



**Q4 2007 Financial Results Conference  
Call Slides**

# Amazon.com

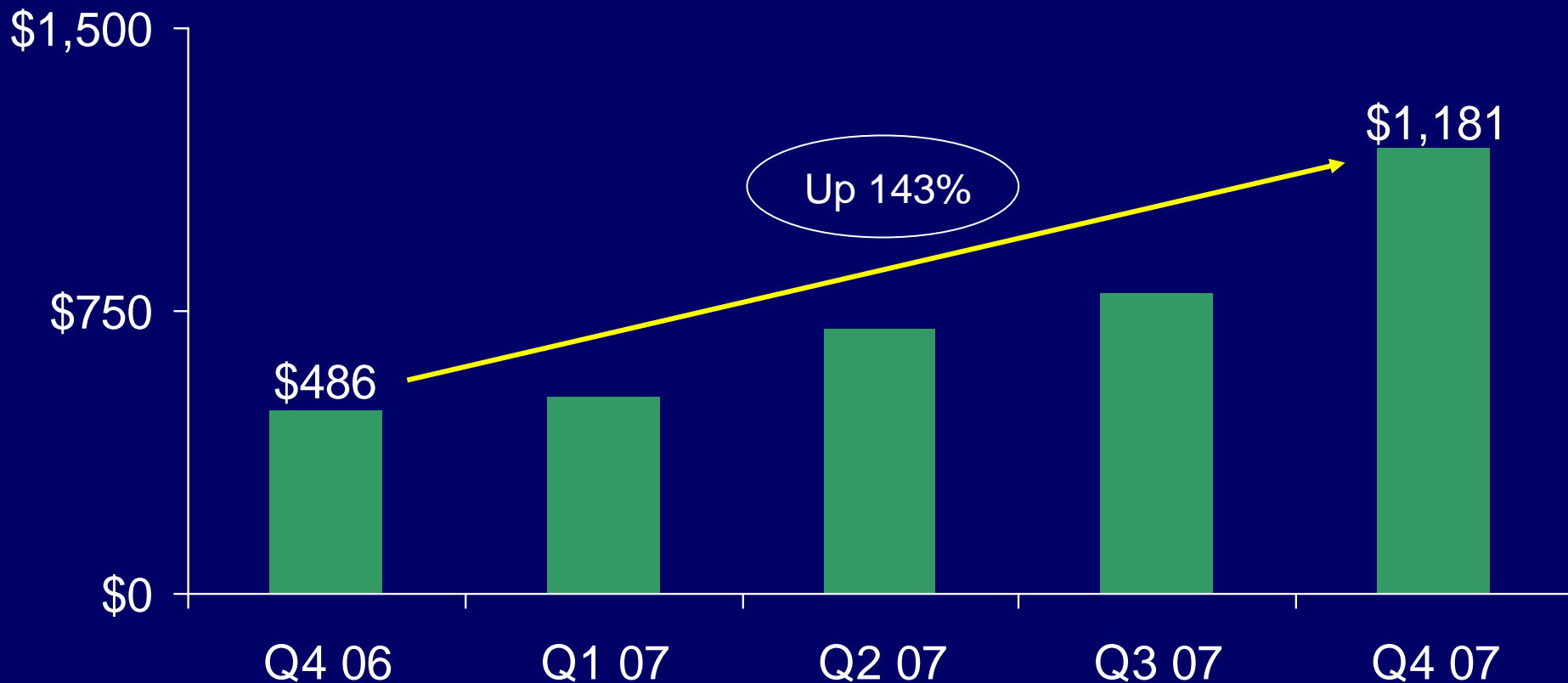
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*This presentation may contain forward-looking statements which are inherently difficult to predict. Actual results could differ materially for a variety of reasons, including fluctuations in foreign exchange rates, changes in global economic conditions and consumer spending, world events, the rate of growth of the Internet and online commerce, the amount that Amazon.com invests in new business opportunities and the timing of those investments, the mix of products sold to customers, the mix of net sales derived from products as compared with services, the extent to which we owe income taxes, competition, management of growth, potential fluctuations in operating results, international growth and expansion, the outcomes of legal proceedings and claims, fulfillment center optimization, risks of inventory management, seasonality, the degree to which the Company enters into, maintains and develops commercial agreements, acquisitions and strategic transactions, and risks of fulfillment throughput and productivity. Other risks and uncertainties include, among others, risks related to new products, services and technologies, system interruptions, significant indebtedness, government regulation and taxation, payments, and fraud. More information about factors that potentially could affect Amazon.com's financial results is included in Amazon.com's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2006, and subsequent filings.*

*Additional information relating to certain of our financial measures contained herein is available in the appendix to our presentation, our most recent earnings release and at our website at [www.amazon.com/ir](http://www.amazon.com/ir) under 'Financial Documents'.*

# Our Results

Free Cash Flow -- TTM <sup>(1)</sup>  
(\$MM)



