



**Q2 2003 Financial Results
Conference Call Highlights**

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, seasonality, potential fluctuations in operating results and rate of growth, foreign exchange rates, 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, 2002, 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 and Annual Reports'.

Performance Trends

Net Sales

(\$MM)

\$1,500

\$900

\$300

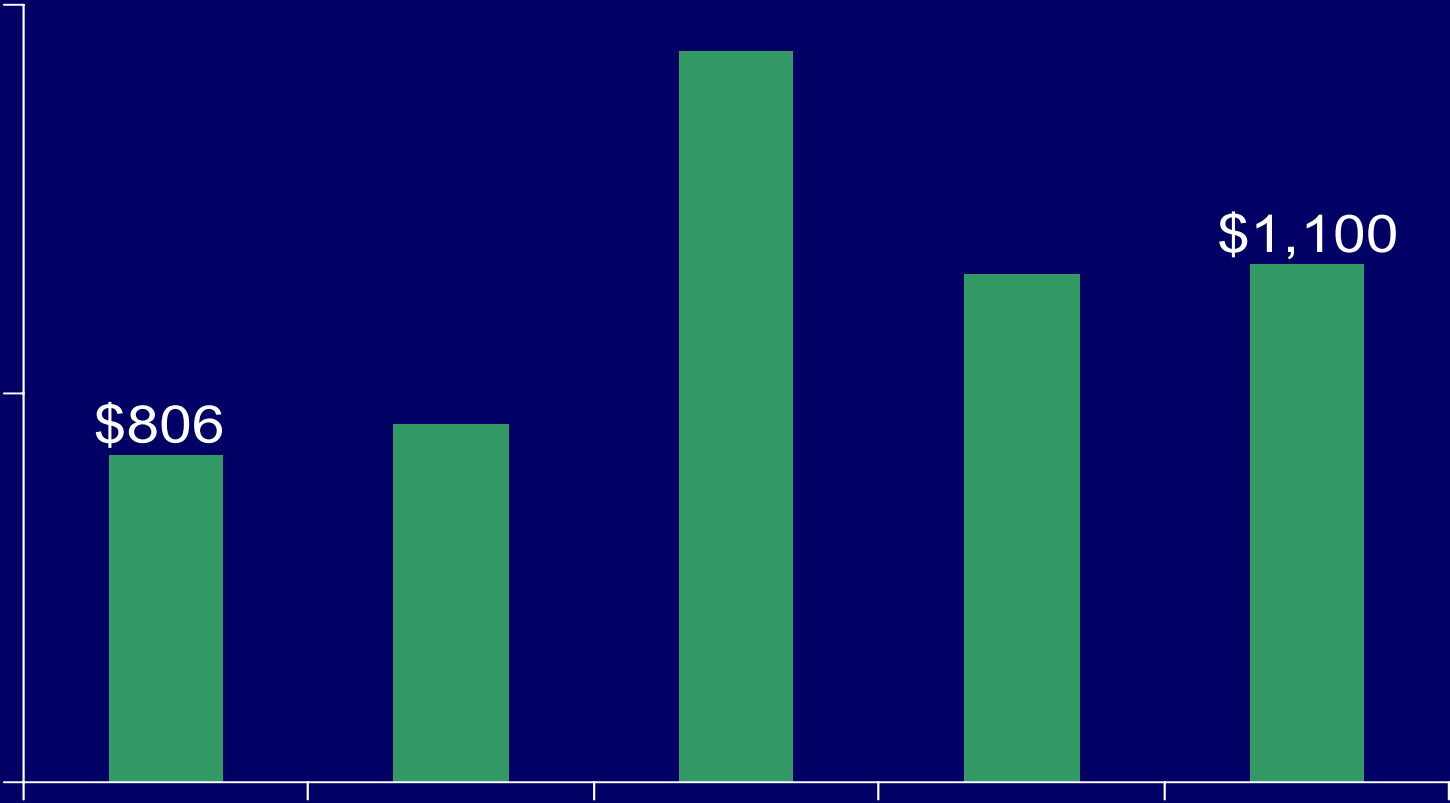
Q2 02

Q2 03

\$806

\$1,100

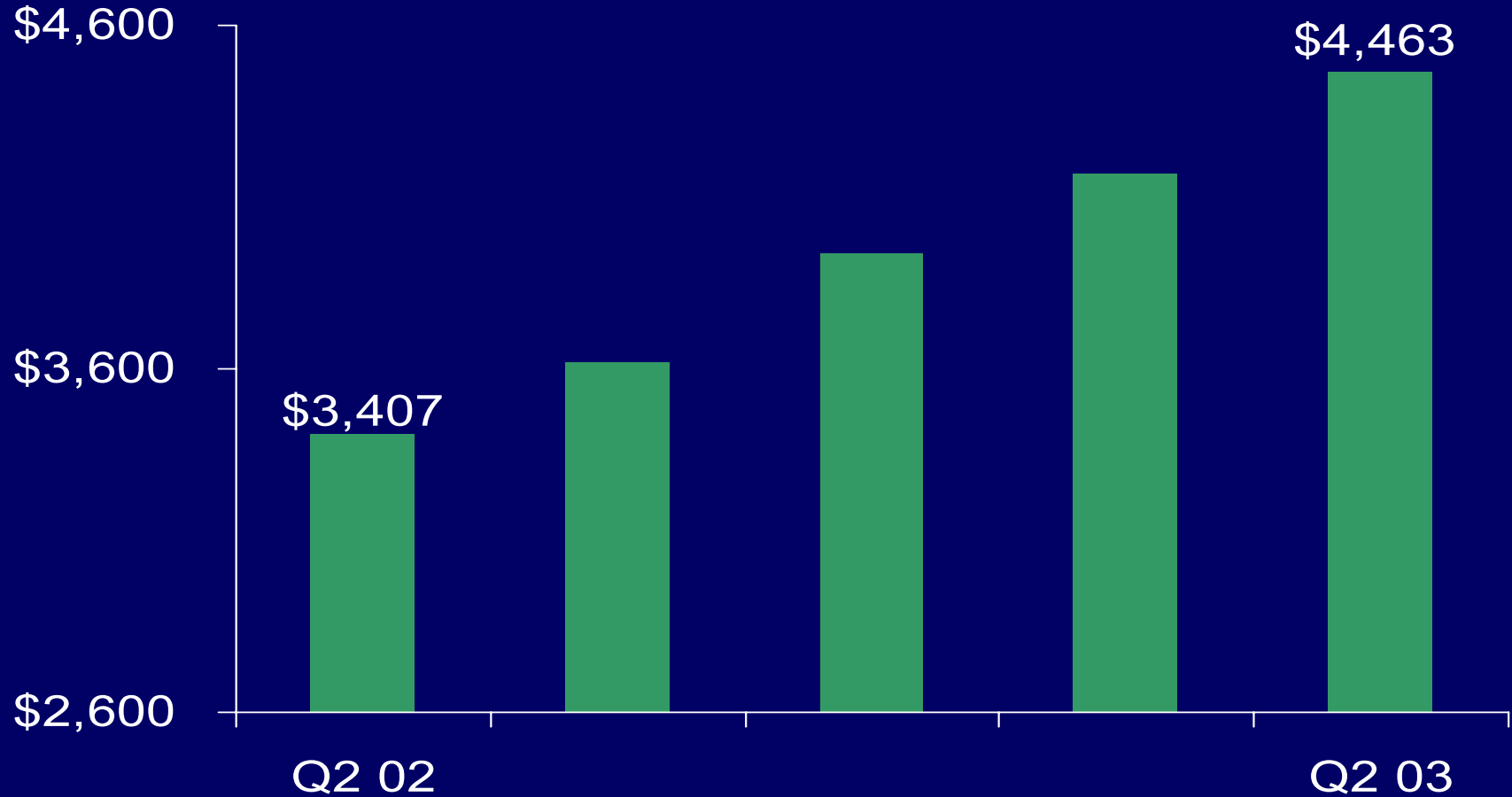
Up 37% Y / Y



Performance Trends

Net Sales -- Trailing Twelve Months (TTM)

