



**Q2 2005 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, in addition to the factors discussed above, the amount that Amazon.com invests in new business opportunities and the timing of those investments, the mix of products sold to customers, the mix of net sales derived from products as compared with services, competition, management of growth, potential fluctuations in operating results, international growth and expansion, the outcomes of legal proceedings and claims, fulfillment center optimization, risks of inventory management, seasonality, the degree to which the Company enters into, maintains and develops commercial agreements, acquisitions and strategic transactions, and risks of fulfillment throughput and productivity. Other risks and uncertainties include, among others, risk of future losses, significant indebtedness, system interruptions, consumer trends, 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, 2004, 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'.

Our Results

Free Cash Flow *



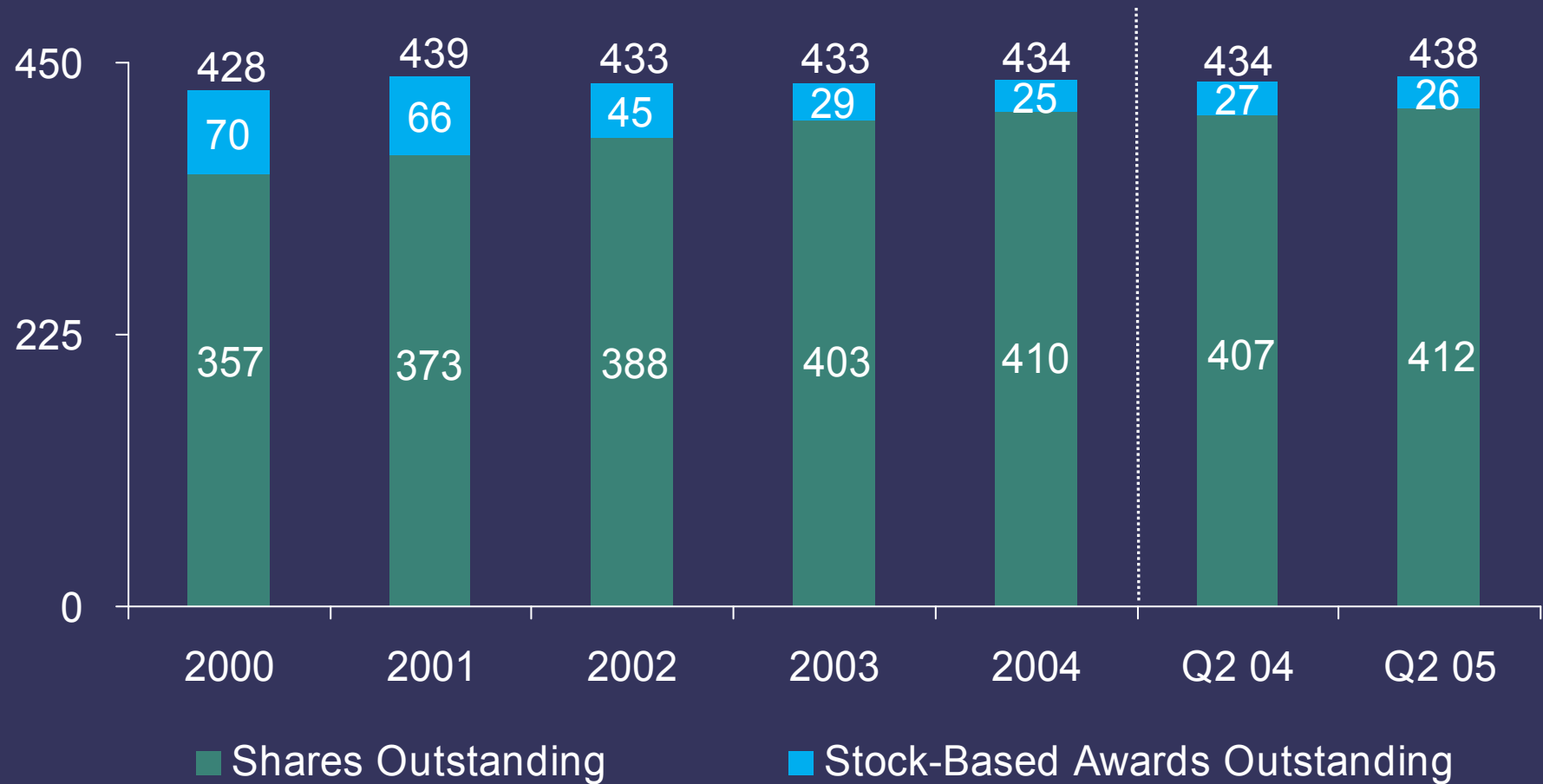
Long Term Goal -- Optimize Free Cash Flow Per Share

* see appendix

Our Results

Shares

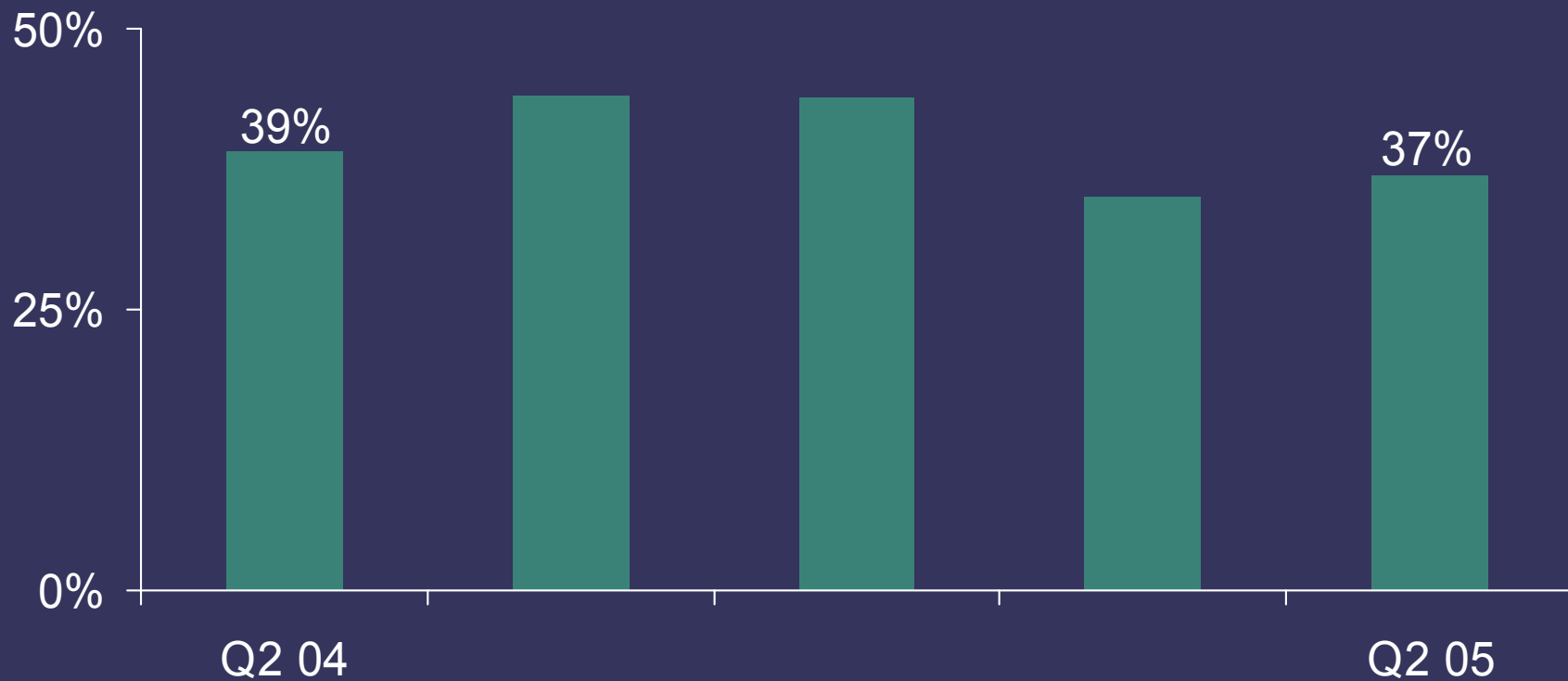
(MM)



