

Amazon Shareholder Proposal: Bitcoin Treasury Assessment

Submitted by the National Center for Public Policy Research, 12/6/24

Supporting Statement:

In periods of consistent, and often rampant, inflation, a company's value is measured not only by how profitable its primary business is, but also by how well it stores the profits from that business.

Corporations that invest their assets wisely can – and often do – increase shareholder value more than more profitable businesses that don't. Therefore, during inflationary times, corporations have a fiduciary duty to maximize shareholder value not only by working to increase profits, but also by working to protect those profits from debasement.

The average inflation rate in the US over the last four years according to the CPI – a remarkably poor measure of inflation – is 4.95%, peaking at 9.1% in June, 2022. In reality, the true inflation rate is significantly higher, with some studies estimating it to be nearly double the CPI at times. So a corporation's assets have needed to appreciate at *those* rates just to break even.

As of September 30, 2024, Amazon has \$585 billion in total assets, \$88 billion of which is cash, cash equivalents and marketable securities, including US government bonds, foreign government bonds and corporate bonds. Since cash is consistently being debased and bond yields are lower than the true inflation rate, Amazon isn't adequately protecting billions of dollars of shareholder value simply by holding these assets.

Amazon should – and perhaps has a fiduciary duty to – consider adding assets to its treasury that appreciate more than bonds, even if those assets are more volatile short-term.

As of December 6, 2024, the price of Bitcoin increased by 131% over the previous year, outperforming corporate bonds by 126% on average. Over the past five years, the price of Bitcoin increased by 1,246%, outperforming corporate bonds by 1,242% on average.

MicroStrategy – which holds Bitcoin on its balance sheet – has had its stock outperform Amazon stock by 537% in the previous year. And they're not alone. Institutional and corporate Bitcoin adoption is becoming more commonplace: more public companies such as Tesla and Block have added Bitcoin to their balance sheets; Amazon's second and fourth largest institutional shareholders – BlackRock and Fidelity, respectively – offer their clients a Bitcoin ETF; and the US government may form a Bitcoin strategic reserve in 2025.

Though Bitcoin is currently a volatile asset – as Amazon stock has been at times throughout its history – corporations have a responsibility to maximize shareholder value over the long-term as well as the short-term. Diversifying the balance sheet by including *some* Bitcoin solves this problem without taking on too much volatility. At minimum, Amazon should evaluate the benefits of holding some, even just 5%, of its assets in Bitcoin.

Resolved: Shareholders request that the Board conduct an assessment to determine if adding Bitcoin to the Company's treasury is in the best long-term interests of shareholders.

More information on the National Center for Public Policy Research's Free Enterprise Project can be found at <https://www.freeenterpriseproject.org/>

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