



**Q1 2004 Financial Results
Conference Call Slides**

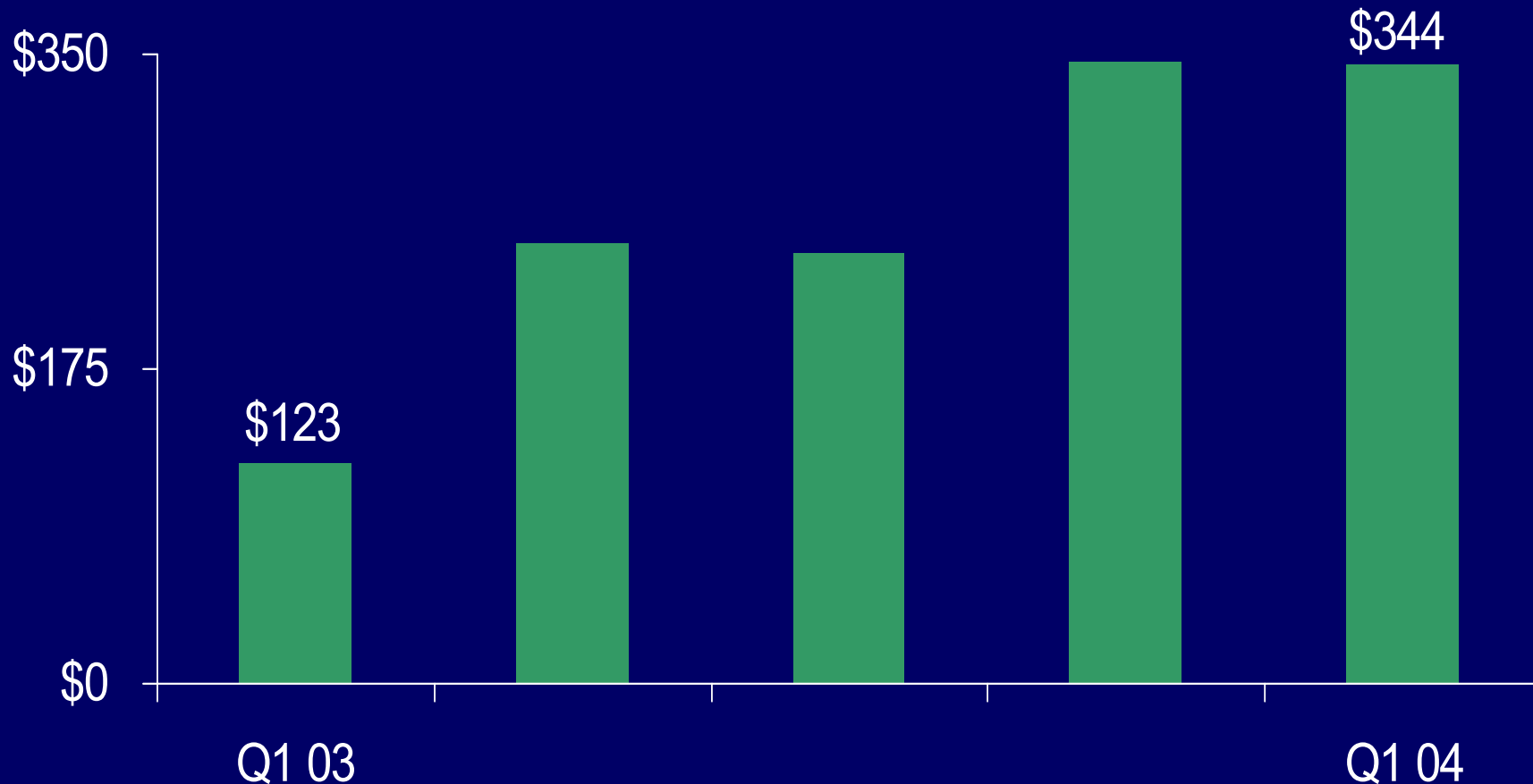
Amazon.com

This presentation may contain forward-looking statements, including statements regarding expectations of sales, gross margin, productivity, leverage, operating results, consolidated segment operating results, capital investment, return on capital, free cash flow and other financial statement or balance sheet items or ratios, all of which are inherently difficult to predict. Actual results could differ materially for a variety of reasons, including, among others, the potential changes in general economic conditions, Amazon.com's risks related to potential future losses, significant amount of indebtedness, competition, commercial agreements and strategic alliances, foreign exchange rates, seasonality, potential fluctuations in operating results and rate of growth, management of potential growth, system interruption, international expansion, consumer trends, inventory, fulfillment center optimization, limited operating history, government regulation and taxation, fraud, and new business areas. 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, 2003, and all subsequent filings.

Additional information relating to certain of our financial measures contained herein is available in our most recent press release and at our website at www.amazon.com/ir under 'Financial Documents'.

Performance Trends

Free Cash Flow* -- Trailing Twelve Months (TTM)
(\$MM)

