692	3.21%	3,620	-1.95%	-7.65%
Accumulated Other Comprehensive Income (Loss)	-894	2110	-336.02%	3351	58.82%	3036	-9.40%	4808	58.37%	-637.81%
Retained Earnings	63660	66357	**4.24%**	63,967	**-3.60%**	68,691	**7.39%**	72,978	**6.24%**	**14.64%**
Total Stockholders' Equity	67,079	72,648	**8.30%**	71,247	**-1.93%**	75,761	**6.34%**	81,738	**7.89%**	**21.85%**
Total Liabilities and Stockholders' Equity	163,429	170,407	4.27%	180,663	6.02%	193,406	7.05%	203,105	5.01%	24.28%

Horizontal Analysis – Balance Sheet: Best Buy (Appendix D.13)

Balance Sheet (In Millions)	2008	2009	% Change	2010	% Change	2011	% Change	2012	% Change from 2011	% Change from 2008
Current Assets										
Cash and Cash Equivalents	498	1,826	266.67%	1,103	-39.59%	1,199	8.70%	1,826	52.29%	266.67%
Marketable Securities	11	90	718.18%	22	-75.56%	-		-		
Inventories	4,753	5,486	15.42%	5,897	7.49%	5,731	-2.81%	6,571	14.66%	38.25%
Accounts Receivable, Net, and Other	2930	3164	7.99%	3,451	9.07%	3,367	-2.43%	3,650	8.41%	24.57%
Deferred Tax	-	-		-		-		-		
Total Current Assets	8,192	10,566	**28.98%**	10,473	**-0.88%**	10,297	**-1.68%**	12,047	**17.00%**	**47.06%**
Fixed Assets, Net	4174	4,070	-2.49%	3,823	-6.07%	3,471	-9.21%	3,270	-5.79%	-21.66%
Deferred Tax	-	-		-		-		-		
Goodwill	2203	2,452	11.30%	2,454	0.08%	1,335	-45.60%	528	-60.45%	-76.03%
Other	1257	1,214	-3.42%	1,099	-9.47%	902	-17.93%	942	4.43%	-25.06%
Total Non-Current Assets	7,634	7,736	**1.34%**	7,376	**-4.65%**	5,708	**-22.61%**	4,740	**-16.96%**	**-37.91%**
Total Assets	15,826	18,302	**15.65%**	17,849	**-2.48%**	16,005	**-10.33%**	16,787	**4.89%**	**6.07%**
Liabilities										
Current Liabilities										
Accounts Payable	4,997	5,276	5.58%	4,894	-7.24%	5,364	9.60%	6,951	29.59%	39.10%
Accrued Expenses and Other	3,438	3,702	7.68%	3,769	1.81%	3,491	-7.38%	3,859	10.54%	12.25%
Total Current Liabilities	8,435	8,978	6.44%	8,663	-3.51%	8,855	2.22%	10,810	22.08%	28.16%
Long-Term Debt	1126	1,104	**-1.95%**	711	**-35.60%**	1685	**136.99%**	1,153	**-31.57%**	**2.40%**
Other Long-Term Liabilities	1109	1256	13.26%	1183	-0.058121	1,099	-0.071006	1,109	0.91%	0.00%
Commitments and Contingencies	-	-		-		-		-		
Total Non-Current Liabilities	2235	2,360	**5.59%**	1,894	**-19.75%**	2,784	**46.99%**	2,262	**-18.75%**	**1.21%**
Total Liabilities	10,670	11,338	**6.26%**	10,557	**-6.89%**	11,639	**10.25%**	13,072	**12.31%**	**22.51%**
Stockholders' Equity										
Preferred Stock										
Common Stock	41	42	2.44%	39	-7.14%	34	-12.82%	34	0.00%	-17.07%
Treasury Stock (at Cost)	-	-		-		-		-		
Additional Paid In Capital	205	441	115.12%	18	-95.92%	-		54		-73.66%
Accumulated Other Comprehensive Income (Loss)	196	684	248.98%	863	26.17%	711	-17.61%	766	7.74%	290.82%
Retained Earnings	4714	5797	**22.97%**	6,372	**9.92%**	3,621	**-43.17%**	2,861	**-20.99%**	**-39.31%**
Total Stockholders' Equity	5,156	6,964	**35.07%**	7,292	**4.71%**	4,366	**-40.13%**	3,715	**-14.91%**	**-27.95%**
									#DIV/0!	#DIV/0!
Total Liabilities and Stockholders' Equity	15,826	18,302	15.65%	17,849	-2.48%	16,005	-10.33%	16,787	4.89%	6.07%