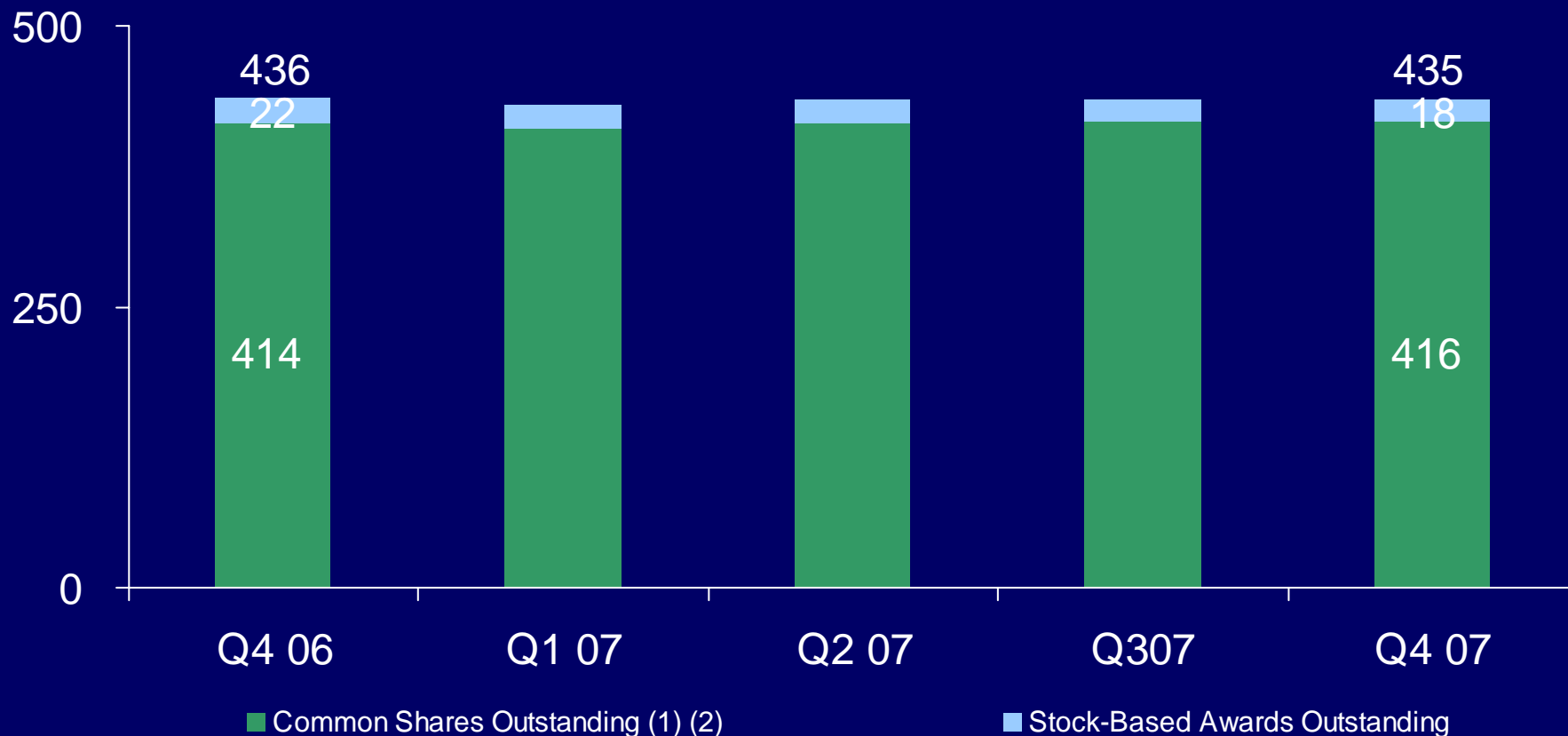
**Long Term Goal -- Optimize Free Cash Flow Per Share**

(1) Free cash flow is a non-GAAP financial measure. See the appendix for reconciliation of free cash flow to operating cash flow. 3

# Our Results

## Shares

(MM)



**Efficiently Managing Dilution -- Flat Y/Y**

- (1) The Company repurchased 6 million shares in Q1 07
- (2) Does not include shares issuable upon conversion of outstanding convertible debt

# Our Results

## Return on Invested Capital -- TTM <sup>(1)</sup>

(\$MM)



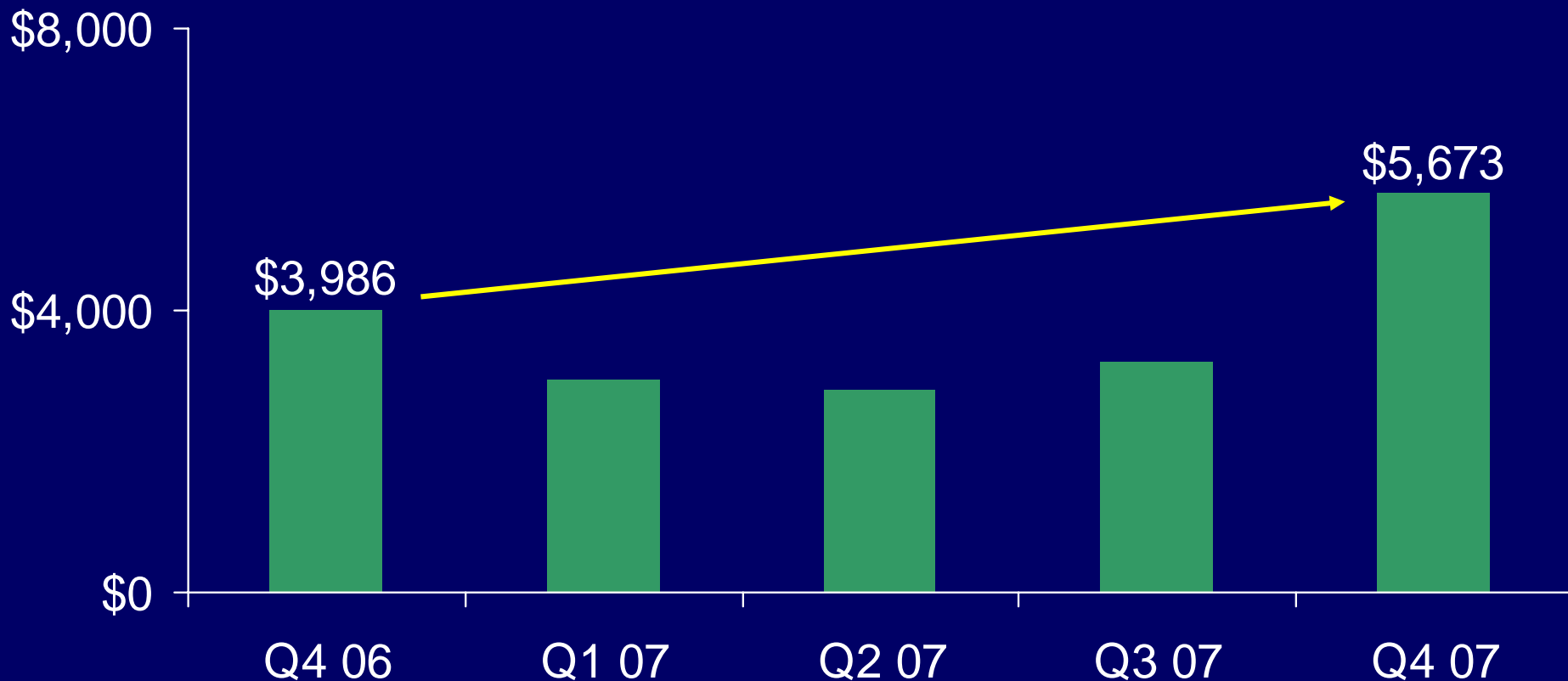
**Long Term Expectation -- Triple Digit ROIC**

