on-premises. These businesses will keep shifting online and into the cloud. In Media and Advertising, content will continue to migrate from linear formats to streaming. Globally, hundreds of millions of people who don't have adequate broadband access will gain that connectivity in the next few years. Last but certainly not least, Generative AI may be the largest technology transformation since the cloud (which itself, is still in the early stages), and perhaps since the Internet. Unlike the mass modernization of on-premises infrastructure to the cloud, where there's work required to migrate, this GenAI revolution will be built from the start on top of the cloud. The amount of societal and business benefit from the solutions that will be possible will astound us all.

There has never been a time in Amazon's history where we've felt there is so much opportunity to make our customers' lives better and easier. We're incredibly excited about what's possible, focused on inventing the future, and look forward to working together to make it so.

Sincerely,

Andy Jassy
President and Chief Executive Officer
Amazon.com, Inc.

P.S. As we have always done, our original 1997 Shareholder Letter follows. What's written there is as true today as it was in 1997.

mechanisms, controls, technologies, methods, systems, and other processes that are designed to prevent, detect, or mitigate data loss, theft, misuse, unauthorized access, or other security incidents or vulnerabilities affecting the data. The data include confidential, proprietary, and business and personal information that we collect, process, store, and transmit as part of our business, including on behalf of third parties. We also use systems and processes designed to reduce the impact of a security incident at a third-party vendor or customer. Additionally, we use processes to oversee and identify material risks from cybersecurity threats associated with our use of third-party technology and systems, including: technology and systems we use for encryption and authentication; employee email; content delivery to customers; back-office support; and other functions.

As part of our risk management process, we conduct application security assessments, vulnerability management, penetration testing, security audits, and ongoing risk assessments. We also maintain a variety of incident response plans that are utilized when incidents are detected. We require employees with access to information systems, including all corporate employees, to undertake data protection and cybersecurity training and compliance programs annually.

We have a unified and centrally-coordinated team, led by our chief security officer, that is responsible for implementing and maintaining centralized cybersecurity and data protection practices at Amazon in close coordination with senior leadership and other teams across Amazon. Reporting to our chief security officer are a number of experienced chief information security officers responsible for various parts of our business, including AWS, each of whom is supported by a team of trained cybersecurity professionals. In addition to our extensive in-house cybersecurity capabilities, at times we also engage assessors, consultants, auditors, or other third parties to assist with assessing, identifying, and managing cybersecurity risks.

Our cybersecurity risks and associated mitigations are evaluated by senior leadership, including as part of our enterprise risk assessments that are reviewed by the Audit Committee and our Board of Directors. Such risks and mitigations are also subject to oversight by the Security Committee of our Board of Directors. Additional information about cybersecurity risks we face is discussed in Item 1A of Part I, "Risk Factors," under the heading "We Could Be Harmed by Data Loss or Other Security Breaches," which should be read in conjunction with the information above.

The Security Committee, which is comprised of independent directors, oversees our policies and procedures for protecting our cybersecurity infrastructure and for compliance with applicable data protection and security regulations, and related risks. The Security Committee receives reports regarding such risks from management, including our chief security officer, and reports to the Board at least annually. The Security Committee also oversees the Board's response to any significant cybersecurity incidents.

Our chief security officer, who has extensive cybersecurity knowledge and skills gained from over 15 years of work experience on the security team at Amazon and an extensive career in the technology and cybersecurity industries as a senior executive in the federal government, heads the team responsible for implementing and maintaining cybersecurity and data protection practices at Amazon and reports directly to the Chief Executive Officer.

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Note 7 — COMMITMENTS AND CONTINGENCIES

Commitments

The following summarizes our principal contractual commitments, excluding open orders for purchases that support normal operations and are generally cancellable, as of December 31, 2023 (in millions):

	Year Ended December 31,						
	2024	2025	2026	2027	2028	Thereafter	Total
Long-term debt principal and interest	$10,616	$ 7,175	$ 4,858	$10,404	$ 3,643	$ 60,176	$ 96,872
Operating lease liabilities	11,229	9,922	9,156	8,321	7,546	44,603	90,777
Finance lease liabilities, including interest	2,292	1,471	1,369	1,123	1,022	6,829	14,106
Financing obligations, including interest (1)	469	462	468	476	484	6,282	8,641
Leases not yet commenced	2,034	2,620	2,836	2,852	2,979	24,860	38,181
Unconditional purchase obligations (2)	9,432	7,823	5,901	4,463	1,912	5,953	35,484
Other commitments (3)	3,273	1,390	1,125	759	680	9,121	16,348
Total commitments	$39,345	$30,863	$25,713	$28,398	$18,266	$157,824	$300,409

(1) Includes non-cancellable financing obligations for fulfillment network and data center facilities. Excluding interest, current financing obligations of $266 million and $271 million are recorded within “Accrued expenses and other” and $6.7 billion and $6.6 billion are recorded within “Other long-term liabilities” as of December 31, 2022 and 2023. The weighted-average remaining term of the financing obligations was 17.9 years and 17.0 years and the weighted-average imputed interest rate was 3.1% as of December 31, 2022 and 2023.

(2) Includes unconditional purchase obligations related to long-term agreements to acquire and license digital media content that are not reflected on the consolidated balance sheets, and certain products offered in our Whole Foods Market stores. For those digital media content agreements with variable terms, we do not estimate the total obligation beyond any minimum quantities and/or pricing as of the reporting date. Purchase obligations associated with renewal provisions solely at the option of the content provider are included to the extent such commitments are fixed or a minimum amount is specified. Renewable energy agreements based on actual generation without a fixed or minimum volume commitment are not included. These agreements also provide the right to receive renewable energy certificates for no additional consideration.

(3) Includes asset retirement obligations, liabilities associated with digital media content agreements with initial terms greater than one year, and the estimated timing and amounts of payments for rent and tenant improvements associated with build-to-suit lease arrangements that are under construction. Excludes approximately $5.2 billion of income tax contingencies for which we cannot make a reasonably reliable estimate of the amount and period of payment, if any.

Suppliers

During 2023, no vendor accounted for 10% or more of our purchases. We generally do not have long-term contracts or arrangements with our vendors to guarantee the availability of merchandise, particular payment terms, or the extension of credit limits.

Other Contingencies

We are disputing claims and denials of refunds or credits, and monitoring or evaluating potential claims, related to various non-income taxes (such as sales, value added, consumption, service, and similar taxes), including in jurisdictions in which we already collect and remit these taxes. These non-income tax controversies typically include (i) the taxability of products and services, including cross-border intercompany transactions, (ii) collection and withholding on transactions with third parties, including as a result of evolving requirements imposed on marketplaces with respect to third-party sellers, and (iii) the adequacy of compliance with reporting obligations, including evolving documentation requirements. Due to the inherent complexity and uncertainty of these matters and the judicial and regulatory processes in certain jurisdictions, the final outcome of any such controversies may be materially different from our expectations.

Legal Proceedings

The Company is involved from time to time in claims, proceedings, and litigation, including the following:

In November 2015, Eolas Technologies, Inc. filed a complaint against Amazon.com, Inc. in the United States District Court for the Eastern District of Texas. The complaint alleges, among other things, that the use of “interactive features” on www.amazon.com, including “search suggestions and search results,” infringes U.S. Patent No. 9,195,507, entitled “Distributed

PART IV

Item 15. ***Exhibits, Financial Statement Schedules***

(a) *List of Documents Filed as a Part of This Report:*

(1) *Index to Consolidated Financial Statements:*

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

Consolidated Statements of Cash Flows for each of the three years ended December 31, 2023

Consolidated Statements of Operations for each of the three years ended December 31, 2023

Consolidated Statements of Comprehensive Income (Loss) for each of the three years ended December 31, 2023

Consolidated Balance Sheets as of December 31, 2022 and 2023

Consolidated Statements of Stockholders' Equity for each of the three years ended December 31, 2023

Notes to Consolidated Financial Statements

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

(2) *Index to Financial Statement Schedules:*

All schedules have been omitted because the required information is included in the consolidated financial statements or the notes thereto, or because it is not required.

(3) *Index to Exhibits*

See exhibits listed under Part (b) below.

(b) *Exhibits:*

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Amazon.com, Inc. (incorporated by reference to the Company's Current Report on Form 8-K, filed May 27, 2022).
3.2	Amended and Restated Bylaws of Amazon.com, Inc. (incorporated by reference to the Company's Current Report on Form 8-K, filed January 6, 2023).
4.1	Indenture, dated as of November 29, 2012, between Amazon.com, Inc. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to the Company's Current Report on Form 8-K, filed November 29, 2012).
4.2	Supplemental Indenture, dated as of April 13, 2022, among Amazon.com, Inc., Wells Fargo Bank, National Association, as prior trustee, and Computershare Trust Company, National Association, as successor trustee, containing Form of 2.730% Note due 2024, Form of 3.000% Note due 2025, Form of 3.300% Note due 2027, Form of 3.450% Note due 2029, Form of 3.600% Note due 2032, Form of 3.950% Note due 2052, and Form of 4.100% Note due 2062 (incorporated by reference to the Company's Current Report on Form 8-K, filed April 13, 2022).
4.3	Officers' Certificate of Amazon.com, Inc., dated as of December 5, 2014, containing Form of 2.600% Note due 2019, Form of 3.300% Note due 2021, Form of 3.800% Note due 2024, Form of 4.800% Note due 2034, and Form of 4.950% Note due 2044 (incorporated by reference to the Company's Current Report on Form 8-K, filed December 5, 2014).
4.4	Officers' Certificate of Amazon.com, Inc., dated as of August 22, 2017, containing Form of 1.900% Note due 2020, Form of 2.400% Note due 2023, Form of 2.800% Note due 2024, Form of 3.150% Note due 2027, Form of 3.875% Note due 2037, Form of 4.050% Note due 2047, and Form of 4.250% Note due 2057 (incorporated by reference to the Company's Current Report on Form 8-K, filed August 22, 2017).
4.5	Officers' Certificate of Amazon.com, Inc., dated as of December 20, 2017, containing Form of 5.200% Note due 2025 (incorporated by reference to the Company's Current Report on Form 8-K, filed December 20, 2017).

Available Information

Our investor relations website is amazon.com/ir and we encourage investors to use it as a way of easily finding information about us. We promptly make available on this website, free of charge, the reports that we file or furnish with the Securities and Exchange Commission ("SEC"), corporate governance information (including our Code of Business Conduct and Ethics), and select press releases.

Executive Officers and Directors

The following tables set forth certain information regarding our Executive Officers and Directors as of January 24, 2024:

Information About Our Executive Officers

Name	Age	Position
Jeffrey P. Bezos	60	Executive Chair
Andrew R. Jassy	56	President and Chief Executive Officer
Douglas J. Herrington	57	CEO Worldwide Amazon Stores
Brian T. Olsavsky	60	Senior Vice President and Chief Financial Officer
Shelley L. Reynolds	59	Vice President, Worldwide Controller, and Principal Accounting Officer
Adam N. Selipsky	57	CEO Amazon Web Services
David A. Zapolsky	60	Senior Vice President, Global Public Policy and General Counsel

Jeffrey P. Bezos. Mr. Bezos founded Amazon.com in 1994 and has served as Executive Chair since July 2021. He has served as Chair of the Board since 1994 and served as Chief Executive Officer from May 1996 until July 2021, and as President from 1994 until June 1999 and again from October 2000 to July 2021.

Andrew R. Jassy. Mr. Jassy has served as President and Chief Executive Officer since July 2021, CEO Amazon Web Services from April 2016 until July 2021, and Senior Vice President, Amazon Web Services, from April 2006 until April 2016.

Douglas J. Herrington. Mr. Herrington has served as CEO Worldwide Amazon Stores since July 2022, Senior Vice President, North America Consumer from January 2015 to July 2022, Senior Vice President, Consumables from May 2014 to December 2014, and Vice President, Consumables from May 2005 to April 2014.

Brian T. Olsavsky. Mr. Olsavsky has served as Senior Vice President and Chief Financial Officer since June 2015, Vice President, Finance for the Global Consumer Business from December 2011 to June 2015, and numerous financial leadership roles across Amazon with global responsibility since April 2002.

Shelley L. Reynolds. Ms. Reynolds has served as Vice President, Worldwide Controller, and Principal Accounting Officer since April 2007.

Adam N. Selipsky. Mr. Selipsky has served as CEO Amazon Web Services since July 2021, Senior Vice President, Amazon Web Services from May 2021 until July 2021, President and CEO of Tableau Software from September 2016 until May 2021, and Vice President, Marketing, Sales and Support of Amazon Web Services from May 2005 to September 2016.

David A. Zapolsky. Mr. Zapolsky has served as Senior Vice President, Global Public Policy and General Counsel since May 2023 and has served as our Secretary since September 2012. He served as Senior Vice President and General Counsel from May 2014 to May 2023, Vice President and General Counsel from September 2012 to May 2014, and as Vice President and Associate General Counsel for Litigation and Regulatory matters from April 2002 until September 2012.

Dear Shareholders:

Last year at this time, I shared my enthusiasm and optimism for Amazon's future. Today, I have even more. The reasons are many, but start with the progress we've made in our financial results and customer experiences, and extend to our continued innovation and the remarkable opportunities in front of us.

In 2023, Amazon's total revenue grew 12% year-over-year ("YoY") from $514B to $575B. By segment, North America revenue increased 12% YoY from $316B to $353B, International revenue grew 11% YoY from $118B to $131B, and AWS revenue increased 13% YoY from $80B to $91B.

Further, Amazon's operating income and Free Cash Flow ("FCF") dramatically improved. Operating income in 2023 improved 201% YoY from $12.2B (an operating margin of 2.4%) to $36.9B (an operating margin of 6.4%). Trailing Twelve Month FCF adjusted for equipment finance leases improved from -$12.8B in 2022 to $35.5B (up $48.3B).

While we've made meaningful progress on our financial measures, what we're most pleased about is the continued customer experience improvements across our businesses.

In our Stores business, customers have enthusiastically responded to our relentless focus on selection, price, and convenience. <u>We continue to have the broadest retail selection</u>, with hundreds of millions of products available, tens of millions added last year alone, and several premium brands starting to list on Amazon (e.g. Coach, Victoria's Secret, Pit Viper, Martha Stewart, Clinique, Lancôme, and Urban Decay).

<u>Being sharp on price is always important</u>, but particularly in an uncertain economy, where customers are careful about how much they're spending. As a result, in Q4 2023, we kicked off the holiday season with Prime Big Deal Days, an exclusive event for Prime members to provide an early start on holiday shopping. This was followed by our extended Black Friday and Cyber Monday holiday shopping event, open to all customers, that became our largest revenue event ever. For all of 2023, customers saved nearly $24B across millions of deals and coupons, almost 70% more than the prior year.

<u>We also continue to improve delivery speeds, breaking multiple company records</u>. In 2023, Amazon delivered at the fastest speeds ever to Prime members, with more than 7 billion items arriving same or next day, including more than 4 billion in the U.S. and more than 2 billion in Europe. In the U.S., this result is the combination of two things. One is the benefit of regionalization, where we re-architected the network to store items closer to customers. The other is the expansion of same-day facilities, where in 2023, we increased the number of items delivered same day or overnight by nearly 70% YoY. As we get items to customers this fast, customers choose Amazon to fulfill their shopping needs more frequently, and we can see the results in various areas including how fast our everyday essentials business is growing (over 20% YoY in Q4 2023).

Our regionalization efforts have also trimmed transportation distances, <u>helping lower our cost to serve</u>. In 2023, for the first time since 2018, we reduced our cost to serve on a per unit basis globally. In the U.S. alone, cost to serve was down by more than $0.45 per unit YoY. Decreasing cost to serve allows us both to invest in speed improvements and afford adding more selection at lower Average Selling Prices ("ASPs"). More selection at lower prices puts us in consideration for more purchases.

As we look toward 2024 (and beyond), <u>we're not done lowering our cost to serve</u>. We've challenged every closely held belief in our fulfillment network, and reevaluated every part of it, and found several areas where we believe we can lower costs even further while also delivering faster for customers. Our inbound fulfillment architecture and resulting inventory placement are areas of focus in 2024, and we have optimism there's more upside for us.

<u>Internationally</u>, we like the trajectory of our established countries, and see meaningful progress in our emerging geographies (e.g. India, Brazil, Australia, Mexico, Middle East, Africa, etc.) as they continue to

on-premises. These businesses will keep shifting online and into the cloud. In Media and Advertising, content will continue to migrate from linear formats to streaming. Globally, hundreds of millions of people who don't have adequate broadband access will gain that connectivity in the next few years. Last but certainly not least, Generative AI may be the largest technology transformation since the cloud (which itself, is still in the early stages), and perhaps since the Internet. Unlike the mass modernization of on-premises infrastructure to the cloud, where there's work required to migrate, this GenAI revolution will be built from the start on top of the cloud. The amount of societal and business benefit from the solutions that will be possible will astound us all.