Horizontal Analysis – Balance Sheet: Barnes & Noble (Appendix D.14)

Balance Sheet (In Thousands)	2008	2009	% Change	2010	% Change	2011	% Change	2012	% Change from 2011	% Change from 2008
Current Assets										
Cash and Cash Equivalents	335,080	86,594	-74.16%	60,965	-29.60%	59,429	-2.52%	54,131	-8.91%	-83.85%
Marketable Securities	-	-		-		-		-		
Inventories	1,358,170	1,233,756	-9.16%	1,370,111	11.05%	1,375,362	0.38%	1,561,841	13.56%	15.00%
Accounts Receivable, Net, and Other	272431	192284	-29.42%	288,401	49.99%	312,230	8.26%	381,821	22.29%	40.15%
Deferred Tax	-	-		-		-		-		
Total Current Assets	1,965,681	1,512,634	**-23.05%**	1,719,477	**13.67%**	1,747,021	**1.60%**	1,997,793	**14.35%**	**1.63%**
Fixed Assets, Net	813895	800,744	-1.62%	812,034	1.41%	704,651	-13.22%	622,655	-11.64%	-23.50%
Deferred Tax	102633	-	-100.00%	-		-		-		-100.00%
Goodwill	242633	254,842	5.03%	528,541	107.40%	524,113	-0.84%	519,685	-0.84%	114.19%
Other	124984	96,059	-23.14%	645,634	572.12%	620,681	-3.86%	625,116	0.71%	400.16%
Total Non-Current Assets	1,284,145	1,151,645	**-10.32%**	1,986,209	**72.47%**	1,849,445	**-6.89%**	1,767,456	**-4.43%**	**37.64%**
Total Assets	3,249,826	2,664,279	**-18.02%**	3,705,686	**39.09%**	3,596,466	**-2.95%**	3,765,249	**4.69%**	**15.86%**
Liabilities										
Current Liabilities										
Accounts Payable	831,669	698,315	-16.03%	868,976	24.44%	949,010	9.21%	959,423	1.10%	15.36%
Accrued Expenses and Other	758,498	587,454	-22.55%	855,432	45.62%	785,667	-8.16%	867,857	10.46%	14.42%
Total Current Liabilities	1,590,167	1,285,769	-19.14%	1,724,408	34.11%	1,734,677	0.60%	1,827,280	5.34%	14.91%
Long-Term Debt	-	-		260,400		313100	**20.24%**	324,200	**3.55%**	
Other Long-Term Liabilities	584939	466687	-20.22%	817510	0.7517	728,779	-0.1085	866,112	18.84%	48.07%
Commitments and Contingencies	-	-		-		-		-		
Total Non-Current Liabilities	584939	466,687	**-20.22%**	1,077,910	**130.97%**	1,041,879	**-3.34%**	1,190,312	**14.25%**	**103.49%**
Total Liabilities	2,175,106	1,752,456	**-19.43%**	2,802,318	**59.91%**	2,776,556	**-0.92%**	3,017,592	**8.68%**	**38.73%**
Stockholders' Equity										
Preferred Stock										
Common Stock	87	88	1.15%	89	1.14%	90	1.12%	91	1.11%	4.60%
Treasury Stock (at Cost)	-846048	-1049328	24.03%	-1052356	0.29%	-1054192	0.17%	-1,058,282	0.39%	25.09%
Additional Paid In Capital	1,233,343	1,274,454	3.33%	1,286,215	0.92%	1,323,263	2.88%	1,340,909	1.33%	8.72%
Accumulated Other Comprehensive Income (Loss)	-9523	-10433	9.56%	-11662	11.78%	-11630	-0.27%	-16635	43.04%	74.68%
Retained Earnings	696861	697042	**0.03%**	681,082	**-2.29%**	562,379	**-17.43%**	481,574	**-14.37%**	**-30.89%**
Total Stockholders' Equity	1,074,720	911,823	**-15.16%**	903,368	**-0.93%**	819,910	**-9.24%**	747,657	**-8.81%**	**-30.43%**
Total Liabilities and Stockholders' Equity	3,249,826	2,664,279	-18.02%	3,705,686	39.09%	3,596,466	-2.95%	3,765,249	4.69%	15.86%

Horizontal Analysis – Balance Sheet: Overstock.com (Appendix D.15)