Efficiently Managing Dilution -- Up 1% Y/Y

Our Results

Return on Invested Capital -- TTM

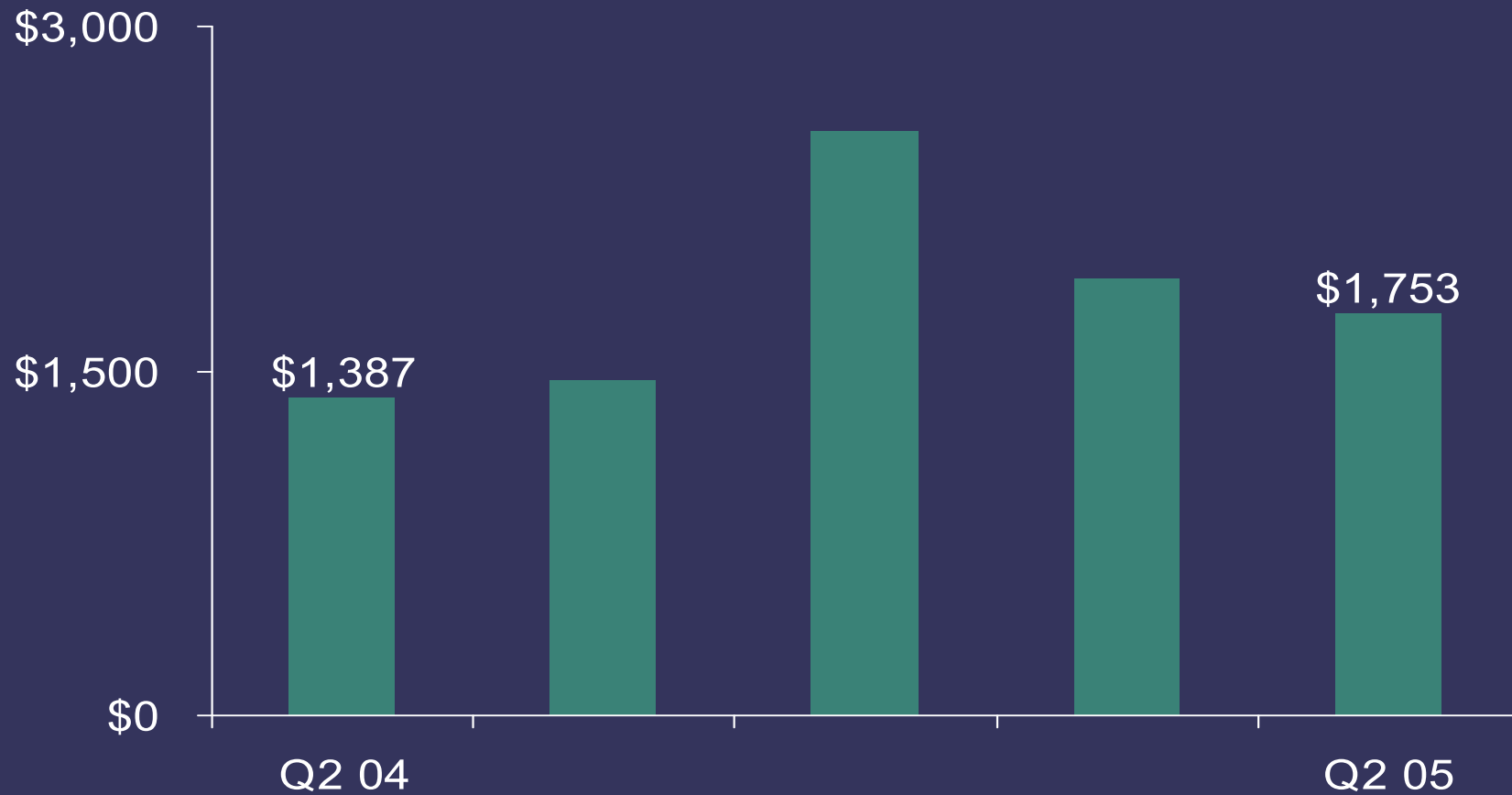


Long-term Expectation: Triple Digit ROIC

*ROIC = Free Cash Flow divided by 5 quarter average of (Total Assets less Total Current Liabilities)

Our Results

Net Sales (\$MM)

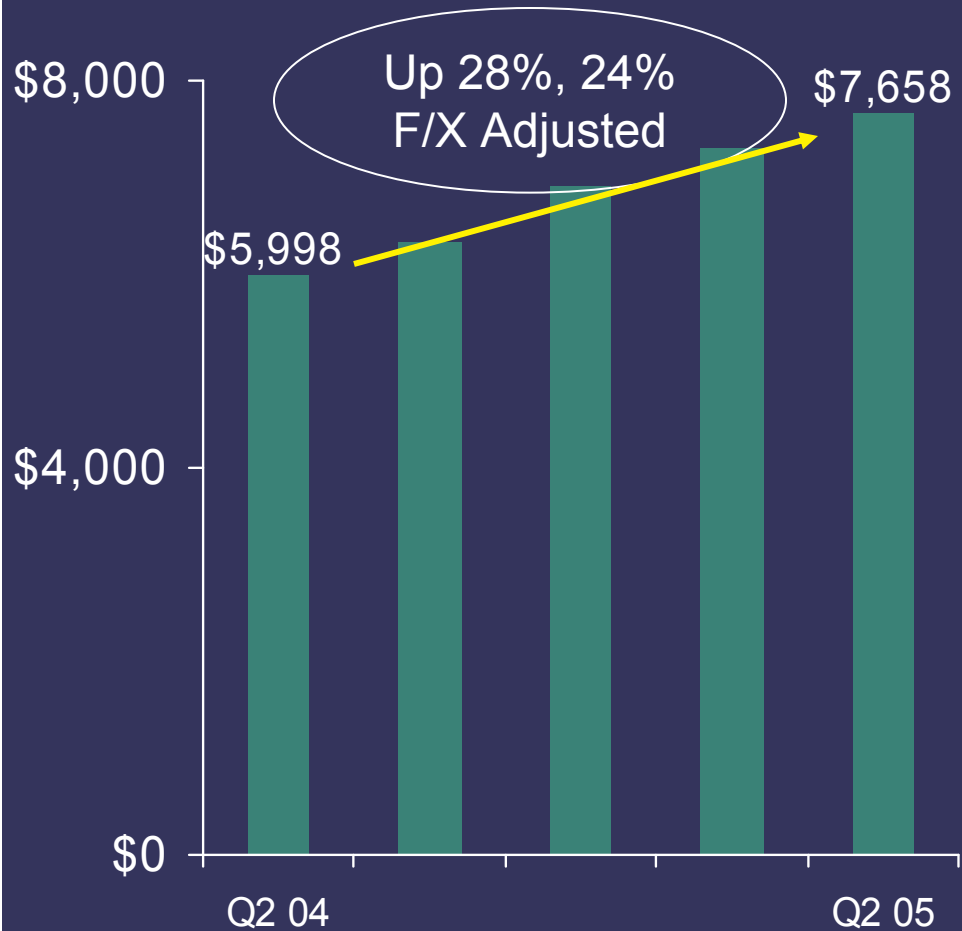


Up 26% Y/Y (25% F/X Adjusted)