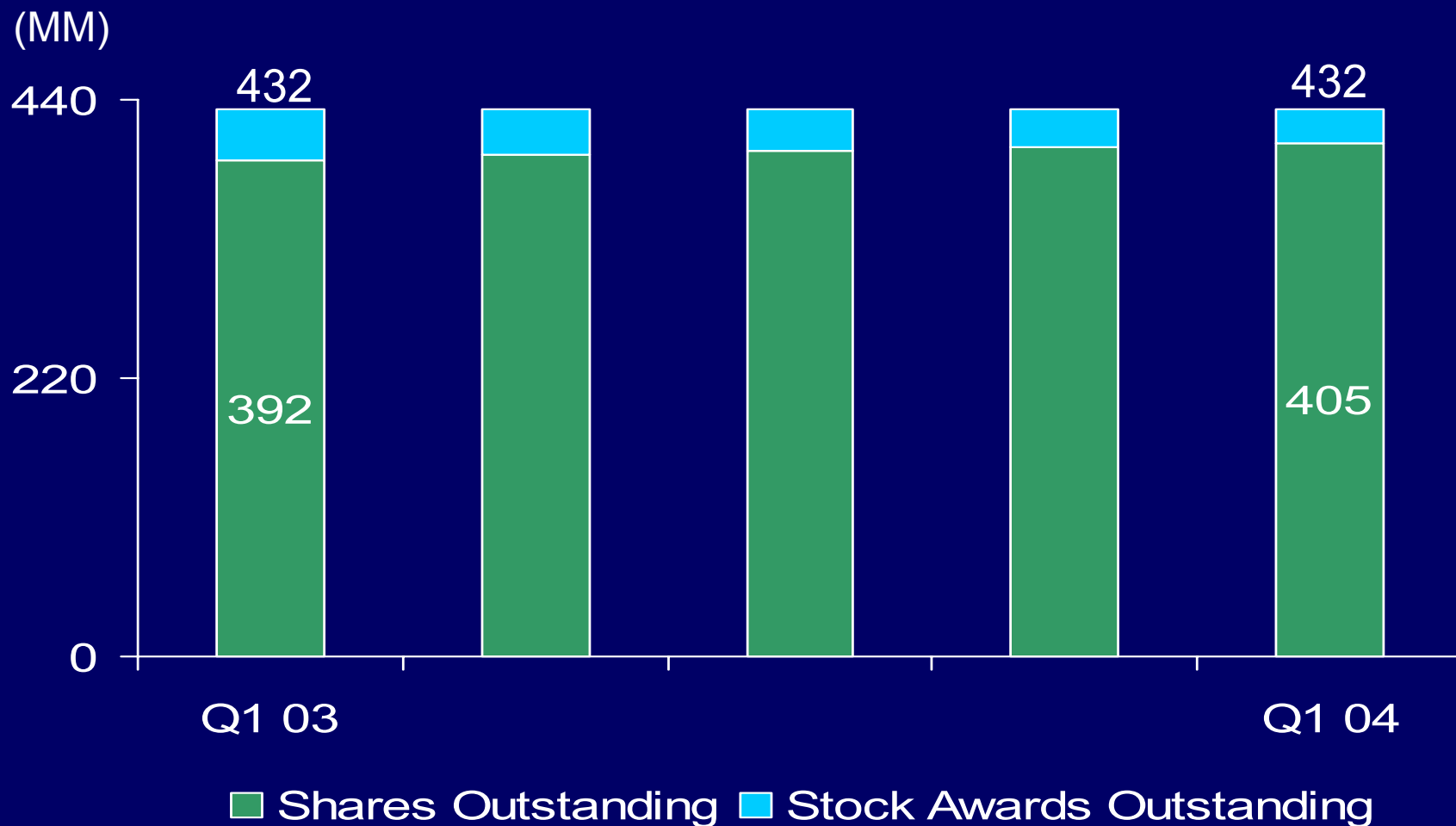


180% Improvement Y / Y

* Operating Cash Flow Less Capital Expenditures (including capitalized software & development) -- see appendix