Balance Sheet (In Thousands)	2008	2009	% Change	2010	% Change	2011	% Change	2012	% Change from 2011	% Change from 2008
Current Assets										
Cash and Cash Equivalents	96,457	139,757	44.89%	124,021	-11.26%	96,985	-21.80%	93,547	-3.54%	-3.02%
Marketable Securities	8989	-	-100.00%	-		-		-		-100.00%
Inventories	24,719	23,375	-5.44%	32,114	37.39%	22,993	-28.40%	26,464	15.10%	7.06%
Accounts Receivable, Net, and Other	22925	29208	27.41%	29,835	2.15%	29,215	-2.08%	35,987	23.18%	56.98%
Deferred Tax	-	-		-		-		-		
Total Current Assets	153,090	192,340	**25.64%**	185,970	**-3.31%**	149,193	**-19.78%**	155,998	**4.56%**	**1.90%**
Fixed Assets, Net	24724	20,618	-16.61%	27,800	34.83%	25,322	-8.91%	21,037	-16.92%	-14.91%
Deferred Tax	-	-		-		-		-		
Goodwill	2784	2,784	0.00%	2,784	0.00%	2,784	0.00%	2,784	0.00%	0.00%
Other	538	758	40.89%	1,405	85.36%	2,260	60.85%	2,166	-4.16%	302.60%
Total Non-Current Assets	28,046	24,160	**-13.86%**	31,989	**32.40%**	30,366	**-5.07%**	25,987	**-14.42%**	**-7.34%**
Total Assets	181,136	216,500	**19.52%**	217,959	**0.67%**	179,559	**-17.62%**	181,985	**1.35%**	**0.47%**
Liabilities										
Current Liabilities										
Accounts Payable	57,981	76,623	32.15%	67,311	-12.15%	70,332	4.49%	62,416	-11.26%	7.65%
Accrued Expenses and Other	53,329	64,481	20.91%	103,913	61.15%	92,990	-10.51%	86,085	-7.43%	61.42%
Total Current Liabilities	111,310	141,104	26.77%	171,224	21.35%	163,322	-4.62%	148,501	-9.07%	33.41%
Long-Term Debt										
Other Long-Term Liabilities	72072	64596	-10.37%	3858	-0.9403	3,000	-0.2224	2,522	-15.93%	-96.50%
Commitments and Contingencies	-	-		-		-		-		
Total Non-Current Liabilities	72072	64,596	**-10.37%**	3,858	**-94.03%**	3,000	**-22.24%**	2,522	**-15.93%**	**-96.50%**
Total Liabilities	183,382	205,700	**12.17%**	175,082	**-14.88%**	166,322	**-5.00%**	151,023	**-9.20%**	**-17.65%**
Stockholders' Equity										
Preferred Stock	-	-		-		-		-		
Common Stock	2	2	0.00%	2	0.00%	2	0.00%	2	0.00%	0.00%
Treasury Stock (at Cost)	-76670	-76186	-0.63%	-76764	0.76%	-78368	2.09%	-78,839	0.60%	2.83%
Additional Paid In Capital	337,707	343,040	1.58%	349,747	1.96%	353,368	1.04%	356,895	1.00%	5.68%
Accumulated Other Comprehensive Income (Loss)	48	-	-100.00%	-		-		-		-100.00%
Retained Earnings	-263333	-256056	**-2.76%**	-242,327	**-5.36%**	-261,765	**8.02%**	-247,096	**-5.60%**	**-6.17%**
Total Stockholders' Equity	-2,246	10,800	**-580.85%**	30,658	**183.87%**	13,237	**-56.82%**	30,962	**133.90%**	**-1478.54%**
Total Liabilities and Stockholders' Equity	181,136	216,500	19.52%	205,740	-4.97%	179,559	-12.73%	181,985	1.35%	0.47%

Vertical Analysis – Balance Sheet 2012 (Appendix D.16)

