



**Q3 2003 Financial Results
Conference Call Slides**

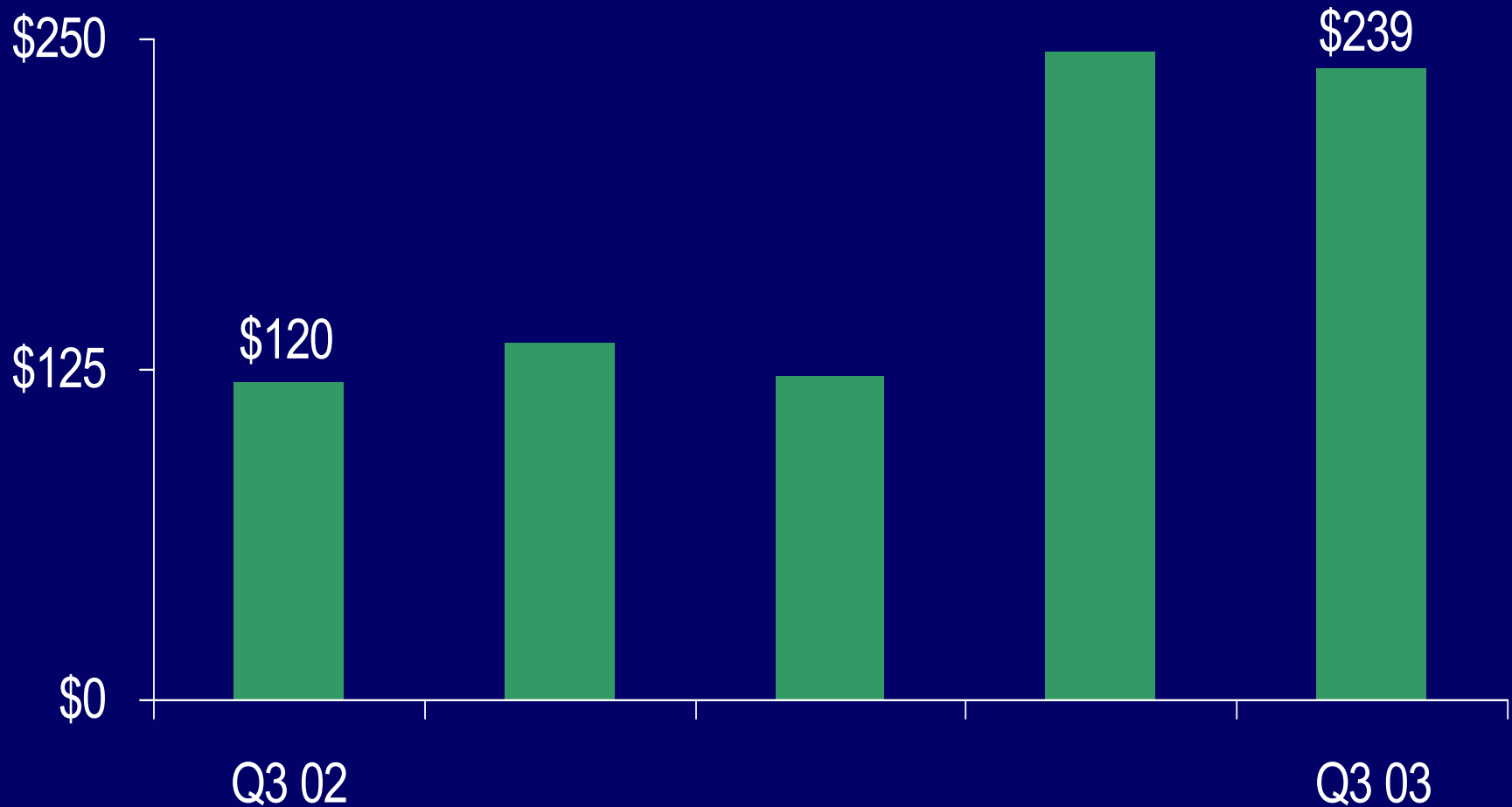
Amazon.com

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, 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

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



\$119MM Improvement Y / Y

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

Performance Trends

Net Sales

(\$MM)