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Note 7 — COMMITMENTS AND CONTINGENCIES

Commitments

The following summarizes our principal contractual commitments, excluding open orders for purchases that support normal operations and are generally cancellable, as of December 31, 2023 (in millions):

	Year Ended December 31,						
	2024	2025	2026	2027	2028	Thereafter	Total
Long-term debt principal and interest	$10,616	$ 7,175	$ 4,858	$10,404	$ 3,643	$ 60,176	$ 96,872
Operating lease liabilities	11,229	9,922	9,156	8,321	7,546	44,603	90,777
Finance lease liabilities, including interest	2,292	1,471	1,369	1,123	1,022	6,829	14,106
Financing obligations, including interest (1)	469	462	468	476	484	6,282	8,641
Leases not yet commenced	2,034	2,620	2,836	2,852	2,979	24,860	38,181
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Total commitments	$39,345	$30,863	$25,713	$28,398	$18,266	$157,824	$300,409

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(1) Includes non-cancellable financing obligations for fulfillment network and data center facilities. Excluding interest, current financing obligations of $266 million and $271 million are recorded within "Accrued expenses and other" and $6.7 billion and $6.6 billion are recorded within "Other long-term liabilities" as of December 31, 2022 and 2023. The weighted-average remaining term of the financing obligations was 17.9 years and 17.0 years and the weighted-average imputed interest rate was 3.1% as of December 31, 2022 and 2023.

(2) Includes unconditional purchase obligations related to long-term agreements to acquire and license digital media content that are not reflected on the consolidated balance sheets, and certain products offered in our Whole Foods Market stores. For those digital media content agreements with variable terms, we do not estimate the total obligation beyond any minimum quantities and/or pricing as of the reporting date. Purchase obligations associated with renewal provisions solely at the option of the content provider are included to the extent such commitments are fixed or a minimum amount is specified. Renewable energy agreements based on actual generation without a fixed or minimum volume commitment are not included. These agreements also provide the right to receive renewable energy certificates for no additional consideration.

(3) Includes asset retirement obligations, liabilities associated with digital media content agreements with initial terms greater than one year, and the estimated timing and amounts of payments for rent and tenant improvements associated with build-to-suit lease arrangements that are under construction. Excludes approximately $5.2 billion of income tax contingencies for which we cannot make a reasonably reliable estimate of the amount and period of payment, if any.

Suppliers

During 2023, no vendor accounted for 10% or more of our purchases. We generally do not have long-term contracts or arrangements with our vendors to guarantee the availability of merchandise, particular payment terms, or the extension of credit limits.

Other Contingencies

We are disputing claims and denials of refunds or credits, and monitoring or evaluating potential claims, related to various non-income taxes (such as sales, value added, consumption, service, and similar taxes), including in jurisdictions in which we already collect and remit these taxes. These non-income tax controversies typically include (i) the taxability of products and services, including cross-border intercompany transactions, (ii) collection and withholding on transactions with third parties, including as a result of evolving requirements imposed on marketplaces with respect to third-party sellers, and (iii) the adequacy of compliance with reporting obligations, including evolving documentation requirements. Due to the inherent complexity and uncertainty of these matters and the judicial and regulatory processes in certain jurisdictions, the final outcome of any such controversies may be materially different from our expectations.

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The Company is involved from time to time in claims, proceedings, and litigation, including the following:

In November 2015, Eolas Technologies, Inc. filed a complaint against Amazon.com, Inc. in the United States District Court for the Eastern District of Texas. The complaint alleges, among other things, that the use of "interactive features" on www.amazon.com, including "search suggestions and search results," infringes U.S. Patent No. 9,195,507, entitled "Distributed

PART IV

Item 15. *Exhibits, Financial Statement Schedules*

(a) *List of Documents Filed as a Part of This Report:*

(1) *Index to Consolidated Financial Statements:*

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

Consolidated Statements of Cash Flows for each of the three years ended December 31, 2023

Consolidated Statements of Operations for each of the three years ended December 31, 2023

Consolidated Statements of Comprehensive Income (Loss) for each of the three years ended December 31, 2023

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See exhibits listed under Part (b) below.

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4.3	Officers' Certificate of Amazon.com, Inc., dated as of December 5, 2014, containing Form of 2.600% Note due 2019, Form of 3.300% Note due 2021, Form of 3.800% Note due 2024, Form of 4.800% Note due 2034, and Form of 4.950% Note due 2044 (incorporated by reference to the Company's Current Report on Form 8-K, filed December 5, 2014).
4.4	Officers' Certificate of Amazon.com, Inc., dated as of August 22, 2017, containing Form of 1.900% Note due 2020, Form of 2.400% Note due 2023, Form of 2.800% Note due 2024, Form of 3.150% Note due 2027, Form of 3.875% Note due 2037, Form of 4.050% Note due 2047, and Form of 4.250% Note due 2057 (incorporated by reference to the Company's Current Report on Form 8-K, filed August 22, 2017).
4.5	Officers' Certificate of Amazon.com, Inc., dated as of December 20, 2017, containing Form of 5.200% Note due 2025 (incorporated by reference to the Company's Current Report on Form 8-K, filed December 20, 2017).

Available Information

Our investor relations website is amazon.com/ir and we encourage investors to use it as a way of easily finding information about us. We promptly make available on this website, free of charge, the reports that we file or furnish with the Securities and Exchange Commission ("SEC"), corporate governance information (including our Code of Business Conduct and Ethics), and select press releases.

Executive Officers and Directors

The following tables set forth certain information regarding our Executive Officers and Directors as of January 24, 2024:

Information About Our Executive Officers

Name	Age	Position
Jeffrey P. Bezos	60	Executive Chair
Andrew R. Jassy	56	President and Chief Executive Officer
Douglas J. Herrington	57	CEO Worldwide Amazon Stores
Brian T. Olsavsky	60	Senior Vice President and Chief Financial Officer
Shelley L. Reynolds	59	Vice President, Worldwide Controller, and Principal Accounting Officer
Adam N. Selipsky	57	CEO Amazon Web Services
David A. Zapolsky	60	Senior Vice President, Global Public Policy and General Counsel

Jeffrey P. Bezos. Mr. Bezos founded Amazon.com in 1994 and has served as Executive Chair since July 2021. He has served as Chair of the Board since 1994 and served as Chief Executive Officer from May 1996 until July 2021, and as President from 1994 until June 1999 and again from October 2000 to July 2021.

Andrew R. Jassy. Mr. Jassy has served as President and Chief Executive Officer since July 2021, CEO Amazon Web Services from April 2016 until July 2021, and Senior Vice President, Amazon Web Services, from April 2006 until April 2016.

Douglas J. Herrington. Mr. Herrington has served as CEO Worldwide Amazon Stores since July 2022, Senior Vice President, North America Consumer from January 2015 to July 2022, Senior Vice President, Consumables from May 2014 to December 2014, and Vice President, Consumables from May 2005 to April 2014.

Brian T. Olsavsky. Mr. Olsavsky has served as Senior Vice President and Chief Financial Officer since June 2015, Vice President, Finance for the Global Consumer Business from December 2011 to June 2015, and numerous financial leadership roles across Amazon with global responsibility since April 2002.

Shelley L. Reynolds. Ms. Reynolds has served as Vice President, Worldwide Controller, and Principal Accounting Officer since April 2007.

Adam N. Selipsky. Mr. Selipsky has served as CEO Amazon Web Services since July 2021, Senior Vice President, Amazon Web Services from May 2021 until July 2021, President and CEO of Tableau Software from September 2016 until May 2021, and Vice President, Marketing, Sales and Support of Amazon Web Services from May 2005 to September 2016.

David A. Zapolsky. Mr. Zapolsky has served as Senior Vice President, Global Public Policy and General Counsel since May 2023 and has served as our Secretary since September 2012. He served as Senior Vice President and General Counsel from May 2014 to May 2023, Vice President and General Counsel from September 2012 to May 2014, and as Vice President and Associate General Counsel for Litigation and Regulatory matters from April 2002 until September 2012.

Dear Shareholders:

Last year at this time, I shared my enthusiasm and optimism for Amazon's future. Today, I have even more. The reasons are many, but start with the progress we've made in our financial results and customer experiences, and extend to our continued innovation and the remarkable opportunities in front of us.

In 2023, Amazon's total revenue grew 12% year-over-year ("YoY") from $514B to $575B. By segment, North America revenue increased 12% YoY from $316B to $353B, International revenue grew 11% YoY from $118B to $131B, and AWS revenue increased 13% YoY from $80B to $91B.

Further, Amazon's operating income and Free Cash Flow ("FCF") dramatically improved. Operating income in 2023 improved 201% YoY from $12.2B (an operating margin of 2.4%) to $36.9B (an operating margin of 6.4%). Trailing Twelve Month FCF adjusted for equipment finance leases improved from -$12.8B in 2022 to $35.5B (up $48.3B).

While we've made meaningful progress on our financial measures, what we're most pleased about is the continued customer experience improvements across our businesses.

In our Stores business, customers have enthusiastically responded to our relentless focus on selection, price, and convenience. We continue to have the broadest retail selection, with hundreds of millions of products available, tens of millions added last year alone, and several premium brands starting to list on Amazon (e.g. Coach, Victoria's Secret, Pit Viper, Martha Stewart, Clinique, Lancôme, and Urban Decay).

Being sharp on price is always important, but particularly in an uncertain economy, where customers are careful about how much they're spending. As a result, in Q4 2023, we kicked off the holiday season with Prime Big Deal Days, an exclusive event for Prime members to provide an early start on holiday shopping. This was followed by our extended Black Friday and Cyber Monday holiday shopping event, open to all customers, that became our largest revenue event ever. For all of 2023, customers saved nearly $24B across millions of deals and coupons, almost 70% more than the prior year.

We also continue to improve delivery speeds, breaking multiple company records. In 2023, Amazon delivered at the fastest speeds ever to Prime members, with more than 7 billion items arriving same or next day, including more than 4 billion in the U.S. and more than 2 billion in Europe. In the U.S., this result is the combination of two things. One is the benefit of regionalization, where we re-architected the network to store items closer to customers. The other is the expansion of same-day facilities, where in 2023, we increased the number of items delivered same day or overnight by nearly 70% YoY. As we get items to customers this fast, customers choose Amazon to fulfill their shopping needs more frequently, and we can see the results in various areas including how fast our everyday essentials business is growing (over 20% YoY in Q4 2023).

Our regionalization efforts have also trimmed transportation distances, helping lower our cost to serve. In 2023, for the first time since 2018, we reduced our cost to serve on a per unit basis globally. In the U.S. alone, cost to serve was down by more than $0.45 per unit YoY. Decreasing cost to serve allows us both to invest in speed improvements and afford adding more selection at lower Average Selling Prices ("ASPs"). More selection at lower prices puts us in consideration for more purchases.

As we look toward 2024 (and beyond), we're not done lowering our cost to serve. We've challenged every closely held belief in our fulfillment network, and reevaluated every part of it, and found several areas where we believe we can lower costs even further while also delivering faster for customers. Our inbound fulfillment architecture and resulting inventory placement are areas of focus in 2024, and we have optimism there's more upside for us.

Internationally, we like the trajectory of our established countries, and see meaningful progress in our emerging geographies (e.g. India, Brazil, Australia, Mexico, Middle East, Africa, etc.) as they continue to

on-premises. These businesses will keep shifting online and into the cloud. In Media and Advertising, content will continue to migrate from linear formats to streaming. Globally, hundreds of millions of people who don't have adequate broadband access will gain that connectivity in the next few years. Last but certainly not least, Generative AI may be the largest technology transformation since the cloud (which itself, is still in the early stages), and perhaps since the Internet. Unlike the mass modernization of on-premises infrastructure to the cloud, where there's work required to migrate, this GenAI revolution will be built from the start on top of the cloud. The amount of societal and business benefit from the solutions that will be possible will astound us all.

There has never been a time in Amazon's history where we've felt there is so much opportunity to make our customers' lives better and easier. We're incredibly excited about what's possible, focused on inventing the future, and look forward to working together to make it so.

Sincerely,

Andy Jassy
President and Chief Executive Officer
Amazon.com, Inc.

P.S. As we have always done, our original 1997 Shareholder Letter follows. What's written there is as true today as it was in 1997.

mechanisms, controls, technologies, methods, systems, and other processes that are designed to prevent, detect, or mitigate data loss, theft, misuse, unauthorized access, or other security incidents or vulnerabilities affecting the data. The data include confidential, proprietary, and business and personal information that we collect, process, store, and transmit as part of our business, including on behalf of third parties. We also use systems and processes designed to reduce the impact of a security incident at a third-party vendor or customer. Additionally, we use processes to oversee and identify material risks from cybersecurity threats associated with our use of third-party technology and systems, including: technology and systems we use for encryption and authentication; employee email; content delivery to customers; back-office support; and other functions.

As part of our risk management process, we conduct application security assessments, vulnerability management, penetration testing, security audits, and ongoing risk assessments. We also maintain a variety of incident response plans that are utilized when incidents are detected. We require employees with access to information systems, including all corporate employees, to undertake data protection and cybersecurity training and compliance programs annually.

We have a unified and centrally-coordinated team, led by our chief security officer, that is responsible for implementing and maintaining centralized cybersecurity and data protection practices at Amazon in close coordination with senior leadership and other teams across Amazon. Reporting to our chief security officer are a number of experienced chief information security officers responsible for various parts of our business, including AWS, each of whom is supported by a team of trained cybersecurity professionals. In addition to our extensive in-house cybersecurity capabilities, at times we also engage assessors, consultants, auditors, or other third parties to assist with assessing, identifying, and managing cybersecurity risks.

Our cybersecurity risks and associated mitigations are evaluated by senior leadership, including as part of our enterprise risk assessments that are reviewed by the Audit Committee and our Board of Directors. Such risks and mitigations are also subject to oversight by the Security Committee of our Board of Directors. Additional information about cybersecurity risks we face is discussed in Item 1A of Part I, “Risk Factors,” under the heading “We Could Be Harmed by Data Loss or Other Security Breaches,” which should be read in conjunction with the information above.

The Security Committee, which is comprised of independent directors, oversees our policies and procedures for protecting our cybersecurity infrastructure and for compliance with applicable data protection and security regulations, and related risks. The Security Committee receives reports regarding such risks from management, including our chief security officer, and reports to the Board at least annually. The Security Committee also oversees the Board’s response to any significant cybersecurity incidents.

Our chief security officer, who has extensive cybersecurity knowledge and skills gained from over 15 years of work experience on the security team at Amazon and an extensive career in the technology and cybersecurity industries as a senior executive in the federal government, heads the team responsible for implementing and maintaining cybersecurity and data protection practices at Amazon and reports directly to the Chief Executive Officer.

Hypermedia Method and System for Automatically Invoking External Application Providing Interaction and Display of Embedded Objects Within a Hypermedia Document.” The complaint sought a judgment of infringement together with costs and attorneys’ fees. In February 2016, Eolas filed an amended complaint seeking, among other things, an unspecified amount of damages. In February 2017, Eolas alleged in its damages report that in the event of a finding of liability Amazon could be subject to $130 million to $250 million in damages. In April 2017, the case was transferred to the United States District Court for the Northern District of California. In May 2022, the district court granted summary judgment, holding that the patent is invalid. In June 2022, Eolas filed a notice of appeal. In February 2024, the United States Court of Appeals for the Federal Circuit affirmed the district court’s judgment. We dispute the allegations of wrongdoing and will continue to defend ourselves vigorously in this matter.

In May 2018, Rensselaer Polytechnic Institute and CF Dynamic Advances LLC filed a complaint against Amazon.com, Inc. in the United States District Court for the Northern District of New York. The complaint alleges, among other things, that “Alexa Voice Software and Alexa enabled devices” infringe U.S. Patent No. 7,177,798, entitled “Natural Language Interface Using Constrained Intermediate Dictionary of Results.” The complaint seeks an injunction, an unspecified amount of damages, enhanced damages, an ongoing royalty, interest, attorneys’ fees, and costs. In March 2023, the plaintiffs alleged in their damages report that in the event of a finding of liability Amazon could be subject to $140 million to $267 million in damages. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in this matter.

In December 2018, Kove IO, Inc. filed a complaint against Amazon Web Services, Inc. in the United States District Court for the Northern District of Illinois. The complaint alleges, among other things, that Amazon S3 and DynamoDB infringe U.S. Patent Nos. 7,814,170 and 7,103,640, each entitled “Network Distributed Tracking Wire Transfer Protocol”; and 7,233,978, entitled “Method and Apparatus for Managing Location Information in a Network Separate from the Data to Which the Location Information Pertains.” The complaint seeks an unspecified amount of damages, enhanced damages, attorneys’ fees, costs, interest, and injunctive relief. In March 2022, the case was stayed pending resolution of review petitions we filed with the United States Patent and Trademark Office. In November 2022, the stay was lifted. In July 2023, Kove alleged in its damages report that in the event of a finding of liability Amazon Web Services could be subject to $517 million to $1.03 billion in damages. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in this matter.

Beginning in June 2019 with Wilcosky v. Amazon.com, Inc., now pending in the United States District Court for the Northern District of Illinois (“N.D. Ill.”), private litigants have filed a number of cases in U.S. federal and state courts, including Hogan v. Amazon.com, Inc. (N.D. Ill.), alleging, among other things, that Amazon’s collection, storage, use, retention, and protection of biometric identifiers violated the Illinois Biometric Information Privacy Act. The complaints allege purported classes of Illinois residents who had biometric identifiers collected through Amazon products or services, including Amazon Photos, Alexa, AWS cloud services, Ring, Amazon Connect, Amazon’s Flex driver app, and Amazon’s virtual try-on technology. The complaints seek certification as class actions, unspecified amounts of damages, injunctive relief, attorneys’ fees, costs, and interest. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in these matters.