(\$MM)

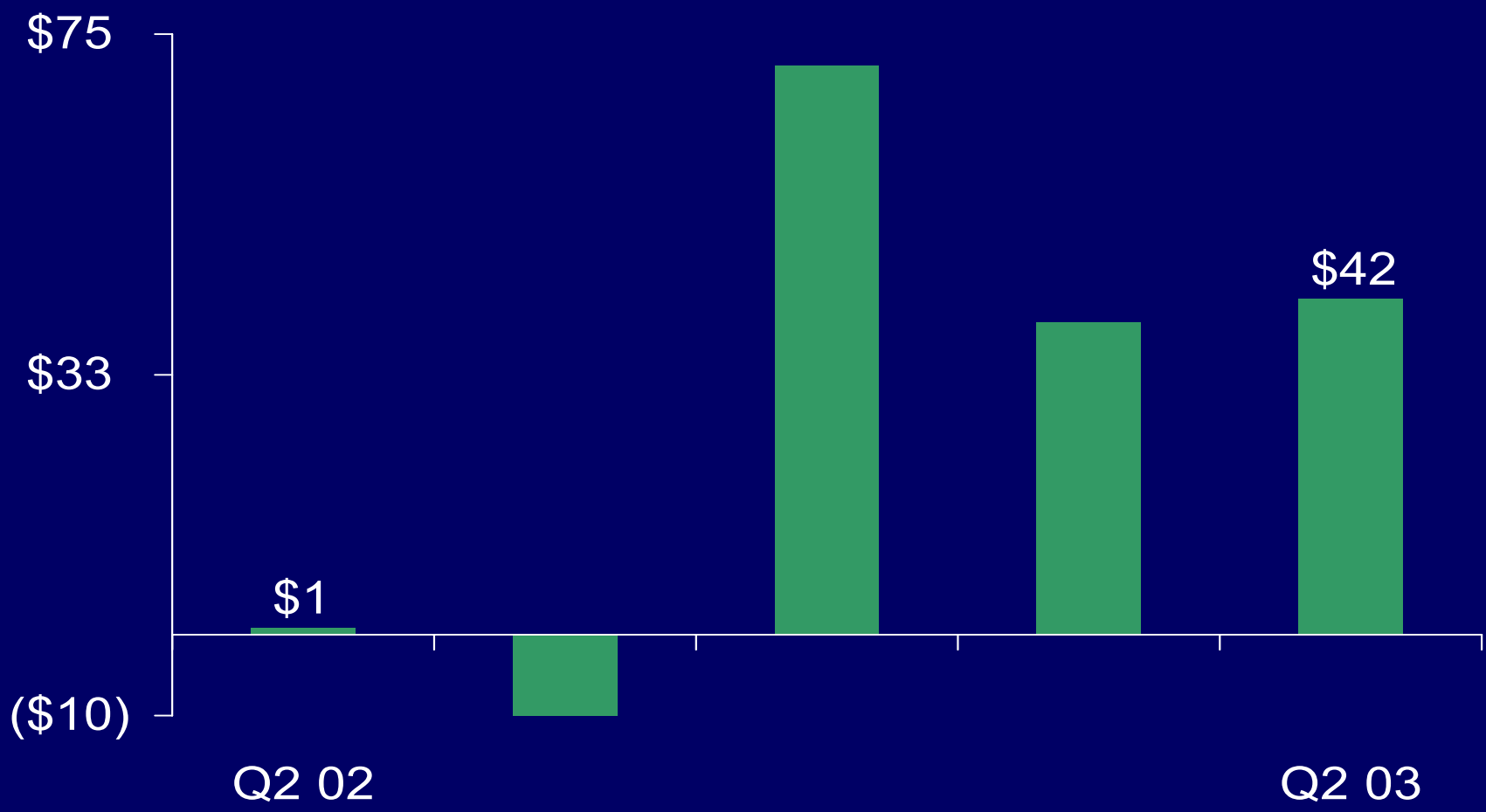


Up 31% Y / Y

Performance Trends

GAAP Operating Income (Loss)

(\$MM)

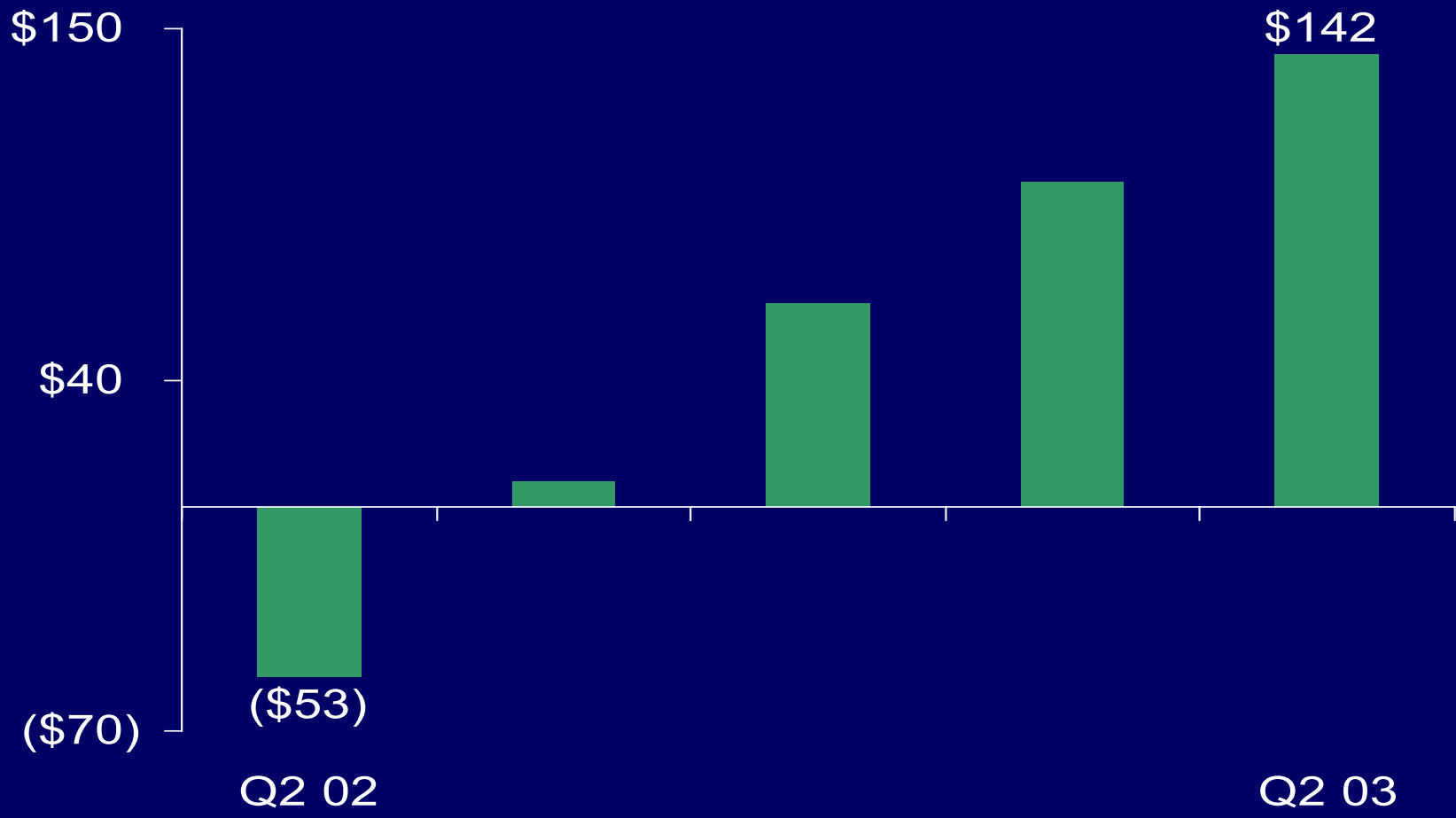


\$40MM Improvement Y / Y

Performance Trends

GAAP Operating Income (Loss) --TTM

(\$MM)