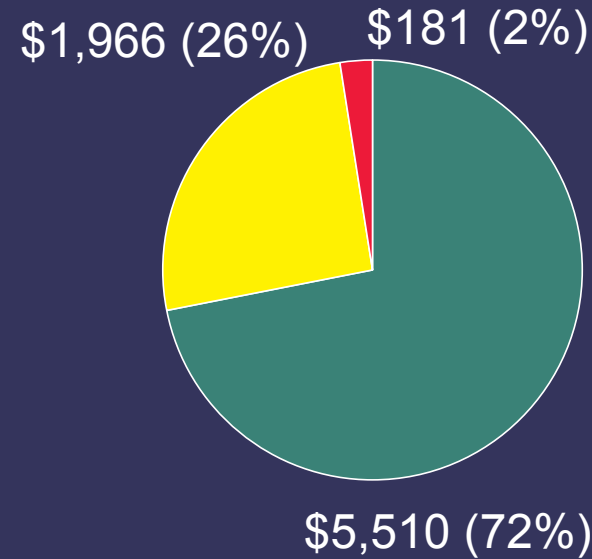
Our Results

Net Sales -- TTM

(\$MM)



WW Revenue Mix

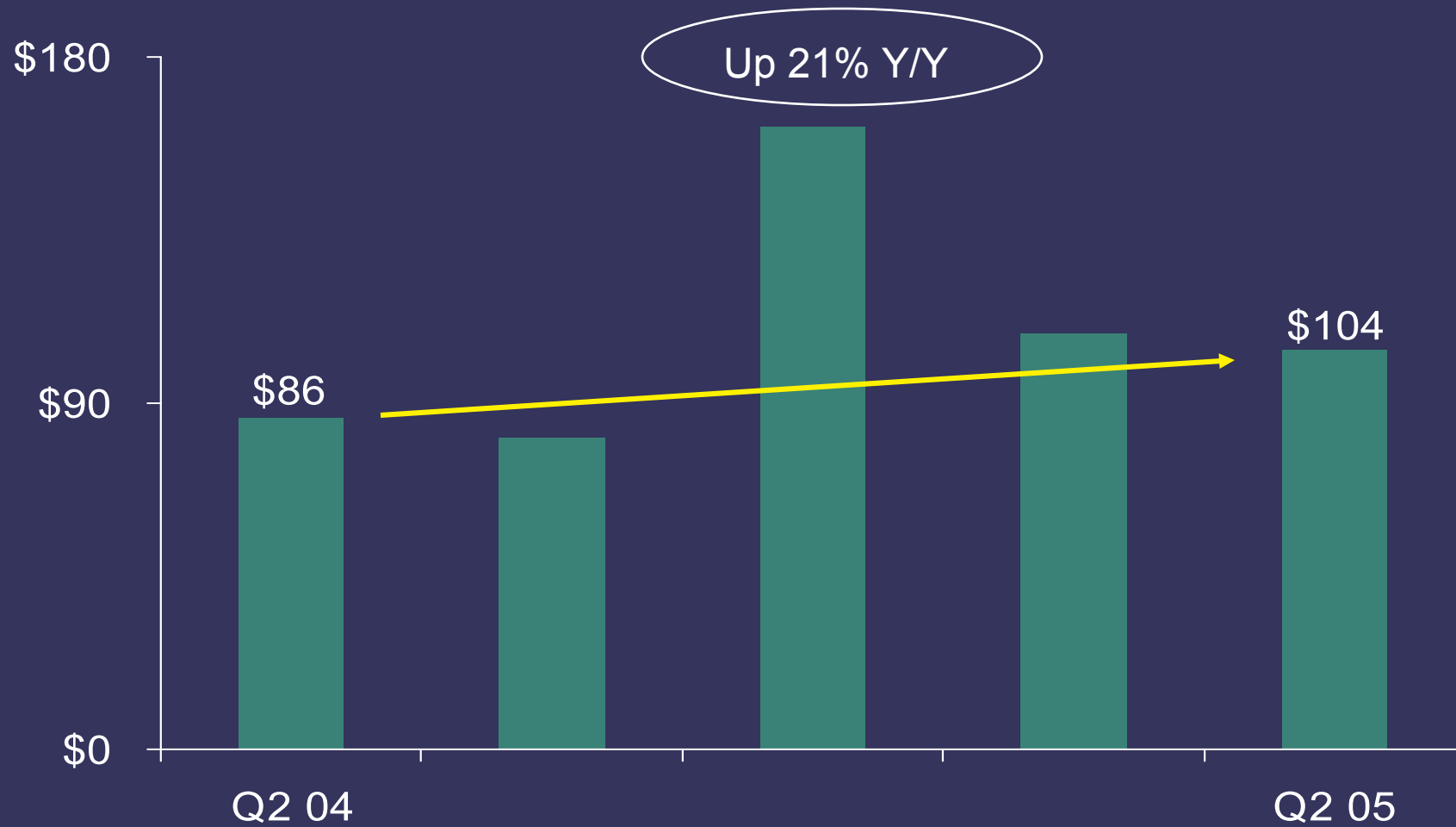


- WW Media
- WW Electronics & Other General Merchandise
- WW Other (Merchant.com & Misc. Marketing)

26% of WW Revenue From EGM

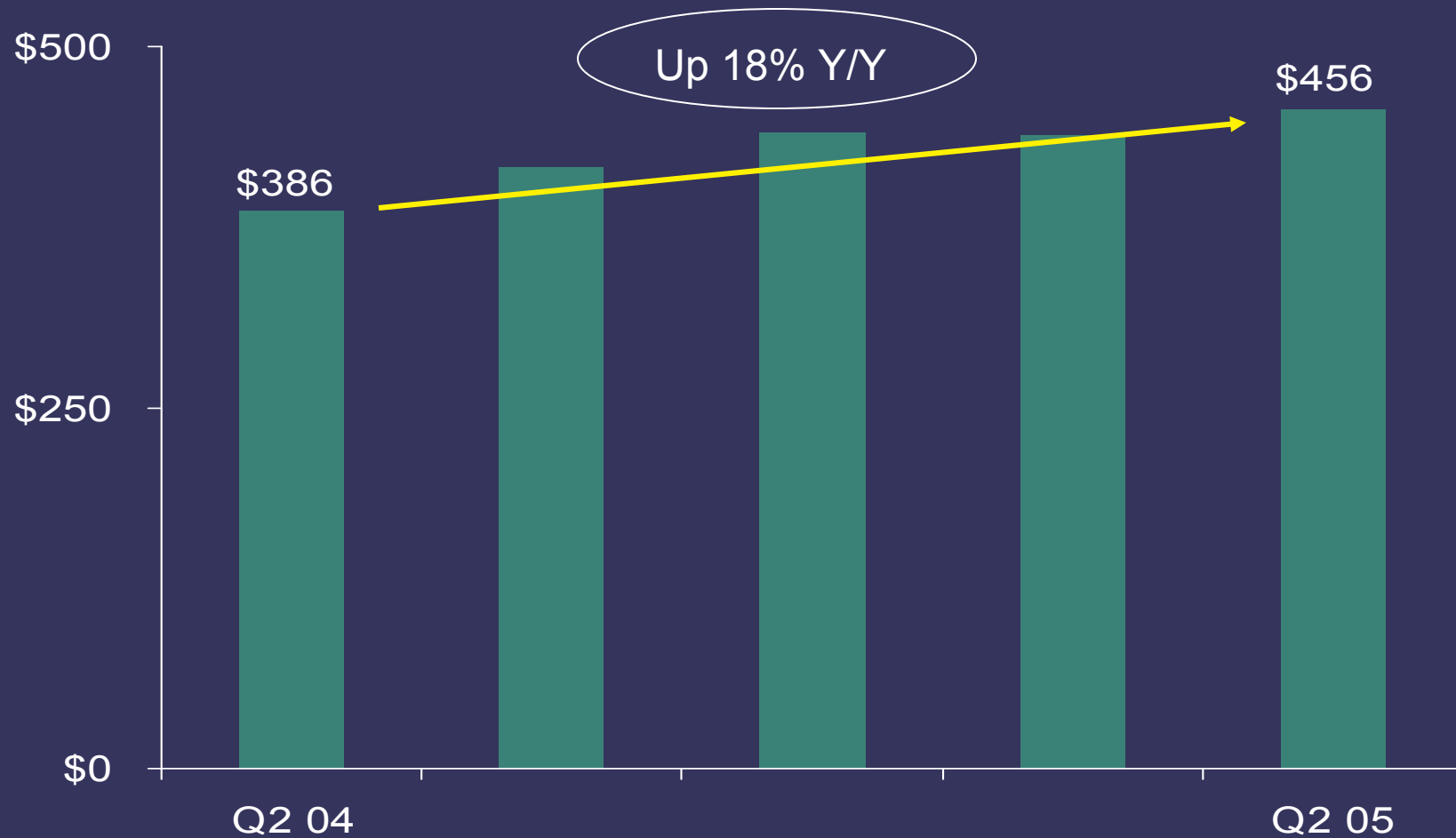
Our Results

GAAP Operating Income (\$MM)