Beginning in March 2020 with Frame-Wilson v. Amazon.com, Inc. filed in the United States District Court for the Western District of Washington (“W.D. Wash.”), private litigants have filed a number of cases in the U.S. and Canada alleging, among other things, price fixing arrangements between Amazon.com, Inc. and vendors and third-party sellers in Amazon’s stores, monopolization and attempted monopolization, and consumer protection and unjust enrichment claims. Attorneys General for the District of Columbia and California brought similar suits in May 2021 and September 2022 in the Superior Court of the District of Columbia and the California Superior Court for the County of San Francisco, respectively. Some of the private cases include allegations of several distinct purported classes, including consumers who purchased a product through Amazon’s stores and consumers who purchased a product offered by Amazon through another e-commerce retailer. The complaints seek billions of dollars of alleged damages, treble damages, punitive damages, injunctive relief, civil penalties, attorneys’ fees, and costs. The Federal Trade Commission and a number of state Attorneys General filed a similar lawsuit in September 2023 in the W.D. Wash. alleging violations of federal antitrust and state antitrust and consumer protection laws. That complaint alleges, among other things, that Amazon has a monopoly in markets for online superstores and marketplace services, and unlawfully maintains those monopolies through anticompetitive practices relating to our pricing policies, advertising practices, the structure of Prime, and promotion of our own products on our website. The complaint seeks injunctive and structural relief, an unspecified amount of damages, and costs. Amazon’s motions to dismiss were granted in part and denied in part in Frame-Wilson in March 2022 and March 2023, De Coster v. Amazon.com, Inc. (W.D. Wash.) in January 2023, and the California Attorney General’s lawsuit in March 2023. All three courts dismissed claims alleging that Amazon’s pricing policies are inherently illegal and denied dismissal of claims alleging that Amazon’s pricing policies are an unlawful restraint of trade. In March 2022, the DC Superior Court dismissed the DC Attorney General’s lawsuit in its entirety; the dismissal is under appeal. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in these matters.

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Available Information

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Executive Officers and Directors

The following tables set forth certain information regarding our Executive Officers and Directors as of January 24, 2024:

Information About Our Executive Officers

Name	Age	Position
Jeffrey P. Bezos	60	Executive Chair
Andrew R. Jassy	56	President and Chief Executive Officer
Douglas J. Herrington	57	CEO Worldwide Amazon Stores
Brian T. Olsavsky	60	Senior Vice President and Chief Financial Officer
Shelley L. Reynolds	59	Vice President, Worldwide Controller, and Principal Accounting Officer
Adam N. Selipsky	57	CEO Amazon Web Services
David A. Zapolsky	60	Senior Vice President, Global Public Policy and General Counsel

Jeffrey P. Bezos. Mr. Bezos founded Amazon.com in 1994 and has served as Executive Chair since July 2021. He has served as Chair of the Board since 1994 and served as Chief Executive Officer from May 1996 until July 2021, and as President from 1994 until June 1999 and again from October 2000 to July 2021.

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Dear Shareholders:

Last year at this time, I shared my enthusiasm and optimism for Amazon's future. Today, I have even more. The reasons are many, but start with the progress we've made in our financial results and customer experiences, and extend to our continued innovation and the remarkable opportunities in front of us.

In 2023, Amazon's total revenue grew 12% year-over-year ("YoY") from $514B to $575B. By segment, North America revenue increased 12% YoY from $316B to $353B, International revenue grew 11% YoY from $118B to $131B, and AWS revenue increased 13% YoY from $80B to $91B.

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While we've made meaningful progress on our financial measures, what we're most pleased about is the continued customer experience improvements across our businesses.

In our Stores business, customers have enthusiastically responded to our relentless focus on selection, price, and convenience. We continue to have the broadest retail selection, with hundreds of millions of products available, tens of millions added last year alone, and several premium brands starting to list on Amazon (e.g. Coach, Victoria's Secret, Pit Viper, Martha Stewart, Clinique, Lancôme, and Urban Decay).

Being sharp on price is always important, but particularly in an uncertain economy, where customers are careful about how much they're spending. As a result, in Q4 2023, we kicked off the holiday season with Prime Big Deal Days, an exclusive event for Prime members to provide an early start on holiday shopping. This was followed by our extended Black Friday and Cyber Monday holiday shopping event, open to all customers, that became our largest revenue event ever. For all of 2023, customers saved nearly $24B across millions of deals and coupons, almost 70% more than the prior year.

We also continue to improve delivery speeds, breaking multiple company records. In 2023, Amazon delivered at the fastest speeds ever to Prime members, with more than 7 billion items arriving same or next day, including more than 4 billion in the U.S. and more than 2 billion in Europe. In the U.S., this result is the combination of two things. One is the benefit of regionalization, where we re-architected the network to store items closer to customers. The other is the expansion of same-day facilities, where in 2023, we increased the number of items delivered same day or overnight by nearly 70% YoY. As we get items to customers this fast, customers choose Amazon to fulfill their shopping needs more frequently, and we can see the results in various areas including how fast our everyday essentials business is growing (over 20% YoY in Q4 2023).

Our regionalization efforts have also trimmed transportation distances, helping lower our cost to serve. In 2023, for the first time since 2018, we reduced our cost to serve on a per unit basis globally. In the U.S. alone, cost to serve was down by more than $0.45 per unit YoY. Decreasing cost to serve allows us both to invest in speed improvements and afford adding more selection at lower Average Selling Prices ("ASPs"). More selection at lower prices puts us in consideration for more purchases.

As we look toward 2024 (and beyond), we're not done lowering our cost to serve. We've challenged every closely held belief in our fulfillment network, and reevaluated every part of it, and found several areas where we believe we can lower costs even further while also delivering faster for customers. Our inbound fulfillment architecture and resulting inventory placement are areas of focus in 2024, and we have optimism there's more upside for us.

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on-premises. These businesses will keep shifting online and into the cloud. In Media and Advertising, content will continue to migrate from linear formats to streaming. Globally, hundreds of millions of people who don't have adequate broadband access will gain that connectivity in the next few years. Last but certainly not least, Generative AI may be the largest technology transformation since the cloud (which itself, is still in the early stages), and perhaps since the Internet. Unlike the mass modernization of on-premises infrastructure to the cloud, where there's work required to migrate, this GenAI revolution will be built from the start on top of the cloud. The amount of societal and business benefit from the solutions that will be possible will astound us all.

There has never been a time in Amazon's history where we've felt there is so much opportunity to make our customers' lives better and easier. We're incredibly excited about what's possible, focused on inventing the future, and look forward to working together to make it so.

Sincerely,

Andrew R Jassy

Andy Jassy
President and Chief Executive Officer
Amazon.com, Inc.

P.S. As we have always done, our original 1997 Shareholder Letter follows. What's written there is as true today as it was in 1997.

mechanisms, controls, technologies, methods, systems, and other processes that are designed to prevent, detect, or mitigate data loss, theft, misuse, unauthorized access, or other security incidents or vulnerabilities affecting the data. The data include confidential, proprietary, and business and personal information that we collect, process, store, and transmit as part of our business, including on behalf of third parties. We also use systems and processes designed to reduce the impact of a security incident at a third-party vendor or customer. Additionally, we use processes to oversee and identify material risks from cybersecurity threats associated with our use of third-party technology and systems, including: technology and systems we use for encryption and authentication; employee email; content delivery to customers; back-office support; and other functions.

As part of our risk management process, we conduct application security assessments, vulnerability management, penetration testing, security audits, and ongoing risk assessments. We also maintain a variety of incident response plans that are utilized when incidents are detected. We require employees with access to information systems, including all corporate employees, to undertake data protection and cybersecurity training and compliance programs annually.

We have a unified and centrally-coordinated team, led by our chief security officer, that is responsible for implementing and maintaining centralized cybersecurity and data protection practices at Amazon in close coordination with senior leadership and other teams across Amazon. Reporting to our chief security officer are a number of experienced chief information security officers responsible for various parts of our business, including AWS, each of whom is supported by a team of trained cybersecurity professionals. In addition to our extensive in-house cybersecurity capabilities, at times we also engage assessors, consultants, auditors, or other third parties to assist with assessing, identifying, and managing cybersecurity risks.

Our cybersecurity risks and associated mitigations are evaluated by senior leadership, including as part of our enterprise risk assessments that are reviewed by the Audit Committee and our Board of Directors. Such risks and mitigations are also subject to oversight by the Security Committee of our Board of Directors. Additional information about cybersecurity risks we face is discussed in Item 1A of Part I, “Risk Factors,” under the heading “We Could Be Harmed by Data Loss or Other Security Breaches,” which should be read in conjunction with the information above.

The Security Committee, which is comprised of independent directors, oversees our policies and procedures for protecting our cybersecurity infrastructure and for compliance with applicable data protection and security regulations, and related risks. The Security Committee receives reports regarding such risks from management, including our chief security officer, and reports to the Board at least annually. The Security Committee also oversees the Board’s response to any significant cybersecurity incidents.

Our chief security officer, who has extensive cybersecurity knowledge and skills gained from over 15 years of work experience on the security team at Amazon and an extensive career in the technology and cybersecurity industries as a senior executive in the federal government, heads the team responsible for implementing and maintaining cybersecurity and data protection practices at Amazon and reports directly to the Chief Executive Officer.

Hypermedia Method and System for Automatically Invoking External Application Providing Interaction and Display of Embedded Objects Within a Hypermedia Document.” The complaint sought a judgment of infringement together with costs and attorneys’ fees. In February 2016, Eolas filed an amended complaint seeking, among other things, an unspecified amount of damages. In February 2017, Eolas alleged in its damages report that in the event of a finding of liability Amazon could be subject to $130 million to $250 million in damages. In April 2017, the case was transferred to the United States District Court for the Northern District of California. In May 2022, the district court granted summary judgment, holding that the patent is invalid. In June 2022, Eolas filed a notice of appeal. In February 2024, the United States Court of Appeals for the Federal Circuit affirmed the district court’s judgment. We dispute the allegations of wrongdoing and will continue to defend ourselves vigorously in this matter.

In May 2018, Rensselaer Polytechnic Institute and CF Dynamic Advances LLC filed a complaint against Amazon.com, Inc. in the United States District Court for the Northern District of New York. The complaint alleges, among other things, that “Alexa Voice Software and Alexa enabled devices” infringe U.S. Patent No. 7,177,798, entitled “Natural Language Interface Using Constrained Intermediate Dictionary of Results.” The complaint seeks an injunction, an unspecified amount of damages, enhanced damages, an ongoing royalty, interest, attorneys’ fees, and costs. In March 2023, the plaintiffs alleged in their damages report that in the event of a finding of liability Amazon could be subject to $140 million to $267 million in damages. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in this matter.

In December 2018, Kove IO, Inc. filed a complaint against Amazon Web Services, Inc. in the United States District Court for the Northern District of Illinois. The complaint alleges, among other things, that Amazon S3 and DynamoDB infringe U.S. Patent Nos. 7,814,170 and 7,103,640, each entitled “Network Distributed Tracking Wire Transfer Protocol”; and 7,233,978, entitled “Method and Apparatus for Managing Location Information in a Network Separate from the Data to Which the Location Information Pertains.” The complaint seeks an unspecified amount of damages, enhanced damages, attorneys’ fees, costs, interest, and injunctive relief. In March 2022, the case was stayed pending resolution of review petitions we filed with the United States Patent and Trademark Office. In November 2022, the stay was lifted. In July 2023, Kove alleged in its damages report that in the event of a finding of liability Amazon Web Services could be subject to $517 million to $1.03 billion in damages. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in this matter.

Beginning in June 2019 with Wilcosky v. Amazon.com, Inc., now pending in the United States District Court for the Northern District of Illinois (“N.D. Ill.”), private litigants have filed a number of cases in U.S. federal and state courts, including Hogan v. Amazon.com, Inc. (N.D. Ill.), alleging, among other things, that Amazon’s collection, storage, use, retention, and protection of biometric identifiers violated the Illinois Biometric Information Privacy Act. The complaints allege purported classes of Illinois residents who had biometric identifiers collected through Amazon products or services, including Amazon Photos, Alexa, AWS cloud services, Ring, Amazon Connect, Amazon’s Flex driver app, and Amazon’s virtual try-on technology. The complaints seek certification as class actions, unspecified amounts of damages, injunctive relief, attorneys’ fees, costs, and interest. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in these matters.

Beginning in March 2020 with Frame-Wilson v. Amazon.com, Inc. filed in the United States District Court for the Western District of Washington (“W.D. Wash.”), private litigants have filed a number of cases in the U.S. and Canada alleging, among other things, price fixing arrangements between Amazon.com, Inc. and vendors and third-party sellers in Amazon’s stores, monopolization and attempted monopolization, and consumer protection and unjust enrichment claims. Attorneys General for the District of Columbia and California brought similar suits in May 2021 and September 2022 in the Superior Court of the District of Columbia and the California Superior Court for the County of San Francisco, respectively. Some of the private cases include allegations of several distinct purported classes, including consumers who purchased a product through Amazon’s stores and consumers who purchased a product offered by Amazon through another e-commerce retailer. The complaints seek billions of dollars of alleged damages, treble damages, punitive damages, injunctive relief, civil penalties, attorneys’ fees, and costs. The Federal Trade Commission and a number of state Attorneys General filed a similar lawsuit in September 2023 in the W.D. Wash. alleging violations of federal antitrust and state antitrust and consumer protection laws. That complaint alleges, among other things, that Amazon has a monopoly in markets for online superstores and marketplace services, and unlawfully maintains those monopolies through anticompetitive practices relating to our pricing policies, advertising practices, the structure of Prime, and promotion of our own products on our website. The complaint seeks injunctive and structural relief, an unspecified amount of damages, and costs. Amazon’s motions to dismiss were granted in part and denied in part in Frame-Wilson in March 2022 and March 2023, De Coster v. Amazon.com, Inc. (W.D. Wash.) in January 2023, and the California Attorney General’s lawsuit in March 2023. All three courts dismissed claims alleging that Amazon’s pricing policies are inherently illegal and denied dismissal of claims alleging that Amazon’s pricing policies are an unlawful restraint of trade. In March 2022, the DC Superior Court dismissed the DC Attorney General’s lawsuit in its entirety; the dismissal is under appeal. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in these matters.

In October 2020, Broadband iTV, Inc. filed a complaint against Amazon.com, Inc., Amazon.com Services LLC, and Amazon Web Services, Inc. in the United States District Court for the Western District of Texas. The complaint alleges, among other things, that certain Amazon Prime Video features and services infringe U.S. Patent Nos. 9,648,388, 10,546,750, and 10,536,751, each entitled “Video-On-Demand Content Delivery System for Providing Video-On-Demand Services to TV

Note 7 — COMMITMENTS AND CONTINGENCIES

Commitments

The following summarizes our principal contractual commitments, excluding open orders for purchases that support normal operations and are generally cancellable, as of December 31, 2023 (in millions):

	Year Ended December 31,						
	2024	2025	2026	2027	2028	Thereafter	Total
Long-term debt principal and interest	$10,616	$ 7,175	$ 4,858	$10,404	$ 3,643	$ 60,176	$ 96,872
Operating lease liabilities	11,229	9,922	9,156	8,321	7,546	44,603	90,777
Finance lease liabilities, including interest	2,292	1,471	1,369	1,123	1,022	6,829	14,106
Financing obligations, including interest (1)	469	462	468	476	484	6,282	8,641
Leases not yet commenced	2,034	2,620	2,836	2,852	2,979	24,860	38,181
Unconditional purchase obligations (2)	9,432	7,823	5,901	4,463	1,912	5,953	35,484
Other commitments (3)	3,273	1,390	1,125	759	680	9,121	16,348
Total commitments	$39,345	$30,863	$25,713	$28,398	$18,266	$157,824	$300,409

(1) Includes non-cancellable financing obligations for fulfillment network and data center facilities. Excluding interest, current financing obligations of $266 million and $271 million are recorded within "Accrued expenses and other" and $6.7 billion and $6.6 billion are recorded within "Other long-term liabilities" as of December 31, 2022 and 2023. The weighted-average remaining term of the financing obligations was 17.9 years and 17.0 years and the weighted-average imputed interest rate was 3.1% as of December 31, 2022 and 2023.

(2) Includes unconditional purchase obligations related to long-term agreements to acquire and license digital media content that are not reflected on the consolidated balance sheets, and certain products offered in our Whole Foods Market stores. For those digital media content agreements with variable terms, we do not estimate the total obligation beyond any minimum quantities and/or pricing as of the reporting date. Purchase obligations associated with renewal provisions solely at the option of the content provider are included to the extent such commitments are fixed or a minimum amount is specified. Renewable energy agreements based on actual generation without a fixed or minimum volume commitment are not included. These agreements also provide the right to receive renewable energy certificates for no additional consideration.

(3) Includes asset retirement obligations, liabilities associated with digital media content agreements with initial terms greater than one year, and the estimated timing and amounts of payments for rent and tenant improvements associated with build-to-suit lease arrangements that are under construction. Excludes approximately $5.2 billion of income tax contingencies for which we cannot make a reasonably reliable estimate of the amount and period of payment, if any.

Suppliers

During 2023, no vendor accounted for 10% or more of our purchases. We generally do not have long-term contracts or arrangements with our vendors to guarantee the availability of merchandise, particular payment terms, or the extension of credit limits.

Other Contingencies

We are disputing claims and denials of refunds or credits, and monitoring or evaluating potential claims, related to various non-income taxes (such as sales, value added, consumption, service, and similar taxes), including in jurisdictions in which we already collect and remit these taxes. These non-income tax controversies typically include (i) the taxability of products and services, including cross-border intercompany transactions, (ii) collection and withholding on transactions with third parties, including as a result of evolving requirements imposed on marketplaces with respect to third-party sellers, and (iii) the adequacy of compliance with reporting obligations, including evolving documentation requirements. Due to the inherent complexity and uncertainty of these matters and the judicial and regulatory processes in certain jurisdictions, the final outcome of any such controversies may be materially different from our expectations.