Performance Trends

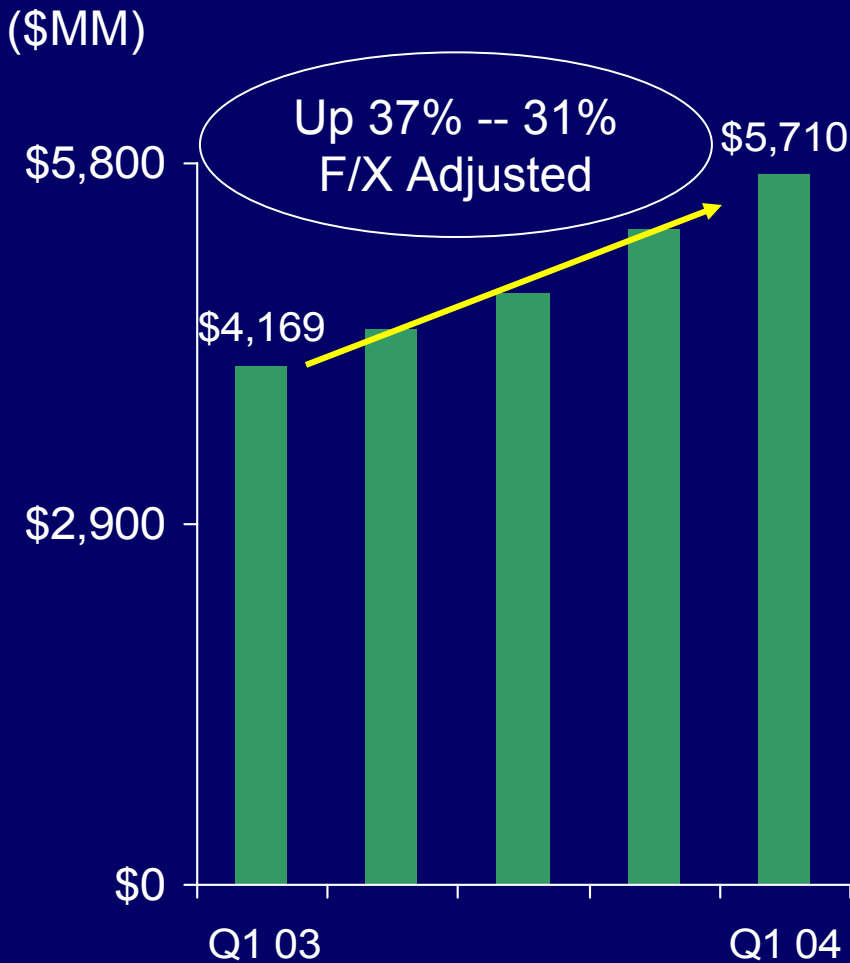
Efficiently Managing Dilution



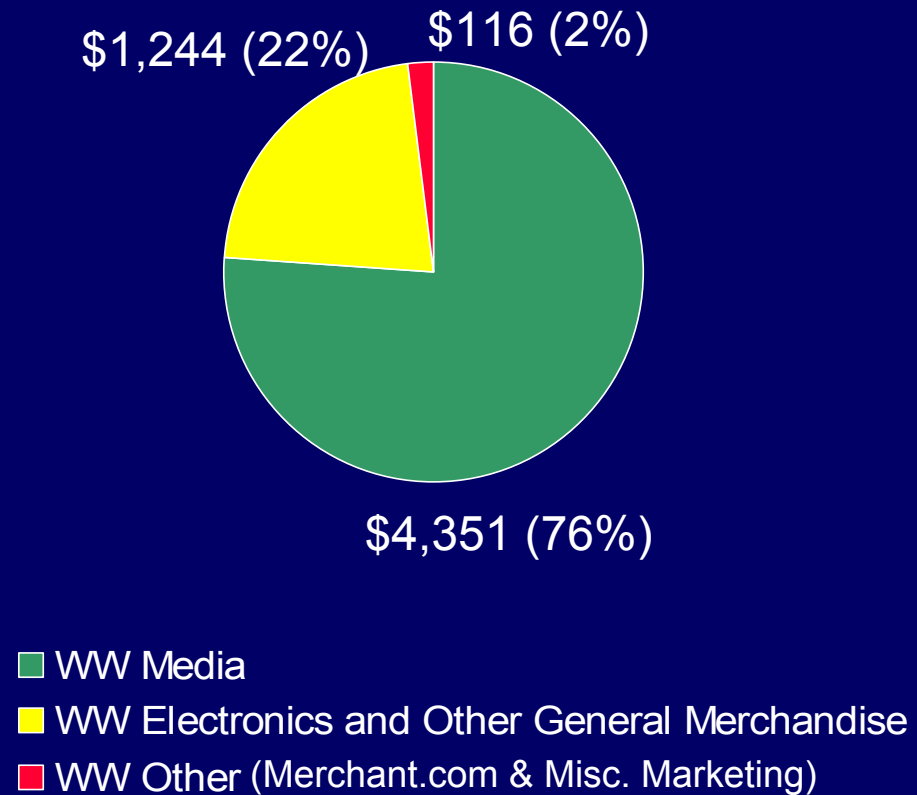
Focused on Dilution -- Flat Y / Y

Performance Trends

Net Sales -- TTM



WW Revenue Mix

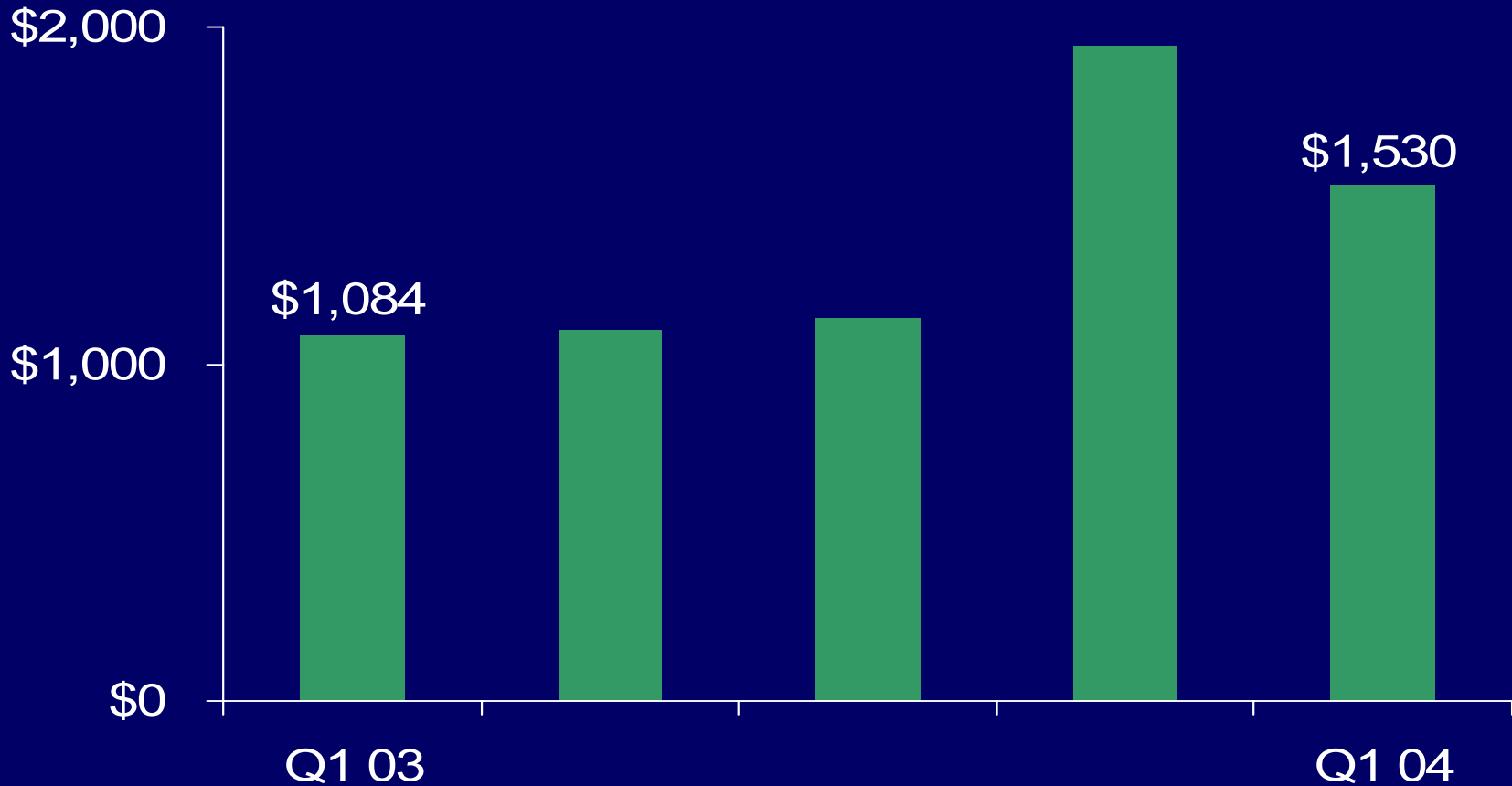


24% of WW Revenue From Non-Media Categories

Performance Trends

Net Sales

(\$MM)

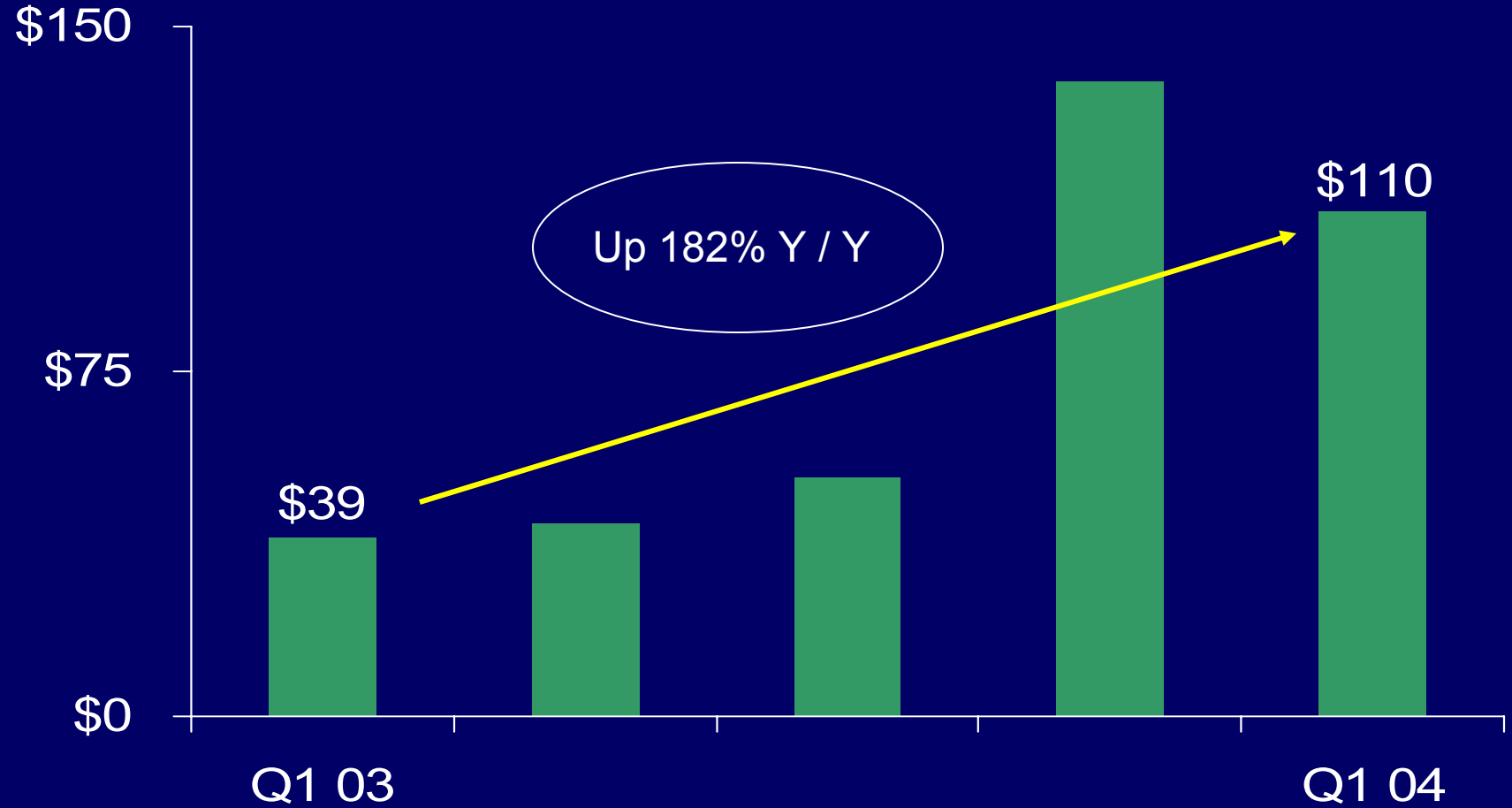


Up 41% Y / Y (33% F/X Adjusted)

Performance Trends

GAAP Operating Income

(\$MM)