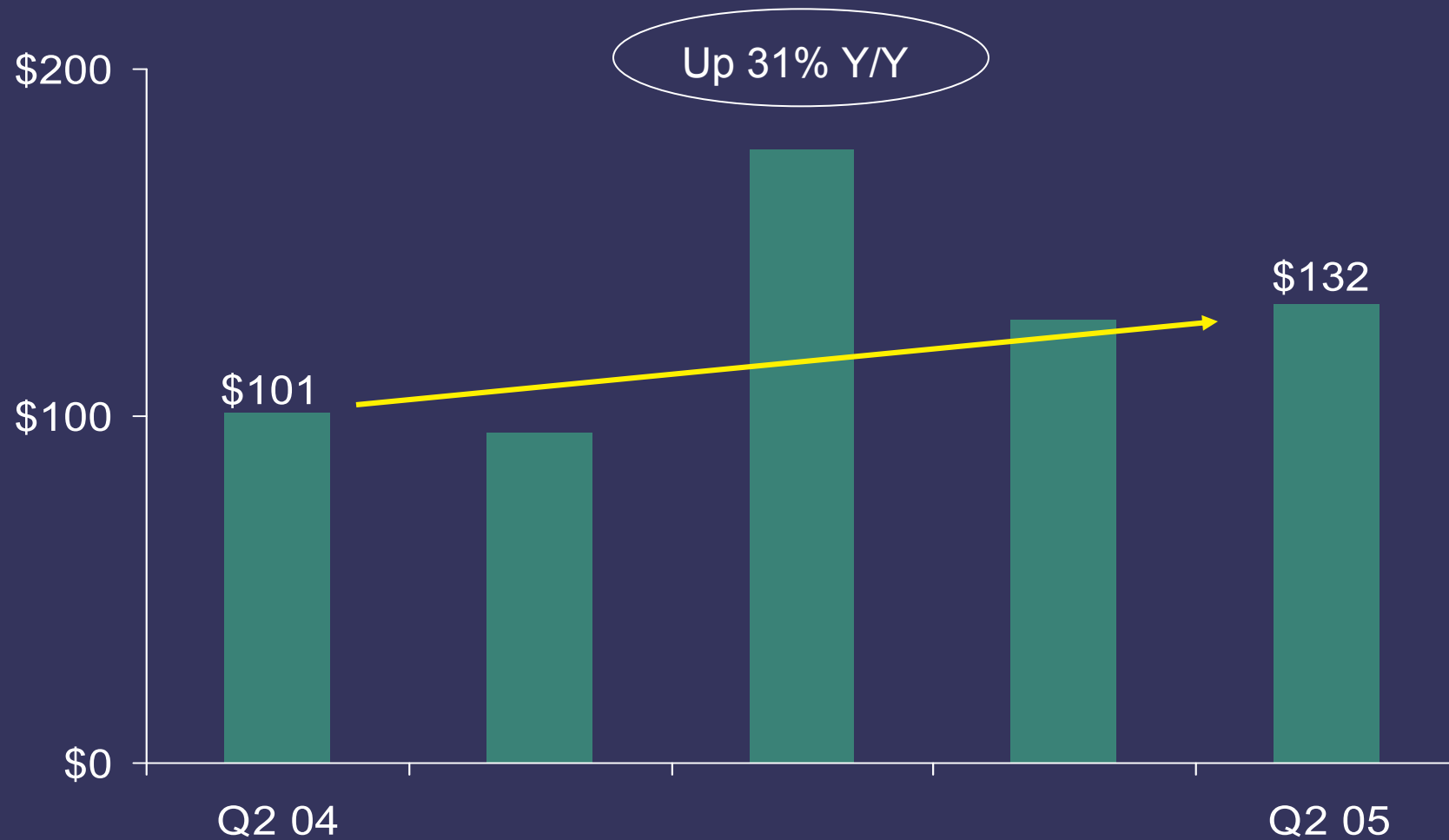
Our Results

GAAP Operating Income -- TTM (\$MM)



Our Results

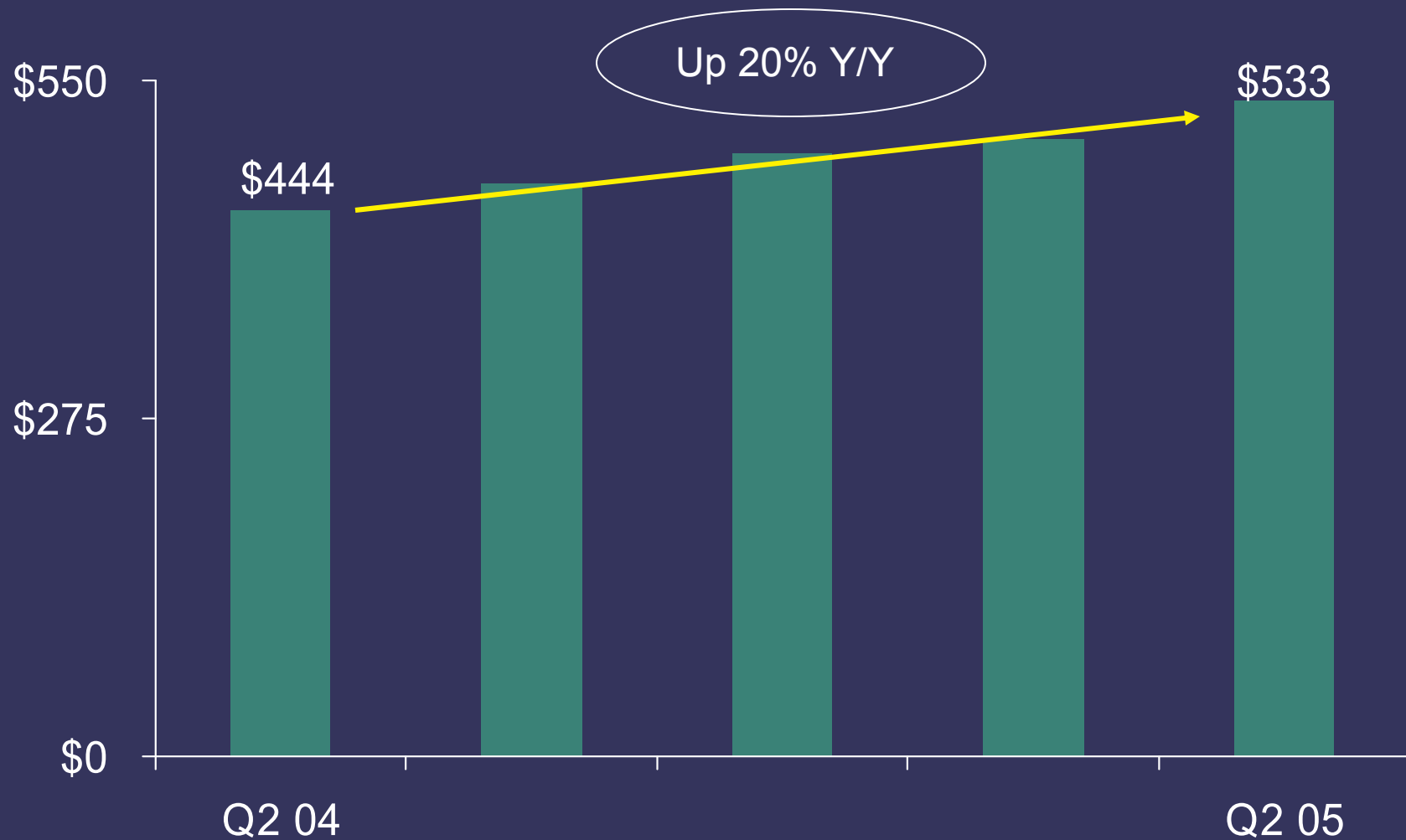
Consolidated Segment Operating Income* (\$MM)