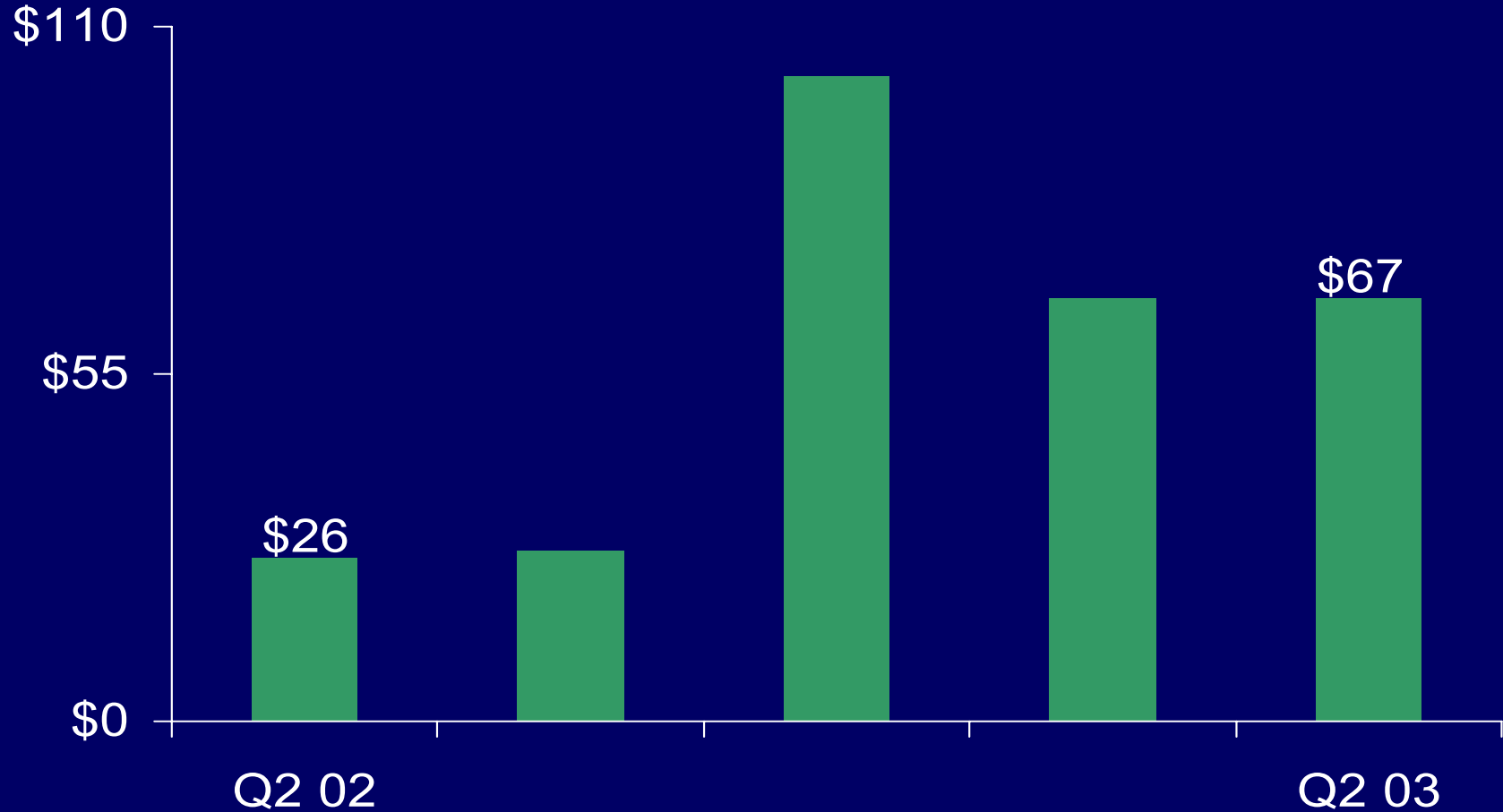


Over \$190MM Improvement Y / Y

Performance Trends

Consolidated Segment Operating Income

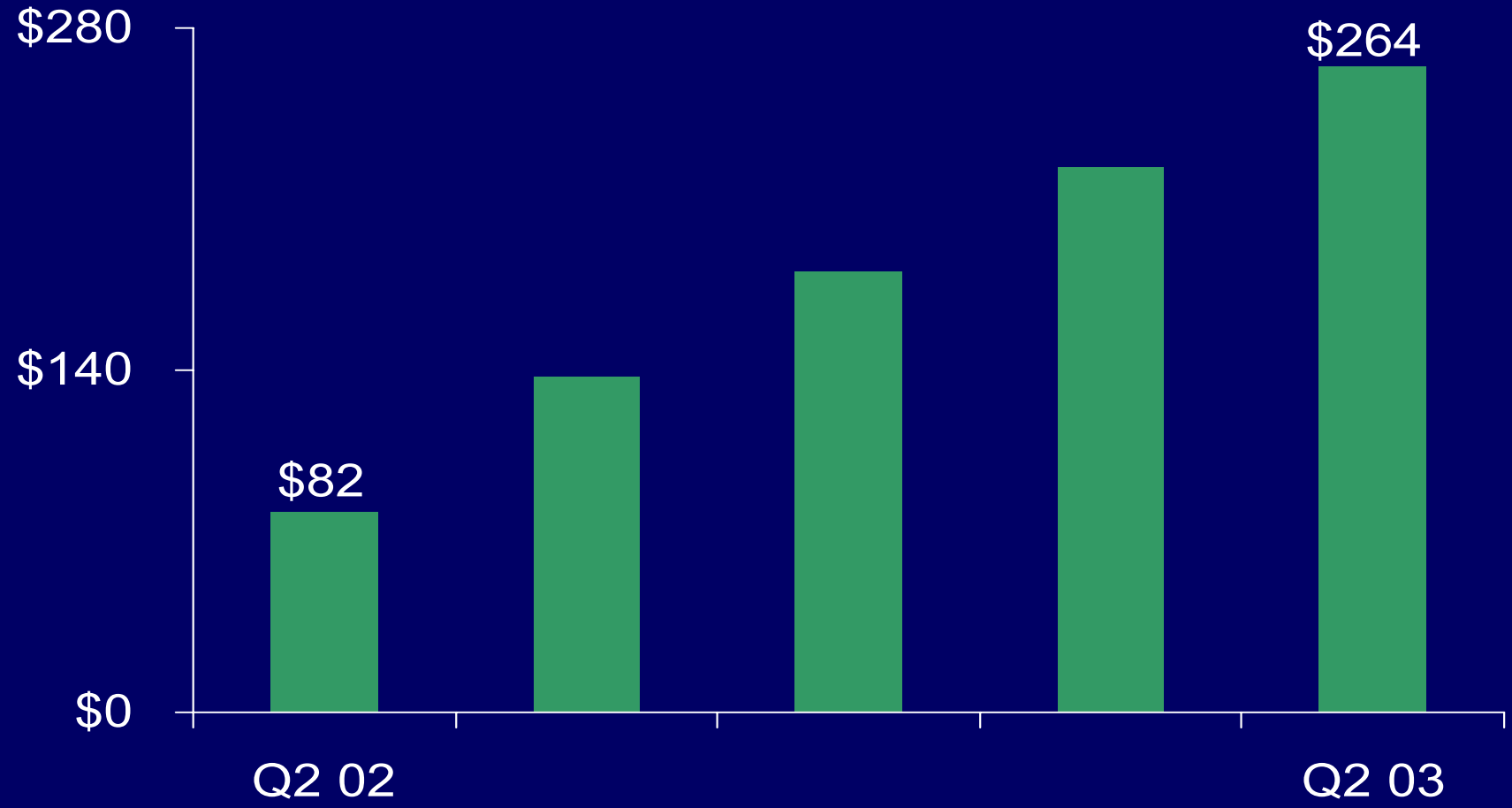
(\$MM)