Legal Proceedings

The Company is involved from time to time in claims, proceedings, and litigation, including the following:

In November 2015, Eolas Technologies, Inc. filed a complaint against Amazon.com, Inc. in the United States District Court for the Eastern District of Texas. The complaint alleges, among other things, that the use of "interactive features" on www.amazon.com, including "search suggestions and search results," infringes U.S. Patent No. 9,195,507, entitled "Distributed

PART IV

Item 15. *Exhibits, Financial Statement Schedules*

(a) *List of Documents Filed as a Part of This Report:*

(1) *Index to Consolidated Financial Statements:*

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

Consolidated Statements of Cash Flows for each of the three years ended December 31, 2023

Consolidated Statements of Operations for each of the three years ended December 31, 2023

Consolidated Statements of Comprehensive Income (Loss) for each of the three years ended December 31, 2023

Consolidated Balance Sheets as of December 31, 2022 and 2023

Consolidated Statements of Stockholders' Equity for each of the three years ended December 31, 2023

Notes to Consolidated Financial Statements

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

(2) *Index to Financial Statement Schedules:*

All schedules have been omitted because the required information is included in the consolidated financial statements or the notes thereto, or because it is not required.

(3) *Index to Exhibits*

See exhibits listed under Part (b) below.

(b) *Exhibits:*

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Amazon.com, Inc. (incorporated by reference to the Company's Current Report on Form 8-K, filed May 27, 2022).
3.2	Amended and Restated Bylaws of Amazon.com, Inc. (incorporated by reference to the Company's Current Report on Form 8-K, filed January 6, 2023).
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There has never been a time in Amazon's history where we've felt there is so much opportunity to make our customers' lives better and easier. We're incredibly excited about what's possible, focused on inventing the future, and look forward to working together to make it so.

Sincerely,

Andy Jassy
President and Chief Executive Officer
Amazon.com, Inc.

P.S. As we have always done, our original 1997 Shareholder Letter follows. What's written there is as true today as it was in 1997.

mechanisms, controls, technologies, methods, systems, and other processes that are designed to prevent, detect, or mitigate data loss, theft, misuse, unauthorized access, or other security incidents or vulnerabilities affecting the data. The data include confidential, proprietary, and business and personal information that we collect, process, store, and transmit as part of our business, including on behalf of third parties. We also use systems and processes designed to reduce the impact of a security incident at a third-party vendor or customer. Additionally, we use processes to oversee and identify material risks from cybersecurity threats associated with our use of third-party technology and systems, including: technology and systems we use for encryption and authentication; employee email; content delivery to customers; back-office support; and other functions.

As part of our risk management process, we conduct application security assessments, vulnerability management, penetration testing, security audits, and ongoing risk assessments. We also maintain a variety of incident response plans that are utilized when incidents are detected. We require employees with access to information systems, including all corporate employees, to undertake data protection and cybersecurity training and compliance programs annually.

We have a unified and centrally-coordinated team, led by our chief security officer, that is responsible for implementing and maintaining centralized cybersecurity and data protection practices at Amazon in close coordination with senior leadership and other teams across Amazon. Reporting to our chief security officer are a number of experienced chief information security officers responsible for various parts of our business, including AWS, each of whom is supported by a team of trained cybersecurity professionals. In addition to our extensive in-house cybersecurity capabilities, at times we also engage assessors, consultants, auditors, or other third parties to assist with assessing, identifying, and managing cybersecurity risks.

Our cybersecurity risks and associated mitigations are evaluated by senior leadership, including as part of our enterprise risk assessments that are reviewed by the Audit Committee and our Board of Directors. Such risks and mitigations are also subject to oversight by the Security Committee of our Board of Directors. Additional information about cybersecurity risks we face is discussed in Item 1A of Part I, “Risk Factors,” under the heading “We Could Be Harmed by Data Loss or Other Security Breaches,” which should be read in conjunction with the information above.

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Our chief security officer, who has extensive cybersecurity knowledge and skills gained from over 15 years of work experience on the security team at Amazon and an extensive career in the technology and cybersecurity industries as a senior executive in the federal government, heads the team responsible for implementing and maintaining cybersecurity and data protection practices at Amazon and reports directly to the Chief Executive Officer.

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In October 2020, Broadband iTV, Inc. filed a complaint against Amazon.com, Inc., Amazon.com Services LLC, and Amazon Web Services, Inc. in the United States District Court for the Western District of Texas. The complaint alleges, among other things, that certain Amazon Prime Video features and services infringe U.S. Patent Nos. 9,648,388, 10,546,750, and 10,536,751, each entitled "Video-On-Demand Content Delivery System for Providing Video-On-Demand Services to TV

Note 7 — COMMITMENTS AND CONTINGENCIES

Commitments

The following summarizes our principal contractual commitments, excluding open orders for purchases that support normal operations and are generally cancellable, as of December 31, 2023 (in millions):

	Year Ended December 31,						
	2024	2025	2026	2027	2028	Thereafter	Total
Long-term debt principal and interest	$10,616	$ 7,175	$ 4,858	$10,404	$ 3,643	$ 60,176	$ 96,872
Operating lease liabilities	11,229	9,922	9,156	8,321	7,546	44,603	90,777
Finance lease liabilities, including interest	2,292	1,471	1,369	1,123	1,022	6,829	14,106
Financing obligations, including interest (1)	469	462	468	476	484	6,282	8,641
Leases not yet commenced	2,034	2,620	2,836	2,852	2,979	24,860	38,181
Unconditional purchase obligations (2)	9,432	7,823	5,901	4,463	1,912	5,953	35,484
Other commitments (3)	3,273	1,390	1,125	759	680	9,121	16,348
Total commitments	$39,345	$30,863	$25,713	$28,398	$18,266	$157,824	$300,409

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(1) Includes non-cancellable financing obligations for fulfillment network and data center facilities. Excluding interest, current financing obligations of $266 million and $271 million are recorded within "Accrued expenses and other" and $6.7 billion and $6.6 billion are recorded within "Other long-term liabilities" as of December 31, 2022 and 2023. The weighted-average remaining term of the financing obligations was 17.9 years and 17.0 years and the weighted-average imputed interest rate was 3.1% as of December 31, 2022 and 2023.

(2) Includes unconditional purchase obligations related to long-term agreements to acquire and license digital media content that are not reflected on the consolidated balance sheets, and certain products offered in our Whole Foods Market stores. For those digital media content agreements with variable terms, we do not estimate the total obligation beyond any minimum quantities and/or pricing as of the reporting date. Purchase obligations associated with renewal provisions solely at the option of the content provider are included to the extent such commitments are fixed or a minimum amount is specified. Renewable energy agreements based on actual generation without a fixed or minimum volume commitment are not included. These agreements also provide the right to receive renewable energy certificates for no additional consideration.

(3) Includes asset retirement obligations, liabilities associated with digital media content agreements with initial terms greater than one year, and the estimated timing and amounts of payments for rent and tenant improvements associated with build-to-suit lease arrangements that are under construction. Excludes approximately $5.2 billion of income tax contingencies for which we cannot make a reasonably reliable estimate of the amount and period of payment, if any.

Suppliers

During 2023, no vendor accounted for 10% or more of our purchases. We generally do not have long-term contracts or arrangements with our vendors to guarantee the availability of merchandise, particular payment terms, or the extension of credit limits.

Other Contingencies

We are disputing claims and denials of refunds or credits, and monitoring or evaluating potential claims, related to various non-income taxes (such as sales, value added, consumption, service, and similar taxes), including in jurisdictions in which we already collect and remit these taxes. These non-income tax controversies typically include (i) the taxability of products and services, including cross-border intercompany transactions, (ii) collection and withholding on transactions with third parties, including as a result of evolving requirements imposed on marketplaces with respect to third-party sellers, and (iii) the adequacy of compliance with reporting obligations, including evolving documentation requirements. Due to the inherent complexity and uncertainty of these matters and the judicial and regulatory processes in certain jurisdictions, the final outcome of any such controversies may be materially different from our expectations.

Legal Proceedings

The Company is involved from time to time in claims, proceedings, and litigation, including the following:

In November 2015, Eolas Technologies, Inc. filed a complaint against Amazon.com, Inc. in the United States District Court for the Eastern District of Texas. The complaint alleges, among other things, that the use of "interactive features" on www.amazon.com, including "search suggestions and search results," infringes U.S. Patent No. 9,195,507, entitled "Distributed

PART IV

Item 15. ***Exhibits, Financial Statement Schedules***

(a) *List of Documents Filed as a Part of This Report:*

(1) *Index to Consolidated Financial Statements:*

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

Consolidated Statements of Cash Flows for each of the three years ended December 31, 2023

Consolidated Statements of Operations for each of the three years ended December 31, 2023

Consolidated Statements of Comprehensive Income (Loss) for each of the three years ended December 31, 2023

Consolidated Balance Sheets as of December 31, 2022 and 2023

Consolidated Statements of Stockholders' Equity for each of the three years ended December 31, 2023

Notes to Consolidated Financial Statements

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

(2) *Index to Financial Statement Schedules:*

All schedules have been omitted because the required information is included in the consolidated financial statements or the notes thereto, or because it is not required.

(3) *Index to Exhibits*

See exhibits listed under Part (b) below.

(b) *Exhibits:*

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Amazon.com, Inc. (incorporated by reference to the Company's Current Report on Form 8-K, filed May 27, 2022).
3.2	Amended and Restated Bylaws of Amazon.com, Inc. (incorporated by reference to the Company's Current Report on Form 8-K, filed January 6, 2023).
4.1	Indenture, dated as of November 29, 2012, between Amazon.com, Inc. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to the Company's Current Report on Form 8-K, filed November 29, 2012).
4.2	Supplemental Indenture, dated as of April 13, 2022, among Amazon.com, Inc., Wells Fargo Bank, National Association, as prior trustee, and Computershare Trust Company, National Association, as successor trustee, containing Form of 2.730% Note due 2024, Form of 3.000% Note due 2025, Form of 3.300% Note due 2027, Form of 3.450% Note due 2029, Form of 3.600% Note due 2032, Form of 3.950% Note due 2052, and Form of 4.100% Note due 2062 (incorporated by reference to the Company's Current Report on Form 8-K, filed April 13, 2022).
4.3	Officers' Certificate of Amazon.com, Inc., dated as of December 5, 2014, containing Form of 2.600% Note due 2019, Form of 3.300% Note due 2021, Form of 3.800% Note due 2024, Form of 4.800% Note due 2034, and Form of 4.950% Note due 2044 (incorporated by reference to the Company's Current Report on Form 8-K, filed December 5, 2014).
4.4	Officers' Certificate of Amazon.com, Inc., dated as of August 22, 2017, containing Form of 1.900% Note due 2020, Form of 2.400% Note due 2023, Form of 2.800% Note due 2024, Form of 3.150% Note due 2027, Form of 3.875% Note due 2037, Form of 4.050% Note due 2047, and Form of 4.250% Note due 2057 (incorporated by reference to the Company's Current Report on Form 8-K, filed August 22, 2017).
4.5	Officers' Certificate of Amazon.com, Inc., dated as of December 20, 2017, containing Form of 5.200% Note due 2025 (incorporated by reference to the Company's Current Report on Form 8-K, filed December 20, 2017).

Available Information

Our investor relations website is amazon.com/ir and we encourage investors to use it as a way of easily finding information about us. We promptly make available on this website, free of charge, the reports that we file or furnish with the Securities and Exchange Commission ("SEC"), corporate governance information (including our Code of Business Conduct and Ethics), and select press releases.

Executive Officers and Directors

The following tables set forth certain information regarding our Executive Officers and Directors as of January 24, 2024:

Information About Our Executive Officers

Name	Age	Position
Jeffrey P. Bezos	60	Executive Chair
Andrew R. Jassy	56	President and Chief Executive Officer
Douglas J. Herrington	57	CEO Worldwide Amazon Stores
Brian T. Olsavsky	60	Senior Vice President and Chief Financial Officer
Shelley L. Reynolds	59	Vice President, Worldwide Controller, and Principal Accounting Officer
Adam N. Selipsky	57	CEO Amazon Web Services
David A. Zapolsky	60	Senior Vice President, Global Public Policy and General Counsel

Jeffrey P. Bezos. Mr. Bezos founded Amazon.com in 1994 and has served as Executive Chair since July 2021. He has served as Chair of the Board since 1994 and served as Chief Executive Officer from May 1996 until July 2021, and as President from 1994 until June 1999 and again from October 2000 to July 2021.

Andrew R. Jassy. Mr. Jassy has served as President and Chief Executive Officer since July 2021, CEO Amazon Web Services from April 2016 until July 2021, and Senior Vice President, Amazon Web Services, from April 2006 until April 2016.

Douglas J. Herrington. Mr. Herrington has served as CEO Worldwide Amazon Stores since July 2022, Senior Vice President, North America Consumer from January 2015 to July 2022, Senior Vice President, Consumables from May 2014 to December 2014, and Vice President, Consumables from May 2005 to April 2014.

Brian T. Olsavsky. Mr. Olsavsky has served as Senior Vice President and Chief Financial Officer since June 2015, Vice President, Finance for the Global Consumer Business from December 2011 to June 2015, and numerous financial leadership roles across Amazon with global responsibility since April 2002.

Shelley L. Reynolds. Ms. Reynolds has served as Vice President, Worldwide Controller, and Principal Accounting Officer since April 2007.

Adam N. Selipsky. Mr. Selipsky has served as CEO Amazon Web Services since July 2021, Senior Vice President, Amazon Web Services from May 2021 until July 2021, President and CEO of Tableau Software from September 2016 until May 2021, and Vice President, Marketing, Sales and Support of Amazon Web Services from May 2005 to September 2016.

David A. Zapolsky. Mr. Zapolsky has served as Senior Vice President, Global Public Policy and General Counsel since May 2023 and has served as our Secretary since September 2012. He served as Senior Vice President and General Counsel from May 2014 to May 2023, Vice President and General Counsel from September 2012 to May 2014, and as Vice President and Associate General Counsel for Litigation and Regulatory matters from April 2002 until September 2012.

Dear Shareholders:

Last year at this time, I shared my enthusiasm and optimism for Amazon's future. Today, I have even more. The reasons are many, but start with the progress we've made in our financial results and customer experiences, and extend to our continued innovation and the remarkable opportunities in front of us.

In 2023, Amazon's total revenue grew 12% year-over-year ("YoY") from $514B to $575B. By segment, North America revenue increased 12% YoY from $316B to $353B, International revenue grew 11% YoY from $118B to $131B, and AWS revenue increased 13% YoY from $80B to $91B.

Further, Amazon's operating income and Free Cash Flow ("FCF") dramatically improved. Operating income in 2023 improved 201% YoY from $12.2B (an operating margin of 2.4%) to $36.9B (an operating margin of 6.4%). Trailing Twelve Month FCF adjusted for equipment finance leases improved from -$12.8B in 2022 to $35.5B (up $48.3B).

While we've made meaningful progress on our financial measures, what we're most pleased about is the continued customer experience improvements across our businesses.

In our Stores business, customers have enthusiastically responded to our relentless focus on selection, price, and convenience. We continue to have the broadest retail selection, with hundreds of millions of products available, tens of millions added last year alone, and several premium brands starting to list on Amazon (e.g. Coach, Victoria's Secret, Pit Viper, Martha Stewart, Clinique, Lancôme, and Urban Decay).

Being sharp on price is always important, but particularly in an uncertain economy, where customers are careful about how much they're spending. As a result, in Q4 2023, we kicked off the holiday season with Prime Big Deal Days, an exclusive event for Prime members to provide an early start on holiday shopping. This was followed by our extended Black Friday and Cyber Monday holiday shopping event, open to all customers, that became our largest revenue event ever. For all of 2023, customers saved nearly $24B across millions of deals and coupons, almost 70% more than the prior year.

We also continue to improve delivery speeds, breaking multiple company records. In 2023, Amazon delivered at the fastest speeds ever to Prime members, with more than 7 billion items arriving same or next day, including more than 4 billion in the U.S. and more than 2 billion in Europe. In the U.S., this result is the combination of two things. One is the benefit of regionalization, where we re-architected the network to store items closer to customers. The other is the expansion of same-day facilities, where in 2023, we increased the number of items delivered same day or overnight by nearly 70% YoY. As we get items to customers this fast, customers choose Amazon to fulfill their shopping needs more frequently, and we can see the results in various areas including how fast our everyday essentials business is growing (over 20% YoY in Q4 2023).

Our regionalization efforts have also trimmed transportation distances, helping lower our cost to serve. In 2023, for the first time since 2018, we reduced our cost to serve on a per unit basis globally. In the U.S. alone, cost to serve was down by more than $0.45 per unit YoY. Decreasing cost to serve allows us both to invest in speed improvements and afford adding more selection at lower Average Selling Prices ("ASPs"). More selection at lower prices puts us in consideration for more purchases.

As we look toward 2024 (and beyond), we're not done lowering our cost to serve. We've challenged every closely held belief in our fulfillment network, and reevaluated every part of it, and found several areas where we believe we can lower costs even further while also delivering faster for customers. Our inbound fulfillment architecture and resulting inventory placement are areas of focus in 2024, and we have optimism there's more upside for us.