* See appendix

Our Results

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

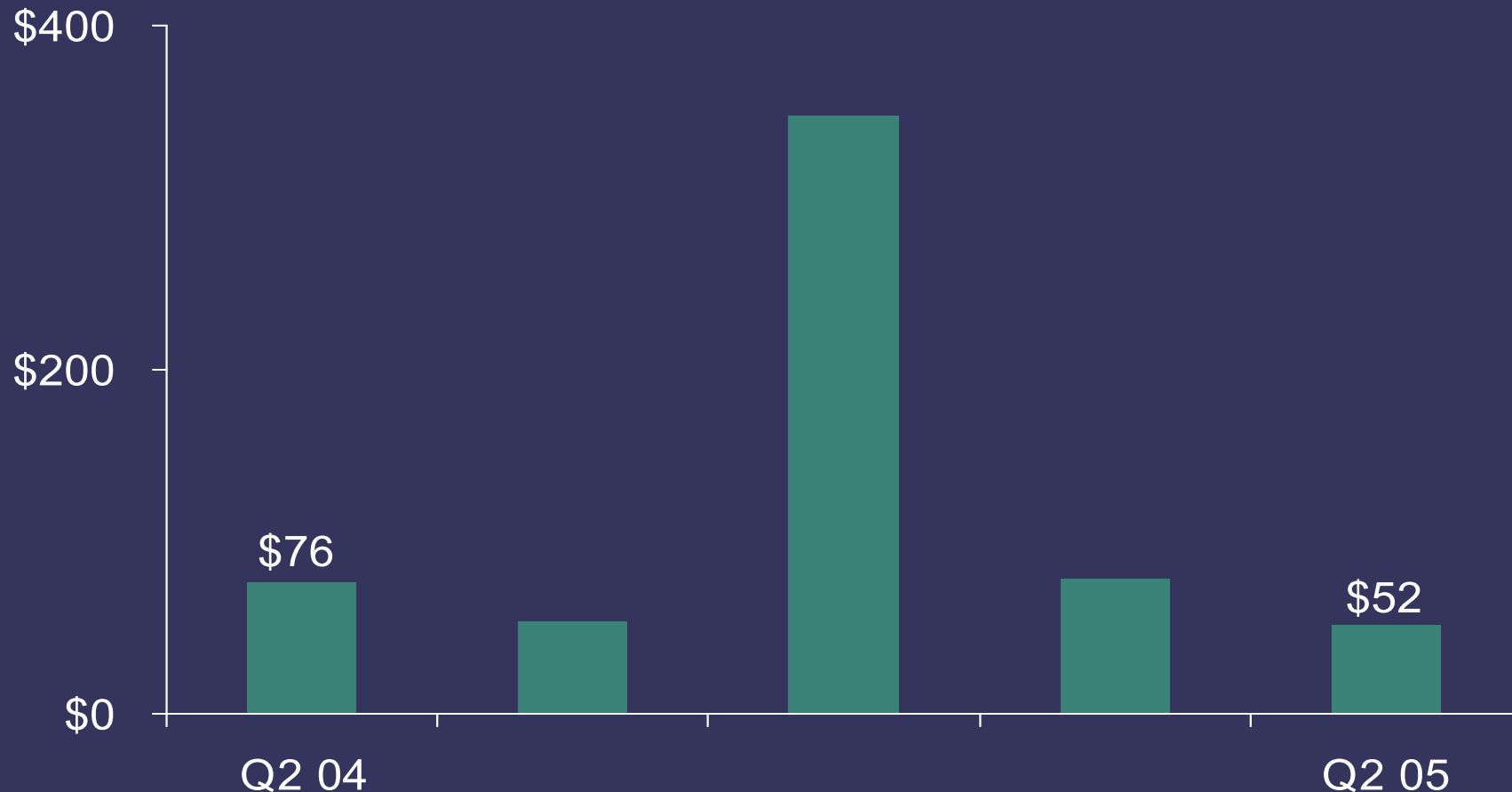


* See appendix

Our Results

GAAP Net Income

(\$MM)



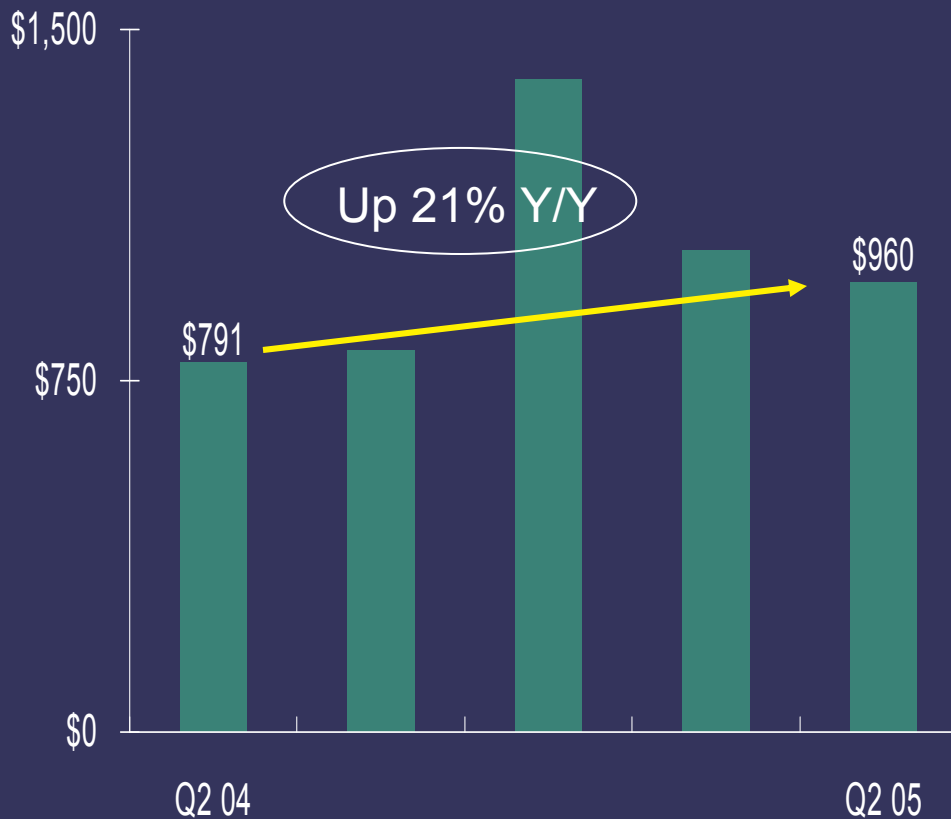
* Q4 04 net income includes a \$244 million benefit from realizing a deferred tax asset related primarily to net operating loss carryforwards attributable to continuing operations. 2005 net income includes a \$56 million tax expense for both Q1 2005 and Q2 2005.