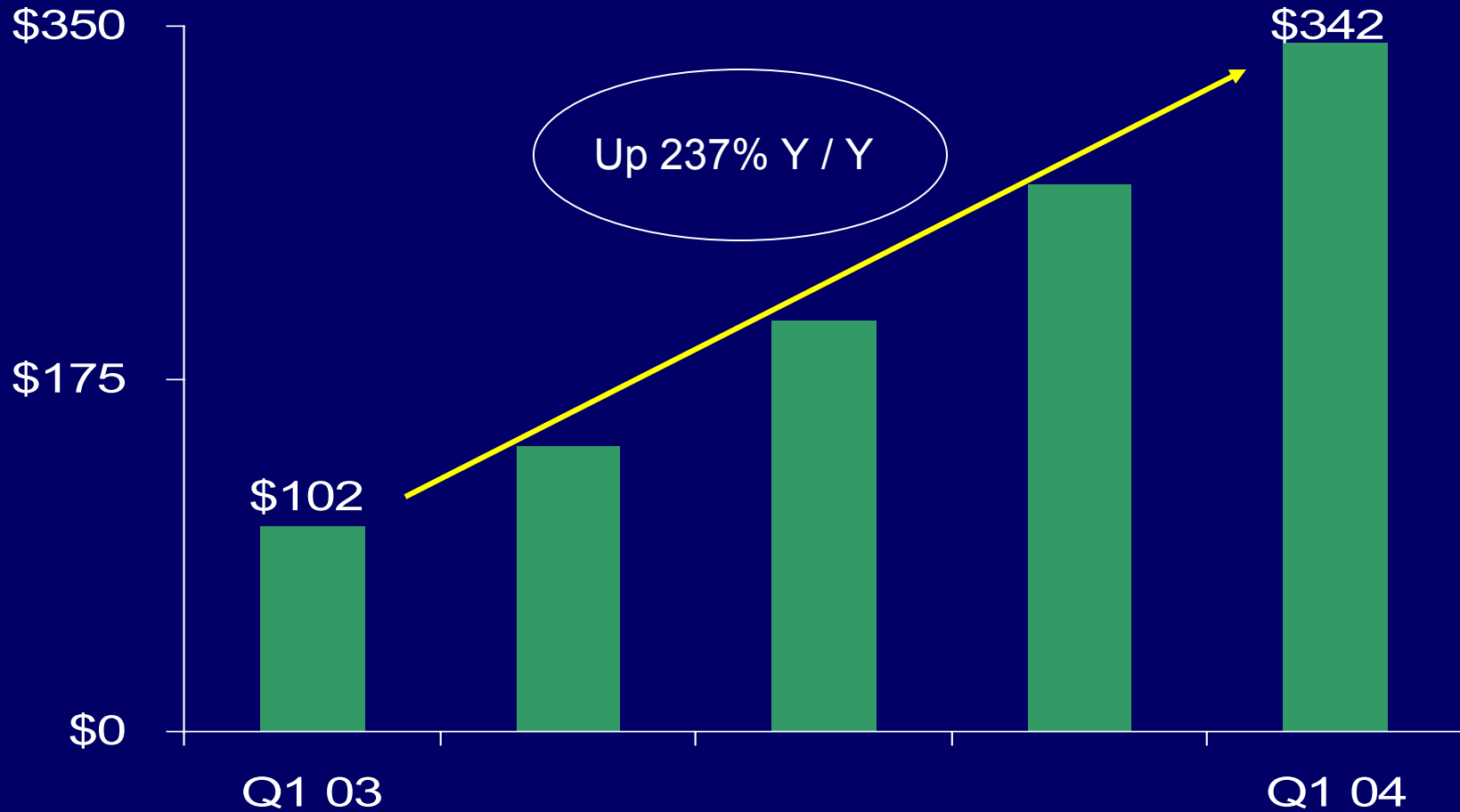


7.2% GAAP Operating Margin

Performance Trends

GAAP Operating Income -- TTM

(\$MM)

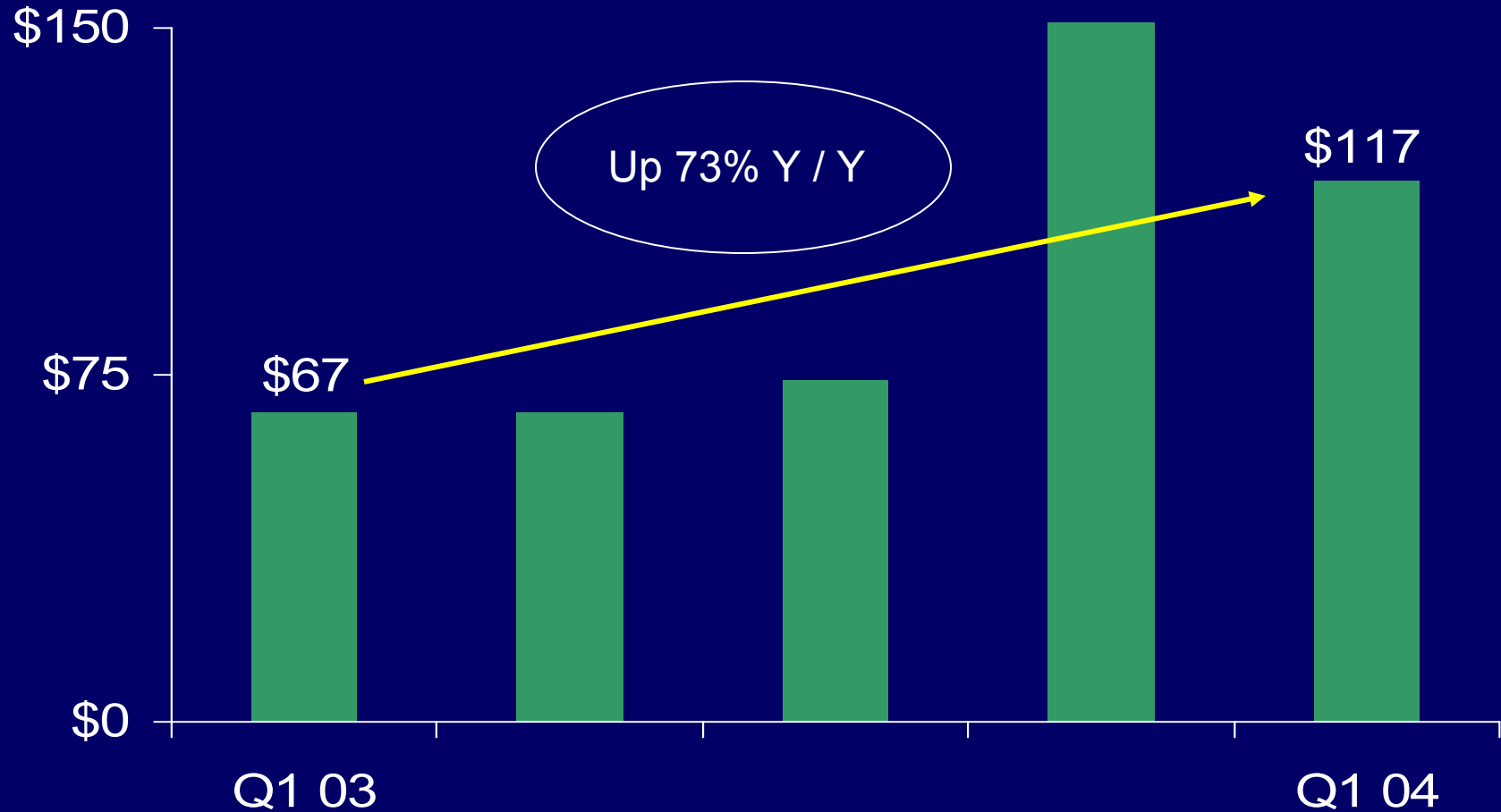


6.0% GAAP Operating Margin

Performance Trends

Consolidated Segment Operating Income*

(\$MM)