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on-premises. These businesses will keep shifting online and into the cloud. In Media and Advertising, content will continue to migrate from linear formats to streaming. Globally, hundreds of millions of people who don't have adequate broadband access will gain that connectivity in the next few years. Last but certainly not least, Generative AI may be the largest technology transformation since the cloud (which itself, is still in the early stages), and perhaps since the Internet. Unlike the mass modernization of on-premises infrastructure to the cloud, where there's work required to migrate, this GenAI revolution will be built from the start on top of the cloud. The amount of societal and business benefit from the solutions that will be possible will astound us all.

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Note 7 — COMMITMENTS AND CONTINGENCIES

Commitments

The following summarizes our principal contractual commitments, excluding open orders for purchases that support normal operations and are generally cancellable, as of December 31, 2023 (in millions):

	Year Ended December 31,						
	2024	2025	2026	2027	2028	Thereafter	Total
Long-term debt principal and interest	$10,616	$ 7,175	$ 4,858	$10,404	$ 3,643	$ 60,176	$ 96,872
Operating lease liabilities	11,229	9,922	9,156	8,321	7,546	44,603	90,777
Finance lease liabilities, including interest	2,292	1,471	1,369	1,123	1,022	6,829	14,106
Financing obligations, including interest (1)	469	462	468	476	484	6,282	8,641
Leases not yet commenced	2,034	2,620	2,836	2,852	2,979	24,860	38,181
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Total commitments	$39,345	$30,863	$25,713	$28,398	$18,266	$157,824	$300,409

(1) Includes non-cancellable financing obligations for fulfillment network and data center facilities. Excluding interest, current financing obligations of $266 million and $271 million are recorded within "Accrued expenses and other" and $6.7 billion and $6.6 billion are recorded within "Other long-term liabilities" as of December 31, 2022 and 2023. The weighted-average remaining term of the financing obligations was 17.9 years and 17.0 years and the weighted-average imputed interest rate was 3.1% as of December 31, 2022 and 2023.

(2) Includes unconditional purchase obligations related to long-term agreements to acquire and license digital media content that are not reflected on the consolidated balance sheets, and certain products offered in our Whole Foods Market stores. For those digital media content agreements with variable terms, we do not estimate the total obligation beyond any minimum quantities and/or pricing as of the reporting date. Purchase obligations associated with renewal provisions solely at the option of the content provider are included to the extent such commitments are fixed or a minimum amount is specified. Renewable energy agreements based on actual generation without a fixed or minimum volume commitment are not included. These agreements also provide the right to receive renewable energy certificates for no additional consideration.

(3) Includes asset retirement obligations, liabilities associated with digital media content agreements with initial terms greater than one year, and the estimated timing and amounts of payments for rent and tenant improvements associated with build-to-suit lease arrangements that are under construction. Excludes approximately $5.2 billion of income tax contingencies for which we cannot make a reasonably reliable estimate of the amount and period of payment, if any.

Suppliers

During 2023, no vendor accounted for 10% or more of our purchases. We generally do not have long-term contracts or arrangements with our vendors to guarantee the availability of merchandise, particular payment terms, or the extension of credit limits.

Other Contingencies

We are disputing claims and denials of refunds or credits, and monitoring or evaluating potential claims, related to various non-income taxes (such as sales, value added, consumption, service, and similar taxes), including in jurisdictions in which we already collect and remit these taxes. These non-income tax controversies typically include (i) the taxability of products and services, including cross-border intercompany transactions, (ii) collection and withholding on transactions with third parties, including as a result of evolving requirements imposed on marketplaces with respect to third-party sellers, and (iii) the adequacy of compliance with reporting obligations, including evolving documentation requirements. Due to the inherent complexity and uncertainty of these matters and the judicial and regulatory processes in certain jurisdictions, the final outcome of any such controversies may be materially different from our expectations.

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PART IV

Item 15. ***Exhibits, Financial Statement Schedules***

(a) *List of Documents Filed as a Part of This Report:*

(1) *Index to Consolidated Financial Statements:*

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

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Consolidated Statements of Operations for each of the three years ended December 31, 2023

Consolidated Statements of Comprehensive Income (Loss) for each of the three years ended December 31, 2023

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4.2	Supplemental Indenture, dated as of April 13, 2022, among Amazon.com, Inc., Wells Fargo Bank, National Association, as prior trustee, and Computershare Trust Company, National Association, as successor trustee, containing Form of 2.730% Note due 2024, Form of 3.000% Note due 2025, Form of 3.300% Note due 2027, Form of 3.450% Note due 2029, Form of 3.600% Note due 2032, Form of 3.950% Note due 2052, and Form of 4.100% Note due 2062 (incorporated by reference to the Company's Current Report on Form 8-K, filed April 13, 2022).
4.3	Officers' Certificate of Amazon.com, Inc., dated as of December 5, 2014, containing Form of 2.600% Note due 2019, Form of 3.300% Note due 2021, Form of 3.800% Note due 2024, Form of 4.800% Note due 2034, and Form of 4.950% Note due 2044 (incorporated by reference to the Company's Current Report on Form 8-K, filed December 5, 2014).
4.4	Officers' Certificate of Amazon.com, Inc., dated as of August 22, 2017, containing Form of 1.900% Note due 2020, Form of 2.400% Note due 2023, Form of 2.800% Note due 2024, Form of 3.150% Note due 2027, Form of 3.875% Note due 2037, Form of 4.050% Note due 2047, and Form of 4.250% Note due 2057 (incorporated by reference to the Company's Current Report on Form 8-K, filed August 22, 2017).
4.5	Officers' Certificate of Amazon.com, Inc., dated as of December 20, 2017, containing Form of 5.200% Note due 2025 (incorporated by reference to the Company's Current Report on Form 8-K, filed December 20, 2017).

Available Information

Our investor relations website is amazon.com/ir and we encourage investors to use it as a way of easily finding information about us. We promptly make available on this website, free of charge, the reports that we file or furnish with the Securities and Exchange Commission ("SEC"), corporate governance information (including our Code of Business Conduct and Ethics), and select press releases.

Executive Officers and Directors

The following tables set forth certain information regarding our Executive Officers and Directors as of January 24, 2024:

Information About Our Executive Officers

Name	Age	Position
Jeffrey P. Bezos	60	Executive Chair
Andrew R. Jassy	56	President and Chief Executive Officer
Douglas J. Herrington	57	CEO Worldwide Amazon Stores
Brian T. Olsavsky	60	Senior Vice President and Chief Financial Officer
Shelley L. Reynolds	59	Vice President, Worldwide Controller, and Principal Accounting Officer
Adam N. Selipsky	57	CEO Amazon Web Services
David A. Zapolsky	60	Senior Vice President, Global Public Policy and General Counsel

Jeffrey P. Bezos. Mr. Bezos founded Amazon.com in 1994 and has served as Executive Chair since July 2021. He has served as Chair of the Board since 1994 and served as Chief Executive Officer from May 1996 until July 2021, and as President from 1994 until June 1999 and again from October 2000 to July 2021.

Andrew R. Jassy. Mr. Jassy has served as President and Chief Executive Officer since July 2021, CEO Amazon Web Services from April 2016 until July 2021, and Senior Vice President, Amazon Web Services, from April 2006 until April 2016.

Douglas J. Herrington. Mr. Herrington has served as CEO Worldwide Amazon Stores since July 2022, Senior Vice President, North America Consumer from January 2015 to July 2022, Senior Vice President, Consumables from May 2014 to December 2014, and Vice President, Consumables from May 2005 to April 2014.

Brian T. Olsavsky. Mr. Olsavsky has served as Senior Vice President and Chief Financial Officer since June 2015, Vice President, Finance for the Global Consumer Business from December 2011 to June 2015, and numerous financial leadership roles across Amazon with global responsibility since April 2002.

Shelley L. Reynolds. Ms. Reynolds has served as Vice President, Worldwide Controller, and Principal Accounting Officer since April 2007.

Adam N. Selipsky. Mr. Selipsky has served as CEO Amazon Web Services since July 2021, Senior Vice President, Amazon Web Services from May 2021 until July 2021, President and CEO of Tableau Software from September 2016 until May 2021, and Vice President, Marketing, Sales and Support of Amazon Web Services from May 2005 to September 2016.

David A. Zapolsky. Mr. Zapolsky has served as Senior Vice President, Global Public Policy and General Counsel since May 2023 and has served as our Secretary since September 2012. He served as Senior Vice President and General Counsel from May 2014 to May 2023, Vice President and General Counsel from September 2012 to May 2014, and as Vice President and Associate General Counsel for Litigation and Regulatory matters from April 2002 until September 2012.

Dear Shareholders:

Last year at this time, I shared my enthusiasm and optimism for Amazon's future. Today, I have even more. The reasons are many, but start with the progress we've made in our financial results and customer experiences, and extend to our continued innovation and the remarkable opportunities in front of us.

In 2023, Amazon's total revenue grew 12% year-over-year ("YoY") from $514B to $575B. By segment, North America revenue increased 12% YoY from $316B to $353B, International revenue grew 11% YoY from $118B to $131B, and AWS revenue increased 13% YoY from $80B to $91B.

Further, Amazon's operating income and Free Cash Flow ("FCF") dramatically improved. Operating income in 2023 improved 201% YoY from $12.2B (an operating margin of 2.4%) to $36.9B (an operating margin of 6.4%). Trailing Twelve Month FCF adjusted for equipment finance leases improved from -$12.8B in 2022 to $35.5B (up $48.3B).

While we've made meaningful progress on our financial measures, what we're most pleased about is the continued customer experience improvements across our businesses.

In our Stores business, customers have enthusiastically responded to our relentless focus on selection, price, and convenience. We continue to have the broadest retail selection, with hundreds of millions of products available, tens of millions added last year alone, and several premium brands starting to list on Amazon (e.g. Coach, Victoria's Secret, Pit Viper, Martha Stewart, Clinique, Lancôme, and Urban Decay).

Being sharp on price is always important, but particularly in an uncertain economy, where customers are careful about how much they're spending. As a result, in Q4 2023, we kicked off the holiday season with Prime Big Deal Days, an exclusive event for Prime members to provide an early start on holiday shopping. This was followed by our extended Black Friday and Cyber Monday holiday shopping event, open to all customers, that became our largest revenue event ever. For all of 2023, customers saved nearly $24B across millions of deals and coupons, almost 70% more than the prior year.

We also continue to improve delivery speeds, breaking multiple company records. In 2023, Amazon delivered at the fastest speeds ever to Prime members, with more than 7 billion items arriving same or next day, including more than 4 billion in the U.S. and more than 2 billion in Europe. In the U.S., this result is the combination of two things. One is the benefit of regionalization, where we re-architected the network to store items closer to customers. The other is the expansion of same-day facilities, where in 2023, we increased the number of items delivered same day or overnight by nearly 70% YoY. As we get items to customers this fast, customers choose Amazon to fulfill their shopping needs more frequently, and we can see the results in various areas including how fast our everyday essentials business is growing (over 20% YoY in Q4 2023).

Our regionalization efforts have also trimmed transportation distances, helping lower our cost to serve. In 2023, for the first time since 2018, we reduced our cost to serve on a per unit basis globally. In the U.S. alone, cost to serve was down by more than $0.45 per unit YoY. Decreasing cost to serve allows us both to invest in speed improvements and afford adding more selection at lower Average Selling Prices ("ASPs"). More selection at lower prices puts us in consideration for more purchases.

As we look toward 2024 (and beyond), we're not done lowering our cost to serve. We've challenged every closely held belief in our fulfillment network, and reevaluated every part of it, and found several areas where we believe we can lower costs even further while also delivering faster for customers. Our inbound fulfillment architecture and resulting inventory placement are areas of focus in 2024, and we have optimism there's more upside for us.

Internationally, we like the trajectory of our established countries, and see meaningful progress in our emerging geographies (e.g. India, Brazil, Australia, Mexico, Middle East, Africa, etc.) as they continue to

on-premises. These businesses will keep shifting online and into the cloud. In Media and Advertising, content will continue to migrate from linear formats to streaming. Globally, hundreds of millions of people who don't have adequate broadband access will gain that connectivity in the next few years. Last but certainly not least, Generative AI may be the largest technology transformation since the cloud (which itself, is still in the early stages), and perhaps since the Internet. Unlike the mass modernization of on-premises infrastructure to the cloud, where there's work required to migrate, this GenAI revolution will be built from the start on top of the cloud. The amount of societal and business benefit from the solutions that will be possible will astound us all.

There has never been a time in Amazon's history where we've felt there is so much opportunity to make our customers' lives better and easier. We're incredibly excited about what's possible, focused on inventing the future, and look forward to working together to make it so.

Sincerely,

Andy Jassy
President and Chief Executive Officer
Amazon.com, Inc.

P.S. As we have always done, our original 1997 Shareholder Letter follows. What's written there is as true today as it was in 1997.

mechanisms, controls, technologies, methods, systems, and other processes that are designed to prevent, detect, or mitigate data loss, theft, misuse, unauthorized access, or other security incidents or vulnerabilities affecting the data. The data include confidential, proprietary, and business and personal information that we collect, process, store, and transmit as part of our business, including on behalf of third parties. We also use systems and processes designed to reduce the impact of a security incident at a third-party vendor or customer. Additionally, we use processes to oversee and identify material risks from cybersecurity threats associated with our use of third-party technology and systems, including: technology and systems we use for encryption and authentication; employee email; content delivery to customers; back-office support; and other functions.

As part of our risk management process, we conduct application security assessments, vulnerability management, penetration testing, security audits, and ongoing risk assessments. We also maintain a variety of incident response plans that are utilized when incidents are detected. We require employees with access to information systems, including all corporate employees, to undertake data protection and cybersecurity training and compliance programs annually.

We have a unified and centrally-coordinated team, led by our chief security officer, that is responsible for implementing and maintaining centralized cybersecurity and data protection practices at Amazon in close coordination with senior leadership and other teams across Amazon. Reporting to our chief security officer are a number of experienced chief information security officers responsible for various parts of our business, including AWS, each of whom is supported by a team of trained cybersecurity professionals. In addition to our extensive in-house cybersecurity capabilities, at times we also engage assessors, consultants, auditors, or other third parties to assist with assessing, identifying, and managing cybersecurity risks.

Our cybersecurity risks and associated mitigations are evaluated by senior leadership, including as part of our enterprise risk assessments that are reviewed by the Audit Committee and our Board of Directors. Such risks and mitigations are also subject to oversight by the Security Committee of our Board of Directors. Additional information about cybersecurity risks we face is discussed in Item 1A of Part I, "Risk Factors," under the heading "We Could Be Harmed by Data Loss or Other Security Breaches," which should be read in conjunction with the information above.

The Security Committee, which is comprised of independent directors, oversees our policies and procedures for protecting our cybersecurity infrastructure and for compliance with applicable data protection and security regulations, and related risks. The Security Committee receives reports regarding such risks from management, including our chief security officer, and reports to the Board at least annually. The Security Committee also oversees the Board's response to any significant cybersecurity incidents.

Our chief security officer, who has extensive cybersecurity knowledge and skills gained from over 15 years of work experience on the security team at Amazon and an extensive career in the technology and cybersecurity industries as a senior executive in the federal government, heads the team responsible for implementing and maintaining cybersecurity and data protection practices at Amazon and reports directly to the Chief Executive Officer.

Hypermedia Method and System for Automatically Invoking External Application Providing Interaction and Display of Embedded Objects Within a Hypermedia Document." The complaint sought a judgment of infringement together with costs and attorneys' fees. In February 2016, Eolas filed an amended complaint seeking, among other things, an unspecified amount of damages. In February 2017, Eolas alleged in its damages report that in the event of a finding of liability Amazon could be subject to \$130 million to \$250 million in damages. In April 2017, the case was transferred to the United States District Court for the Northern District of California. In May 2022, the district court granted summary judgment, holding that the patent is invalid. In June 2022, Eolas filed a notice of appeal. In February 2024, the United States Court of Appeals for the Federal Circuit affirmed the district court's judgment. We dispute the allegations of wrongdoing and will continue to defend ourselves vigorously in this matter.

In May 2018, Rensselaer Polytechnic Institute and CF Dynamic Advances LLC filed a complaint against Amazon.com, Inc. in the United States District Court for the Northern District of New York. The complaint alleges, among other things, that "Alexa Voice Software and Alexa enabled devices" infringe U.S. Patent No. 7,177,798, entitled "Natural Language Interface Using Constrained Intermediate Dictionary of Results." The complaint seeks an injunction, an unspecified amount of damages, enhanced damages, an ongoing royalty, interest, attorneys' fees, and costs. In March 2023, the plaintiffs alleged in their damages report that in the event of a finding of liability Amazon could be subject to \$140 million to \$267 million in damages. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in this matter.

In December 2018, Kove IO, Inc. filed a complaint against Amazon Web Services, Inc. in the United States District Court for the Northern District of Illinois. The complaint alleges, among other things, that Amazon S3 and DynamoDB infringe U.S. Patent Nos. 7,814,170 and 7,103,640, each entitled "Network Distributed Tracking Wire Transfer Protocol"; and 7,233,978, entitled "Method and Apparatus for Managing Location Information in a Network Separate from the Data to Which the Location Information Pertains." The complaint seeks an unspecified amount of damages, enhanced damages, attorneys' fees, costs, interest, and injunctive relief. In March 2022, the case was stayed pending resolution of review petitions we filed with the United States Patent and Trademark Office. In November 2022, the stay was lifted. In July 2023, Kove alleged in its damages report that in the event of a finding of liability Amazon Web Services could be subject to \$517 million to \$1.03 billion in damages. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in this matter.