Segment Results

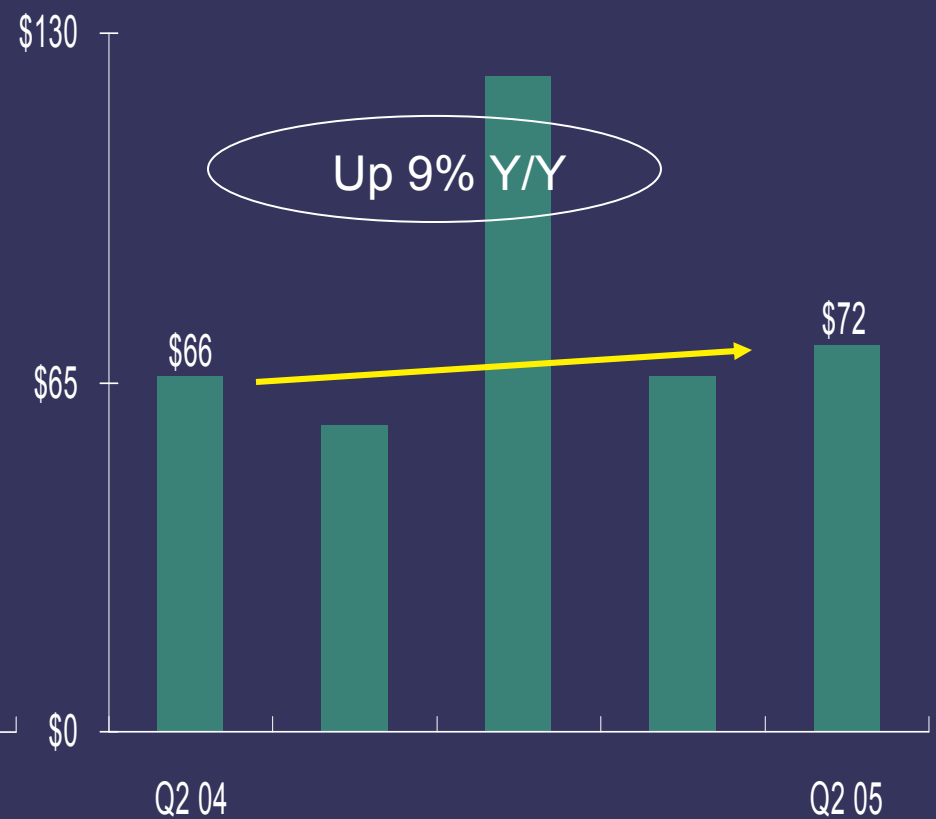
North America

(\$MM)

Net Sales



Segment Operating Income

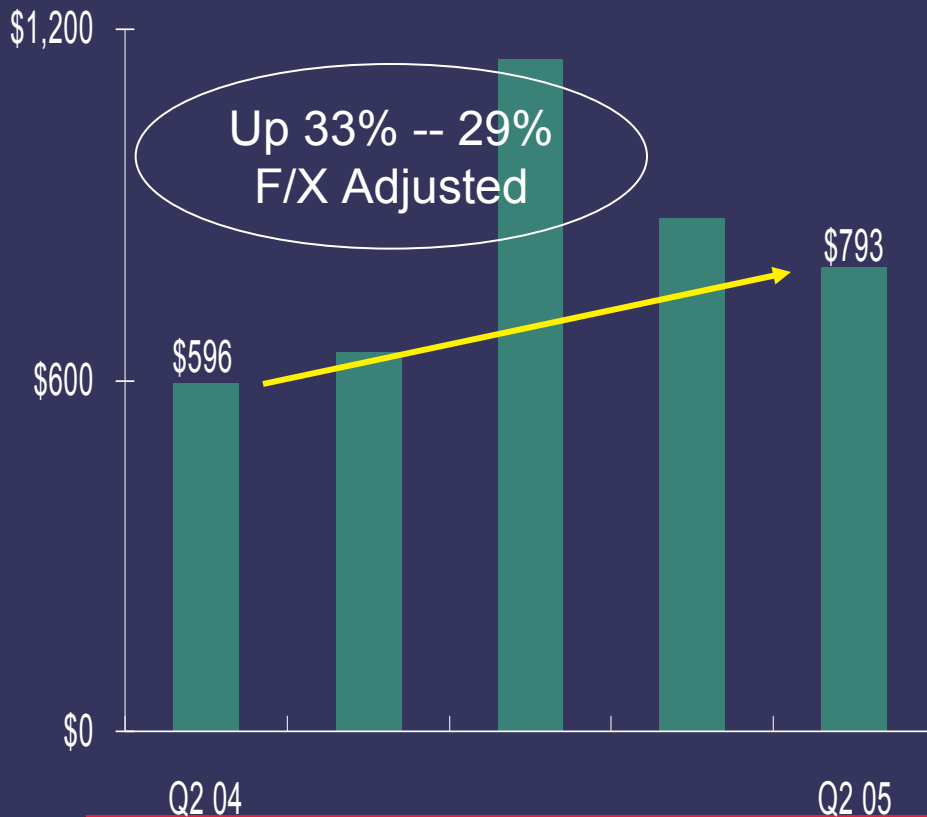


TTM Net Sales Over \$4 Billion

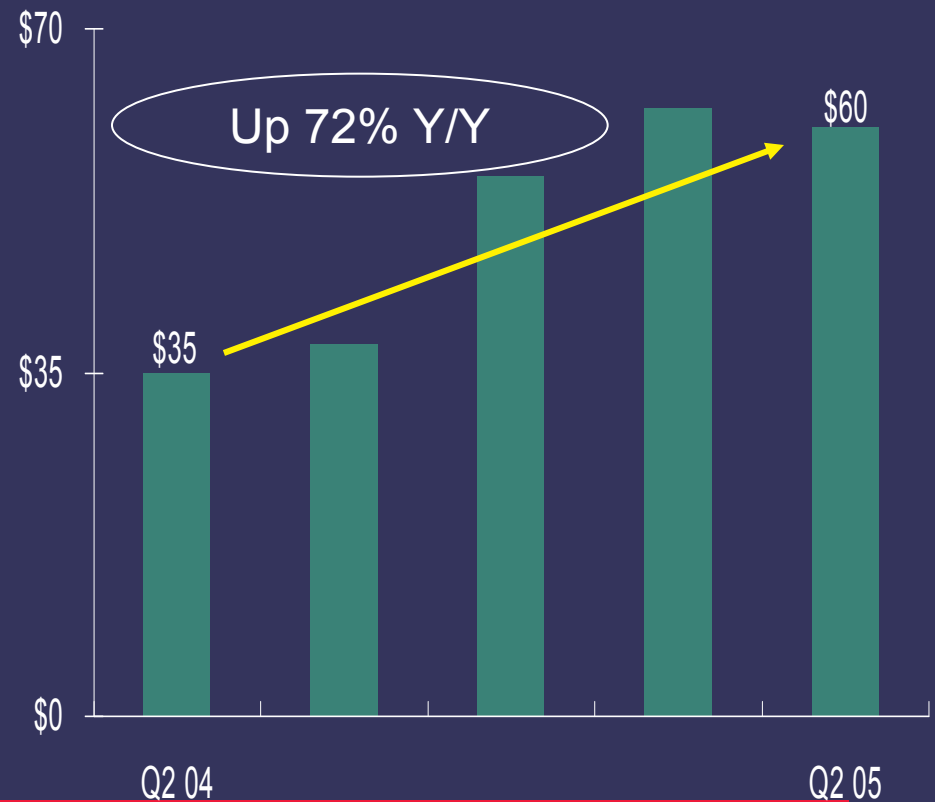
Segment Results

International (\$MM)