6% Consolidated Segment Operating Margin

Performance Trends

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

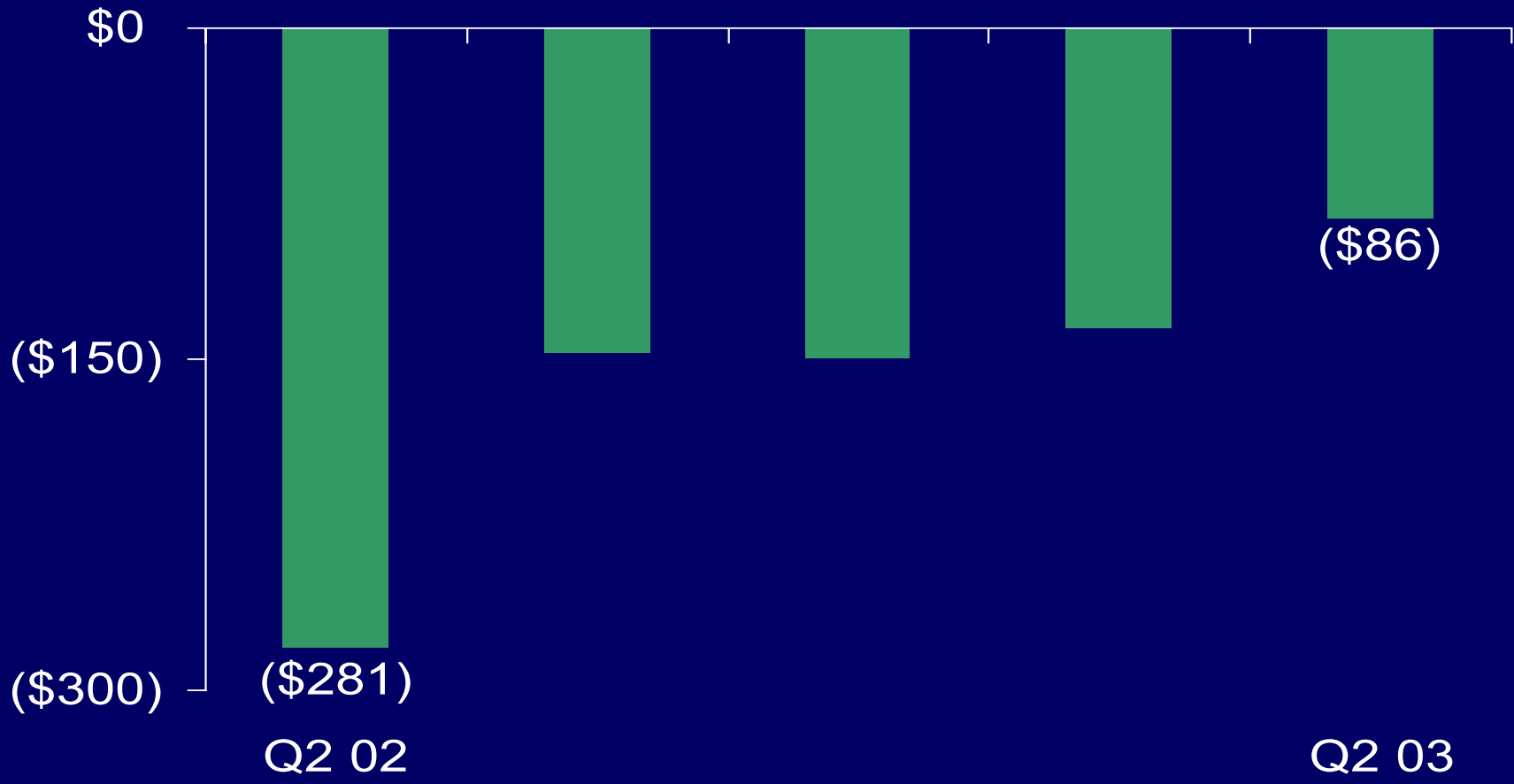


6% Consolidated Segment Operating Margin

Performance Trends

GAAP Net Loss --TTM

(\$MM)

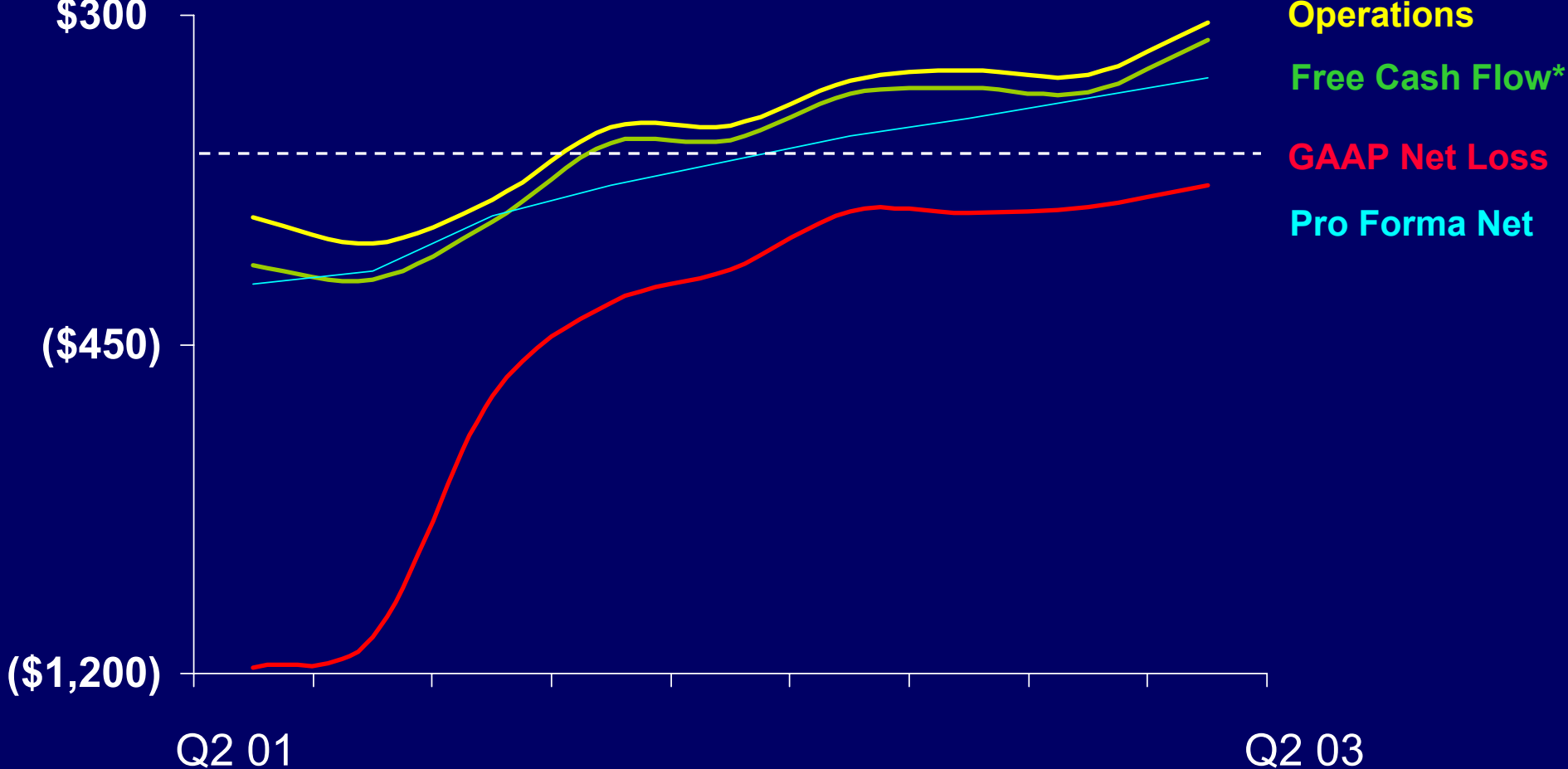


Q2 03 GAAP Net Loss (\$43MM), EPS (\$0.11)

