

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

	<u>Year Ended December 31,</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net sales	\$34,204	\$24,509	\$19,166
Operating expenses (1):			
Cost of sales	26,561	18,978	14,896
Fulfillment	2,898	2,052	1,658
Marketing	1,029	680	482
Technology and content	1,734	1,240	1,033
General and administrative	470	328	279
Other operating expense (income), net	106	102	(24)
Total operating expenses	<u>32,798</u>	<u>23,380</u>	<u>18,324</u>
Income from operations	1,406	1,129	842
Interest income	51	37	83
Interest expense	(39)	(34)	(71)
Other income (expense), net	79	29	47
Total non-operating income (expense)	<u>91</u>	<u>32</u>	<u>59</u>
Income before income taxes	1,497	1,161	901
Provision for income taxes	(352)	(253)	(247)
Equity-method investment activity, net of tax	7	(6)	(9)
Net income	<u>\$ 1,152</u>	<u>\$ 902</u>	<u>\$ 645</u>

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

	December 31,	
	2010	2009
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 3,777	\$ 3,444
Marketable securities	4,985	2,922
Inventories	3,202	2,171
Accounts receivable, net and other	1,587	988
Deferred tax assets	196	272
Total current assets	13,747	9,797
Fixed assets, net	2,414	1,290
Deferred tax assets	22	18
Goodwill	1,349	1,234
Other assets	1,265	1,474
Total assets	\$18,797	\$13,813
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 8,051	\$ 5,605
Accrued expenses and other	2,321	1,759
Total current liabilities	10,372	7,364
Long-term liabilities	1,561	1,192
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—468 and 461		
Outstanding shares—451 and 444	5	5
Treasury stock, at cost	(600)	(600)
Additional paid-in capital	6,325	5,736
Accumulated other comprehensive income (loss)	(190)	(56)
Retained earnings	1,324	172
Total stockholders' equity	6,864	5,257
Total liabilities and stockholders' equity	\$18,797	\$13,813

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

	<u>Year Ended December 31,</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	\$ 3,444	\$ 2,769	\$ 2,539
OPERATING ACTIVITIES:			
Net income	1,152	902	645
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation of fixed assets, including internal-use software and website development, and other amortization	568	378	287
Stock-based compensation	424	341	275
Other operating expense (income), net	106	103	(24)
Losses (gains) on sales of marketable securities, net	(2)	(4)	(2)
Other expense (income), net	(79)	(15)	(34)
Deferred income taxes	4	81	(5)
Excess tax benefits from stock-based compensation	(259)	(105)	(159)
Changes in operating assets and liabilities:			
Inventories	(1,019)	(531)	(232)
Accounts receivable, net and other	(295)	(481)	(218)
Accounts payable	2,373	1,859	812
Accrued expenses and other	740	300	247
Additions to unearned revenue	687	1,054	449
Amortization of previously unearned revenue	(905)	(589)	(344)
Net cash provided by (used in) operating activities	<u>3,495</u>	<u>3,293</u>	<u>1,697</u>
INVESTING ACTIVITIES:			
Purchases of fixed assets, including internal-use software and website development	(979)	(373)	(333)
Acquisitions, net of cash acquired, and other	(352)	(40)	(494)
Sales and maturities of marketable securities and other investments	4,250	1,966	1,305
Purchases of marketable securities and other investments	(6,279)	(3,890)	(1,677)
Net cash provided by (used in) investing activities	<u>(3,360)</u>	<u>(2,337)</u>	<u>(1,199)</u>
FINANCING ACTIVITIES:			
Excess tax benefits from stock-based compensation	259	105	159
Common stock repurchased	—	—	(100)
Proceeds from long-term debt and other	143	87	98
Repayments of long-term debt and of capital and financing leases	(221)	(472)	(355)
Net cash provided by (used in) financing activities	<u>181</u>	<u>(280)</u>	<u>(198)</u>
Foreign-currency effect on cash and cash equivalents	17	(1)	(70)
Net increase in cash and cash equivalents	<u>333</u>	<u>675</u>	<u>230</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 3,777</u>	<u>\$ 3,444</u>	<u>\$ 2,769</u>