Net Sales



Segment Operating Income



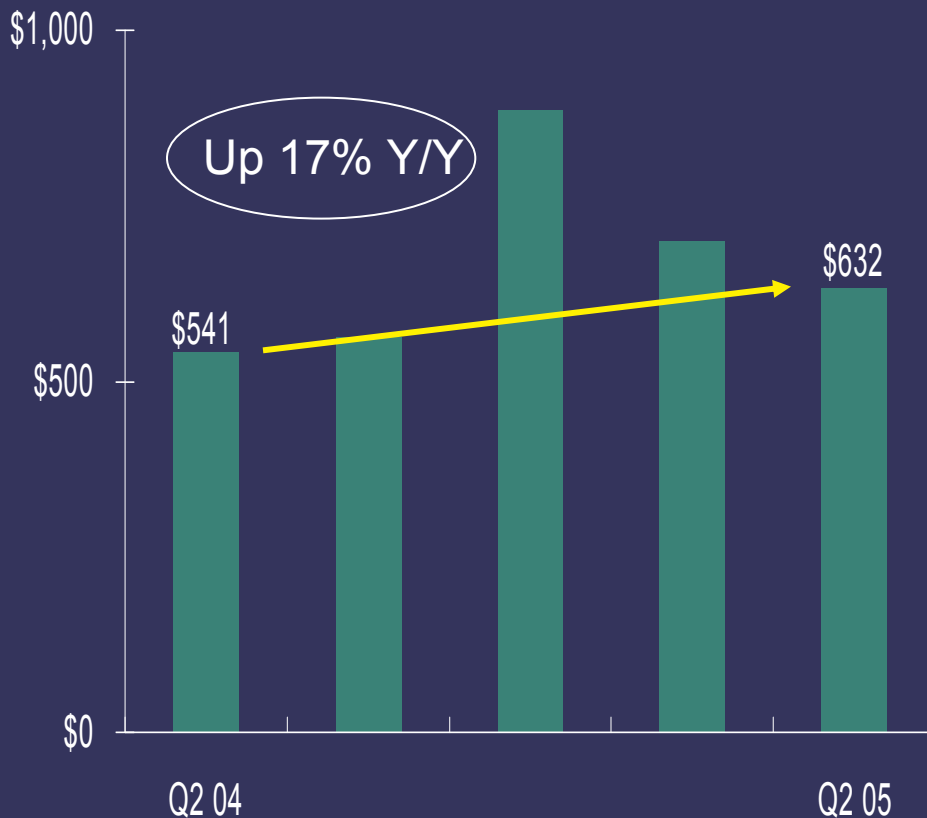
TTM Net Sales Over \$3 Billion

Supplemental Revenue Highlights

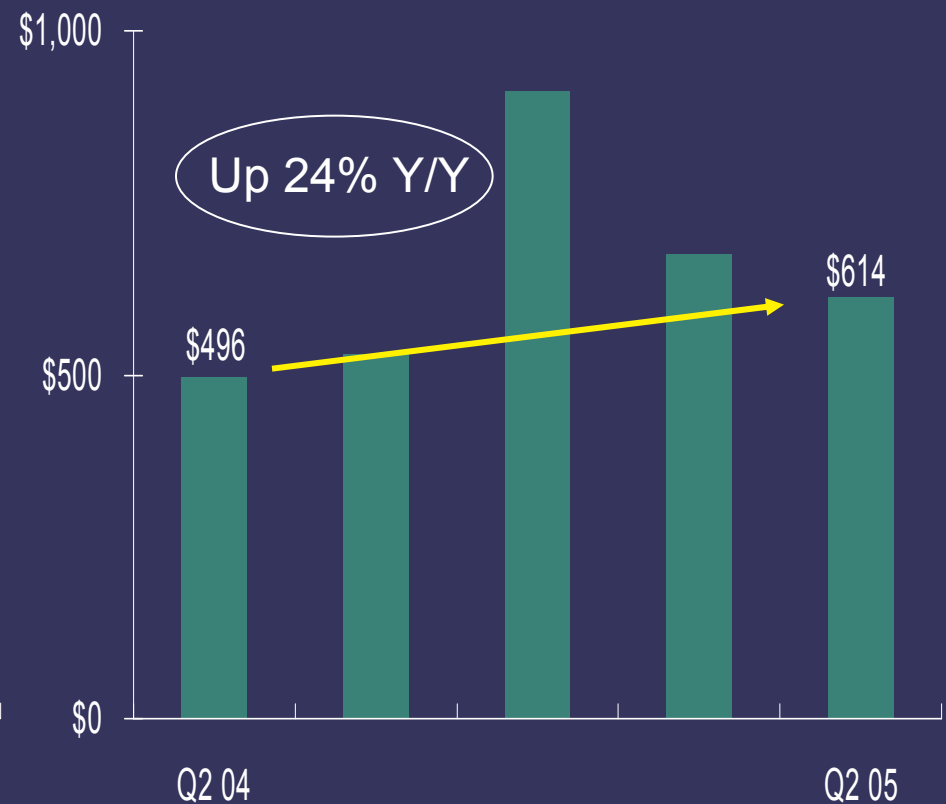
Media

(\$MM)

