

**AMAZON.COM, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)

|   | Year Ended December 31, |          |          |
|---|-------------------------|----------|----------|
|   | 2013                    | 2012     | 2011     |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD  | \$ 8,084                | \$ 5,269 | \$ 3,777 |
| OPERATING ACTIVITIES:   |                         |          |          |
| Net income (loss)   | 274                     | (39)     | 631      |
| Adjustments to reconcile net income (loss) to net cash from operating activities:                                       |                         |          |          |
| Depreciation of property and equipment, including internal-use software and website development, and other amortization | 3,253                   | 2,159    | 1,083    |
| Stock-based compensation  | 1,134                   | 833      | 557      |
| Other operating expense (income), net   | 114                     | 154      | 154      |
| Losses (gains) on sales of marketable securities, net   | 1                       | (9)      | (4)      |
| Other expense (income), net   | 166                     | 253      | (56)     |
| Deferred income taxes   | (156)                   | (265)    | 136      |
| Excess tax benefits from stock-based compensation   | (78)                    | (429)    | (62)     |
| Changes in operating assets and liabilities:  |                         |          |          |
| Inventories   | (1,410)                 | (999)    | (1,777)  |
| Accounts receivable, net and other  | (846)                   | (861)    | (866)    |
| Accounts payable  | 1,888                   | 2,070    | 2,997    |
| Accrued expenses and other  | 736                     | 1,038    | 1,067    |
| Additions to unearned revenue   | 2,691                   | 1,796    | 1,064    |
| Amortization of previously unearned revenue   | (2,292)                 | (1,521)  | (1,021)  |
| Net cash provided by (used in) operating activities   | 5,475                   | 4,180    | 3,903    |
| INVESTING ACTIVITIES:   |                         |          |          |
| Purchases of property and equipment, including internal-use software and website development                            | (3,444)                 | (3,785)  | (1,811)  |
| Acquisitions, net of cash acquired, and other   | (312)                   | (745)    | (705)    |
| Sales and maturities of marketable securities and other investments   | 2,306                   | 4,237    | 6,843    |
| Purchases of marketable securities and other investments  | (2,826)                 | (3,302)  | (6,257)  |
| Net cash provided by (used in) investing activities   | (4,276)                 | (3,595)  | (1,930)  |
| FINANCING ACTIVITIES:   |                         |          |          |
| Excess tax benefits from stock-based compensation   | 78                      | 429      | 62       |
| Common stock repurchased  | —                       | (960)    | (277)    |
| Proceeds from long-term debt and other  | 394                     | 3,378    | 177      |
| Repayments of long-term debt, capital lease, and finance lease obligations  | (1,011)                 | (588)    | (444)    |
| Net cash provided by (used in) financing activities   | (539)                   | 2,259    | (482)    |
| Foreign-currency effect on cash and cash equivalents  | (86)                    | (29)     | 1        |
| Net increase (decrease) in cash and cash equivalents  | 574                     | 2,815    | 1,492    |
| CASH AND CASH EQUIVALENTS, END OF PERIOD  | \$ 8,658                | \$ 8,084 | \$ 5,269 |
| SUPPLEMENTAL CASH FLOW INFORMATION:   |                         |          |          |
| Cash paid for interest on long-term debt  | \$ 97                   | \$ 31    | \$ 14    |
| Cash paid for income taxes (net of refunds)   | 169                     | 112      | 33       |
| Property and equipment acquired under capital leases  | 1,867                   | 802      | 753      |
| Property and equipment acquired under build-to-suit leases  | 877                     | 29       | 259      |

See accompanying notes to consolidated financial statements.