(1) ROIC = Free Cash Flow divided by 5 quarter average of (Total Assets less Total Current Liabilities)

# Our Results

## Net Sales

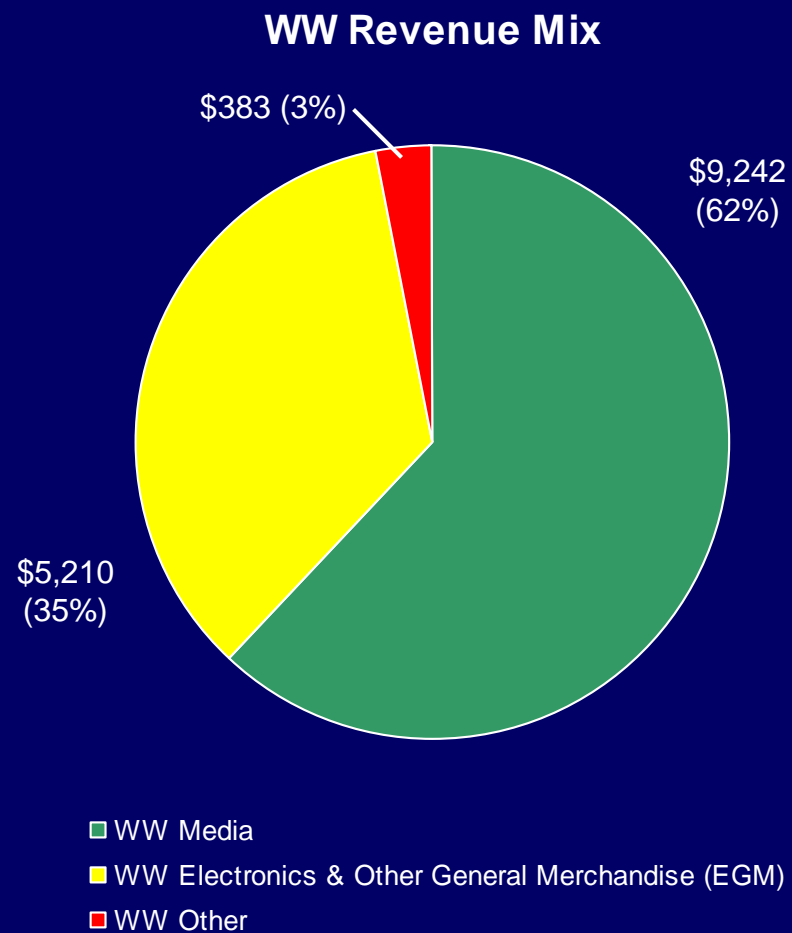
(\$MM)



Up 42% Y/Y (37% F/X Adjusted)