2012	Amazon	% of Assets	E-Bay	% of Assets	Apple	% of Assets	Walmart	% of Assets	Best Buy	% of Assets	Barnes & Noble	% of Assets	Overstock	% of Assets
Current Assets	In Millions		In Millions		In Millions		In Millions		In Millions				In Thousands	
Cash and Cash Equivalents	8,084	24.83%	6,817	18.39%	10,746	6.10%	7,781	3.83%	1,826	10.88%	54,131	1.44%	93,547	51.40%
Marketable Securities	3,364	10.33%	2,591	6.99%	18,383	10.44%	-		-		-		-	
Inventories	6,031	18.53%	-		791	0.45%	43,803	21.57%	6,571	39.14%	1,561,841	41.48%	26,464	14.54%
Accounts Receivable, Net, & Other	3,364	10.33%	11,990	32.34%	25,150	14.28%	8,356	4.11%	3,650	21.74%	381,821	10.14%	35,987	19.77%
Deferred Tax	453	1.39%	-		2,583	1.47%	-		-		-		-	
Total Current Assets	21,296	**65.42%**	21,398	**57.72%**	57,653	**32.75%**	59,940	**29.51%**	12,047	**71.76%**	1,997,793	**53.06%**	155,998	**85.72%**
Fixed Assets, Net	7,060	21.69%	2,491	6.72%	15,452	8.78%	116,681	57.45%	3,270	19.48%	622,655	16.54%	21,037	11.56%
Deferred Tax	123	0.38%	-				-		-		-		-	
Goodwill	2,552	7.84%	8,537	23.03%	1,135	0.64%	20,497	10.09%	528	3.15%	519,685	13.80%	2,784	1.53%
Other	1,524	4.68%	4,648	12.54%	101,824	57.83%	5,987	2.95%	942	5.61%	625,116	16.60%	2,166	1.19%
Total Non-Current Assets	11,259	**34.58%**	15,676	**42.28%**	118,411	**67.25%**	143,165	**70.49%**	4,740	**28.24%**	1,767,456	**46.94%**	25,987	**14.28%**
Total Assets	32,555	**100.00%**	37,074	**100.00%**	176,064	**100.00%**	203,105	**100.00%**	16,787	**100.00%**	3,765,249	**100.00%**	181,985	**100.00%**
Liabilities														
Current Liabilities														
Accounts Payable	13,318	40.91%	301	0.81%	21,175	12.03%	38,080	18.75%	6,951	41.41%	959,423	25.48%	62,416	34.30%
Accrued Expenses & Other	5,684	17.46%	10,623	28.65%	17,367	9.86%	33,738	16.61%	3,859	22.99%	867,857	23.05%	86,085	47.30%
Total Current Liabilities	19,002	**58.37%**	10,924	**29.47%**	38,542	**21.89%**	71,818	**35.36%**	10,810	**64.40%**	1,827,280	**48.53%**	148,501	**81.60%**
Long-Term Debt	3,084	9.47%	4,106	11.08%			38,394	18.90%	1,153	6.87%	324,200	8.61%	-	
Other Long-Term Liabilities	2,277	6.99%	1,179	3.18%	19,312	10.97%	11,155	5.49%	1,109	6.61%	866,112	23.00%	2,522	1.39%
Contingencies & Commitments	-	0.00%	-				-		-		-		-	
Total Non-Current Liabilities	5,361	**16.47%**	5,285	**14.26%**	19,312	**10.97%**	49,549	**24.40%**	2,262	**13.47%**	1,190,312	**31.61%**	2,522	**1.39%**
Total Liabilities	24,363	**74.84%**	16,209	**43.72%**	57,854	**32.86%**	121,367	**59.76%**	13,072	**77.87%**	3,017,592	**80.14%**	151,023	**82.99%**
Stockholders' Equity														
Preferred Stock														
Common Stock	5	0.02%	2	0.01%	16,422	9.33%	332	0.16%	34	0.20%	91	0.00%	2	0.00%
Treasury Stock	-1,837	-5.64%	-8,053	-21.72%			-		-	0.00%	-1,058,282	-28.11%	-78,839	-43.32%
Additional Paid In Capital	8,347	25.64%	12,062	32.53%			3,620	1.78%	54	0.32%	1,340,909	35.61%	356,895	196.11%
Accumulated Other Comprehensive Income (Loss)	-239	-0.73%	856	2.31%	499	0.28%	4,808	2.37%	766	4.56%	-16,635	-0.44%	-	
Retained Earnings	1,916	5.89%	15,998	43.15%	101,289	57.53%	72,978	35.93%	2,861	17.04%	481,574	12.79%	-247,096	-135.78%
Total Stockholders' Equity	8,192	**25.16%**	20,865	**56.28%**	118,210	**67.14%**	81,738	**40.24%**	3,715	**22.13%**	747,657	**19.86%**	30,962	**17.01%**
Total Liabiliites & Assets	32,555	**100.00%**	37,074	**100.00%**	176,064	**100.00%**	203,105	**100.00%**	16,787	**100.00%**	3,765,249	**100.00%**	181,985	**100.00%**