\$1,500

\$900

\$300

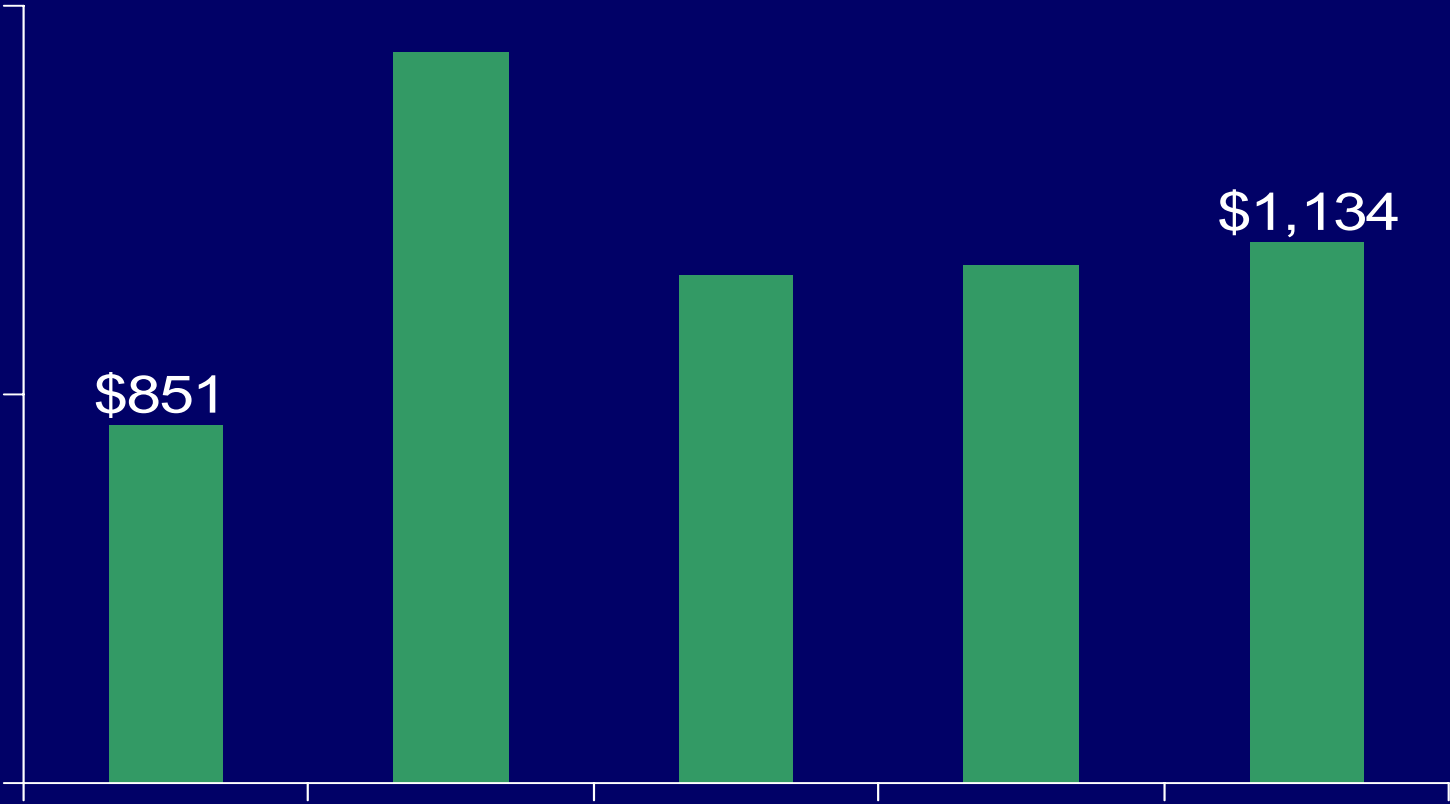
Q3 02

Q3 03

\$851

\$1,134

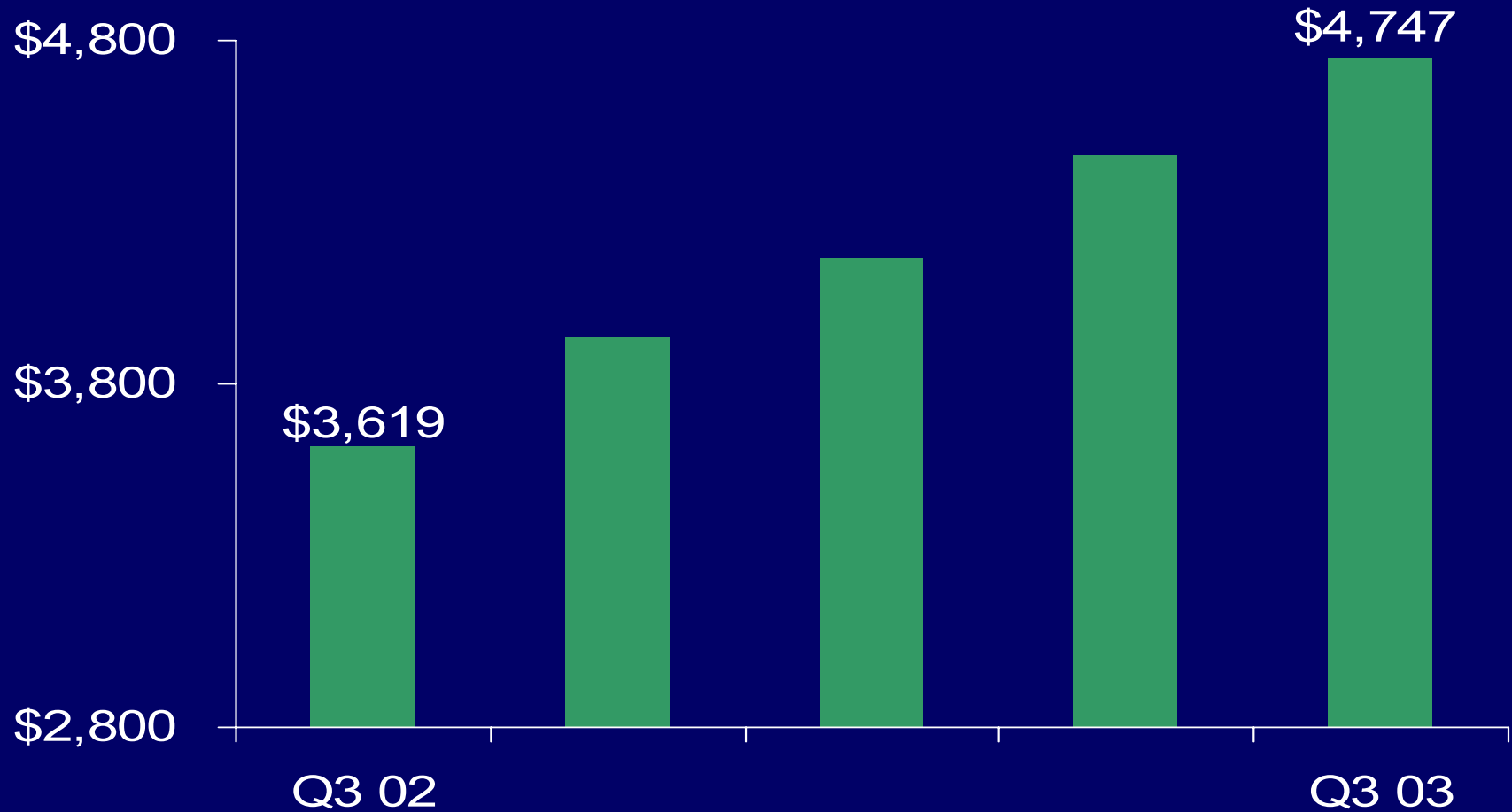
Up 33% Y / Y



Performance Trends

Net Sales -- (TTM)

(\$MM)

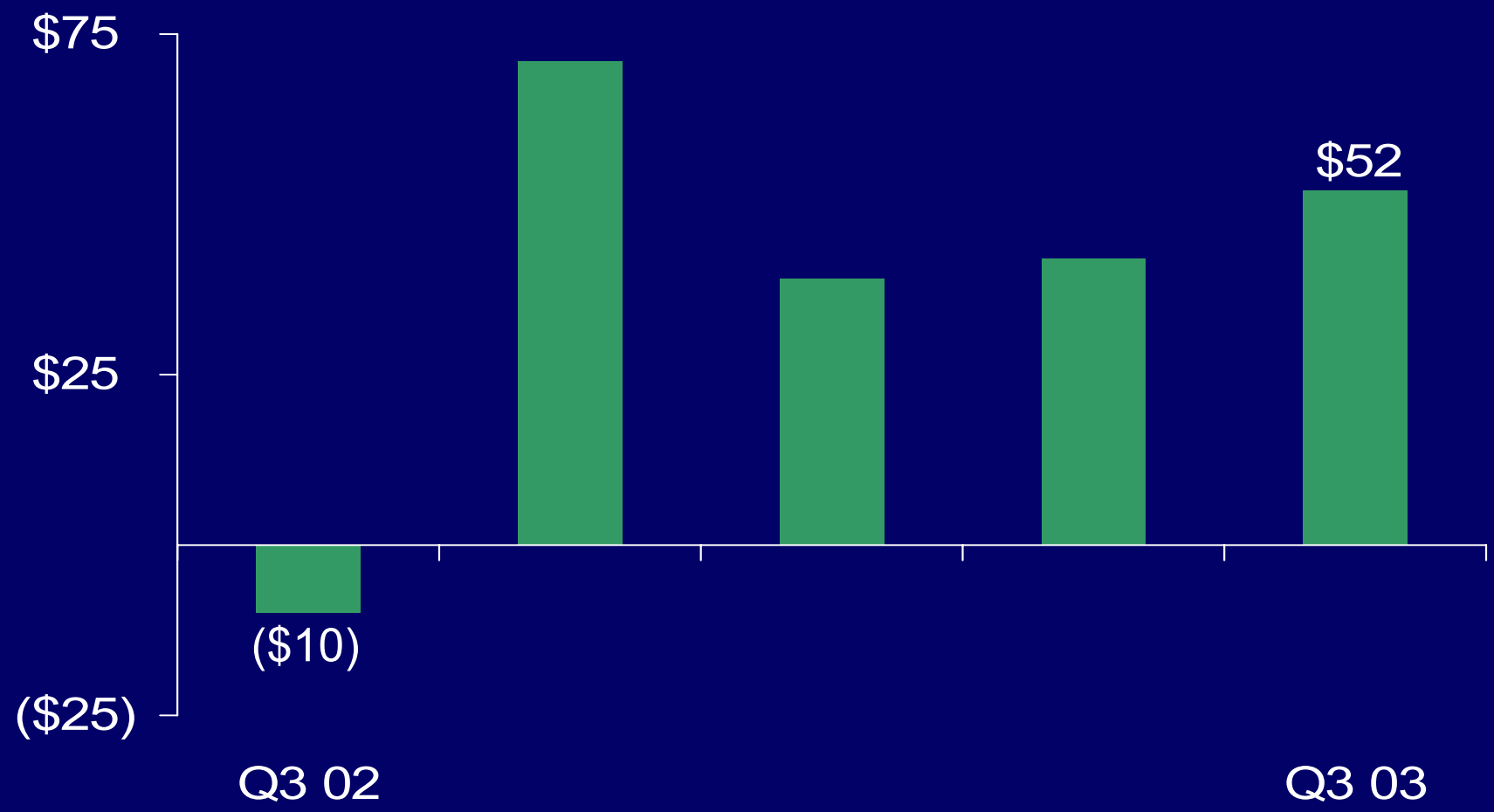


Up 31% Y / Y

Performance Trends

GAAP Operating Income (Loss)