# Our Results

## Net Sales -- TTM (\$MM)



**35% of WW TTM Revenue From EGM, Up from 31% Y/Y**

# Our Results

## GAAP Operating Income (\$MM)



# Our Results

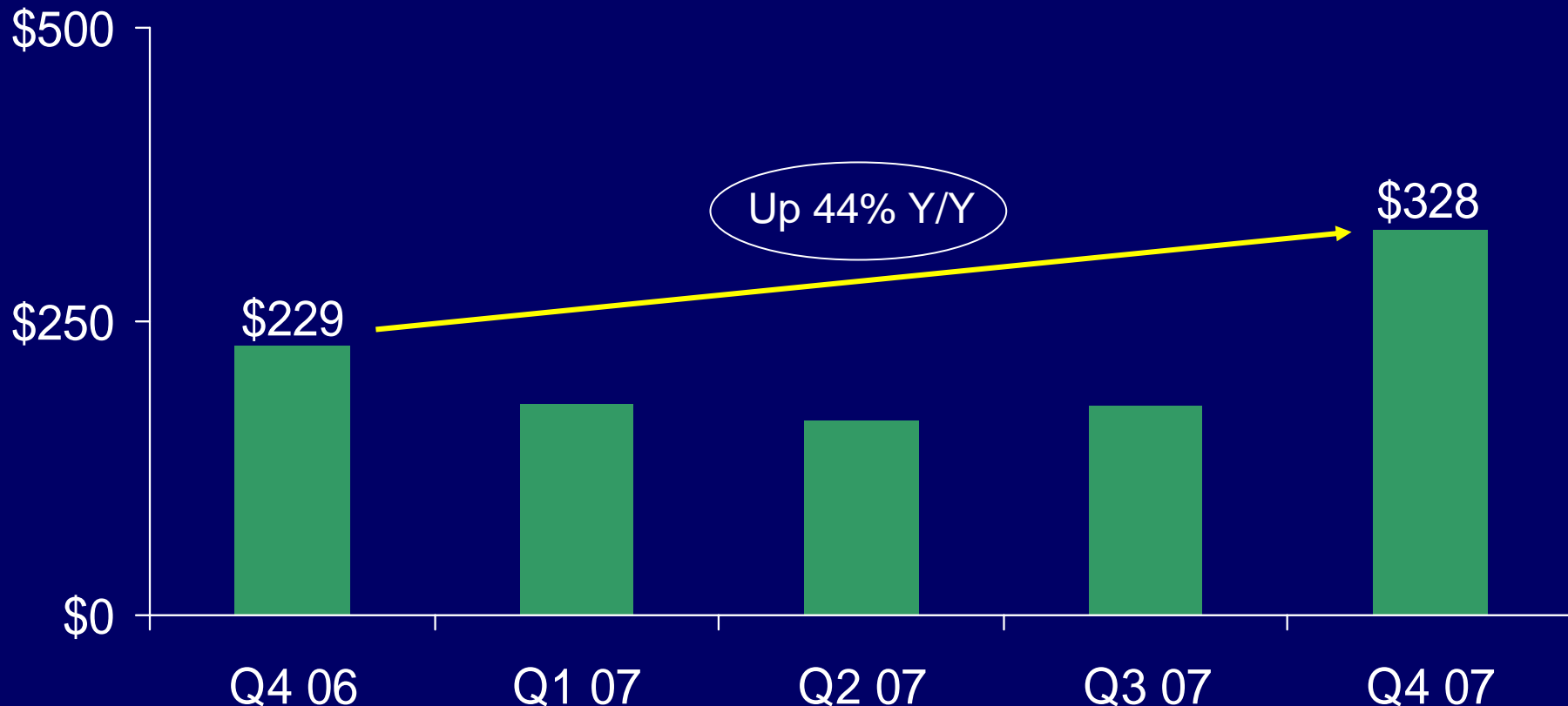
## GAAP Operating Income -- TTM

(\$MM)



# Our Results

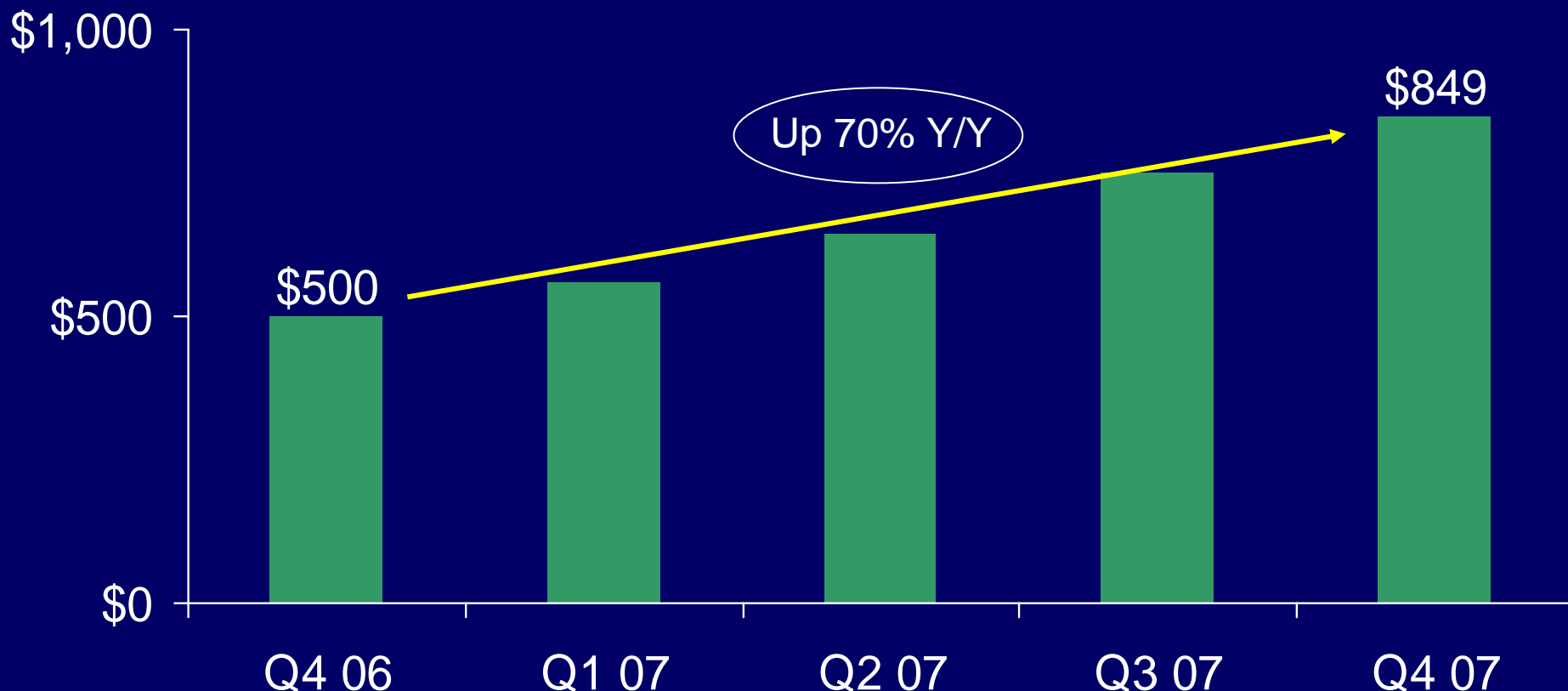
## Consolidated Segment Operating Income <sup>(1)</sup> (\$MM)



(1) See the appendix for a reconciliation of consolidated segment operating income to operating income.