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Executive Officers and Directors

The following tables set forth certain information regarding our Executive Officers and Directors as of January 24, 2024:

Information About Our Executive Officers

Name	Age	Position
Jeffrey P. Bezos	60	Executive Chair
Andrew R. Jassy	56	President and Chief Executive Officer
Douglas J. Herrington	57	CEO Worldwide Amazon Stores
Brian T. Olsavsky	60	Senior Vice President and Chief Financial Officer
Shelley L. Reynolds	59	Vice President, Worldwide Controller, and Principal Accounting Officer
Adam N. Selipsky	57	CEO Amazon Web Services
David A. Zapolsky	60	Senior Vice President, Global Public Policy and General Counsel

Jeffrey P. Bezos. Mr. Bezos founded Amazon.com in 1994 and has served as Executive Chair since July 2021. He has served as Chair of the Board since 1994 and served as Chief Executive Officer from May 1996 until July 2021, and as President from 1994 until June 1999 and again from October 2000 to July 2021.

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Dear Shareholders:

Last year at this time, I shared my enthusiasm and optimism for Amazon's future. Today, I have even more. The reasons are many, but start with the progress we've made in our financial results and customer experiences, and extend to our continued innovation and the remarkable opportunities in front of us.

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While we've made meaningful progress on our financial measures, what we're most pleased about is the continued customer experience improvements across our businesses.

In our Stores business, customers have enthusiastically responded to our relentless focus on selection, price, and convenience. We continue to have the broadest retail selection, with hundreds of millions of products available, tens of millions added last year alone, and several premium brands starting to list on Amazon (e.g. Coach, Victoria's Secret, Pit Viper, Martha Stewart, Clinique, Lancôme, and Urban Decay).

Being sharp on price is always important, but particularly in an uncertain economy, where customers are careful about how much they're spending. As a result, in Q4 2023, we kicked off the holiday season with Prime Big Deal Days, an exclusive event for Prime members to provide an early start on holiday shopping. This was followed by our extended Black Friday and Cyber Monday holiday shopping event, open to all customers, that became our largest revenue event ever. For all of 2023, customers saved nearly $24B across millions of deals and coupons, almost 70% more than the prior year.

We also continue to improve delivery speeds, breaking multiple company records. In 2023, Amazon delivered at the fastest speeds ever to Prime members, with more than 7 billion items arriving same or next day, including more than 4 billion in the U.S. and more than 2 billion in Europe. In the U.S., this result is the combination of two things. One is the benefit of regionalization, where we re-architected the network to store items closer to customers. The other is the expansion of same-day facilities, where in 2023, we increased the number of items delivered same day or overnight by nearly 70% YoY. As we get items to customers this fast, customers choose Amazon to fulfill their shopping needs more frequently, and we can see the results in various areas including how fast our everyday essentials business is growing (over 20% YoY in Q4 2023).

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There has never been a time in Amazon's history where we've felt there is so much opportunity to make our customers' lives better and easier. We're incredibly excited about what's possible, focused on inventing the future, and look forward to working together to make it so.

Sincerely,

Andrew R Jassy

Andy Jassy
President and Chief Executive Officer
Amazon.com, Inc.

P.S. As we have always done, our original 1997 Shareholder Letter follows. What's written there is as true today as it was in 1997.

mechanisms, controls, technologies, methods, systems, and other processes that are designed to prevent, detect, or mitigate data loss, theft, misuse, unauthorized access, or other security incidents or vulnerabilities affecting the data. The data include confidential, proprietary, and business and personal information that we collect, process, store, and transmit as part of our business, including on behalf of third parties. We also use systems and processes designed to reduce the impact of a security incident at a third-party vendor or customer. Additionally, we use processes to oversee and identify material risks from cybersecurity threats associated with our use of third-party technology and systems, including: technology and systems we use for encryption and authentication; employee email; content delivery to customers; back-office support; and other functions.

As part of our risk management process, we conduct application security assessments, vulnerability management, penetration testing, security audits, and ongoing risk assessments. We also maintain a variety of incident response plans that are utilized when incidents are detected. We require employees with access to information systems, including all corporate employees, to undertake data protection and cybersecurity training and compliance programs annually.

We have a unified and centrally-coordinated team, led by our chief security officer, that is responsible for implementing and maintaining centralized cybersecurity and data protection practices at Amazon in close coordination with senior leadership and other teams across Amazon. Reporting to our chief security officer are a number of experienced chief information security officers responsible for various parts of our business, including AWS, each of whom is supported by a team of trained cybersecurity professionals. In addition to our extensive in-house cybersecurity capabilities, at times we also engage assessors, consultants, auditors, or other third parties to assist with assessing, identifying, and managing cybersecurity risks.

Our cybersecurity risks and associated mitigations are evaluated by senior leadership, including as part of our enterprise risk assessments that are reviewed by the Audit Committee and our Board of Directors. Such risks and mitigations are also subject to oversight by the Security Committee of our Board of Directors. Additional information about cybersecurity risks we face is discussed in Item 1A of Part I, “Risk Factors,” under the heading “We Could Be Harmed by Data Loss or Other Security Breaches,” which should be read in conjunction with the information above.

The Security Committee, which is comprised of independent directors, oversees our policies and procedures for protecting our cybersecurity infrastructure and for compliance with applicable data protection and security regulations, and related risks. The Security Committee receives reports regarding such risks from management, including our chief security officer, and reports to the Board at least annually. The Security Committee also oversees the Board’s response to any significant cybersecurity incidents.

Our chief security officer, who has extensive cybersecurity knowledge and skills gained from over 15 years of work experience on the security team at Amazon and an extensive career in the technology and cybersecurity industries as a senior executive in the federal government, heads the team responsible for implementing and maintaining cybersecurity and data protection practices at Amazon and reports directly to the Chief Executive Officer.

Hypermedia Method and System for Automatically Invoking External Application Providing Interaction and Display of Embedded Objects Within a Hypermedia Document." The complaint sought a judgment of infringement together with costs and attorneys' fees. In February 2016, Eolas filed an amended complaint seeking, among other things, an unspecified amount of damages. In February 2017, Eolas alleged in its damages report that in the event of a finding of liability Amazon could be subject to $130 million to $250 million in damages. In April 2017, the case was transferred to the United States District Court for the Northern District of California. In May 2022, the district court granted summary judgment, holding that the patent is invalid. In June 2022, Eolas filed a notice of appeal. In February 2024, the United States Court of Appeals for the Federal Circuit affirmed the district court's judgment. We dispute the allegations of wrongdoing and will continue to defend ourselves vigorously in this matter.

In May 2018, Rensselaer Polytechnic Institute and CF Dynamic Advances LLC filed a complaint against Amazon.com, Inc. in the United States District Court for the Northern District of New York. The complaint alleges, among other things, that "Alexa Voice Software and Alexa enabled devices" infringe U.S. Patent No. 7,177,798, entitled "Natural Language Interface Using Constrained Intermediate Dictionary of Results." The complaint seeks an injunction, an unspecified amount of damages, enhanced damages, an ongoing royalty, interest, attorneys' fees, and costs. In March 2023, the plaintiffs alleged in their damages report that in the event of a finding of liability Amazon could be subject to $140 million to $267 million in damages. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in this matter.

In December 2018, Kove IO, Inc. filed a complaint against Amazon Web Services, Inc. in the United States District Court for the Northern District of Illinois. The complaint alleges, among other things, that Amazon S3 and DynamoDB infringe U.S. Patent Nos. 7,814,170 and 7,103,640, each entitled "Network Distributed Tracking Wire Transfer Protocol"; and 7,233,978, entitled "Method and Apparatus for Managing Location Information in a Network Separate from the Data to Which the Location Information Pertains." The complaint seeks an unspecified amount of damages, enhanced damages, attorneys' fees, costs, interest, and injunctive relief. In March 2022, the case was stayed pending resolution of review petitions we filed with the United States Patent and Trademark Office. In November 2022, the stay was lifted. In July 2023, Kove alleged in its damages report that in the event of a finding of liability Amazon Web Services could be subject to $517 million to $1.03 billion in damages. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in this matter.

Beginning in June 2019 with Wilcosky v. Amazon.com, Inc., now pending in the United States District Court for the Northern District of Illinois ("N.D. Ill."), private litigants have filed a number of cases in U.S. federal and state courts, including Hogan v. Amazon.com, Inc. (N.D. Ill.), alleging, among other things, that Amazon's collection, storage, use, retention, and protection of biometric identifiers violated the Illinois Biometric Information Privacy Act. The complaints allege purported classes of Illinois residents who had biometric identifiers collected through Amazon products or services, including Amazon Photos, Alexa, AWS cloud services, Ring, Amazon Connect, Amazon's Flex driver app, and Amazon's virtual try-on technology. The complaints seek certification as class actions, unspecified amounts of damages, injunctive relief, attorneys' fees, costs, and interest. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in these matters.

Beginning in March 2020 with Frame-Wilson v. Amazon.com, Inc. filed in the United States District Court for the Western District of Washington ("W.D. Wash."), private litigants have filed a number of cases in the U.S. and Canada alleging, among other things, price fixing arrangements between Amazon.com, Inc. and vendors and third-party sellers in Amazon's stores, monopolization and attempted monopolization, and consumer protection and unjust enrichment claims. Attorneys General for the District of Columbia and California brought similar suits in May 2021 and September 2022 in the Superior Court of the District of Columbia and the California Superior Court for the County of San Francisco, respectively. Some of the private cases include allegations of several distinct purported classes, including consumers who purchased a product through Amazon's stores and consumers who purchased a product offered by Amazon through another e-commerce retailer. The complaints seek billions of dollars of alleged damages, treble damages, punitive damages, injunctive relief, civil penalties, attorneys' fees, and costs. The Federal Trade Commission and a number of state Attorneys General filed a similar lawsuit in September 2023 in the W.D. Wash. alleging violations of federal antitrust and state antitrust and consumer protection laws. That complaint alleges, among other things, that Amazon has a monopoly in markets for online superstores and marketplace services, and unlawfully maintains those monopolies through anticompetitive practices relating to our pricing policies, advertising practices, the structure of Prime, and promotion of our own products on our website. The complaint seeks injunctive and structural relief, an unspecified amount of damages, and costs. Amazon's motions to dismiss were granted in part and denied in part in Frame-Wilson in March 2022 and March 2023, De Coster v. Amazon.com, Inc. (W.D. Wash.) in January 2023, and the California Attorney General's lawsuit in March 2023. All three courts dismissed claims alleging that Amazon's pricing policies are inherently illegal and denied dismissal of claims alleging that Amazon's pricing policies are an unlawful restraint of trade. In March 2022, the DC Superior Court dismissed the DC Attorney General's lawsuit in its entirety; the dismissal is under appeal. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in these matters.

In October 2020, Broadband iTV, Inc. filed a complaint against Amazon.com, Inc., Amazon.com Services LLC, and Amazon Web Services, Inc. in the United States District Court for the Western District of Texas. The complaint alleges, among other things, that certain Amazon Prime Video features and services infringe U.S. Patent Nos. 9,648,388, 10,546,750, and 10,536,751, each entitled "Video-On-Demand Content Delivery System for Providing Video-On-Demand Services to TV

Note 7 — COMMITMENTS AND CONTINGENCIES

Commitments

The following summarizes our principal contractual commitments, excluding open orders for purchases that support normal operations and are generally cancellable, as of December 31, 2023 (in millions):

	Year Ended December 31,						
	2024	2025	2026	2027	2028	Thereafter	Total
Long-term debt principal and interest	$10,616	$ 7,175	$ 4,858	$10,404	$ 3,643	$ 60,176	$ 96,872
Operating lease liabilities	11,229	9,922	9,156	8,321	7,546	44,603	90,777
Finance lease liabilities, including interest	2,292	1,471	1,369	1,123	1,022	6,829	14,106
Financing obligations, including interest (1)	469	462	468	476	484	6,282	8,641
Leases not yet commenced	2,034	2,620	2,836	2,852	2,979	24,860	38,181
Unconditional purchase obligations (2)	9,432	7,823	5,901	4,463	1,912	5,953	35,484
Other commitments (3)	3,273	1,390	1,125	759	680	9,121	16,348
Total commitments	$39,345	$30,863	$25,713	$28,398	$18,266	$157,824	$300,409

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(1) Includes non-cancellable financing obligations for fulfillment network and data center facilities. Excluding interest, current financing obligations of $266 million and $271 million are recorded within "Accrued expenses and other" and $6.7 billion and $6.6 billion are recorded within "Other long-term liabilities" as of December 31, 2022 and 2023. The weighted-average remaining term of the financing obligations was 17.9 years and 17.0 years and the weighted-average imputed interest rate was 3.1% as of December 31, 2022 and 2023.

(2) Includes unconditional purchase obligations related to long-term agreements to acquire and license digital media content that are not reflected on the consolidated balance sheets, and certain products offered in our Whole Foods Market stores. For those digital media content agreements with variable terms, we do not estimate the total obligation beyond any minimum quantities and/or pricing as of the reporting date. Purchase obligations associated with renewal provisions solely at the option of the content provider are included to the extent such commitments are fixed or a minimum amount is specified. Renewable energy agreements based on actual generation without a fixed or minimum volume commitment are not included. These agreements also provide the right to receive renewable energy certificates for no additional consideration.

(3) Includes asset retirement obligations, liabilities associated with digital media content agreements with initial terms greater than one year, and the estimated timing and amounts of payments for rent and tenant improvements associated with build-to-suit lease arrangements that are under construction. Excludes approximately $5.2 billion of income tax contingencies for which we cannot make a reasonably reliable estimate of the amount and period of payment, if any.

Suppliers

During 2023, no vendor accounted for 10% or more of our purchases. We generally do not have long-term contracts or arrangements with our vendors to guarantee the availability of merchandise, particular payment terms, or the extension of credit limits.

Other Contingencies

We are disputing claims and denials of refunds or credits, and monitoring or evaluating potential claims, related to various non-income taxes (such as sales, value added, consumption, service, and similar taxes), including in jurisdictions in which we already collect and remit these taxes. These non-income tax controversies typically include (i) the taxability of products and services, including cross-border intercompany transactions, (ii) collection and withholding on transactions with third parties, including as a result of evolving requirements imposed on marketplaces with respect to third-party sellers, and (iii) the adequacy of compliance with reporting obligations, including evolving documentation requirements. Due to the inherent complexity and uncertainty of these matters and the judicial and regulatory processes in certain jurisdictions, the final outcome of any such controversies may be materially different from our expectations.

Legal Proceedings

The Company is involved from time to time in claims, proceedings, and litigation, including the following:

In November 2015, Eolas Technologies, Inc. filed a complaint against Amazon.com, Inc. in the United States District Court for the Eastern District of Texas. The complaint alleges, among other things, that the use of "interactive features" on www.amazon.com, including "search suggestions and search results," infringes U.S. Patent No. 9,195,507, entitled "Distributed

PART IV

Item 15. *Exhibits, Financial Statement Schedules*

(a) *List of Documents Filed as a Part of This Report:*

(1) *Index to Consolidated Financial Statements:*

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

Consolidated Statements of Cash Flows for each of the three years ended December 31, 2023

Consolidated Statements of Operations for each of the three years ended December 31, 2023

Consolidated Statements of Comprehensive Income (Loss) for each of the three years ended December 31, 2023

Consolidated Balance Sheets as of December 31, 2022 and 2023

Consolidated Statements of Stockholders' Equity for each of the three years ended December 31, 2023

Notes to Consolidated Financial Statements

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(2) *Index to Financial Statement Schedules:*

All schedules have been omitted because the required information is included in the consolidated financial statements or the notes thereto, or because it is not required.

(3) *Index to Exhibits*

See exhibits listed under Part (b) below.

(b) *Exhibits:*

Exhibit Number	Description
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Internationally, we like the trajectory of our established countries, and see meaningful progress in our emerging geographies (e.g. India, Brazil, Australia, Mexico, Middle East, Africa, etc.) as they continue to

on-premises. These businesses will keep shifting online and into the cloud. In Media and Advertising, content will continue to migrate from linear formats to streaming. Globally, hundreds of millions of people who don't have adequate broadband access will gain that connectivity in the next few years. Last but certainly not least, Generative AI may be the largest technology transformation since the cloud (which itself, is still in the early stages), and perhaps since the Internet. Unlike the mass modernization of on-premises infrastructure to the cloud, where there's work required to migrate, this GenAI revolution will be built from the start on top of the cloud. The amount of societal and business benefit from the solutions that will be possible will astound us all.

There has never been a time in Amazon's history where we've felt there is so much opportunity to make our customers' lives better and easier. We're incredibly excited about what's possible, focused on inventing the future, and look forward to working together to make it so.

Sincerely,

Andy Jassy
President and Chief Executive Officer
Amazon.com, Inc.

P.S. As we have always done, our original 1997 Shareholder Letter follows. What's written there is as true today as it was in 1997.

mechanisms, controls, technologies, methods, systems, and other processes that are designed to prevent, detect, or mitigate data loss, theft, misuse, unauthorized access, or other security incidents or vulnerabilities affecting the data. The data include confidential, proprietary, and business and personal information that we collect, process, store, and transmit as part of our business, including on behalf of third parties. We also use systems and processes designed to reduce the impact of a security incident at a third-party vendor or customer. Additionally, we use processes to oversee and identify material risks from cybersecurity threats associated with our use of third-party technology and systems, including: technology and systems we use for encryption and authentication; employee email; content delivery to customers; back-office support; and other functions.