(\$MM)

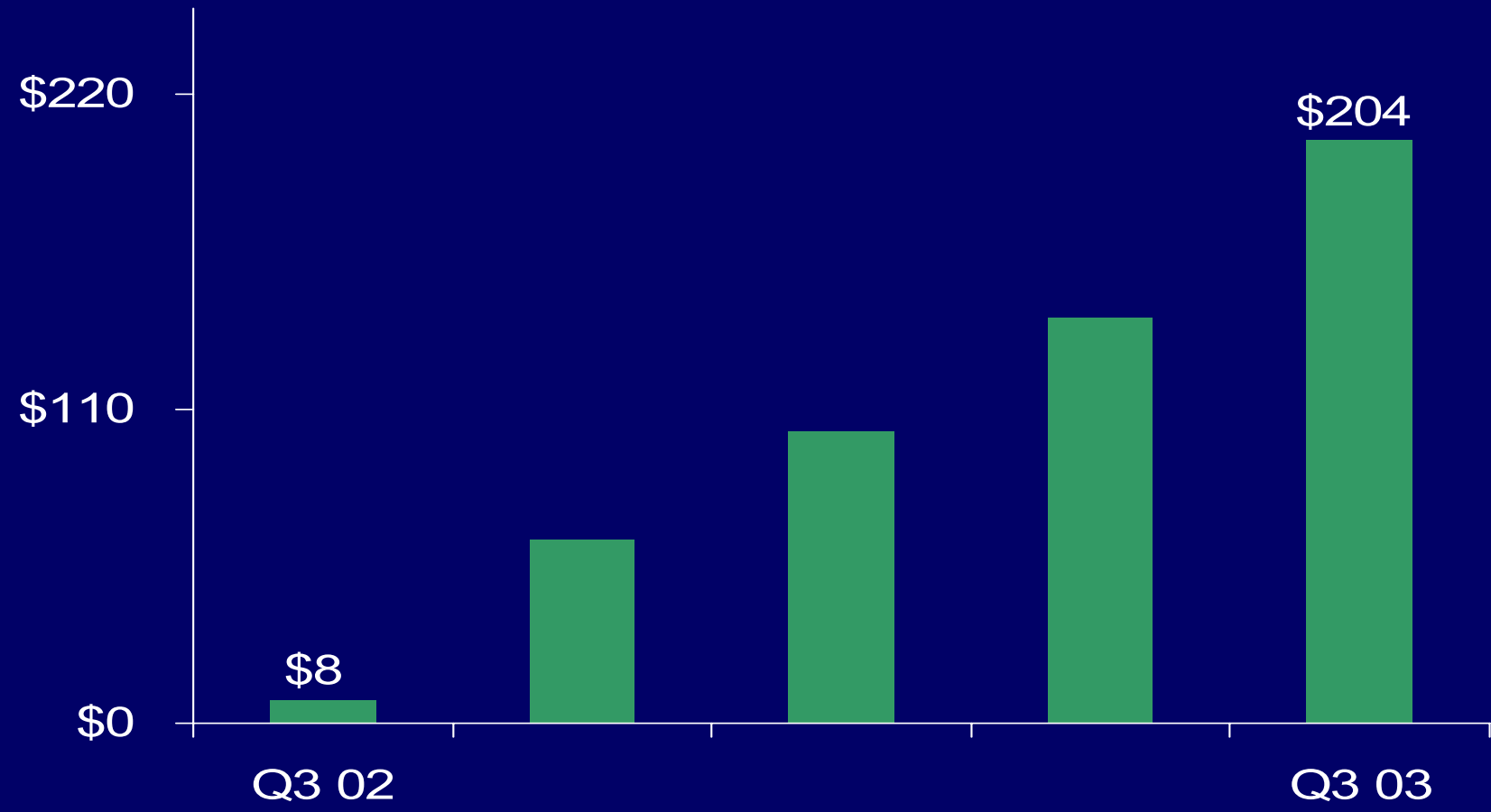


4.6% GAAP Operating Margin

Performance Trends

GAAP Operating Income --TTM

(\$MM)