# Our Results

## Consolidated Segment Operating Income -- TTM <sup>(1)</sup> (\$MM)

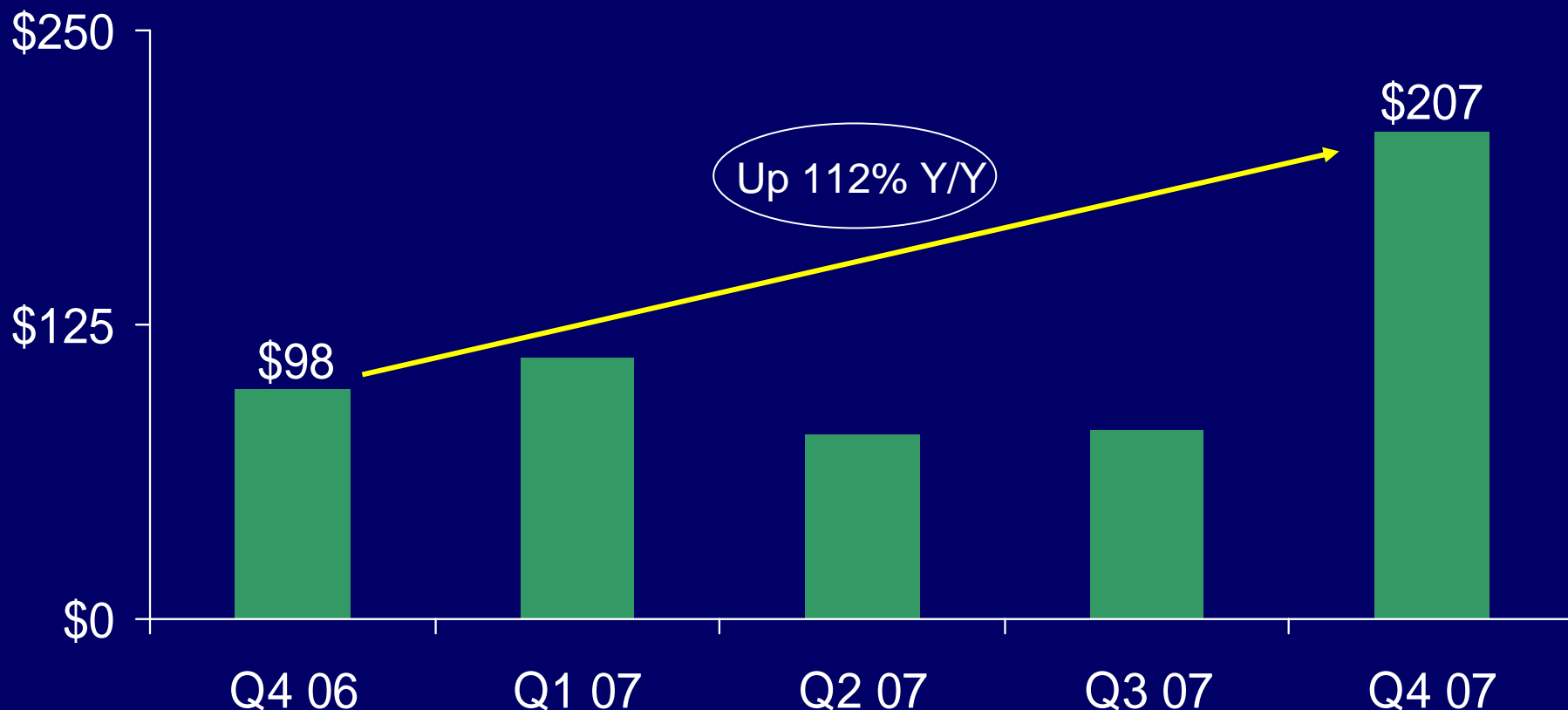


(1) See the appendix for a reconciliation of consolidated segment operating income to operating income.

# Our Results

## GAAP Net Income

(\$MM)



# Segment Results

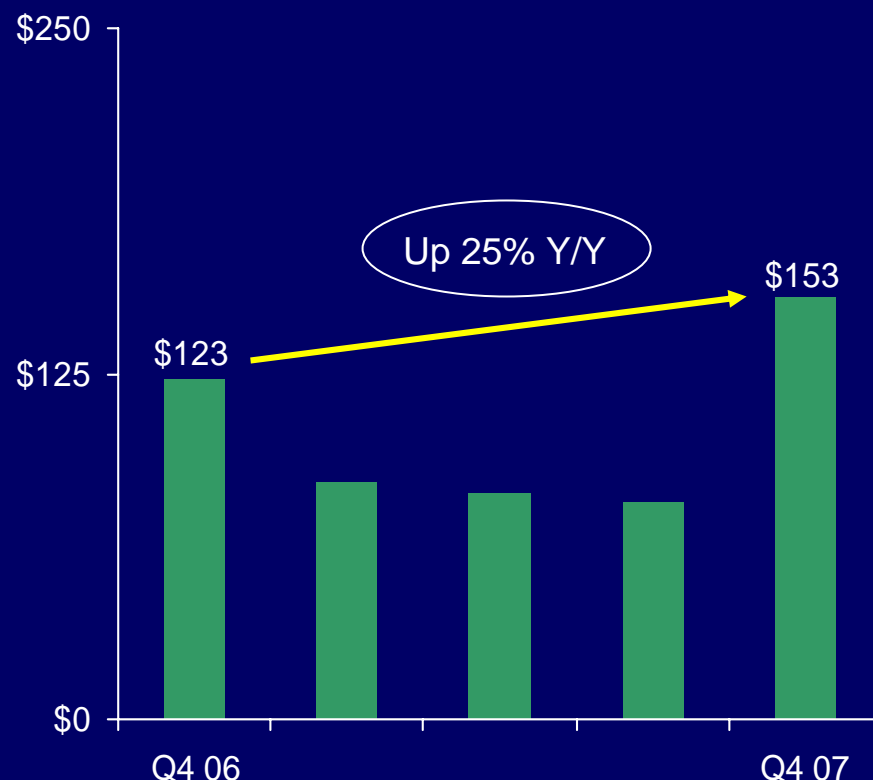
## North America

(\$MM)

### Net Sales



### Operating Income (1)



**TTM Net Sales Over \$8.0 Billion**

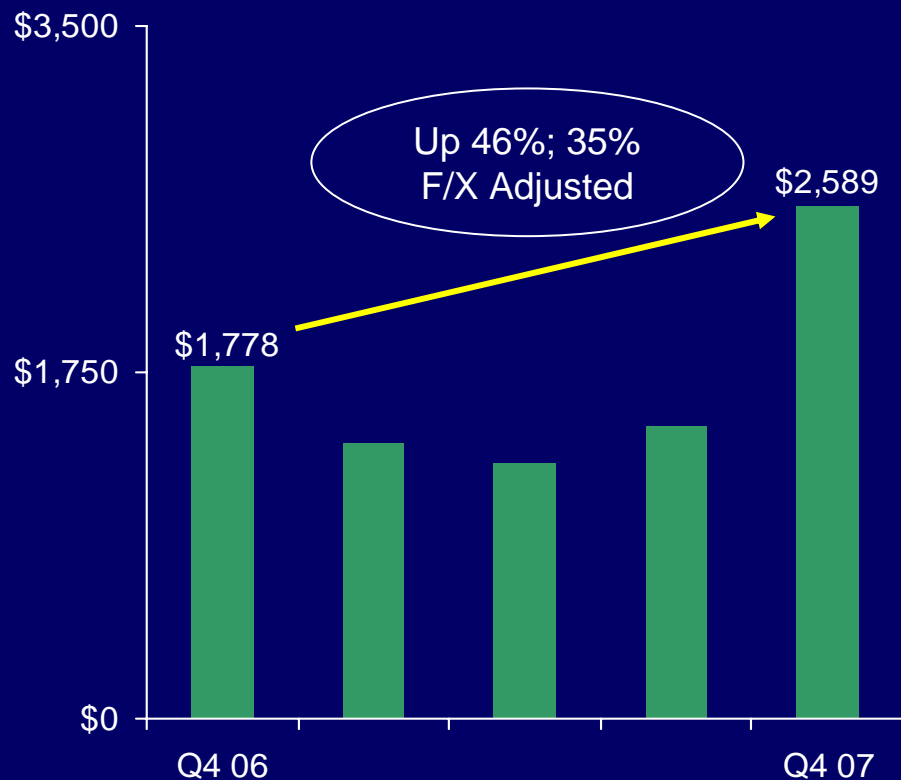
(1) A significant majority of our costs for "Technology and Content" are incurred in the United States and most of these costs are allocated to our North America segment.