GAAP Net Income (Loss) vs. Cash Flow

Trailing Twelve Months

(\$MM)
\$300



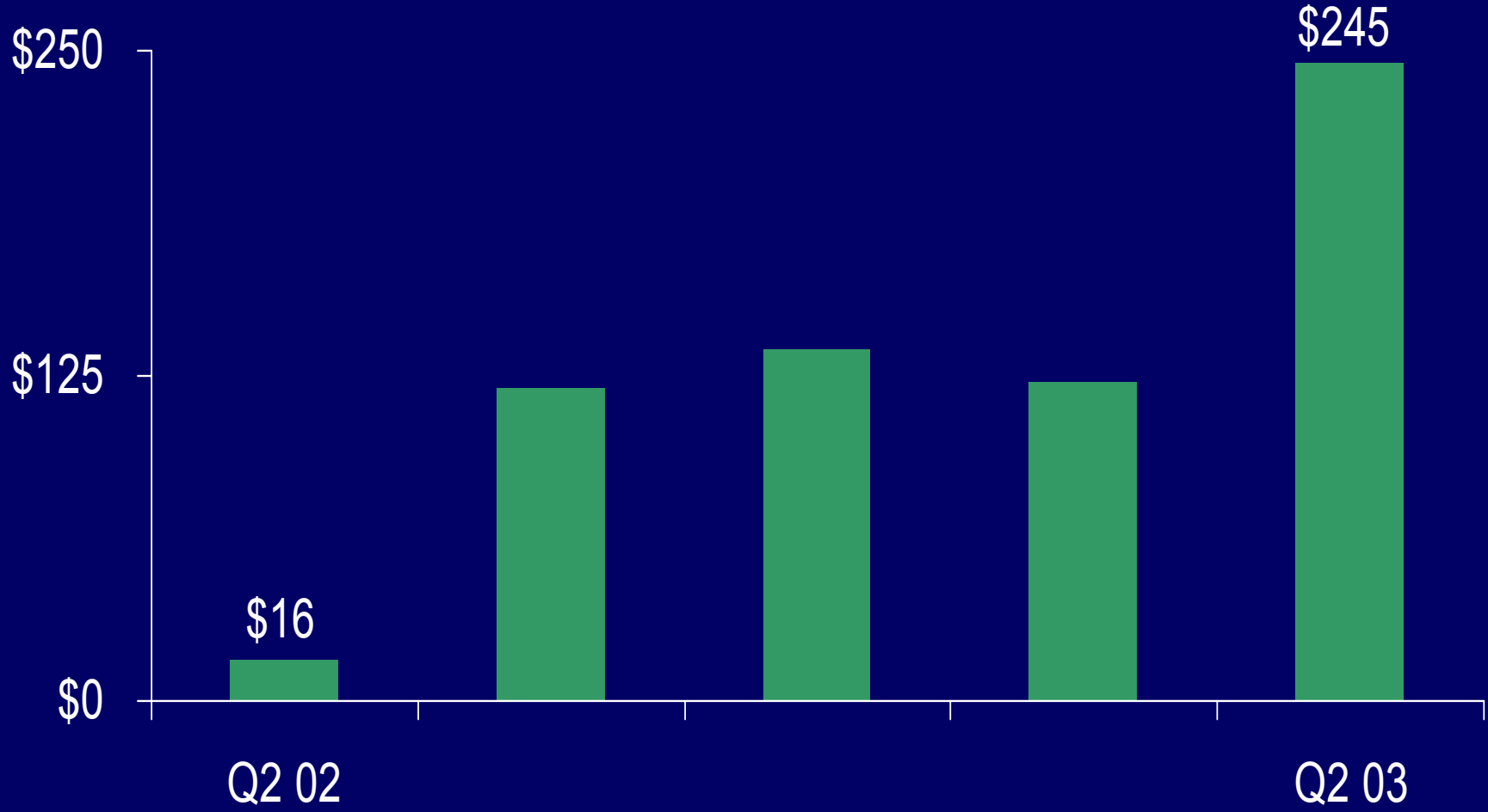
Free Cash Flow -- Our Most Important Financial Measure

* Operating Cash Less Capital Expenditures -- see appendix

Performance Trends

Free Cash Flow* -- TTM

(\$MM)



Over \$225MM Improvement Y / Y

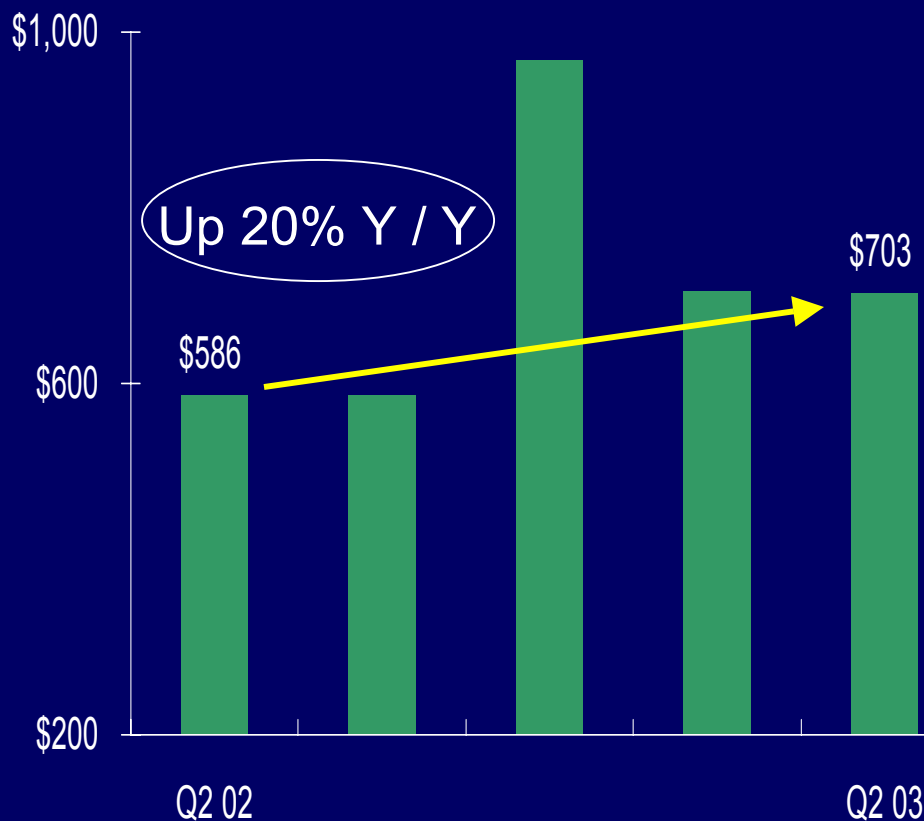
* Operating Cash Less Capital Expenditures -- see appendix