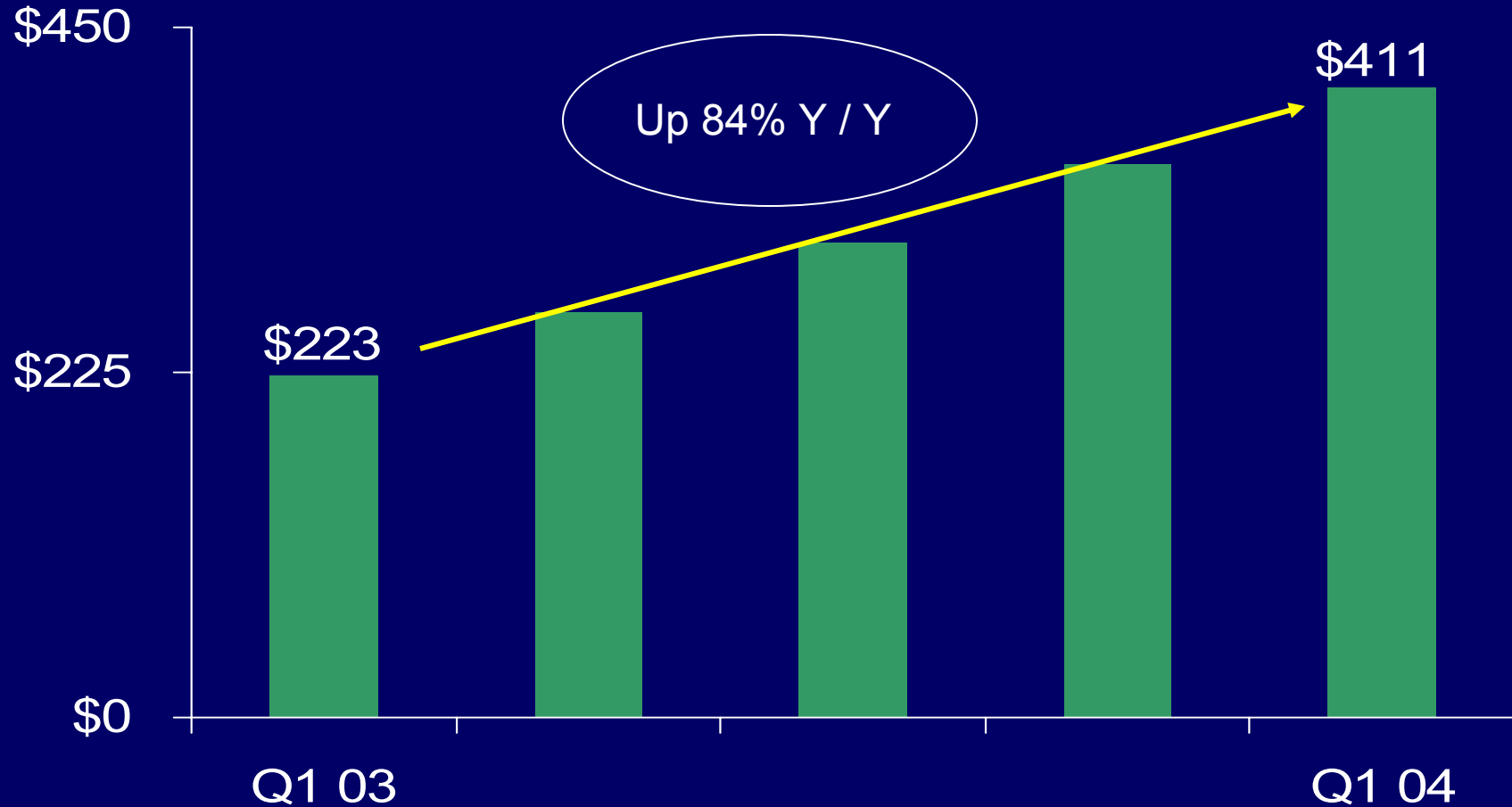


7.6% Consolidated Segment Operating Margin

* See appendix

Performance Trends

Consolidated Segment Operating Income* -- TTM
(\$MM)