**AMAZON.COM, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in millions, except per share data)

|  | Year Ended December 31, |           |           |
|--|-------------------------|-----------|-----------|
|  | 2013                    | 2012      | 2011      |
| Net product sales  | \$ 60,903               | \$ 51,733 | \$ 42,000 |
| Net services sales   | 13,549                  | 9,360     | 6,077     |
| Total net sales  | 74,452                  | 61,093    | 48,077    |
| Operating expenses (1):  |                         |           |           |
| Cost of sales  | 54,181                  | 45,971    | 37,288    |
| Fulfillment  | 8,585                   | 6,419     | 4,576     |
| Marketing  | 3,133                   | 2,408     | 1,630     |
| Technology and content   | 6,565                   | 4,564     | 2,909     |
| General and administrative   | 1,129                   | 896       | 658       |
| Other operating expense (income), net                              | 114                     | 159       | 154       |
| Total operating expenses   | 73,707                  | 60,417    | 47,215    |
| Income from operations   | 745                     | 676       | 862       |
| Interest income  | 38                      | 40        | 61        |
| Interest expense   | (141)                   | (92)      | (65)      |
| Other income (expense), net  | (136)                   | (80)      | 76        |
| Total non-operating income (expense)                               | (239)                   | (132)     | 72        |
| Income before income taxes   | 506                     | 544       | 934       |
| Provision for income taxes   | (161)                   | (428)     | (291)     |
| Equity-method investment activity, net of tax                      | (71)                    | (155)     | (12)      |
| Net income (loss)  | \$ 274                  | \$ (39)   | \$ 631    |
| Basic earnings per share   | \$ 0.60                 | \$ (0.09) | \$ 1.39   |
| Diluted earnings per share   | \$ 0.59                 | \$ (0.09) | \$ 1.37   |
| Weighted average shares used in computation of earnings per share: |                         |           |           |
| Basic  | 457                     | 453       | 453       |
| Diluted  | 465                     | 453       | 461       |
| (1) Includes stock-based compensation as follows:                  |                         |           |           |
| Fulfillment  | \$ 294                  | \$ 212    | \$ 133    |
| Marketing  | 88                      | 61        | 39        |
| Technology and content   | 603                     | 434       | 292       |
| General and administrative   | 149                     | 126       | 93        |

See accompanying notes to consolidated financial statements.

**AMAZON.COM, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in millions)

|   | Year Ended December 31, |         |        |
|---|-------------------------|---------|--------|
|   | 2013                    | 2012    | 2011   |
| Net income (loss)   | \$ 274                  | \$ (39) | \$ 631 |
| Other comprehensive income (loss):  |                         |         |        |
| Foreign currency translation adjustments, net of tax of \$(20), \$(30), and \$20  | 63                      | 76      | (123)  |
| Net change in unrealized gains on available-for-sale securities:  |                         |         |        |
| Unrealized gains (losses), net of tax of \$3, \$(3), and \$1  | (10)                    | 8       | (1)    |
| Reclassification adjustment for losses (gains) included in "Other income (expense), net," net of tax of \$(1), \$3, and \$1 | 1                       | (7)     | (2)    |
| Net unrealized gains (losses) on available-for-sale securities  | (9)                     | 1       | (3)    |
| Total other comprehensive income (loss)   | 54                      | 77      | (126)  |
| Comprehensive income  | \$ 328                  | \$ 38   | \$ 505 |

See accompanying notes to consolidated financial statements.

**AMAZON.COM, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(in millions, except per share data)

|  | December 31, |           |
|--|--------------|-----------|
|  | 2013         | 2012      |
| <b><u>ASSETS</u></b>                               |              |           |
| Current assets:                                    |              |           |
| Cash and cash equivalents                          | \$ 8,658     | \$ 8,084  |
| Marketable securities                              | 3,789        | 3,364     |
| Inventories  | 7,411        | 6,031     |
| Accounts receivable, net and other                 | 4,767        | 3,817     |
| Total current assets                               | 24,625       | 21,296    |
| Property and equipment, net                        | 10,949       | 7,060     |
| Goodwill   | 2,655        | 2,552     |
| Other assets                                       | 1,930        | 1,647     |
| Total assets                                       | \$ 40,159    | \$ 32,555 |
| <b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b> |              |           |
| Current liabilities:                               |              |           |
| Accounts payable                                   | \$ 15,133    | \$ 13,318 |
| Accrued expenses and other                         | 6,688        | 4,892     |
| Unearned revenue                                   | 1,159        | 792       |
| Total current liabilities                          | 22,980       | 19,002    |
| Long-term debt                                     | 3,191        | 3,084     |
| Other long-term liabilities                        | 4,242        | 2,277     |
| Commitments and contingencies                      |              |           |
| Stockholders' equity:                              |              |           |
| Preferred stock, \$0.01 par value:                 |              |           |
| Authorized shares — 500                            |              |           |
| Issued and outstanding shares — none               | —            | —         |
| Common stock, \$0.01 par value:                    |              |           |
| Authorized shares — 5,000                          |              |           |
| Issued shares — 483 and 478                        |              |           |
| Outstanding shares — 459 and 454                   | 5            | 5         |
| Treasury stock, at cost                            | (1,837)      | (1,837)   |
| Additional paid-in capital                         | 9,573        | 8,347     |
| Accumulated other comprehensive loss               | (185)        | (239)     |
| Retained earnings                                  | 2,190        | 1,916     |
| Total stockholders' equity                         | 9,746        | 8,192     |
| Total liabilities and stockholders' equity         | \$ 40,159    | \$ 32,555 |