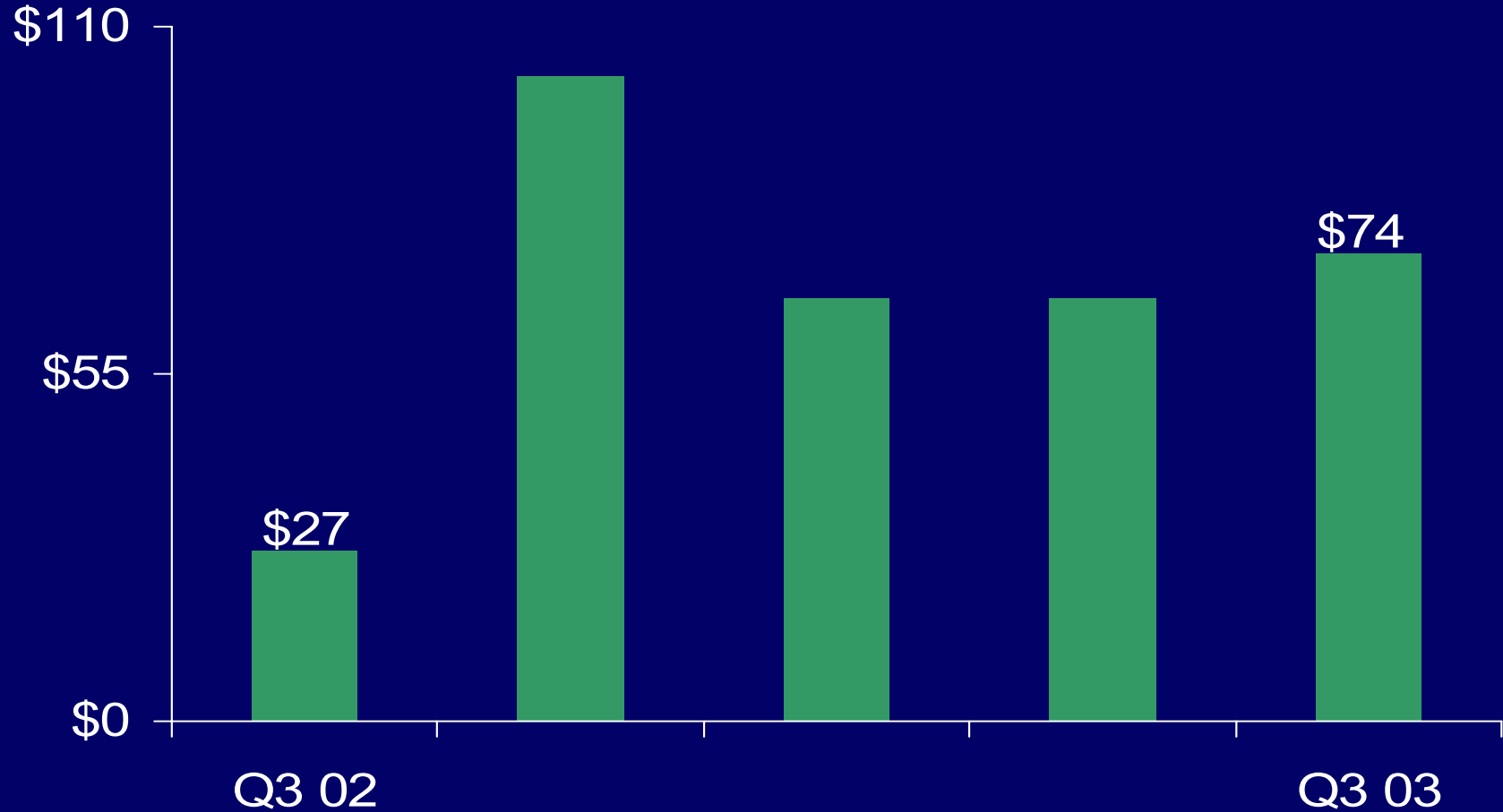


4.3% GAAP Operating Margin

Performance Trends

Consolidated Segment Operating Income*

(\$MM)

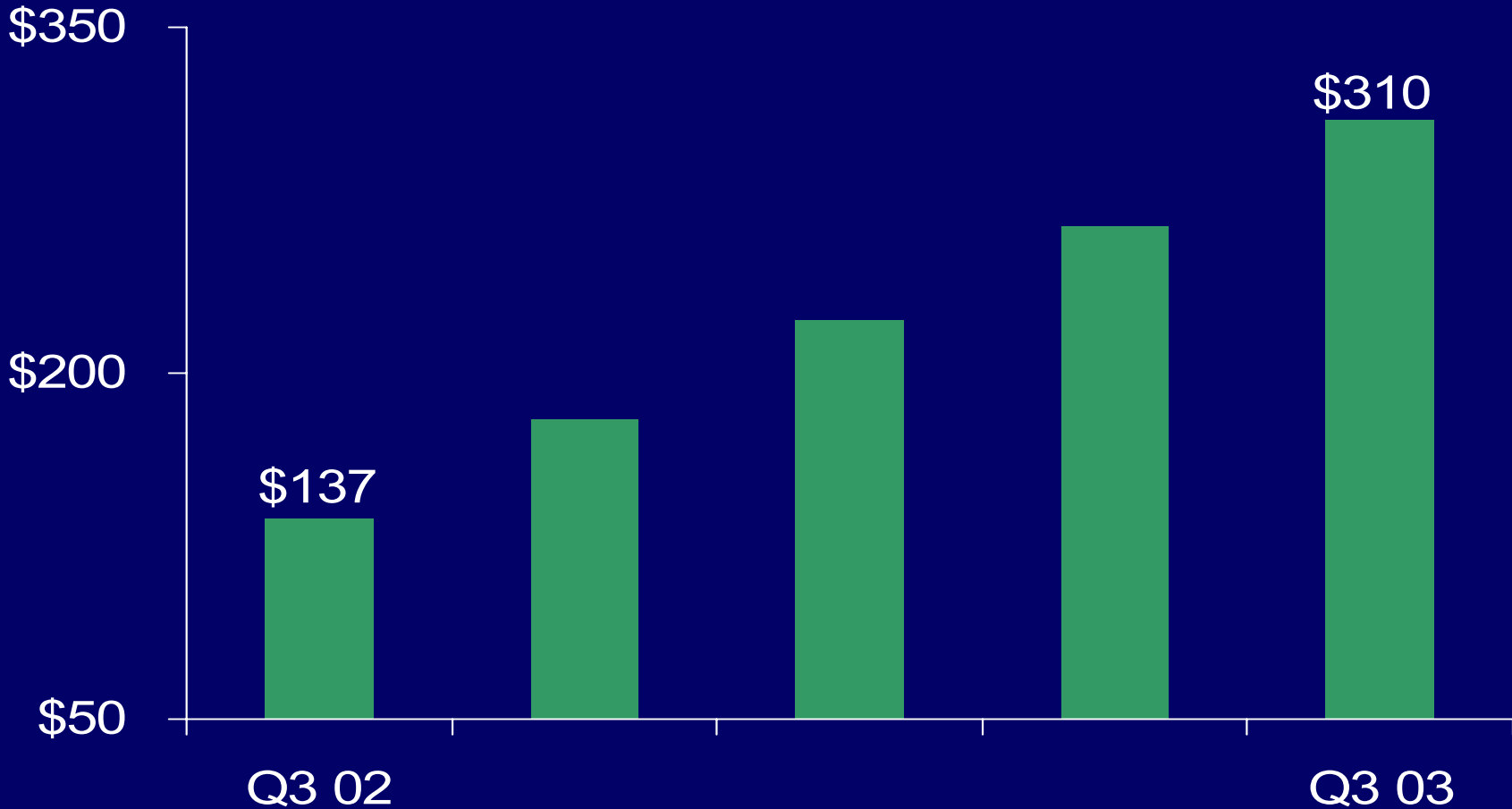


6.5% Consolidated Segment Operating Margin

* See appendix

Performance Trends

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



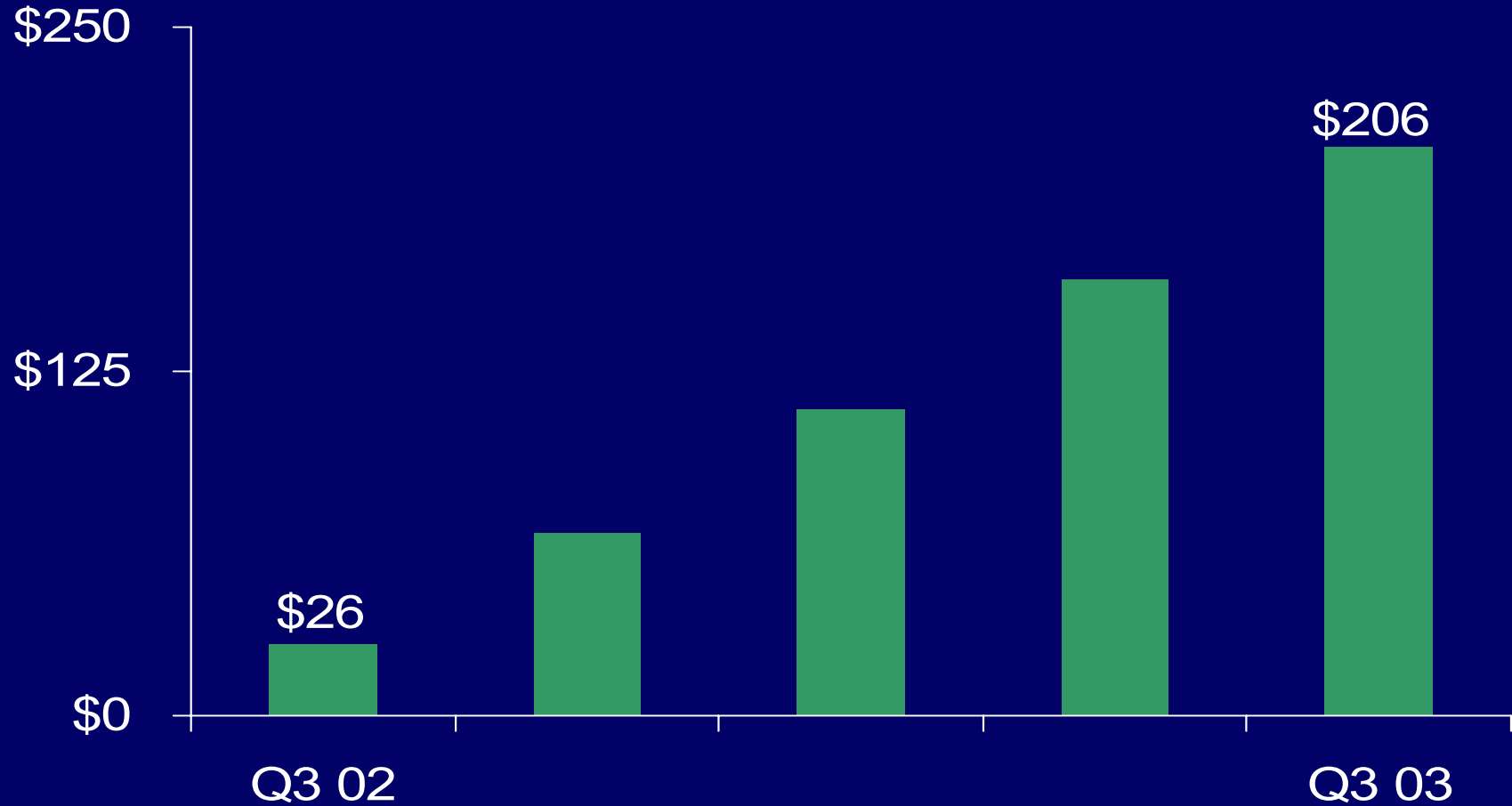
6.5% Consolidated Segment Operating Margin