# Segment Results

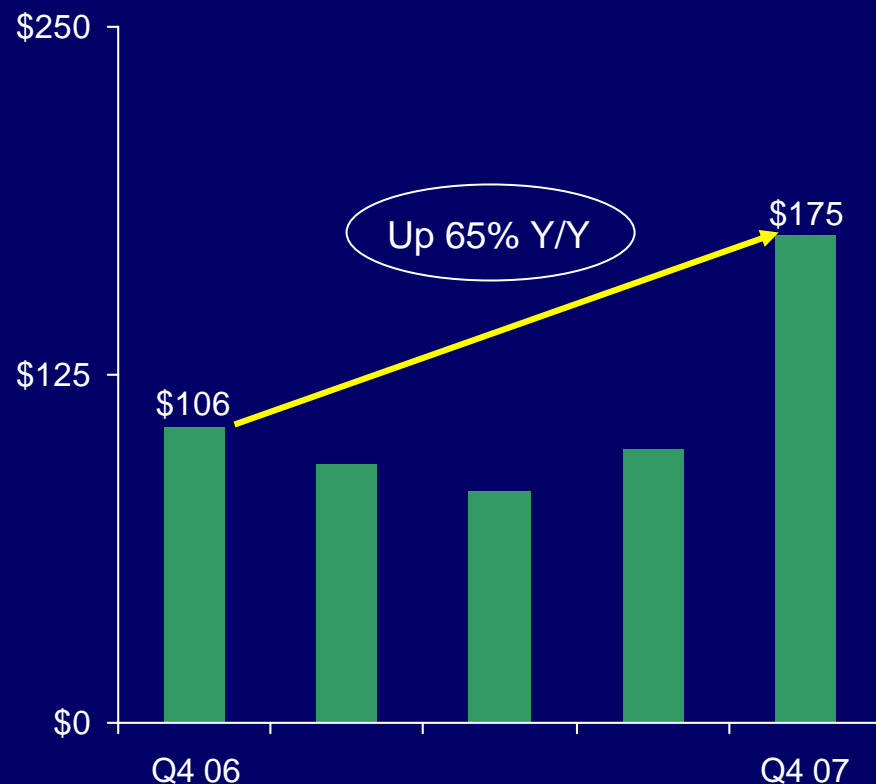
## International

(\$MM)