North America



International

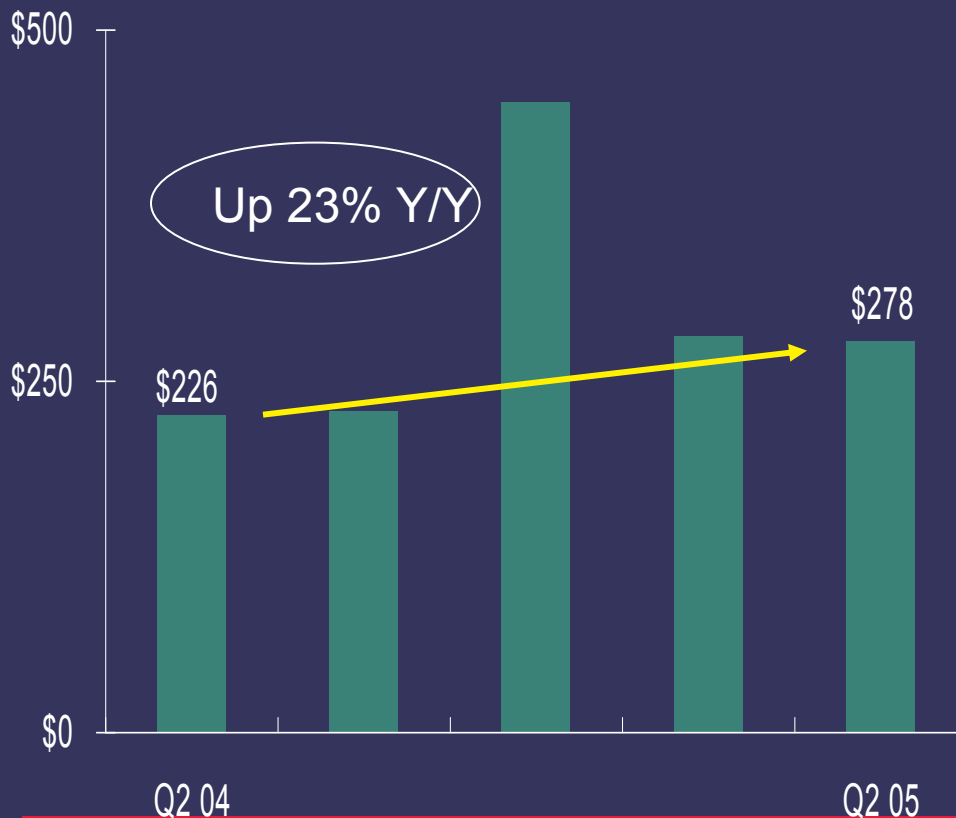


Media: Books, Music, DVD/Video, Magazines, Software & Video Games

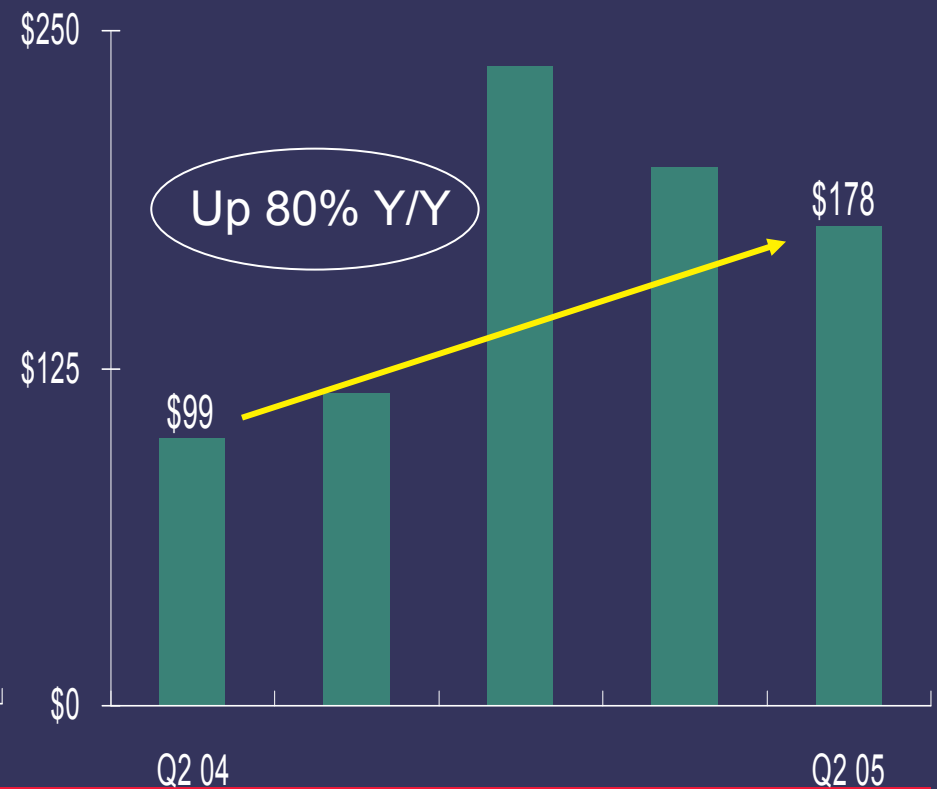
Supplemental Revenue Highlights

Electronics and Other General Merchandise (EGM) (\$MM)

North America



International



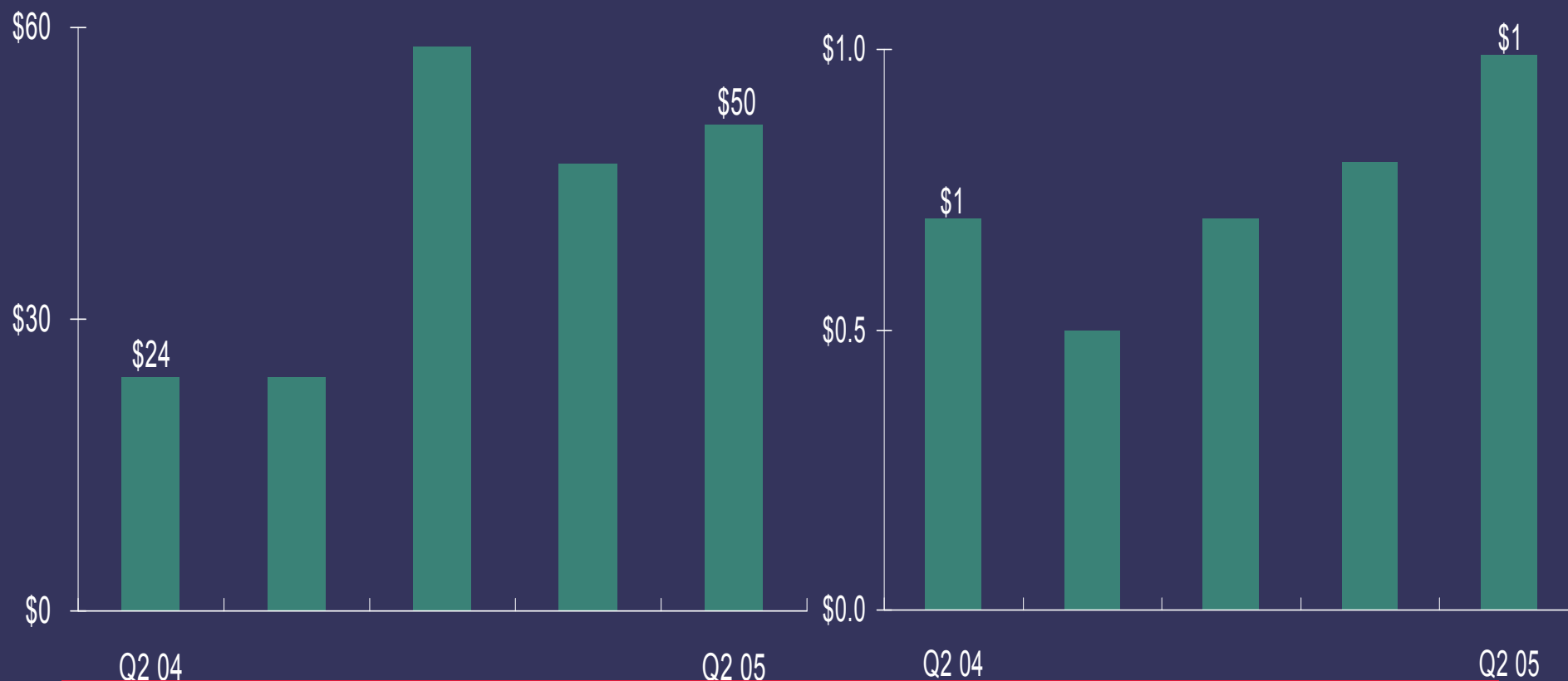
EGM: Includes Electronics & Office, Tools, Toys & Baby, Home & Garden, Apparel, Sports & Outdoors, Jewelry & Watches, Gourmet Food, Beauty, and Health & Personal Care 16

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>Q2 04</u>	<u>Q304</u>	<u>Q4 04</u>	<u>Q1 05</u>	<u>Q2 05</u>
Operating Cash Flow	\$410	\$490	\$567	\$523	\$624
Less: Purchases of Fixed Assets, including capitalized software development	<u>56</u>	<u>70</u>	<u>89</u>	<u>106</u>	<u>138</u>
Free Cash Flow	<u>\$354</u>	<u>\$420</u>	<u>\$477</u>	<u>\$417</u>	<u>\$486</u>

Consolidated Segment Operating Income

Reconciliation

(\$MM)

	<u>Q2 04</u>	<u>Q3 04</u>	<u>Q4 04</u>	<u>Q1 05</u>	<u>Q2 05</u>
Consolidated Segment Operating Income	\$101	\$95	\$177	\$129	\$132
Less:					
Stock-Based Compensation	22	9	20	19	26
Other Operating Expense (Income)	(7)	5	(5)	1	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
GAAP Operating Income	<u>\$86</u>	<u>\$81</u>	<u>\$162</u>	<u>\$108</u>	<u>\$104</u>

Consolidated Segment Operating Income

Reconciliation -- TTM

(\$MM)

	<u>Q2 04</u>	<u>Q3 04</u>	<u>Q4 04</u>	<u>Q1 05</u>	<u>Q2 05</u>
Consolidated Segment Operating Income	\$444	\$466	\$490	\$502	\$533
Less:					
Stock-Based Compensation	65	53	58	70	74
Other Operating Expense (Income)	<u>(7)</u>	<u>(3)</u>	<u>(8)</u>	<u>(6)</u>	<u>3</u>
GAAP Operating Income	<u>\$386</u>	<u>\$416</u>	<u>\$440</u>	<u>\$438</u>	<u>\$456</u>