* See appendix

Performance Trends

Pro Forma Net Income* --TTM

(\$MM)

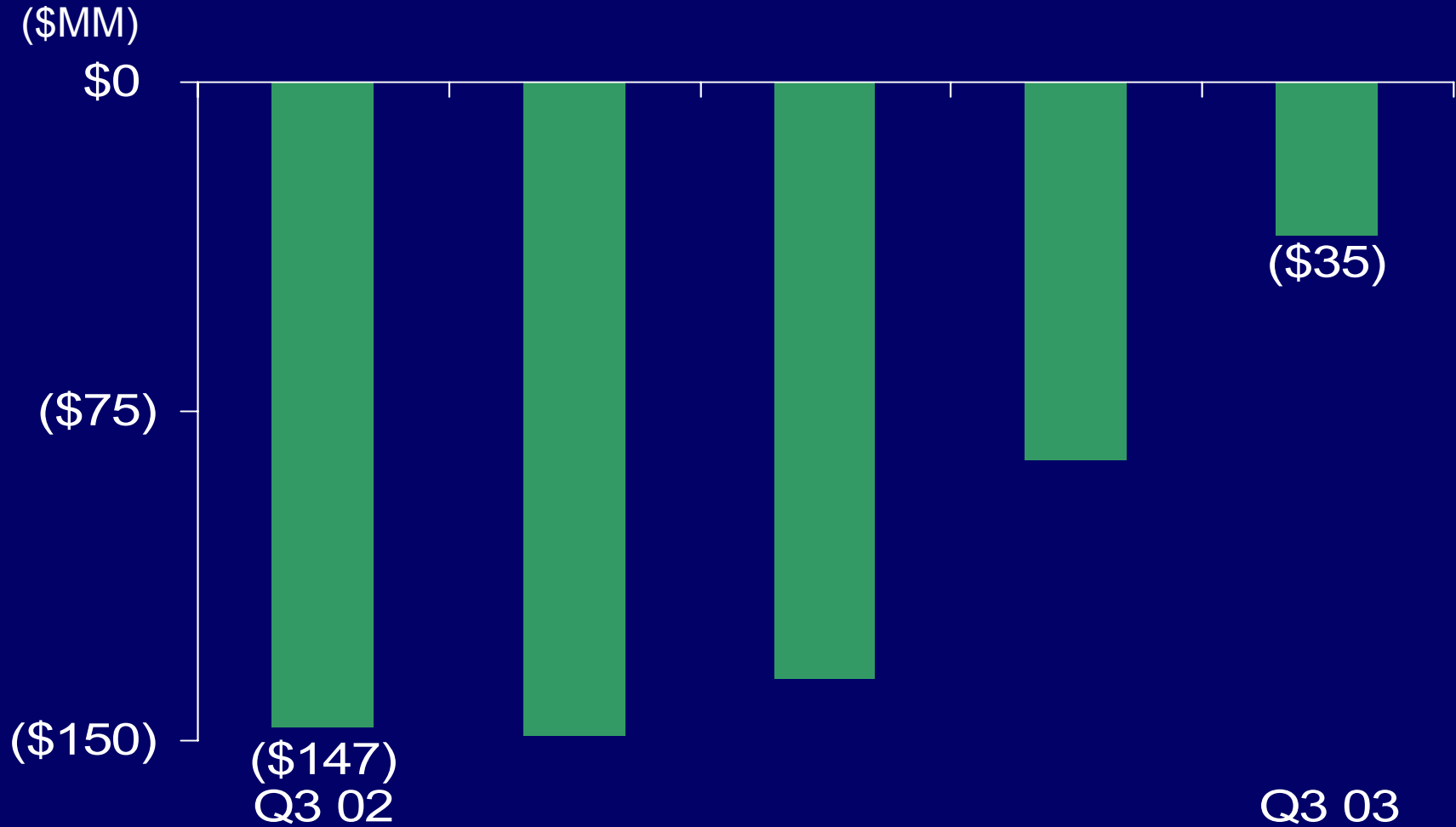


4.3% Pro Forma Net Margin

* See appendix

Performance Trends

GAAP Net Loss --TTM



Q3 03 GAAP Net Income \$16MM, EPS \$0.04

Performance Trends

GAAP Net Loss vs. Cash Flow* -- TTM

(\$MM)

\$300

(\$450)

(\$1,200)

Q3 01

Q3 03

Cash Flow From Operations

Free Cash Flow*

Pro Forma Net

GAAP Net Loss

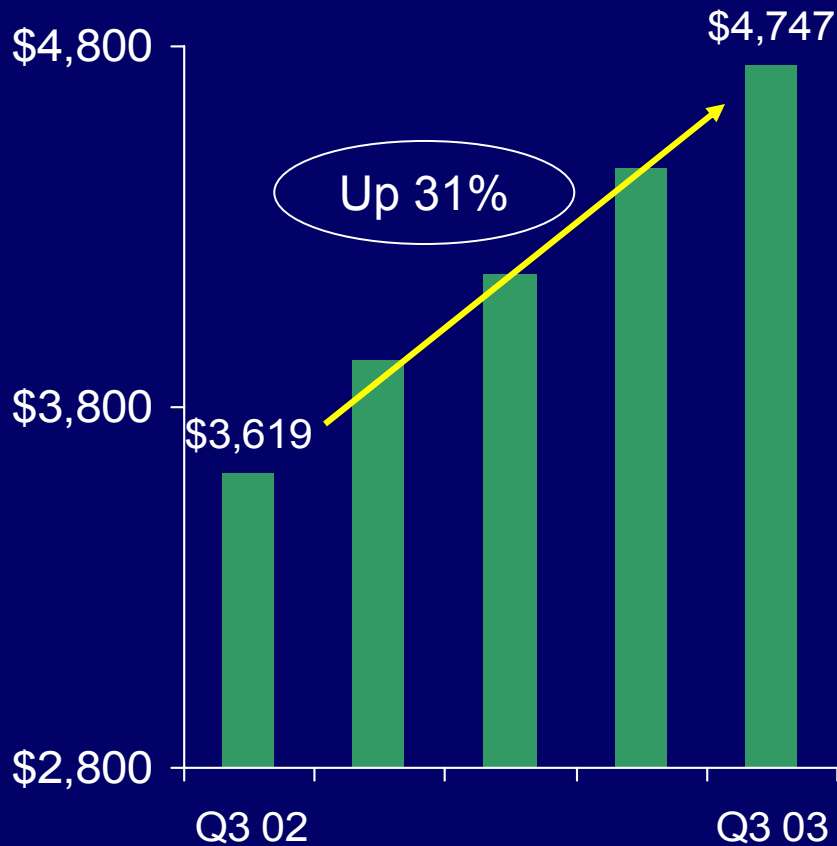
Free Cash Flow -- Our Most Important Financial Measure