Segment Highlights

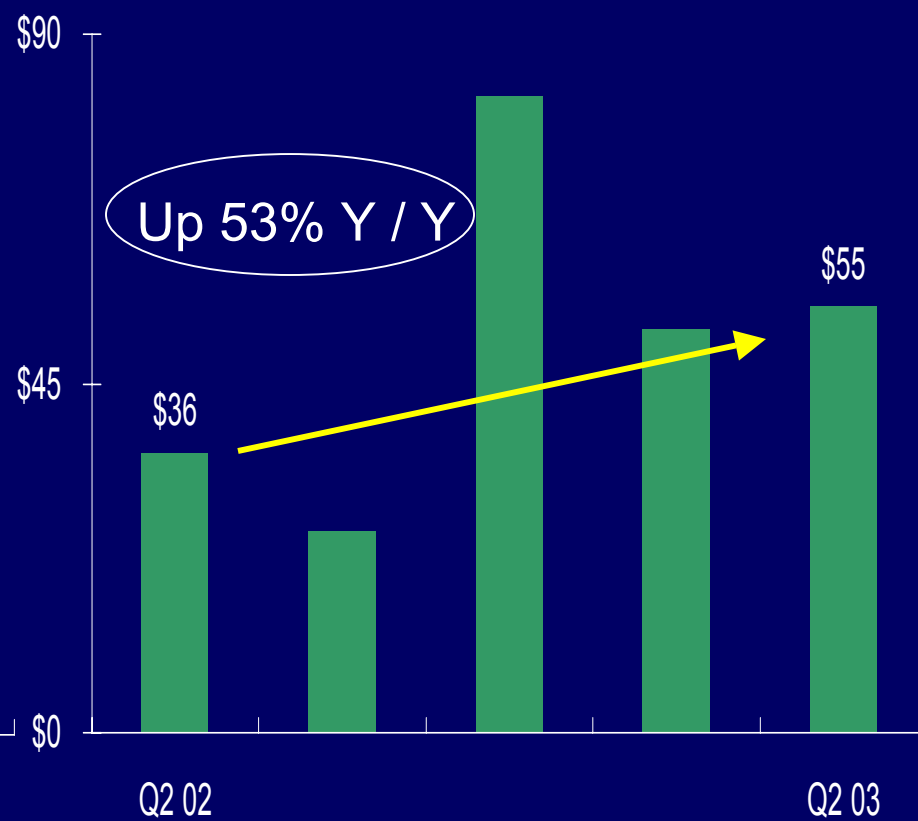
North America

(\$MM)

Net Sales



Segment Operating Income



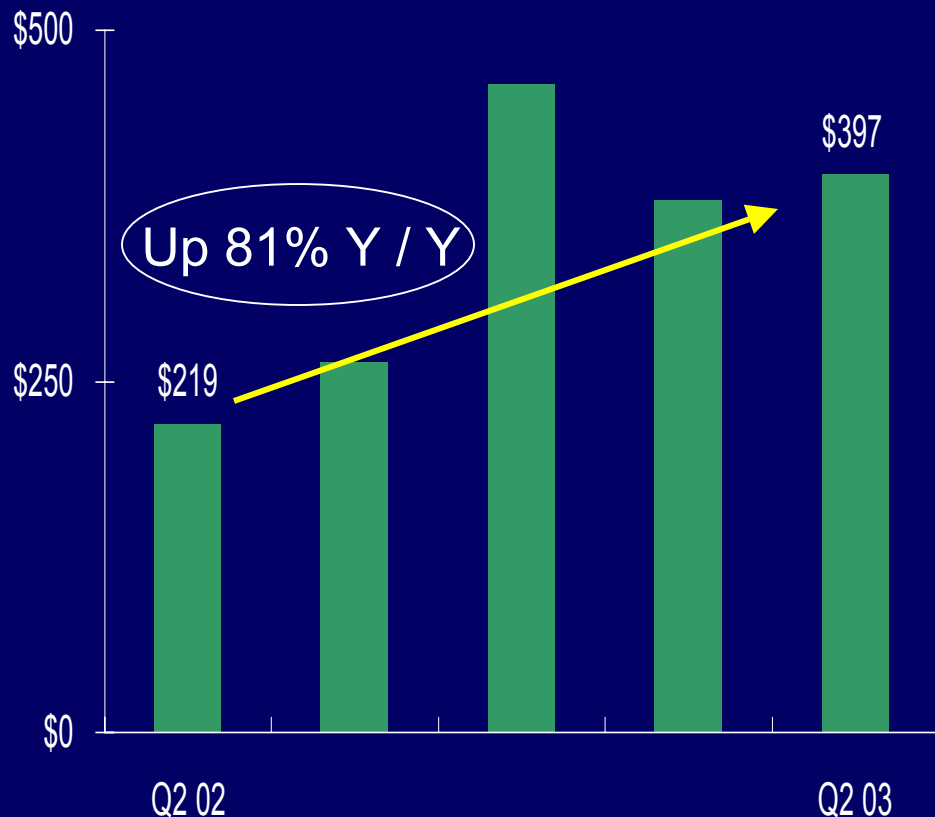
8% Segment Operating Margin

Segment Highlights

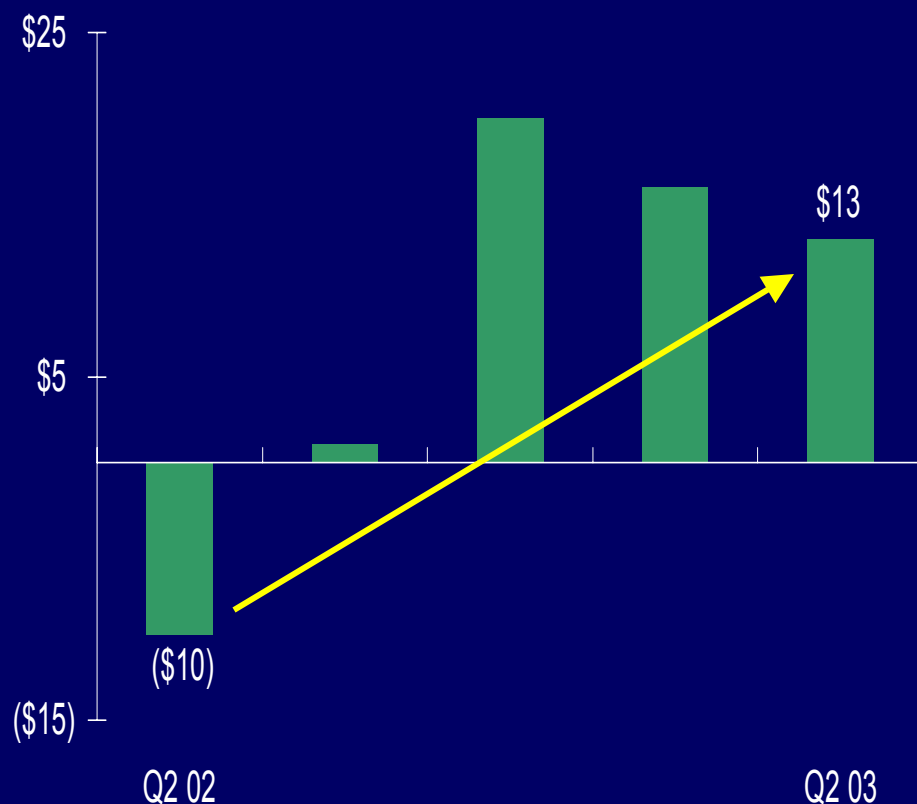
International

(\$MM)

Net Sales



Segment Operating Income (Loss)