As part of our risk management process, we conduct application security assessments, vulnerability management, penetration testing, security audits, and ongoing risk assessments. We also maintain a variety of incident response plans that are utilized when incidents are detected. We require employees with access to information systems, including all corporate employees, to undertake data protection and cybersecurity training and compliance programs annually.

We have a unified and centrally-coordinated team, led by our chief security officer, that is responsible for implementing and maintaining centralized cybersecurity and data protection practices at Amazon in close coordination with senior leadership and other teams across Amazon. Reporting to our chief security officer are a number of experienced chief information security officers responsible for various parts of our business, including AWS, each of whom is supported by a team of trained cybersecurity professionals. In addition to our extensive in-house cybersecurity capabilities, at times we also engage assessors, consultants, auditors, or other third parties to assist with assessing, identifying, and managing cybersecurity risks.

Our cybersecurity risks and associated mitigations are evaluated by senior leadership, including as part of our enterprise risk assessments that are reviewed by the Audit Committee and our Board of Directors. Such risks and mitigations are also subject to oversight by the Security Committee of our Board of Directors. Additional information about cybersecurity risks we face is discussed in Item 1A of Part I, "Risk Factors," under the heading "We Could Be Harmed by Data Loss or Other Security Breaches," which should be read in conjunction with the information above.

The Security Committee, which is comprised of independent directors, oversees our policies and procedures for protecting our cybersecurity infrastructure and for compliance with applicable data protection and security regulations, and related risks. The Security Committee receives reports regarding such risks from management, including our chief security officer, and reports to the Board at least annually. The Security Committee also oversees the Board's response to any significant cybersecurity incidents.

Our chief security officer, who has extensive cybersecurity knowledge and skills gained from over 15 years of work experience on the security team at Amazon and an extensive career in the technology and cybersecurity industries as a senior executive in the federal government, heads the team responsible for implementing and maintaining cybersecurity and data protection practices at Amazon and reports directly to the Chief Executive Officer.

Hypermedia Method and System for Automatically Invoking External Application Providing Interaction and Display of Embedded Objects Within a Hypermedia Document." The complaint sought a judgment of infringement together with costs and attorneys' fees. In February 2016, Eolas filed an amended complaint seeking, among other things, an unspecified amount of damages. In February 2017, Eolas alleged in its damages report that in the event of a finding of liability Amazon could be subject to $130 million to $250 million in damages. In April 2017, the case was transferred to the United States District Court for the Northern District of California. In May 2022, the district court granted summary judgment, holding that the patent is invalid. In June 2022, Eolas filed a notice of appeal. In February 2024, the United States Court of Appeals for the Federal Circuit affirmed the district court's judgment. We dispute the allegations of wrongdoing and will continue to defend ourselves vigorously in this matter.

In May 2018, Rensselaer Polytechnic Institute and CF Dynamic Advances LLC filed a complaint against Amazon.com, Inc. in the United States District Court for the Northern District of New York. The complaint alleges, among other things, that "Alexa Voice Software and Alexa enabled devices" infringe U.S. Patent No. 7,177,798, entitled "Natural Language Interface Using Constrained Intermediate Dictionary of Results." The complaint seeks an injunction, an unspecified amount of damages, enhanced damages, an ongoing royalty, interest, attorneys' fees, and costs. In March 2023, the plaintiffs alleged in their damages report that in the event of a finding of liability Amazon could be subject to $140 million to $267 million in damages. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in this matter.

In December 2018, Kove IO, Inc. filed a complaint against Amazon Web Services, Inc. in the United States District Court for the Northern District of Illinois. The complaint alleges, among other things, that Amazon S3 and DynamoDB infringe U.S. Patent Nos. 7,814,170 and 7,103,640, each entitled "Network Distributed Tracking Wire Transfer Protocol"; and 7,233,978, entitled "Method and Apparatus for Managing Location Information in a Network Separate from the Data to Which the Location Information Pertains." The complaint seeks an unspecified amount of damages, enhanced damages, attorneys' fees, costs, interest, and injunctive relief. In March 2022, the case was stayed pending resolution of review petitions we filed with the United States Patent and Trademark Office. In November 2022, the stay was lifted. In July 2023, Kove alleged in its damages report that in the event of a finding of liability Amazon Web Services could be subject to $517 million to $1.03 billion in damages. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in this matter.

Beginning in June 2019 with Wilcosky v. Amazon.com, Inc., now pending in the United States District Court for the Northern District of Illinois ("N.D. Ill."), private litigants have filed a number of cases in U.S. federal and state courts, including Hogan v. Amazon.com, Inc. (N.D. Ill.), alleging, among other things, that Amazon's collection, storage, use, retention, and protection of biometric identifiers violated the Illinois Biometric Information Privacy Act. The complaints allege purported classes of Illinois residents who had biometric identifiers collected through Amazon products or services, including Amazon Photos, Alexa, AWS cloud services, Ring, Amazon Connect, Amazon's Flex driver app, and Amazon's virtual try-on technology. The complaints seek certification as class actions, unspecified amounts of damages, injunctive relief, attorneys' fees, costs, and interest. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in these matters.

Beginning in March 2020 with Frame-Wilson v. Amazon.com, Inc. filed in the United States District Court for the Western District of Washington ("W.D. Wash."), private litigants have filed a number of cases in the U.S. and Canada alleging, among other things, price fixing arrangements between Amazon.com, Inc. and vendors and third-party sellers in Amazon's stores, monopolization and attempted monopolization, and consumer protection and unjust enrichment claims. Attorneys General for the District of Columbia and California brought similar suits in May 2021 and September 2022 in the Superior Court of the District of Columbia and the California Superior Court for the County of San Francisco, respectively. Some of the private cases include allegations of several distinct purported classes, including consumers who purchased a product through Amazon's stores and consumers who purchased a product offered by Amazon through another e-commerce retailer. The complaints seek billions of dollars of alleged damages, treble damages, punitive damages, injunctive relief, civil penalties, attorneys' fees, and costs. The Federal Trade Commission and a number of state Attorneys General filed a similar lawsuit in September 2023 in the W.D. Wash. alleging violations of federal antitrust and state antitrust and consumer protection laws. That complaint alleges, among other things, that Amazon has a monopoly in markets for online superstores and marketplace services, and unlawfully maintains those monopolies through anticompetitive practices relating to our pricing policies, advertising practices, the structure of Prime, and promotion of our own products on our website. The complaint seeks injunctive and structural relief, an unspecified amount of damages, and costs. Amazon's motions to dismiss were granted in part and denied in part in Frame-Wilson in March 2022 and March 2023, De Coster v. Amazon.com, Inc. (W.D. Wash.) in January 2023, and the California Attorney General's lawsuit in March 2023. All three courts dismissed claims alleging that Amazon's pricing policies are inherently illegal and denied dismissal of claims alleging that Amazon's pricing policies are an unlawful restraint of trade. In March 2022, the DC Superior Court dismissed the DC Attorney General's lawsuit in its entirety; the dismissal is under appeal. We dispute the allegations of wrongdoing and intend to defend ourselves vigorously in these matters.

In October 2020, Broadband iTV, Inc. filed a complaint against Amazon.com, Inc., Amazon.com Services LLC, and Amazon Web Services, Inc. in the United States District Court for the Western District of Texas. The complaint alleges, among other things, that certain Amazon Prime Video features and services infringe U.S. Patent Nos. 9,648,388, 10,546,750, and 10,536,751, each entitled "Video-On-Demand Content Delivery System for Providing Video-On-Demand Services to TV

Note 7 — COMMITMENTS AND CONTINGENCIES

Commitments

The following summarizes our principal contractual commitments, excluding open orders for purchases that support normal operations and are generally cancellable, as of December 31, 2023 (in millions):

	Year Ended December 31,						
	2024	2025	2026	2027	2028	Thereafter	Total
Long-term debt principal and interest	$10,616	$ 7,175	$ 4,858	$10,404	$ 3,643	$ 60,176	$ 96,872
Operating lease liabilities	11,229	9,922	9,156	8,321	7,546	44,603	90,777
Finance lease liabilities, including interest	2,292	1,471	1,369	1,123	1,022	6,829	14,106
Financing obligations, including interest (1)	469	462	468	476	484	6,282	8,641
Leases not yet commenced	2,034	2,620	2,836	2,852	2,979	24,860	38,181
Unconditional purchase obligations (2)	9,432	7,823	5,901	4,463	1,912	5,953	35,484
Other commitments (3)	3,273	1,390	1,125	759	680	9,121	16,348
Total commitments	$39,345	$30,863	$25,713	$28,398	$18,266	$157,824	$300,409

(1) Includes non-cancellable financing obligations for fulfillment network and data center facilities. Excluding interest, current financing obligations of $266 million and $271 million are recorded within "Accrued expenses and other" and $6.7 billion and $6.6 billion are recorded within "Other long-term liabilities" as of December 31, 2022 and 2023. The weighted-average remaining term of the financing obligations was 17.9 years and 17.0 years and the weighted-average imputed interest rate was 3.1% as of December 31, 2022 and 2023.

(2) Includes unconditional purchase obligations related to long-term agreements to acquire and license digital media content that are not reflected on the consolidated balance sheets, and certain products offered in our Whole Foods Market stores. For those digital media content agreements with variable terms, we do not estimate the total obligation beyond any minimum quantities and/or pricing as of the reporting date. Purchase obligations associated with renewal provisions solely at the option of the content provider are included to the extent such commitments are fixed or a minimum amount is specified. Renewable energy agreements based on actual generation without a fixed or minimum volume commitment are not included. These agreements also provide the right to receive renewable energy certificates for no additional consideration.

(3) Includes asset retirement obligations, liabilities associated with digital media content agreements with initial terms greater than one year, and the estimated timing and amounts of payments for rent and tenant improvements associated with build-to-suit lease arrangements that are under construction. Excludes approximately $5.2 billion of income tax contingencies for which we cannot make a reasonably reliable estimate of the amount and period of payment, if any.

Suppliers

During 2023, no vendor accounted for 10% or more of our purchases. We generally do not have long-term contracts or arrangements with our vendors to guarantee the availability of merchandise, particular payment terms, or the extension of credit limits.

Other Contingencies

We are disputing claims and denials of refunds or credits, and monitoring or evaluating potential claims, related to various non-income taxes (such as sales, value added, consumption, service, and similar taxes), including in jurisdictions in which we already collect and remit these taxes. These non-income tax controversies typically include (i) the taxability of products and services, including cross-border intercompany transactions, (ii) collection and withholding on transactions with third parties, including as a result of evolving requirements imposed on marketplaces with respect to third-party sellers, and (iii) the adequacy of compliance with reporting obligations, including evolving documentation requirements. Due to the inherent complexity and uncertainty of these matters and the judicial and regulatory processes in certain jurisdictions, the final outcome of any such controversies may be materially different from our expectations.

Legal Proceedings

The Company is involved from time to time in claims, proceedings, and litigation, including the following:

In November 2015, Eolas Technologies, Inc. filed a complaint against Amazon.com, Inc. in the United States District Court for the Eastern District of Texas. The complaint alleges, among other things, that the use of "interactive features" on www.amazon.com, including "search suggestions and search results," infringes U.S. Patent No. 9,195,507, entitled "Distributed

PART IV

Item 15. ***Exhibits, Financial Statement Schedules***

(a) *List of Documents Filed as a Part of This Report:*

(1) *Index to Consolidated Financial Statements:*

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

Consolidated Statements of Cash Flows for each of the three years ended December 31, 2023

Consolidated Statements of Operations for each of the three years ended December 31, 2023

Consolidated Statements of Comprehensive Income (Loss) for each of the three years ended December 31, 2023

Consolidated Balance Sheets as of December 31, 2022 and 2023

Consolidated Statements of Stockholders' Equity for each of the three years ended December 31, 2023

Notes to Consolidated Financial Statements

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

(2) *Index to Financial Statement Schedules:*

All schedules have been omitted because the required information is included in the consolidated financial statements or the notes thereto, or because it is not required.

(3) *Index to Exhibits*

See exhibits listed under Part (b) below.

(b) *Exhibits:*

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Amazon.com, Inc. (incorporated by reference to the Company's Current Report on Form 8-K, filed May 27, 2022).
3.2	Amended and Restated Bylaws of Amazon.com, Inc. (incorporated by reference to the Company's Current Report on Form 8-K, filed January 6, 2023).
4.1	Indenture, dated as of November 29, 2012, between Amazon.com, Inc. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to the Company's Current Report on Form 8-K, filed November 29, 2012).
4.2	Supplemental Indenture, dated as of April 13, 2022, among Amazon.com, Inc., Wells Fargo Bank, National Association, as prior trustee, and Computershare Trust Company, National Association, as successor trustee, containing Form of 2.730% Note due 2024, Form of 3.000% Note due 2025, Form of 3.300% Note due 2027, Form of 3.450% Note due 2029, Form of 3.600% Note due 2032, Form of 3.950% Note due 2052, and Form of 4.100% Note due 2062 (incorporated by reference to the Company's Current Report on Form 8-K, filed April 13, 2022).
4.3	Officers' Certificate of Amazon.com, Inc., dated as of December 5, 2014, containing Form of 2.600% Note due 2019, Form of 3.300% Note due 2021, Form of 3.800% Note due 2024, Form of 4.800% Note due 2034, and Form of 4.950% Note due 2044 (incorporated by reference to the Company's Current Report on Form 8-K, filed December 5, 2014).
4.4	Officers' Certificate of Amazon.com, Inc., dated as of August 22, 2017, containing Form of 1.900% Note due 2020, Form of 2.400% Note due 2023, Form of 2.800% Note due 2024, Form of 3.150% Note due 2027, Form of 3.875% Note due 2037, Form of 4.050% Note due 2047, and Form of 4.250% Note due 2057 (incorporated by reference to the Company's Current Report on Form 8-K, filed August 22, 2017).
4.5	Officers' Certificate of Amazon.com, Inc., dated as of December 20, 2017, containing Form of 5.200% Note due 2025 (incorporated by reference to the Company's Current Report on Form 8-K, filed December 20, 2017).

Available Information

Our investor relations website is amazon.com/ir and we encourage investors to use it as a way of easily finding information about us. We promptly make available on this website, free of charge, the reports that we file or furnish with the Securities and Exchange Commission ("SEC"), corporate governance information (including our Code of Business Conduct and Ethics), and select press releases.

Executive Officers and Directors

The following tables set forth certain information regarding our Executive Officers and Directors as of January 24, 2024:

Information About Our Executive Officers

Name	Age	Position
Jeffrey P. Bezos	60	Executive Chair
Andrew R. Jassy	56	President and Chief Executive Officer
Douglas J. Herrington	57	CEO Worldwide Amazon Stores
Brian T. Olsavsky	60	Senior Vice President and Chief Financial Officer
Shelley L. Reynolds	59	Vice President, Worldwide Controller, and Principal Accounting Officer
Adam N. Selipsky	57	CEO Amazon Web Services
David A. Zapolsky	60	Senior Vice President, Global Public Policy and General Counsel

Jeffrey P. Bezos. Mr. Bezos founded Amazon.com in 1994 and has served as Executive Chair since July 2021. He has served as Chair of the Board since 1994 and served as Chief Executive Officer from May 1996 until July 2021, and as President from 1994 until June 1999 and again from October 2000 to July 2021.

Andrew R. Jassy. Mr. Jassy has served as President and Chief Executive Officer since July 2021, CEO Amazon Web Services from April 2016 until July 2021, and Senior Vice President, Amazon Web Services, from April 2006 until April 2016.

Douglas J. Herrington. Mr. Herrington has served as CEO Worldwide Amazon Stores since July 2022, Senior Vice President, North America Consumer from January 2015 to July 2022, Senior Vice President, Consumables from May 2014 to December 2014, and Vice President, Consumables from May 2005 to April 2014.

Brian T. Olsavsky. Mr. Olsavsky has served as Senior Vice President and Chief Financial Officer since June 2015, Vice President, Finance for the Global Consumer Business from December 2011 to June 2015, and numerous financial leadership roles across Amazon with global responsibility since April 2002.

Shelley L. Reynolds. Ms. Reynolds has served as Vice President, Worldwide Controller, and Principal Accounting Officer since April 2007.

Adam N. Selipsky. Mr. Selipsky has served as CEO Amazon Web Services since July 2021, Senior Vice President, Amazon Web Services from May 2021 until July 2021, President and CEO of Tableau Software from September 2016 until May 2021, and Vice President, Marketing, Sales and Support of Amazon Web Services from May 2005 to September 2016.

David A. Zapolsky. Mr. Zapolsky has served as Senior Vice President, Global Public Policy and General Counsel since May 2023 and has served as our Secretary since September 2012. He served as Senior Vice President and General Counsel from May 2014 to May 2023, Vice President and General Counsel from September 2012 to May 2014, and as Vice President and Associate General Counsel for Litigation and Regulatory matters from April 2002 until September 2012.

Dear Shareholders:

Last year at this time, I shared my enthusiasm and optimism for Amazon's future. Today, I have even more. The reasons are many, but start with the progress we've made in our financial results and customer experiences, and extend to our continued innovation and the remarkable opportunities in front of us.

In 2023, Amazon's total revenue grew 12% year-over-year ("YoY") from $514B to $575B. By segment, North America revenue increased 12% YoY from $316B to $353B, International revenue grew 11% YoY from $118B to $131B, and AWS revenue increased 13% YoY from $80B to $91B.