* Operating Cash Less Capital Expenditures -- see appendix

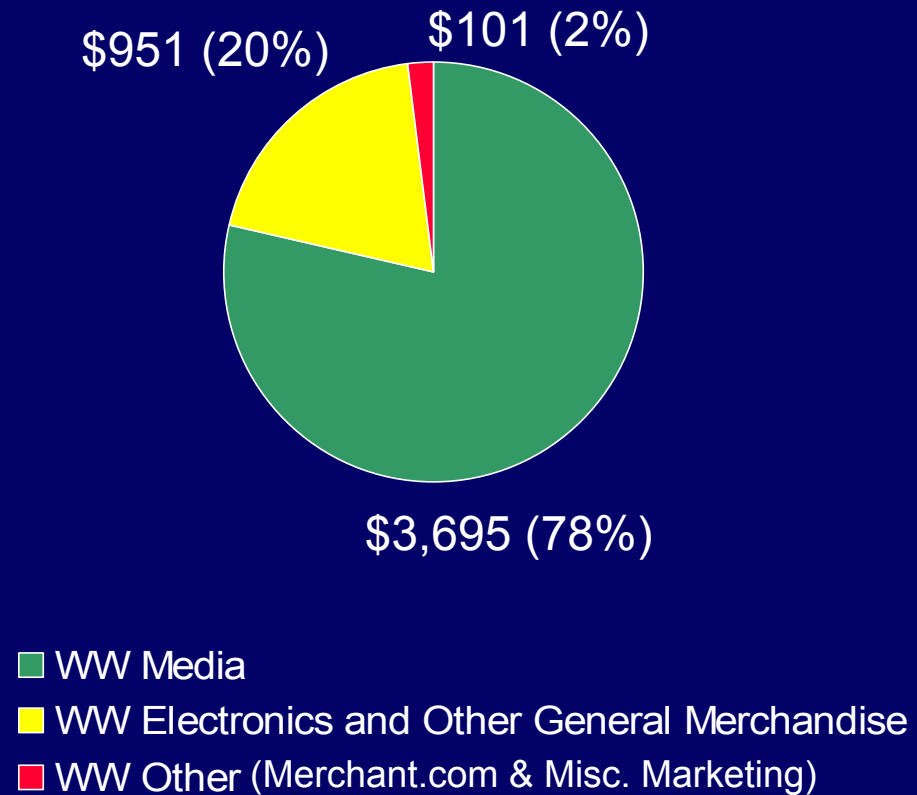
Performance Trends

Net Sales -- TTM

(\$MM)



WW Revenue Mix



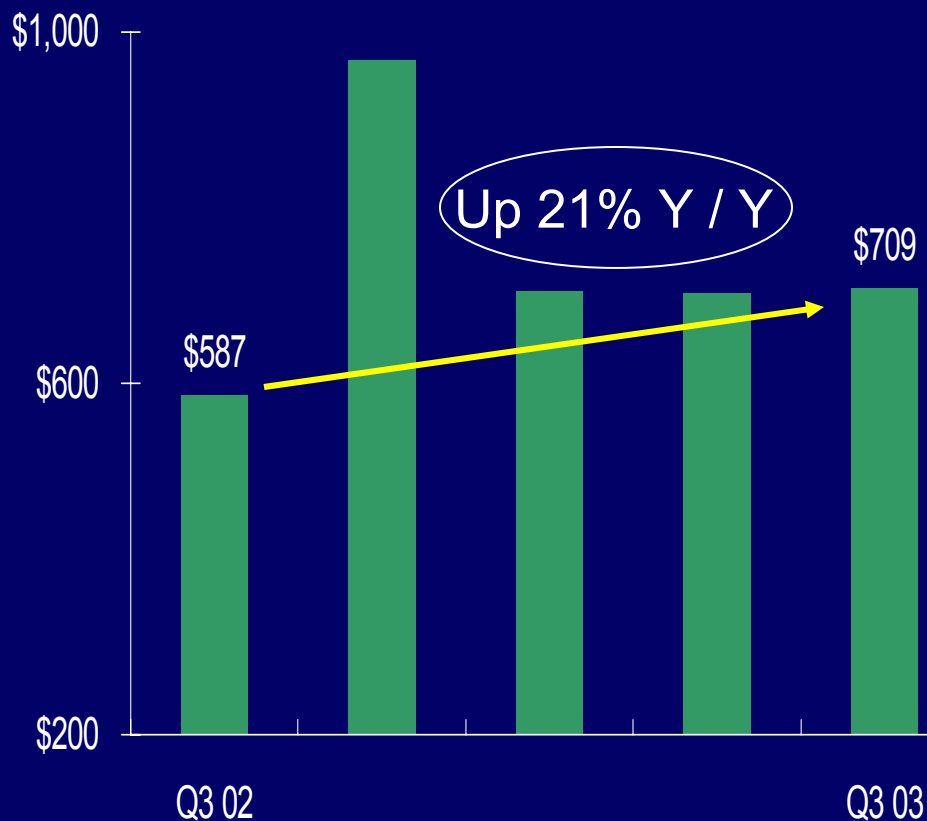
22% of WW Revenue From Non-Media Categories

Segment Highlights

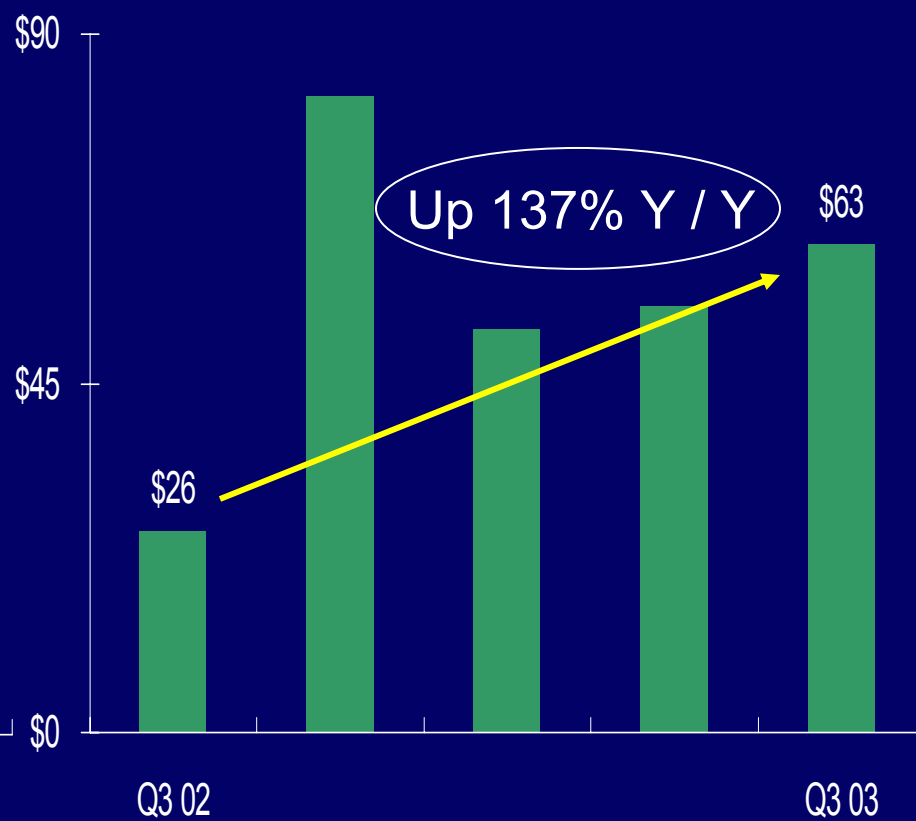
North America

(\$MM)