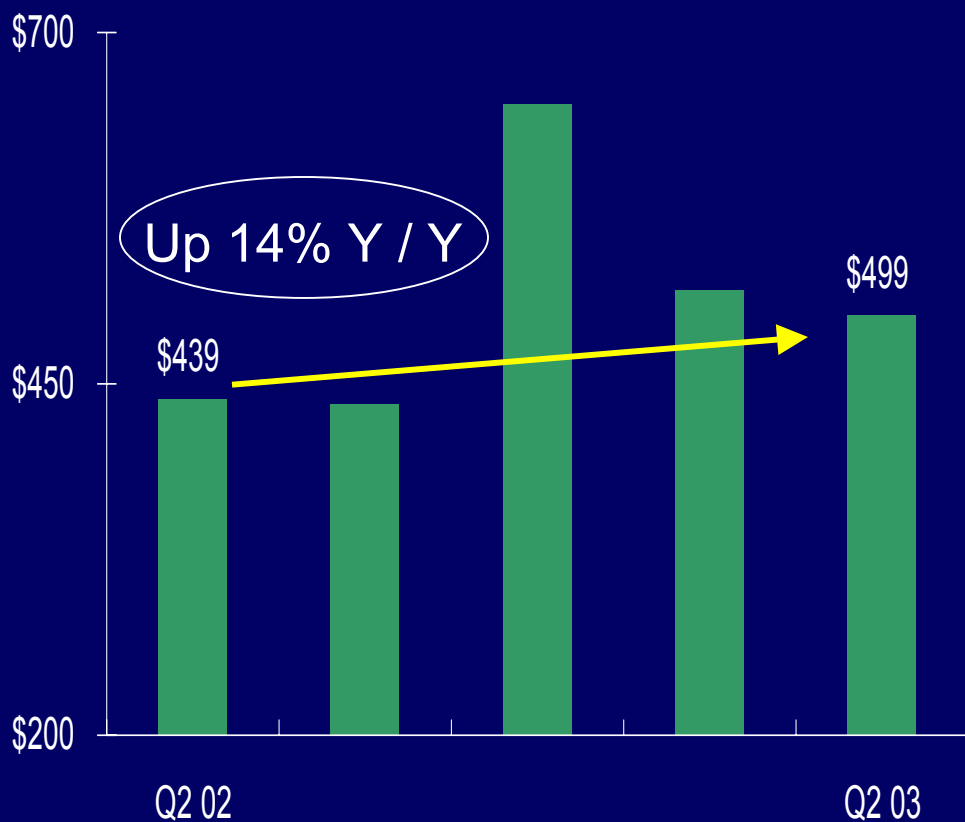
TTM Net Sales Over \$1.5 Billion

Supplemental Revenue Highlights

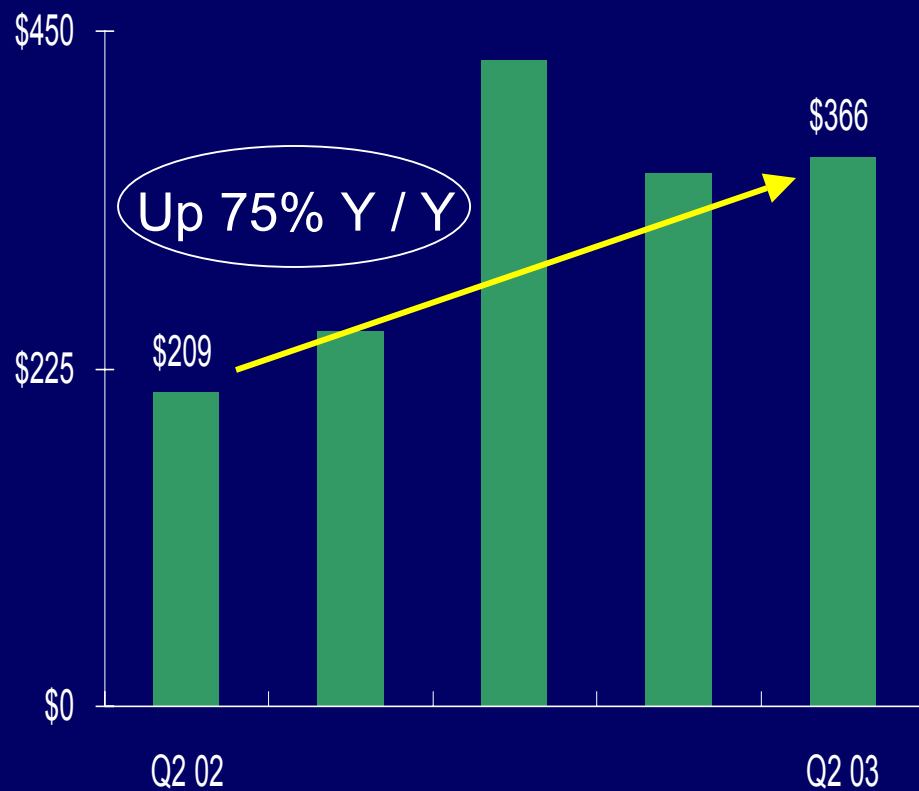
Media

(\$MM)

North America



International



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

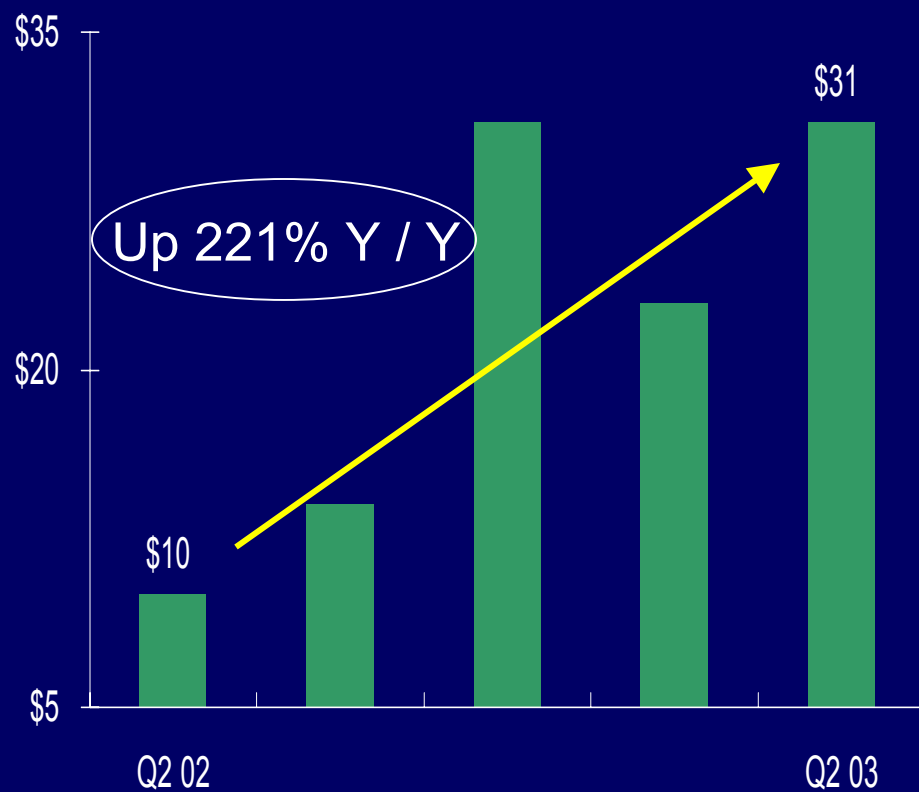
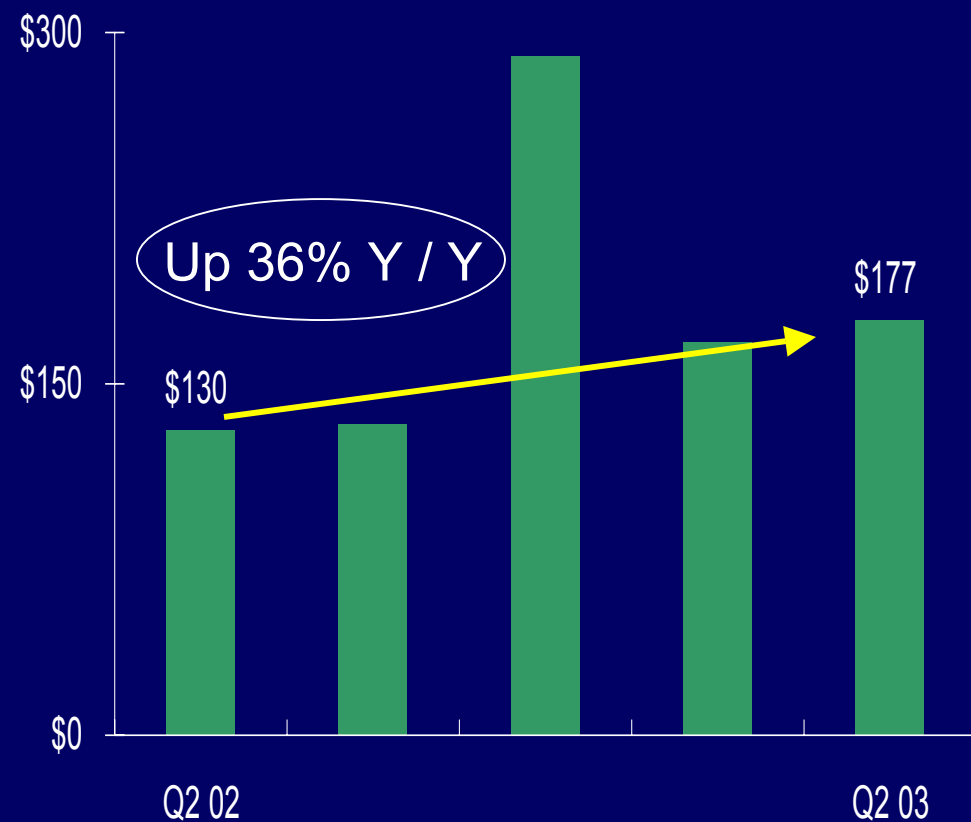
Supplemental Revenue Highlights