See accompanying notes to consolidated financial statements.

**AMAZON.COM, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(in millions)

|  | Common Stock |        | Treasury Stock | Additional Paid-In Capital | Accumulated Other Comprehensive Income (Loss) | Retained Earnings | Total Stockholders' Equity |
|--|--------------|--------|----------------|----------------------------|---|-------------------|----------------------------|
|  | Shares       | Amount |                |                            |   |                   |                            |
| Balance as of January 1, 2011  | 451          | \$ 5   | \$ (600)       | \$ 6,325                   | \$ (190)                                      | \$ 1,324          | \$ 6,864                   |
| Net income   | —            | —      | —              | —                          | —   | 631               | 631                        |
| Other comprehensive income (loss)                                    | —            | —      | —              | —                          | (126)   | —                 | (126)                      |
| Exercise of common stock options                                     | 5            | —      | —              | 7                          | —   | —                 | 7                          |
| Repurchase of common stock   | (1)          | —      | (277)          | —                          | —   | —                 | (277)                      |
| Excess tax benefits from stock-based compensation                    | —            | —      | —              | 62                         | —   | —                 | 62                         |
| Stock-based compensation and issuance of employee benefit plan stock | —            | —      | —              | 569                        | —   | —                 | 569                        |
| Issuance of common stock for acquisition activity                    | —            | —      | —              | 27                         | —   | —                 | 27                         |
| Balance as of December 31, 2011                                      | 455          | 5      | (877)          | 6,990                      | (316)   | 1,955             | 7,757                      |
| Net income (loss)  | —            | —      | —              | —                          | —   | (39)              | (39)                       |
| Other comprehensive income   | —            | —      | —              | —                          | 77  | —                 | 77                         |
| Exercise of common stock options                                     | 4            | —      | —              | 8                          | —   | —                 | 8                          |
| Repurchase of common stock   | (5)          | —      | (960)          | —                          | —   | —                 | (960)                      |
| Excess tax benefits from stock-based compensation                    | —            | —      | —              | 429                        | —   | —                 | 429                        |
| Stock-based compensation and issuance of employee benefit plan stock | —            | —      | —              | 854                        | —   | —                 | 854                        |
| Issuance of common stock for acquisition activity                    | —            | —      | —              | 66                         | —   | —                 | 66                         |
| Balance as of December 31, 2012                                      | 454          | 5      | (1,837)        | 8,347                      | (239)   | 1,916             | 8,192                      |
| Net income   | —            | —      | —              | —                          | —   | 274               | 274                        |
| Other comprehensive income   | —            | —      | —              | —                          | 54  | —                 | 54                         |
| Exercise of common stock options                                     | 5            | —      | —              | 4                          | —   | —                 | 4                          |
| Repurchase of common stock   | —            | —      | —              | —                          | —   | —                 | —                          |
| Excess tax benefits from stock-based compensation                    | —            | —      | —              | 73                         | —   | —                 | 73                         |
| Stock-based compensation and issuance of employee benefit plan stock | —            | —      | —              | 1,149                      | —   | —                 | 1,149                      |
| Balance as of December 31, 2013                                      | 459          | \$ 5   | \$ (1,837)     | \$ 9,573                   | \$ (185)                                      | \$ 2,190          | \$ 9,746                   |

See accompanying notes to consolidated financial statements.