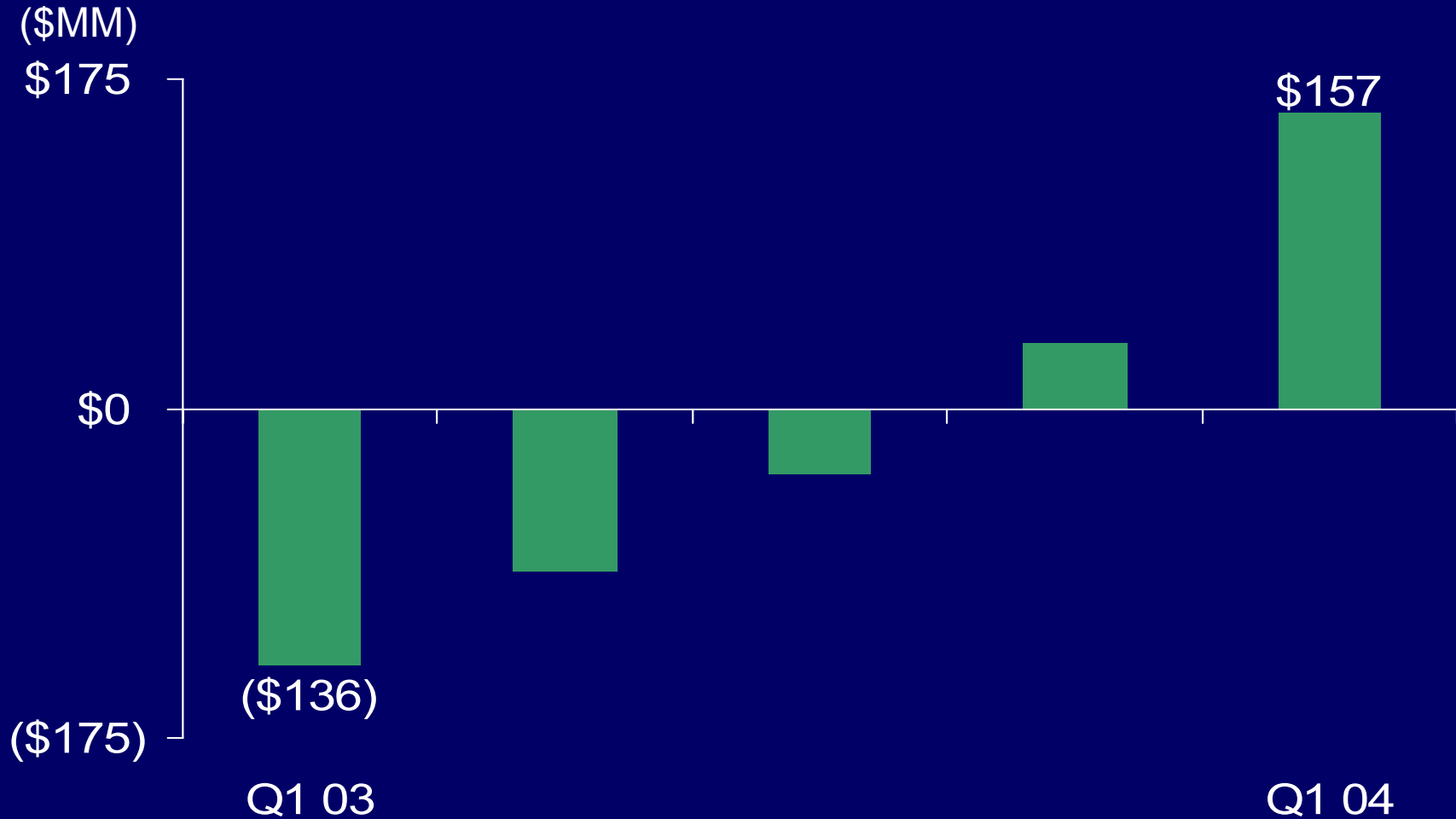


7.2% Consolidated Segment Operating Margin

* See appendix

Performance Trends

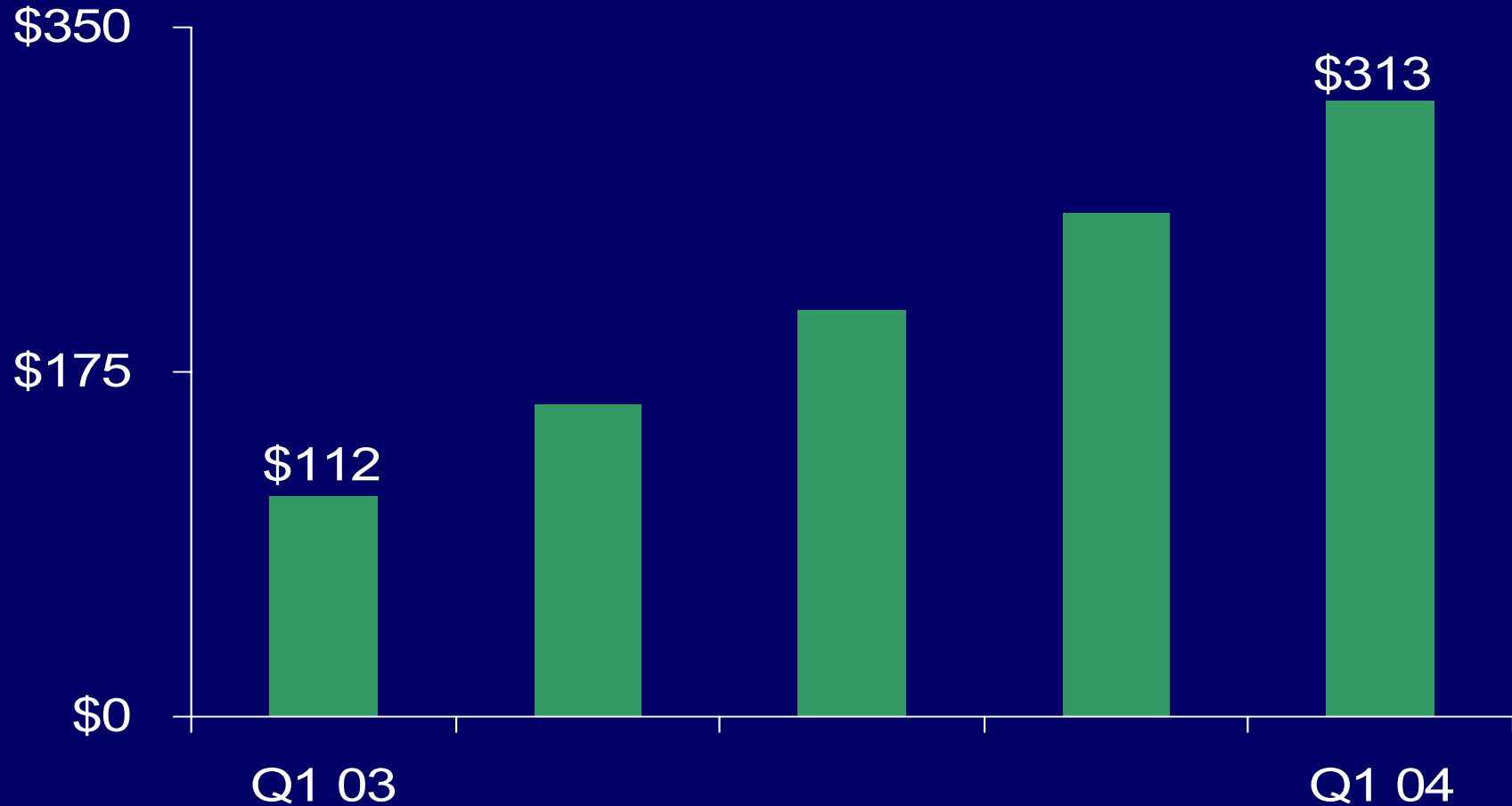
GAAP Net Income (Loss) -- TTM



Q1 04 GAAP Net Income \$111MM, EPS \$0.26

Performance Trends

Pro Forma Net Income* -- TTM
(\$MM)



Q1 04 Pro Forma Net Income \$97MM, EPS \$0.23

* See appendix

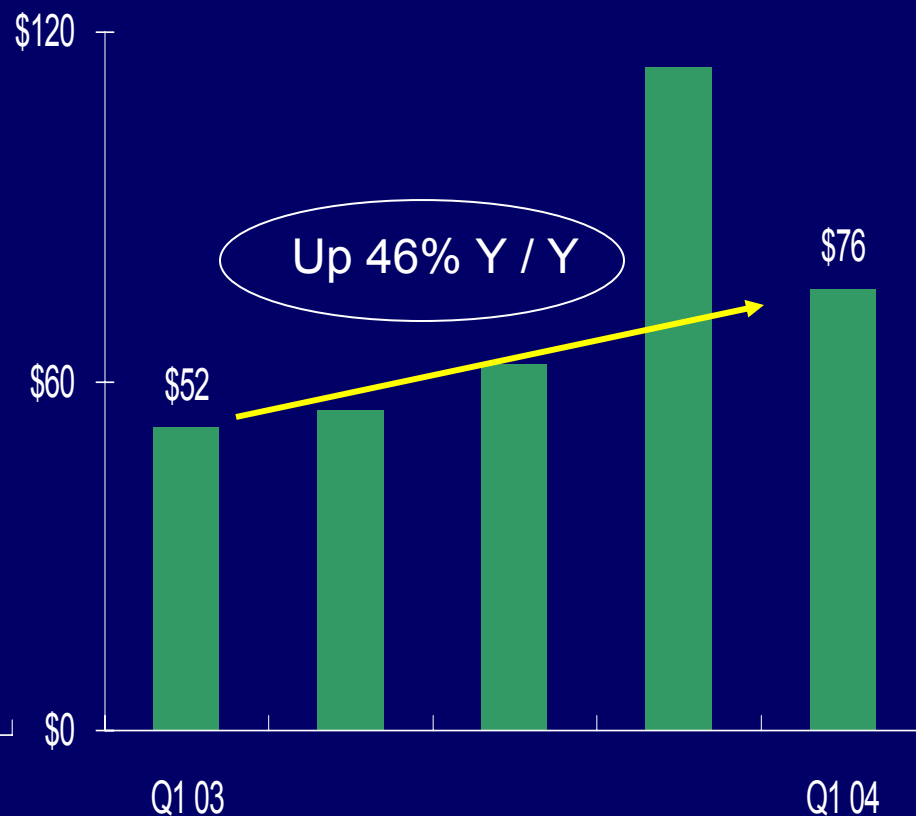
Segment Highlights

North America

(\$MM)