Electronics and Other General Merchandise (EOGM)

(\$MM)

North America

International



EOGM is: Electronics, Toys, Home Improvement, Home & Garden and Apparel

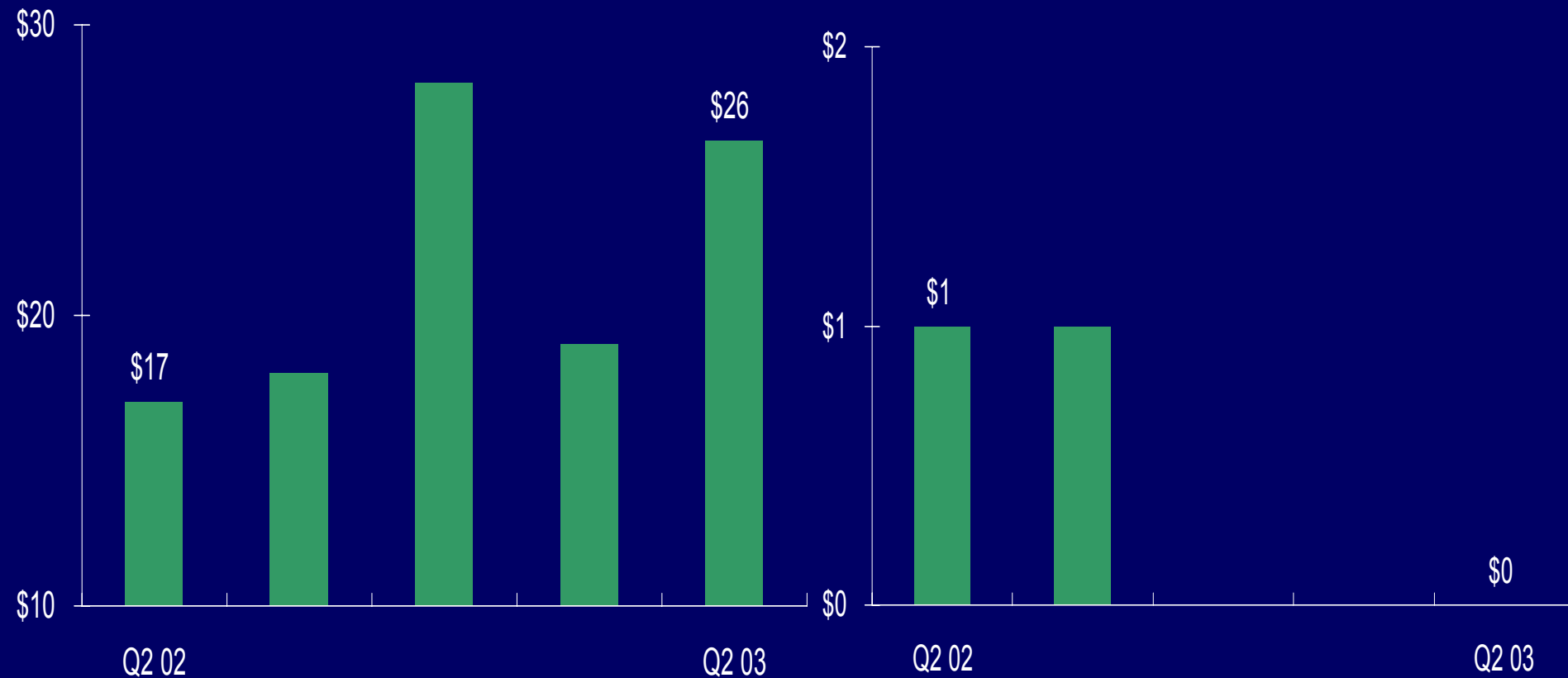
Supplemental Revenue Highlights

Other

(\$MM)

North America

International



Other is: Merchant.com & Miscellaneous Marketing and Promotional Activities

amazon.com[®]
 **and you're done.[™]**

Appendix

Pro Forma Net Income

Reconciliation -- TTM

(\$MM)

| | <u>Q2 02</u> | <u>Q3 02</u> | <u>Q4 02</u> | <u>Q1 03</u> | <u>Q2 03</u> |
|--|----------------|----------------|----------------|----------------|---------------|
| Pro Forma Net Income (Loss) | (\$32) | \$26 | \$66 | \$112 | \$158 |
| Less: | | | | | |
| Stock-Based Compensation | 33 | 35 | 69 | 85 | 87 |
| Amortization of Goodwill and other intangibles | 83 | 42 | 5 | 4 | 4 |
| Restructuring-related and other | 19 | 51 | 42 | 32 | 32 |
| Remeasurement of 6.875% PEACS and other | 105 | 39 | 96 | 124 | 120 |
| Equity in losses of equity-method investees, net | 10 | 5 | 4 | 3 | 2 |
| GAAP Income (Loss) | <u>(\$281)</u> | <u>(\$147)</u> | <u>(\$149)</u> | <u>(\$136)</u> | <u>(\$86)</u> |

Consolidated Segment Operating Income

Reconciliation

(\$MM)

| | <u>Q202</u> | <u>Q302</u> | <u>Q402</u> | <u>Q103</u> | <u>Q203</u> |
|--|-------------|---------------|--------------|-------------|-------------|
| Consolidated Segment Operating Income | \$26 | \$27 | \$102 | \$67 | \$67 |
| Less: | | | | | |
| Stock-Based Compensation | 23 | (1) | 36 | 27 | 24 |
| Amortization of Goodwill and Other Intangibles | 1 | 1 | 1 | 1 | 1 |
| Restructuring-related and Other | <u>--</u> | <u>37</u> | <u>(\$5)</u> | <u>--</u> | <u>--</u> |
| Income (Loss) From Operations | <u>\$1</u> | <u>(\$10)</u> | <u>\$71</u> | <u>\$39</u> | <u>\$42</u> |

Consolidated Segment Operating Income

Reconciliation -- TTM

(\$MM)

| | <u>Q2 02</u> | <u>Q3 02</u> | <u>Q4 02</u> | <u>Q1 03</u> | <u>Q2 03</u> |
|---|----------------------|-------------------|--------------------|---------------------|---------------------|
| Consolidated Segment Operating Income | \$82 | \$137 | \$180 | \$223 | \$264 |
| Less: | | | | | |
| Stock-Based Compensation | 33 | 35 | 69 | 85 | 87 |
| Amortization of Goodwill and Other Intangibles | 83 | 42 | 5 | 4 | 4 |
| Restructuring-related and Other | 19 | 51 | 42 | 32 | 32 |
| Income (Loss) From Operations | <u>(\$53)</u> | <u>\$8</u> | <u>\$64</u> | <u>\$102</u> | <u>\$142</u> |

Free Cash Flow

Reconciliation -- TTM

| | <u>Q2 02</u> | <u>Q3 02</u> | <u>Q4 02</u> | <u>Q1 03</u> | <u>Q2 03</u> |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| Operating Cash Flow | \$48 | \$151 | \$174 | \$164 | \$285 |
| Less: Purchase of Fixed Assets | <u>33</u> | <u>31</u> | <u>39</u> | <u>41</u> | <u>40</u> |
| Free Cash Flow | <u>\$16</u> | <u>\$120</u> | <u>\$135</u> | <u>\$123</u> | <u>\$245</u> |