### Net Sales



### Operating Income



**TTM Net Sales Over \$6.7 Billion**

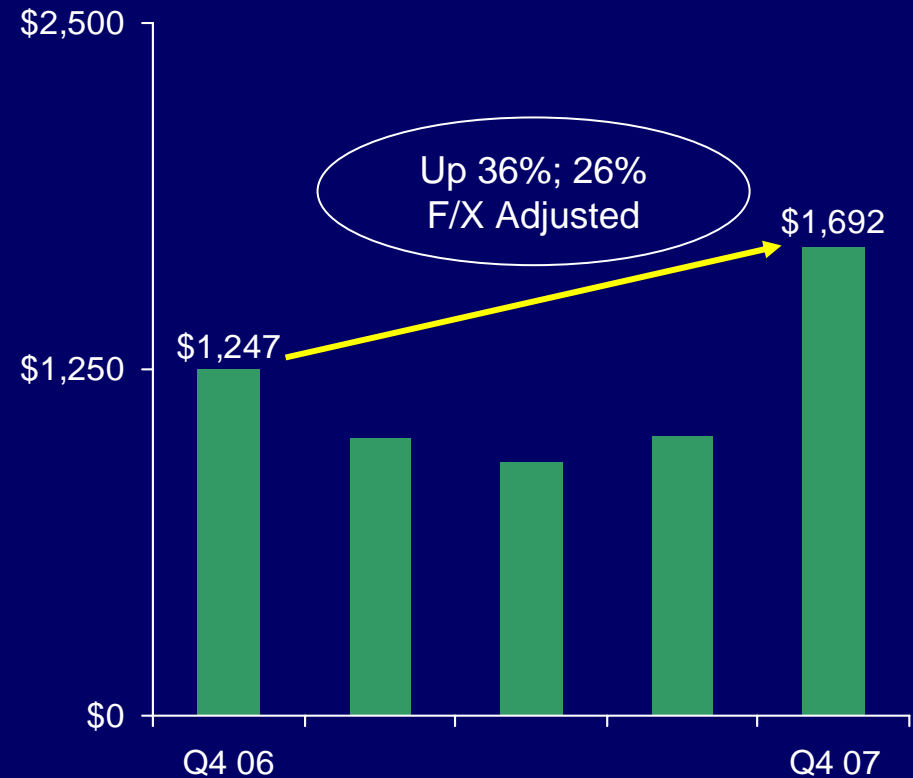
# Supplemental Revenue Highlights

## Media (\$MM)

### North America



### International

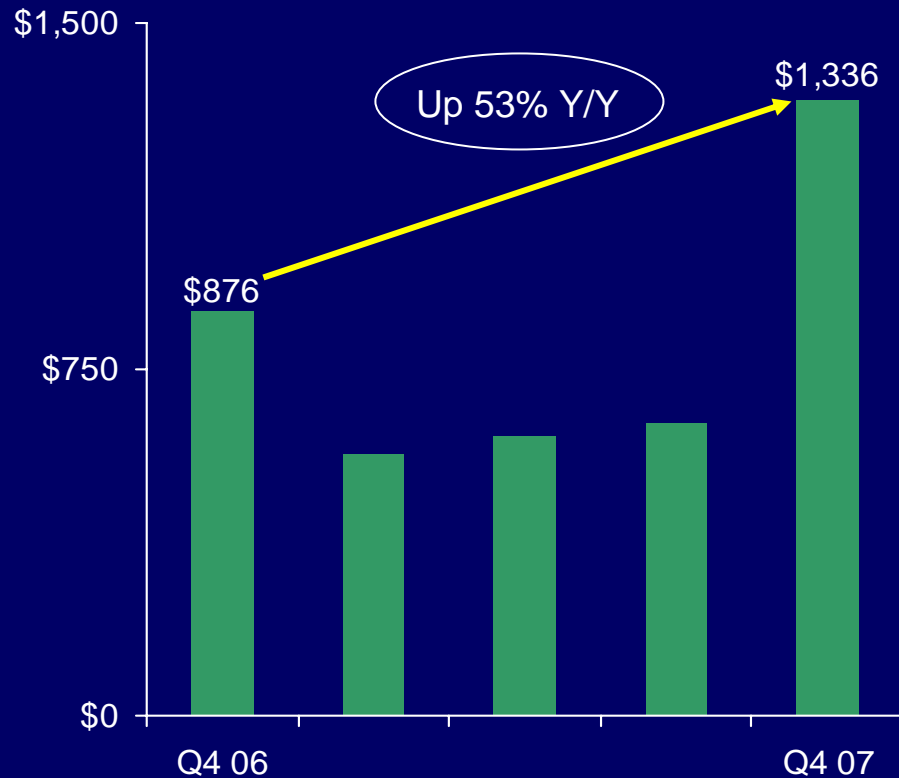


Books, Movies, Music, Digital Downloads, Software & Video Games

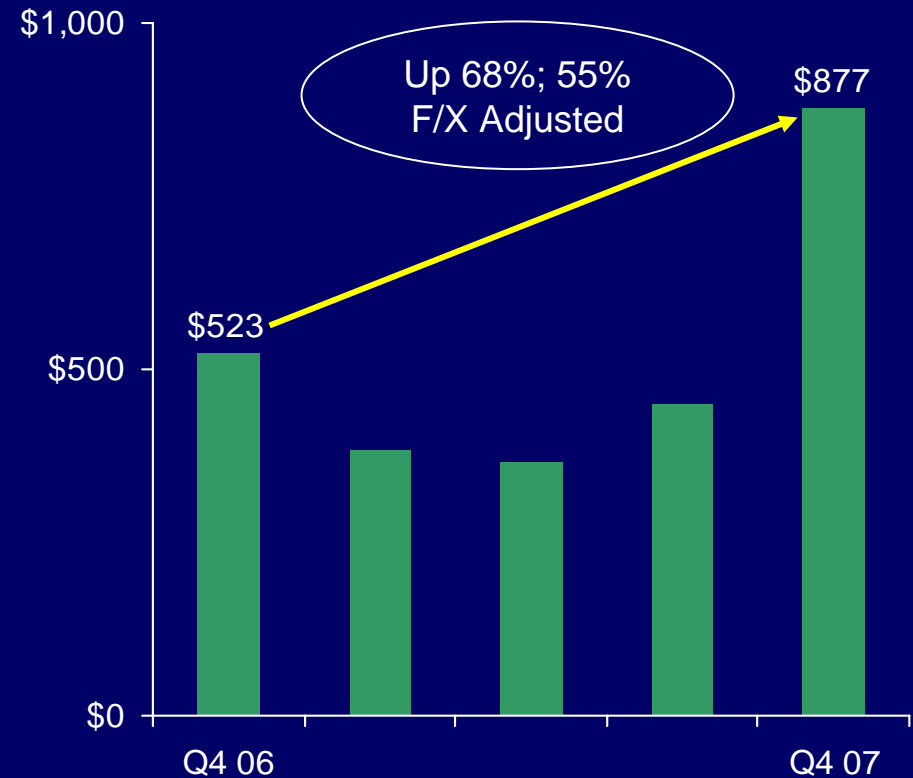
# Supplemental Revenue Highlights

## Electronics and Other General Merchandise (EGM) (\$MM)

### North America



### International

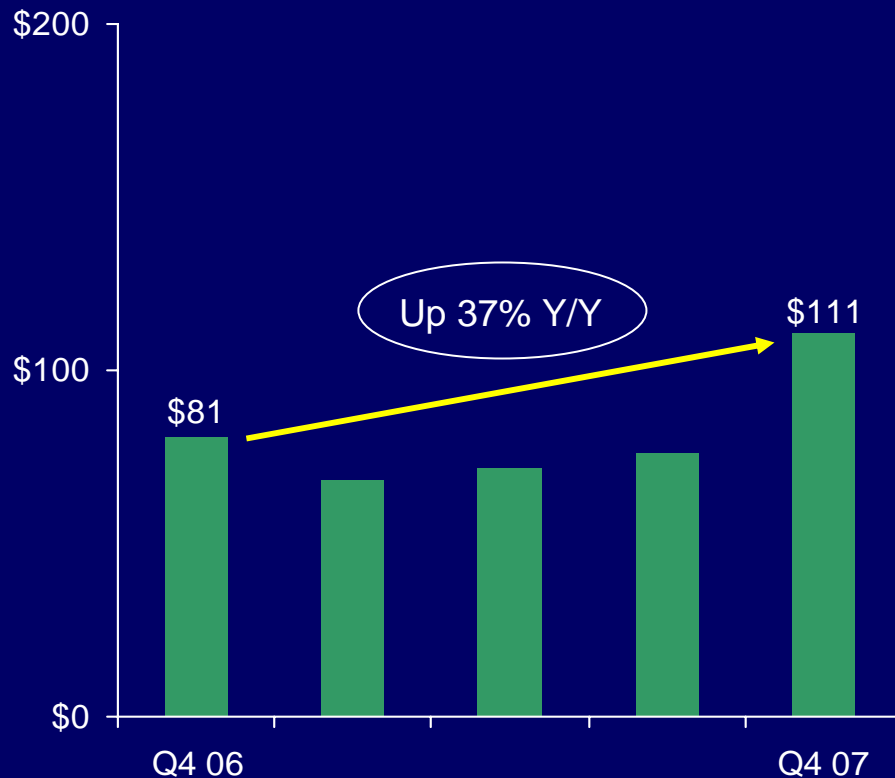


**Electronics & Computers, Home & Garden, Grocery, Toys, Kids & Baby, Apparel, Shoes & Jewelry, Health & Beauty, Sports & Outdoors, Tools, Auto & Industrial**