Net Sales

Segment Operating Income



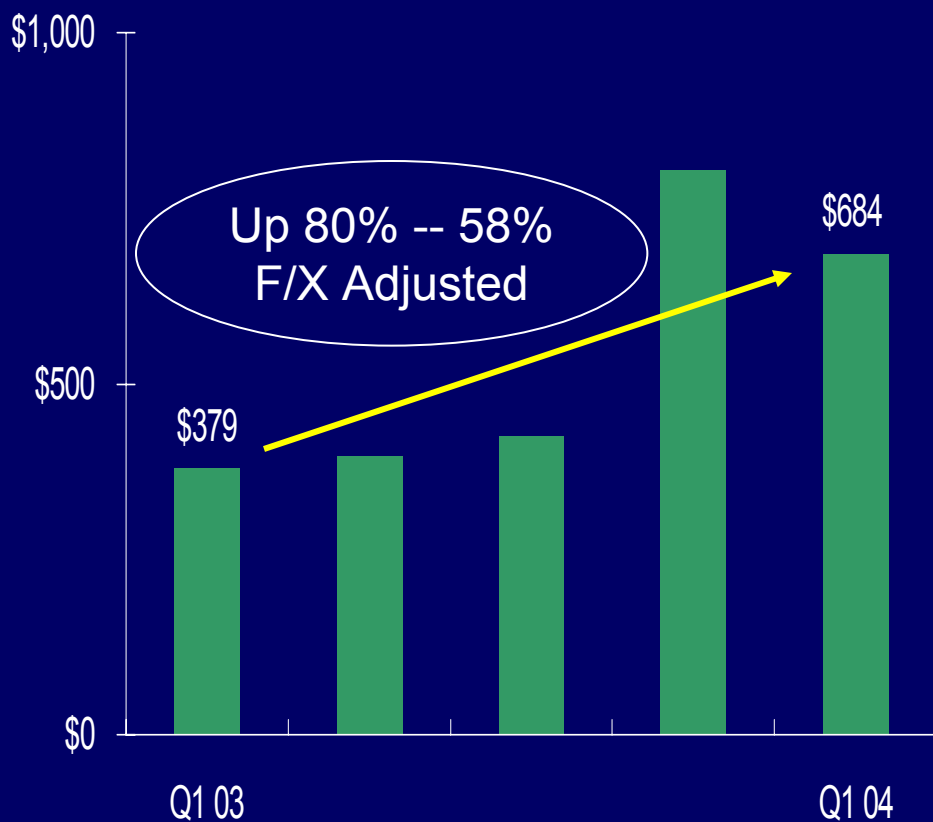
Q1 04 -- 9% Segment Operating Margin

Segment Highlights

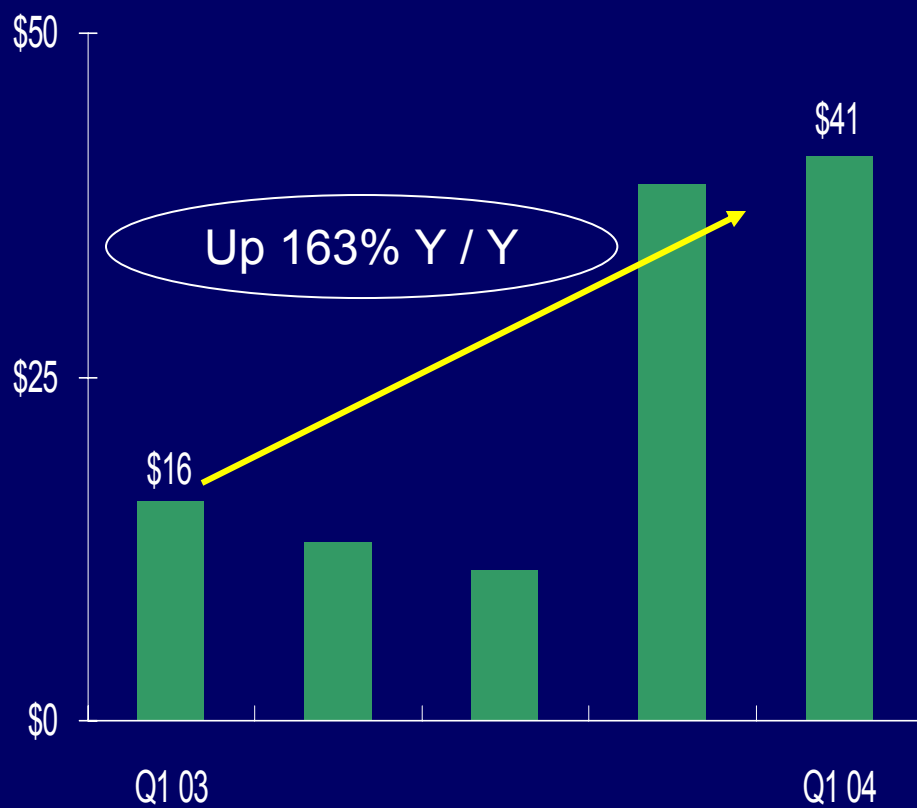
International

(\$MM)

Net Sales



Segment Operating Income



TTM Net Sales Over \$2.3 Billion

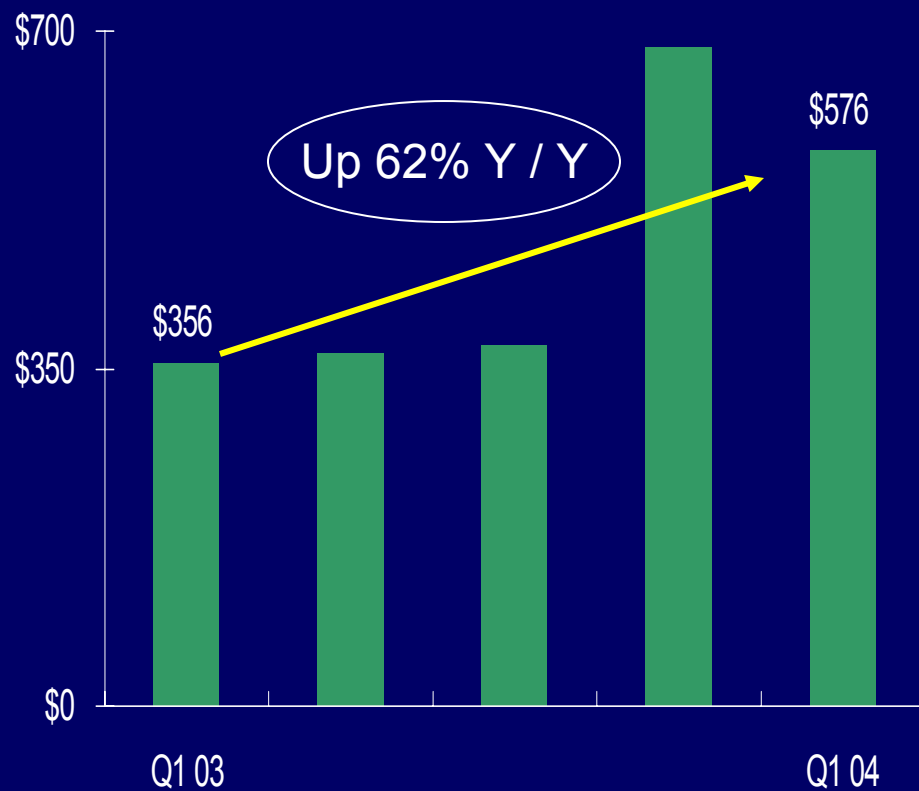
Supplemental Revenue Highlights

Media

(\$MM)

North America

International



Media: Books, Music, DVD/Video, Magazines, Software & Video Games

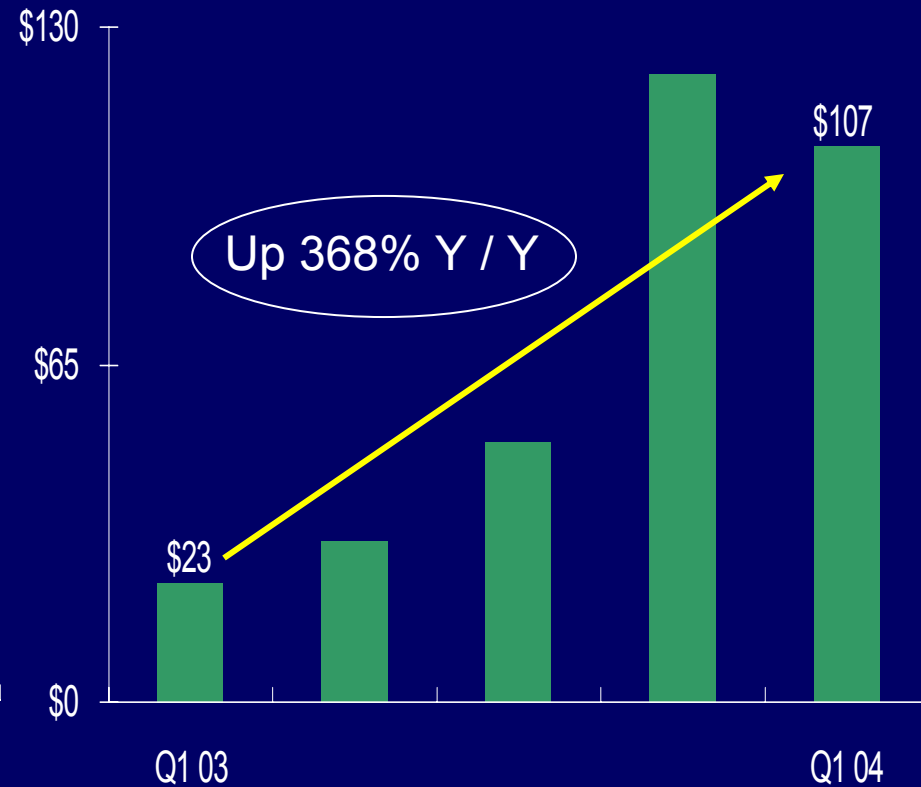
Supplemental Revenue Highlights

Electronics and Other General Merchandise (EGM)

