Pro forma results

Amazon letters: 2000, 2001 · Difficulty: Intro

> *"As I mentioned, we exceeded our goals for the fourth quarter with pro forma operating profit of $59 million and pro forma net profit of $35 million." (2001)*

1. A company's GAAP operating loss is $20 million. Its pro forma figure leaves out $50 million of stock-based compensation and goodwill amortization. What pro forma operating profit does it report ($ millions)?
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2. Which statement about pro forma (non-GAAP) results is true?

   A. They include every expense GAAP requires

   B. GAAP does not define them, so the company chooses what to leave out

   C. They must be audited the same way as GAAP results

   D. They always equal GAAP net income

Source: Jeffrey P. Bezos, Letters to Amazon.com Shareholders: 2000, 2001 (ir.aboutamazon.com). Quotation © Amazon.com, Inc., all rights reserved; reproduced in part for non-commercial teaching. Numbers in the questions are made up unless stated.