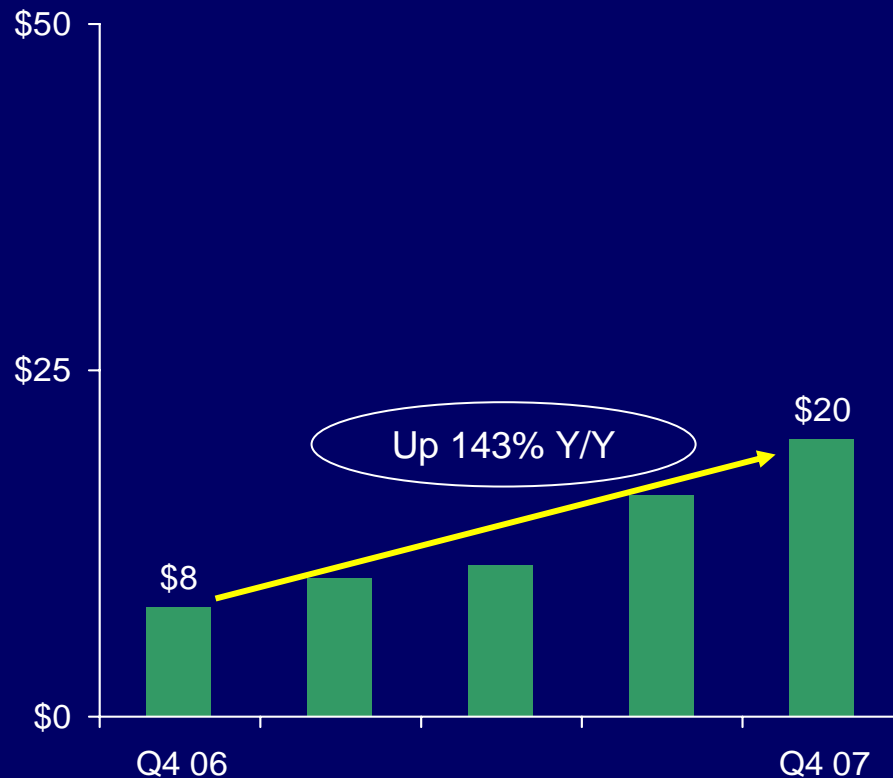
# Supplemental Revenue Highlights

Other  
(\$MM)

North America



International



**Amazon Enterprise Solutions, Amazon Web Services, Co-branded Credit Cards, & Miscellaneous Marketing**

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**amazon.com<sup>®</sup>**  
 **and you're done.<sup>™</sup>**

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# Appendix

# Free Cash Flow

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## Reconciliation -- TTM

(\$MM)

	<u>Q4 06</u>	<u>Q1 07</u>	<u>Q2 07</u>	<u>Q3 07</u>	<u>Q4 07</u>
Operating Cash Flow	\$702	\$726	\$895	\$1,001	\$1,405
Less:					
Purchases of Fixed Assets, Including Internal-Use Software and Website Development	<u>216</u>	<u>205</u>	<u>195</u>	<u>201</u>	<u>224</u>
Free Cash Flow	<u>\$486</u>	<u>\$521</u>	<u>\$700</u>	<u>\$800</u>	<u>\$1,181</u>

# Consolidated Segment Operating Income

## Reconciliation

(\$MM)

	<u>Q4 06</u>	<u>Q1 07</u>	<u>Q2 07</u>	<u>Q3 07</u>	<u>Q4 07</u>
<b>Consolidated Segment Operating Income</b>	<b>\$ 229</b>	<b>\$ 179</b>	<b>\$ 165</b>	<b>\$177</b>	<b>\$328</b>
<b>Less:</b>					
<b>Stock-Based Compensation</b>	<b>30</b>	<b>34</b>	<b>46</b>	<b>51</b>	<b>54</b>
<b>Other Operating Expense, net</b>	<b><u>2</u></b>	<b><u>0</u></b>	<b><u>3</u></b>	<b><u>3</u></b>	<b><u>3</u></b>
<b>GAAP Operating Income</b>	<b><u><u>\$197</u></u></b>	<b><u><u>\$145</u></u></b>	<b><u><u>\$116</u></u></b>	<b><u><u>\$123</u></u></b>	<b><u><u>\$271</u></u></b>

# Consolidated Segment Operating Income

## Reconciliation -- TTM

(\$MM)

	<u>Q4 06</u>	<u>Q1 07</u>	<u>Q2 07</u>	<u>Q3 07</u>	<u>Q4 07</u>
<b>Consolidated Segment Operating Income</b>	<b>\$500</b>	<b>\$560</b>	<b>\$645</b>	<b>\$749</b>	<b>\$849</b>
<b>Less:</b>					
<b>Stock-Based Compensation</b>	<b>101</b>	<b>124</b>	<b>140</b>	<b>161</b>	<b>185</b>
<b>Other Operating Expense, net</b>	<u><b>10</b></u>	<u><b>7</b></u>	<u><b>7</b></u>	<u><b>7</b></u>	<u><b>9</b></u>
<b>GAAP Operating Income</b>	<u><u><b>\$389</b></u></u>	<u><u><b>\$429</b></u></u>	<u><u><b>\$498</b></u></u>	<u><u><b>\$581</b></u></u>	<u><u><b>\$655</b></u></u>