Net Sales



Segment Operating Income



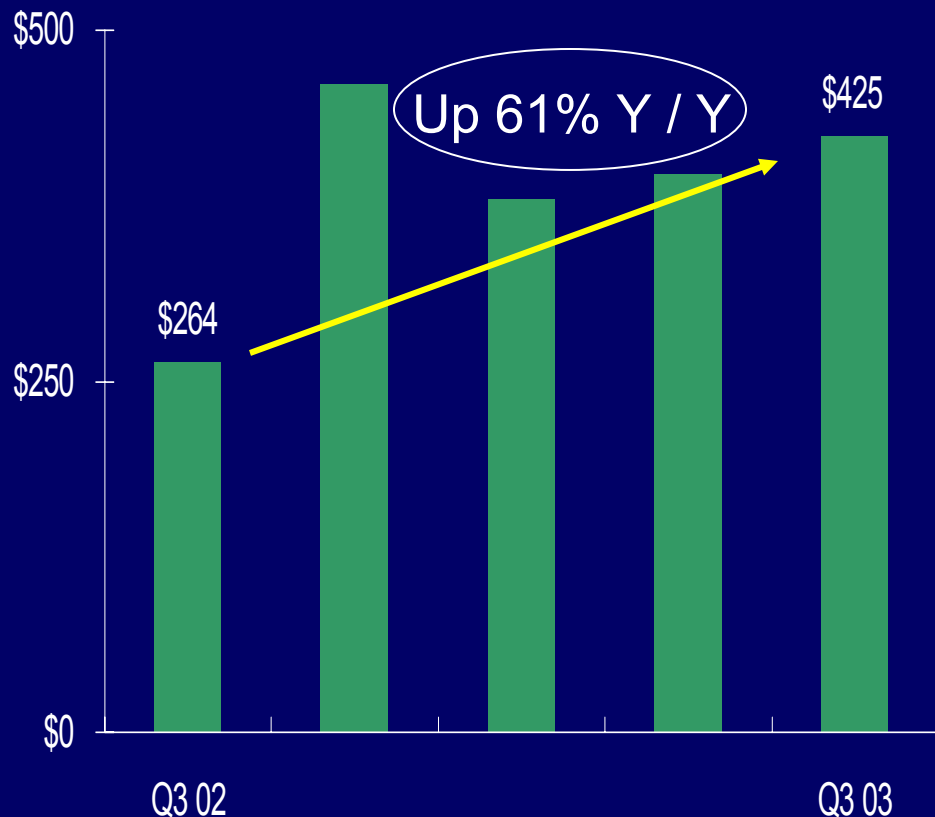
9% Segment Operating Margin

Segment Highlights

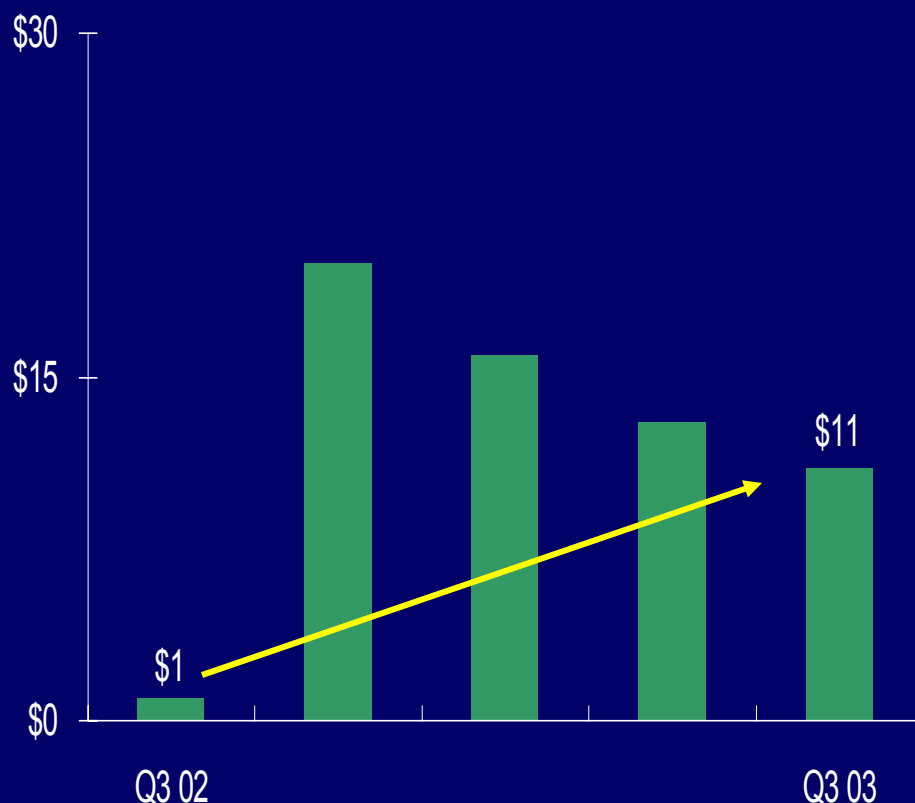
International

(\$MM)

Net Sales



Segment Operating Income



TTM Net Sales \$1.7 Billion

Supplemental Revenue Highlights

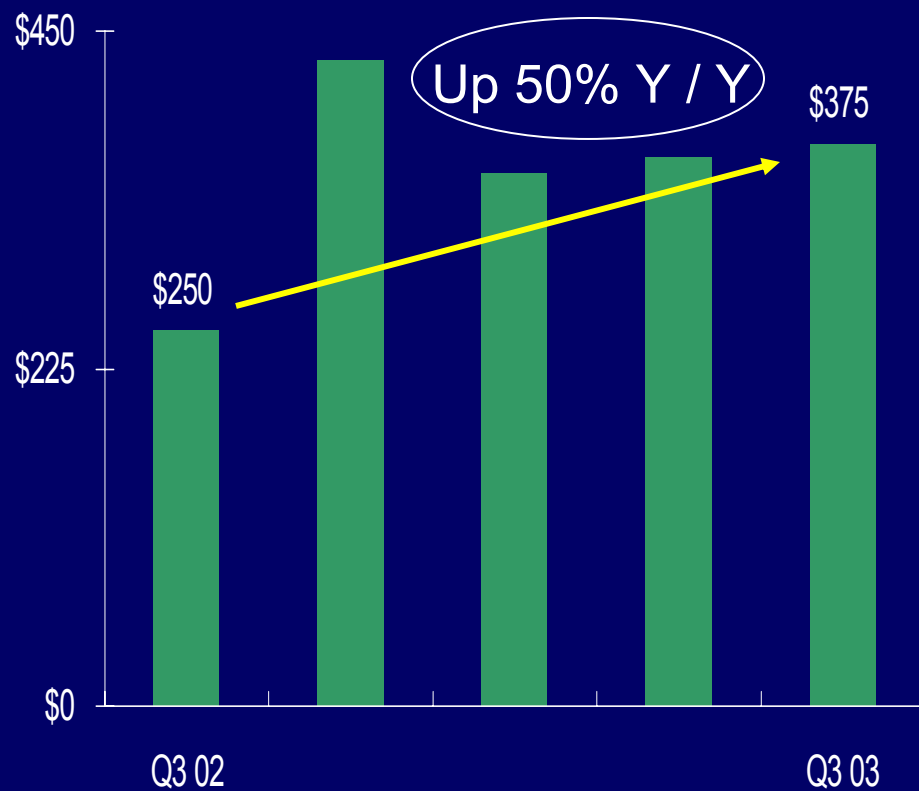
Media

(\$MM)