(\$MM)

North America

International



EGM: Includes Electronics & Office, Kids & Baby, Home & Garden, Apparel, Sports & Outdoors, Jewelry & Watches, Gourmet Food and Health & Personal Care

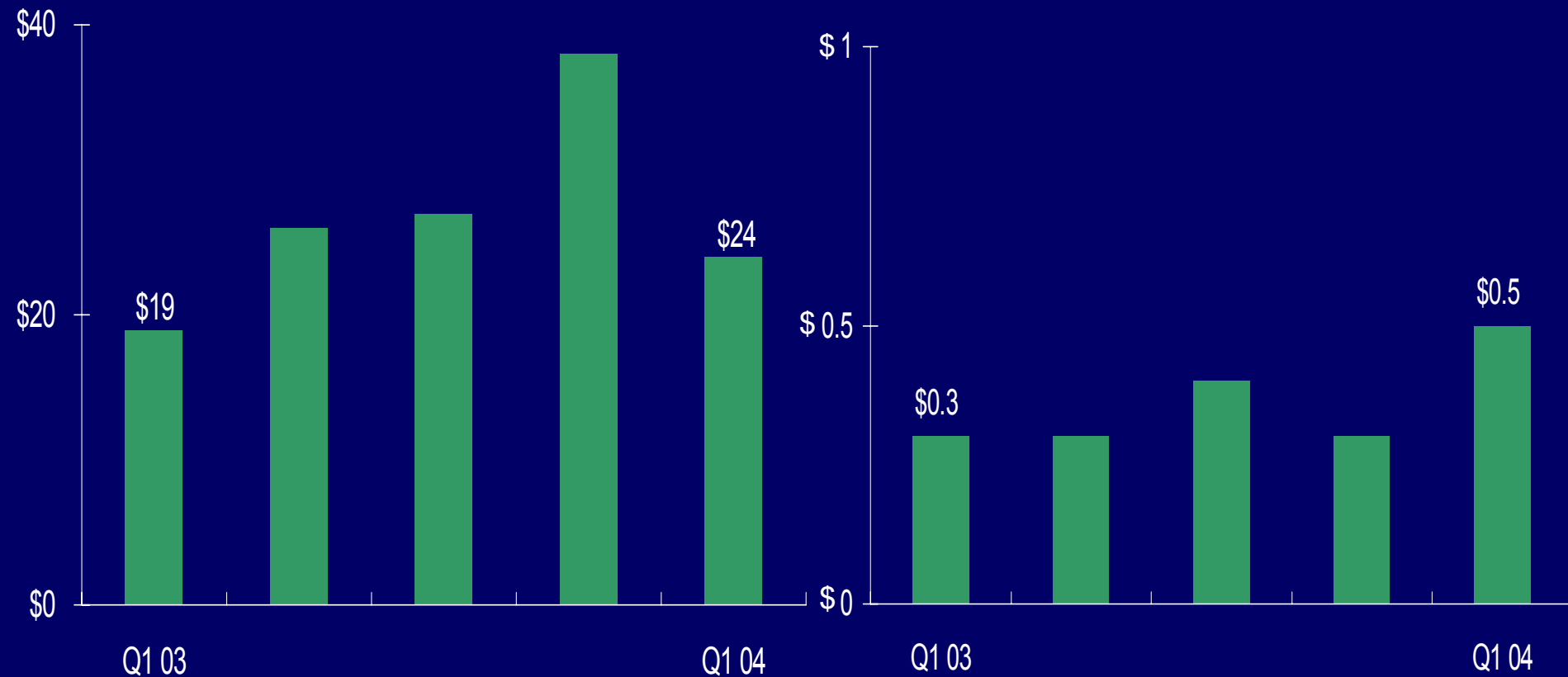
Supplemental Revenue Highlights

Other

(\$MM)

North America

International



Other: Merchant.com & Miscellaneous Marketing and Promotional Activities

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Appendix

Free Cash Flow

Reconciliation -- TTM

(\$MM)

| | <u>Q1 03</u> | <u>Q2 03</u> | <u>Q3 03</u> | <u>Q4 03</u> | <u>Q1 04</u> |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| Operating Cash Flow | \$164 | \$285 | \$284 | \$392 | \$393 |
| Less: Purchases of Fixed Assets | <u>41</u> | <u>40</u> | <u>44</u> | <u>46</u> | <u>49</u> |
| Free Cash Flow | <u>\$123</u> | <u>\$245</u> | <u>\$239</u> | <u>\$346</u> | <u>\$344</u> |

Consolidated Segment Operating Income

Reconciliation

(\$MM)

| | <u>Q1 03</u> | <u>Q2 03</u> | <u>Q3 03</u> | <u>Q4 03</u> | <u>Q1 04</u> |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Consolidated Segment Operating Income | \$67 | \$67 | \$74 | \$153 | \$117 |
| Less: | | | | | |
| Stock-Based Compensation | 27 | 24 | 21 | 15 | 7 |
| Other Operating Expense (Income) | <u>1</u> | <u>1</u> | <u>1</u> | <u>--</u> | <u>(1)</u> |
| GAAP Income From Operations | <u>\$39</u> | <u>\$42</u> | <u>\$52</u> | <u>\$138</u> | <u>\$110</u> |

Consolidated Segment Operating Income

Reconciliation -- TTM

(\$MM)

| | <u>Q1 03</u> | <u>Q2 03</u> | <u>Q3 03</u> | <u>Q4 03</u> | <u>Q1 04</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Consolidated Segment Operating Income | \$223 | \$264 | \$310 | \$361 | \$411 |
| Less: | | | | | |
| Stock-Based Compensation | 85 | 87 | 108 | 88 | 68 |
| Other Operating Expense (Income) | 36 | 36 | (2) | 3 | 1 |
| GAAP Income From Operations | <u>\$102</u> | <u>\$142</u> | <u>\$204</u> | <u>\$271</u> | <u>\$342</u> |

Pro Forma Net Income

Reconciliation -- TTM

(\$MM)

| | <u>Q1 03</u> | <u>Q2 03</u> | <u>Q3 03</u> | <u>Q4 03</u> | <u>Q1 04</u> |
|---|-----------------------|----------------------|----------------------|--------------------|---------------------|
| Pro Forma Net Income | \$112 | \$158 | \$206 | \$256 | \$313 |
| Less: | | | | | |
| Stock-Based Compensation | 85 | 87 | 108 | 88 | 68 |
| Other Operating Expense (Income) | 36 | 36 | (2) | 3 | 1 |
| Remeasurements and Other | 126 | 122 | 135 | 130 | 88 |
| GAAP Net Income (Loss) | <u>(\$136)</u> | <u>(\$86)</u> | <u>(\$35)</u> | <u>\$35</u> | <u>\$157</u> |