

EXHIBIT 5

(Continued)

	December 31	
	2010	2011
Voting common stock, \$.0001 par value, 1,000,000,000 shares authorized, 422,991,996 shares issued and 331,232,520 shares outstanding at December 31, 2010 and no shares outstanding at December 31, 2011	4	—
Class A common stock, par value \$.0001 per share, no shares authorized, issued, and outstanding at December 31, 2010; 2,000,000,000 shares authorized, 641,745,225 shares issued and outstanding at December 31, 2011	—	64
Treasury stock, at cost, 93,328,656 shares at December 31, 2010 and no shares outstanding at December 31, 2011	(503,173)	—
Additional paid-in capital	921,122	1,388,253
Stockholder receivable	(286)	—
Accumulated deficit	(419,468)	(698,704)
Accumulated other comprehensive income	9,875	12,928
Total Groupon, Inc. Stockholders' Equity	8,077	702,541
Noncontrolling interests	(1,530)	(3,074)
Total equity	6,547	699,467
Total liabilities and equity	\$ 381,570	\$ 1,774,476

SOURCE: Groupon, Inc. 10-K (March 30, 2012), p. 65.

Selling expenses reported in **Exhibit 4** consisted of “payroll and sales commissions for sales representatives, as well as costs associated with supporting the sales function such as technology, telecommunications, and travel.”⁴⁰ For the years 2009, 2010, and 2011, total selling, general, and administrative expenses were reported at US\$5.8 million, US\$196.6 million, and US\$821.0 million, respectively.⁴¹ Groupon attributed these increases largely to the expansion of its global sales force as well as investments in technology and corporate infrastructure.⁴² Like its marketing expense, Groupon expected that selling, general, and administrative expenses would decrease as a percentage of revenue as its operations matured over time.

The underlying concern regarding Groupon’s financials was that the company realized a total net loss in income every year since its inception. For the years 2008 through 2011, these losses amounted to US\$1.5 million, US\$1.3 million, US\$413.3 million, and US\$297.7 million, respectively.⁴³ As shown in the statement of retained earnings in **Exhibit 6**, these losses led to an accumulated deficit of US\$698.7 million in 2011. In this light, management decided not to pay dividends, intending instead “to retain all of our earnings for the foreseeable future to finance the operation and expansion of our business.”⁴⁴

EXHIBIT 6

Consolidated Statement of Retained Earnings (thousands)

Report Date	12/31/2011	12/31/2010	12/31/2009	12/31/2008
Previous retained earnings (accumulated deficit)	(419,468)	(29,828)	(2,574)	(1,032)
Common stock dividends	—	—	20,338	—
Preferred stock dividends	—	—	5,575	—
Forfeiture of dividends	(191)	—	—	—
Retained earnings (accumulated deficit)	(698,704)	(419,468)	(29,828)	(2,574)

SOURCE: Mergent Online.