North America



International



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

Supplemental Revenue Highlights

Electronics and Other General Merchandise (EOGM)

(\$MM)

North America

International



EOGM: Electronics & Office, Kids & Baby, Home & Garden, Apparel, Sporting Goods

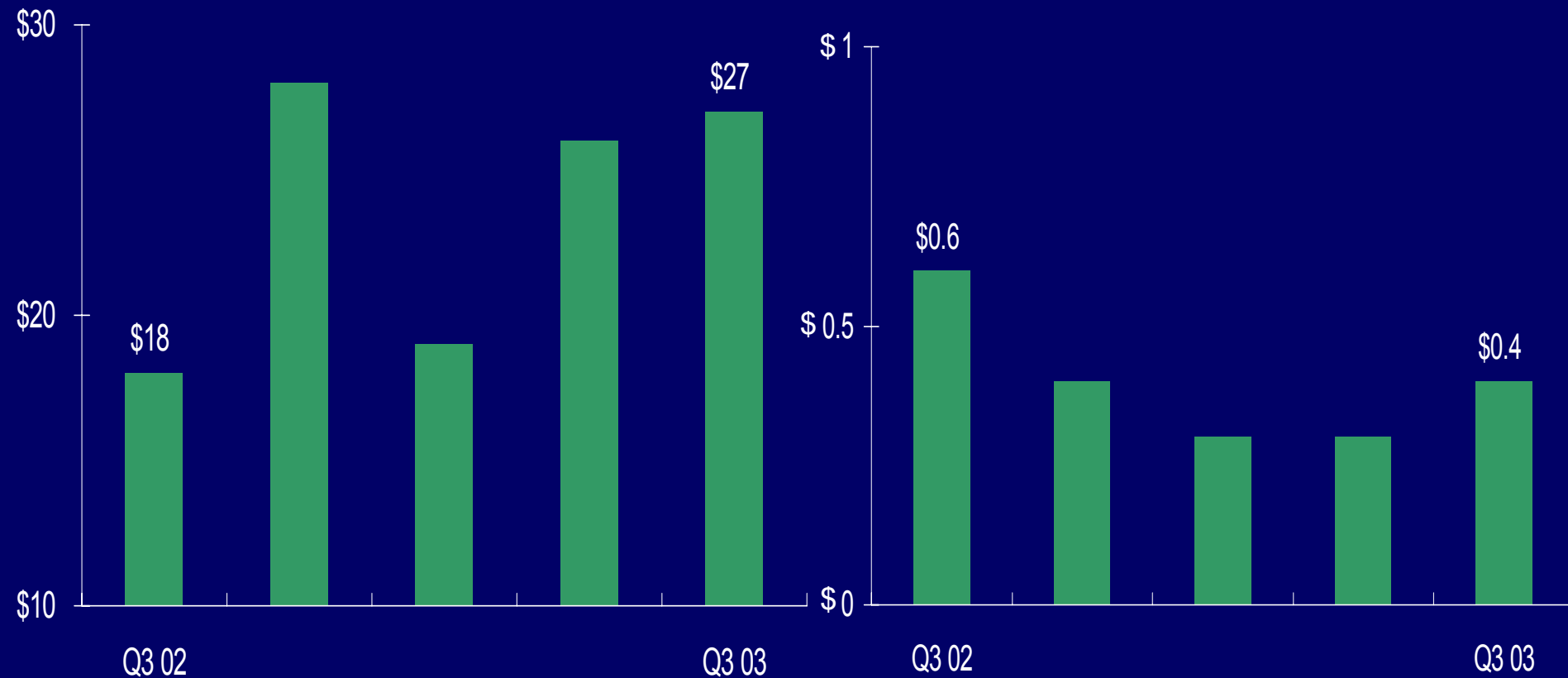
Supplemental Revenue Highlights

Other

(\$MM)

North America

International



Other: Merchant.com & Miscellaneous Marketing and Promotional Activities

amazon.com[®]
and you're done.[™]

Appendix

Pro Forma Net Income

Reconciliation -- TTM

(\$MM)

	<u>Q3 02</u>	<u>Q4 02</u>	<u>Q1 03</u>	<u>Q2 03</u>	<u>Q3 03</u>
Pro Forma Net Income	\$26	\$66	\$112	\$158	\$206
Less:					
Stock-Based Compensation	35	69	85	87	108
Amortization of Other Intangibles	42	5	4	4	4
Restructuring-related and Other	51	42	32	32	(5)
Remeasurement of 6.875% PEACS and Other	39	96	124	120	134
Equity in losses of Equity-method Investees, net	<u>5</u>	<u>4</u>	<u>3</u>	<u>2</u>	<u>1</u>
GAAP Net Loss	<u><u>(\$147)</u></u>	<u><u>(\$149)</u></u>	<u><u>(\$136)</u></u>	<u><u>(\$86)</u></u>	<u><u>(\$35)</u></u>

Consolidated Segment Operating Income

Reconciliation

(\$MM)

	<u>Q302</u>	<u>Q402</u>	<u>Q103</u>	<u>Q203</u>	<u>Q303</u>
Consolidated Segment Operating Income	\$27	\$102	\$67	\$67	\$74
Less:					
Stock-Based Compensation	(1)	36	27	24	21
Amortization of Other Intangibles	1	1	1	1	1
Restructuring-related and Other	<u>37</u>	<u>(5)</u>	<u>--</u>	<u>--</u>	<u>--</u>
GAAP Income (Loss) From Operations	<u>(\$10)</u>	<u>\$71</u>	<u>\$39</u>	<u>\$42</u>	<u>\$52</u>

Consolidated Segment Operating Income

Reconciliation -- TTM

(\$MM)

	<u>Q3 02</u>	<u>Q4 02</u>	<u>Q1 03</u>	<u>Q2 03</u>	<u>Q3 03</u>
Consolidated Segment Operating Income	\$137	\$180	\$223	\$264	\$310
Less:					
Stock-Based Compensation	35	69	85	87	108
Amortization Other Intangibles	42	5	4	4	4
Restructuring-related and Other	<u>51</u>	<u>42</u>	<u>32</u>	<u>32</u>	<u>(5)</u>
GAAP Income From Operations	<u>\$8</u>	<u>\$64</u>	<u>\$102</u>	<u>\$142</u>	<u>\$204</u>

Free Cash Flow

Reconciliation -- TTM

(\$MM)

	<u>Q3 02</u>	<u>Q4 02</u>	<u>Q1 03</u>	<u>Q2 03</u>	<u>Q3 03</u>
Operating Cash Flow	\$151	\$174	\$164	\$285	\$284
Less: Purchases of Fixed Assets	<u>31</u>	<u>39</u>	<u>41</u>	<u>40</u>	<u>44</u>
Free Cash Flow	<u>\$120</u>	<u>\$135</u>	<u>\$123</u>	<u>\$245</u>	<u>\$239</u>