Further, Amazon's operating income and Free Cash Flow ("FCF") dramatically improved. Operating income in 2023 improved 201% YoY from $12.2B (an operating margin of 2.4%) to $36.9B (an operating margin of 6.4%). Trailing Twelve Month FCF adjusted for equipment finance leases improved from -$12.8B in 2022 to $35.5B (up $48.3B).

While we've made meaningful progress on our financial measures, what we're most pleased about is the continued customer experience improvements across our businesses.

In our Stores business, customers have enthusiastically responded to our relentless focus on selection, price, and convenience. We continue to have the broadest retail selection, with hundreds of millions of products available, tens of millions added last year alone, and several premium brands starting to list on Amazon (e.g. Coach, Victoria's Secret, Pit Viper, Martha Stewart, Clinique, Lancôme, and Urban Decay).

Being sharp on price is always important, but particularly in an uncertain economy, where customers are careful about how much they're spending. As a result, in Q4 2023, we kicked off the holiday season with Prime Big Deal Days, an exclusive event for Prime members to provide an early start on holiday shopping. This was followed by our extended Black Friday and Cyber Monday holiday shopping event, open to all customers, that became our largest revenue event ever. For all of 2023, customers saved nearly $24B across millions of deals and coupons, almost 70% more than the prior year.

We also continue to improve delivery speeds, breaking multiple company records. In 2023, Amazon delivered at the fastest speeds ever to Prime members, with more than 7 billion items arriving same or next day, including more than 4 billion in the U.S. and more than 2 billion in Europe. In the U.S., this result is the combination of two things. One is the benefit of regionalization, where we re-architected the network to store items closer to customers. The other is the expansion of same-day facilities, where in 2023, we increased the number of items delivered same day or overnight by nearly 70% YoY. As we get items to customers this fast, customers choose Amazon to fulfill their shopping needs more frequently, and we can see the results in various areas including how fast our everyday essentials business is growing (over 20% YoY in Q4 2023).

Our regionalization efforts have also trimmed transportation distances, helping lower our cost to serve. In 2023, for the first time since 2018, we reduced our cost to serve on a per unit basis globally. In the U.S. alone, cost to serve was down by more than $0.45 per unit YoY. Decreasing cost to serve allows us both to invest in speed improvements and afford adding more selection at lower Average Selling Prices ("ASPs"). More selection at lower prices puts us in consideration for more purchases.

As we look toward 2024 (and beyond), we're not done lowering our cost to serve. We've challenged every closely held belief in our fulfillment network, and reevaluated every part of it, and found several areas where we believe we can lower costs even further while also delivering faster for customers. Our inbound fulfillment architecture and resulting inventory placement are areas of focus in 2024, and we have optimism there's more upside for us.

Internationally, we like the trajectory of our established countries, and see meaningful progress in our emerging geographies (e.g. India, Brazil, Australia, Mexico, Middle East, Africa, etc.) as they continue to

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Forward-Looking Statements

This Annual Report on Form 10-K includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including statements regarding guidance, industry prospects, or future results of operations or financial position, made in this Annual Report on Form 10-K are forward-looking. We use words such as anticipates, believes, expects, future, intends, and similar expressions to identify forward-looking statements. Forward-looking statements reflect management's current expectations and are inherently uncertain. Actual results and outcomes could differ materially for a variety of reasons, including, among others, fluctuations in foreign exchange rates, changes in global economic conditions and customer demand and spending, inflation, interest rates, regional labor market constraints, world events, the rate of growth of the internet, online commerce, cloud services, and new and emerging technologies, the amount that Amazon.com invests in new business opportunities and the timing of those investments, the mix of products and services sold to customers, the mix of net sales derived from products as compared with services, the extent to which we owe income or other taxes, competition, management of growth, potential fluctuations in operating results, international growth and expansion, the outcomes of claims, litigation, government investigations, and other proceedings, fulfillment, sortation, delivery, and data center optimization, risks of inventory management, variability in demand, the degree to which we enter into, maintain, and develop commercial agreements, proposed and completed acquisitions and strategic transactions, payments risks, and risks of fulfillment throughput and productivity. In addition, global economic and geopolitical conditions and additional or unforeseen circumstances, developments, or events may give rise to or amplify many of these risks. These risks and uncertainties, as well as other risks and uncertainties that could cause our actual results or outcomes to differ significantly from management's expectations, are described in greater detail in Item 1A of Part I, "Risk Factors."

Overview

Our primary source of revenue is the sale of a wide range of products and services to customers. The products offered through our stores include merchandise and content we have purchased for resale and products offered by third-party sellers, and we also manufacture and sell electronic devices and produce media content. Generally, we recognize gross revenue from items we sell from our inventory as product sales and recognize our net share of revenue of items sold by third-party sellers as service sales. We seek to increase unit sales across our stores, through increased product selection, across numerous product categories. We also offer other services such as compute, storage, and database offerings, fulfillment, advertising, publishing, and digital content subscriptions.

Our financial focus is on long-term, sustainable growth in free cash flows. Free cash flows are driven primarily by increasing operating income and efficiently managing accounts receivable, inventory, accounts payable, and cash capital expenditures, including our decision to purchase or lease property and equipment. Increases in operating income primarily result from increases in sales of products and services and efficiently managing our operating costs, partially offset by investments we make in longer-term strategic initiatives, including capital expenditures focused on improving the customer experience. To increase sales of products and services, we focus on improving all aspects of the customer experience, including lowering prices, improving availability, offering faster delivery and performance times, increasing selection, producing original content, increasing product categories and service offerings, expanding product information, improving ease of use, improving reliability, and earning customer trust. See "Results of Operations — Non-GAAP Financial Measures" below for additional information on our non-GAAP free cash flows financial measures.

We seek to reduce our variable costs per unit and work to leverage our fixed costs. Our variable costs include product and content costs, payment processing and related transaction costs, picking, packaging, and preparing orders for shipment, transportation, customer service support, costs necessary to run AWS, and a portion of our marketing costs. Our fixed costs include the costs necessary to build and run our technology infrastructure; to build, enhance, and add features to our online stores, web services, electronic devices, and digital offerings; and to build and optimize our fulfillment network. Variable costs generally change directly with sales volume, while fixed costs generally are dependent on the timing of capacity needs, geographic expansion, category expansion, and other factors. To decrease our variable costs on a per unit basis and enable us to lower prices for customers, we seek to increase our direct sourcing, increase discounts from suppliers, and reduce defects in our processes. To minimize unnecessary growth in fixed costs, we seek to improve process efficiencies and maintain a lean culture.

We seek to turn inventory quickly and collect from consumers before our payments to vendors and sellers become due. Because consumers primarily use credit cards in our stores, our receivables from consumers settle quickly. We expect variability in inventory turnover over time since it is affected by numerous factors, including our product mix, the mix of sales by us and by third-party sellers, our continuing focus on in-stock inventory availability and selection of product offerings, supply chain disruptions and resulting vendor lead times, our investment in new geographies and product lines, and the extent to which we choose to utilize third-party fulfillment providers. We also expect some variability in accounts payable days over time since they are affected by several factors, including the mix of product sales, the mix of sales by third-party sellers, the mix

transform the customer health experience: Acute Care (via Amazon Clinic), Primary Care (via One Medical), and a Pharmacy service to buy whatever medication a patient may need. Because of our growing success, Amazon customers are now asking us to help them with all kinds of wellness and nutrition opportunities—which can be partially unlocked with some of our existing grocery building blocks, including Whole Foods Market or Amazon Fresh.

As a builder, it's hard to wait for these building blocks to be built versus just combining a bunch of components together to solve a specific problem. The latter can be faster, but almost always slows you down in the future. We've seen this temptation in our robotics efforts in our fulfillment network. There are dozens of processes we seek to automate to improve safety, productivity, and cost. Some of the biggest opportunities require invention in domains such as storage automation, manipulation, sortation, mobility of large cages across long distances, and automatic identification of items. Many teams would skip right to the complex solution, baking in "just enough" of these disciplines to make a concerted solution work, but which doesn't solve much more, can't easily be evolved as new requirements emerge, and that can't be reused for other initiatives needing many of the same components. However, when you think in primitives, like our Robotics team does, you prioritize the building blocks, picking important initiatives that can benefit from each of these primitives, but which build the tool chest to compose more freely (and quickly) for future and complex needs. Our Robotics team has built primitives in each of the above domains that will be lynchpins in our next set of automation, which includes multi-floor storage, trailer loading and unloading, large pallet mobility, and more flexible sortation across our outbound processes (including in vehicles). The team is also building a set of foundation AI models to better identify products in complex environments, optimize the movement of our growing robotic fleet, and better manage the bottlenecks in our facilities.

Sometimes, people ask us "what's your next pillar? You have Marketplace, Prime, and AWS, what's next?" This, of course, is a thought-provoking question. However, a question people never ask, and might be even more interesting is **what's the next set of primitives** you're building that enables breakthrough customer experiences? If you asked me today, I'd lead with Generative AI ("GenAI").

Much of the early public attention has focused on GenAI *applications*, with the remarkable 2022 launch of ChatGPT. But, to our "primitive" way of thinking, there are three distinct layers in the GenAI stack, each of which is gigantic, and each of which we're deeply investing.

The **bottom** layer is for developers and companies wanting to build foundation models ("FMs"). The primary primitives are the compute required to train models and generate inferences (or predictions), and the software that makes it easier to build these models. Starting with compute, the key is the chip inside it. To date, virtually all the leading FMs have been trained on Nvidia chips, and we continue to offer the broadest collection of Nvidia instances of any provider. That said, supply has been scarce and cost remains an issue as customers scale their models and applications. Customers have asked us to push the envelope on price-performance for AI chips, just as we have with Graviton for generalized CPU chips. As a result, we've built custom AI training chips (named Trainium) and inference chips (named Inferentia). In 2023, we announced second versions of our Trainium and Inferentia chips, which are both meaningfully more price-performant than their first versions and other alternatives. This past fall, leading FM-maker, Anthropic, announced it would use Trainium and Inferentia to build, train, and deploy its future FMs. We already have several customers using our AI chips, including Anthropic, Airbnb, Hugging Face, Qualtrics, Ricoh, and Snap.

Customers building their own FM must tackle several challenges in getting a model into production. Getting data organized and fine-tuned, building scalable and efficient training infrastructure, and then deploying models at scale in a low latency, cost-efficient manner is hard. It's why we've built Amazon SageMaker, a managed, end-to-end service that's been a game changer for developers in preparing their data for AI, managing experiments, training models faster (e.g. Perplexity AI trains models 40% faster in SageMaker), lowering inference latency (e.g. Workday has reduced inference latency by 80% with SageMaker), and improving developer productivity (e.g. NatWest reduced its time-to-value for AI from 12-18 months to under seven months using SageMaker).

The **middle** layer is for customers seeking to leverage an existing FM, customize it with their own data, and leverage a leading cloud provider's security and features to build a GenAI application—all as a managed

Note 7 — COMMITMENTS AND CONTINGENCIES

Commitments

The following summarizes our principal contractual commitments, excluding open orders for purchases that support normal operations and are generally cancellable, as of December 31, 2023 (in millions):

	Year Ended December 31,						
	2024	**2025**	**2026**	**2027**	**2028**	**Thereafter**	**Total**
Long-term debt principal and interest	$10,616	$ 7,175	$ 4,858	$10,404	$ 3,643	$ 60,176	$ 96,872
Operating lease liabilities	11,229	9,922	9,156	8,321	7,546	44,603	90,777
Finance lease liabilities, including interest	2,292	1,471	1,369	1,123	1,022	6,829	14,106
Financing obligations, including interest (1)	469	462	468	476	484	6,282	8,641
Leases not yet commenced	2,034	2,620	2,836	2,852	2,979	24,860	38,181
Unconditional purchase obligations (2)	9,432	7,823	5,901	4,463	1,912	5,953	35,484
Other commitments (3)	3,273	1,390	1,125	759	680	9,121	16,348
Total commitments	$39,345	$30,863	$25,713	$28,398	$18,266	$157,824	$300,409

(1) Includes non-cancellable financing obligations for fulfillment network and data center facilities. Excluding interest, current financing obligations of $266 million and $271 million are recorded within “Accrued expenses and other” and $6.7 billion and $6.6 billion are recorded within “Other long-term liabilities” as of December 31, 2022 and 2023. The weighted-average remaining term of the financing obligations was 17.9 years and 17.0 years and the weighted-average imputed interest rate was 3.1% as of December 31, 2022 and 2023.

(2) Includes unconditional purchase obligations related to long-term agreements to acquire and license digital media content that are not reflected on the consolidated balance sheets, and certain products offered in our Whole Foods Market stores. For those digital media content agreements with variable terms, we do not estimate the total obligation beyond any minimum quantities and/or pricing as of the reporting date. Purchase obligations associated with renewal provisions solely at the option of the content provider are included to the extent such commitments are fixed or a minimum amount is specified. Renewable energy agreements based on actual generation without a fixed or minimum volume commitment are not included. These agreements also provide the right to receive renewable energy certificates for no additional consideration.

(3) Includes asset retirement obligations, liabilities associated with digital media content agreements with initial terms greater than one year, and the estimated timing and amounts of payments for rent and tenant improvements associated with build-to-suit lease arrangements that are under construction. Excludes approximately $5.2 billion of income tax contingencies for which we cannot make a reasonably reliable estimate of the amount and period of payment, if any.

Suppliers

During 2023, no vendor accounted for 10% or more of our purchases. We generally do not have long-term contracts or arrangements with our vendors to guarantee the availability of merchandise, particular payment terms, or the extension of credit limits.

Other Contingencies

We are disputing claims and denials of refunds or credits, and monitoring or evaluating potential claims, related to various non-income taxes (such as sales, value added, consumption, service, and similar taxes), including in jurisdictions in which we already collect and remit these taxes. These non-income tax controversies typically include (i) the taxability of products and services, including cross-border intercompany transactions, (ii) collection and withholding on transactions with third parties, including as a result of evolving requirements imposed on marketplaces with respect to third-party sellers, and (iii) the adequacy of compliance with reporting obligations, including evolving documentation requirements. Due to the inherent complexity and uncertainty of these matters and the judicial and regulatory processes in certain jurisdictions, the final outcome of any such controversies may be materially different from our expectations.

Legal Proceedings

The Company is involved from time to time in claims, proceedings, and litigation, including the following:

In November 2015, Eolas Technologies, Inc. filed a complaint against Amazon.com, Inc. in the United States District Court for the Eastern District of Texas. The complaint alleges, among other things, that the use of “interactive features” on www.amazon.com, including “search suggestions and search results,” infringes U.S. Patent No. 9,195,507, entitled “Distributed

Dear Shareholders:

Last year at this time, I shared my enthusiasm and optimism for Amazon's future. Today, I have even more. The reasons are many, but start with the progress we've made in our financial results and customer experiences, and extend to our continued innovation and the remarkable opportunities in front of us.

In 2023, Amazon's total revenue grew 12% year-over-year ("YoY") from $514B to $575B. By segment, North America revenue increased 12% YoY from $316B to $353B, International revenue grew 11% YoY from $118B to $131B, and AWS revenue increased 13% YoY from $80B to $91B.

Further, Amazon's operating income and Free Cash Flow ("FCF") dramatically improved. Operating income in 2023 improved 201% YoY from $12.2B (an operating margin of 2.4%) to $36.9B (an operating margin of 6.4%). Trailing Twelve Month FCF adjusted for equipment finance leases improved from -$12.8B in 2022 to $35.5B (up $48.3B).

While we've made meaningful progress on our financial measures, what we're most pleased about is the continued customer experience improvements across our businesses.

In our Stores business, customers have enthusiastically responded to our relentless focus on selection, price, and convenience. <u>We continue to have the broadest retail selection</u>, with hundreds of millions of products available, tens of millions added last year alone, and several premium brands starting to list on Amazon (e.g. Coach, Victoria's Secret, Pit Viper, Martha Stewart, Clinique, Lancôme, and Urban Decay).

<u>Being sharp on price is always important</u>, but particularly in an uncertain economy, where customers are careful about how much they're spending. As a result, in Q4 2023, we kicked off the holiday season with Prime Big Deal Days, an exclusive event for Prime members to provide an early start on holiday shopping. This was followed by our extended Black Friday and Cyber Monday holiday shopping event, open to all customers, that became our largest revenue event ever. For all of 2023, customers saved nearly $24B across millions of deals and coupons, almost 70% more than the prior year.

<u>We also continue to improve delivery speeds, breaking multiple company records</u>. In 2023, Amazon delivered at the fastest speeds ever to Prime members, with more than 7 billion items arriving same or next day, including more than 4 billion in the U.S. and more than 2 billion in Europe. In the U.S., this result is the combination of two things. One is the benefit of regionalization, where we re-architected the network to store items closer to customers. The other is the expansion of same-day facilities, where in 2023, we increased the number of items delivered same day or overnight by nearly 70% YoY. As we get items to customers this fast, customers choose Amazon to fulfill their shopping needs more frequently, and we can see the results in various areas including how fast our everyday essentials business is growing (over 20% YoY in Q4 2023).

Our regionalization efforts have also trimmed transportation distances, <u>helping lower our cost to serve</u>. In 2023, for the first time since 2018, we reduced our cost to serve on a per unit basis globally. In the U.S. alone, cost to serve was down by more than $0.45 per unit YoY. Decreasing cost to serve allows us both to invest in speed improvements and afford adding more selection at lower Average Selling Prices ("ASPs"). More selection at lower prices puts us in consideration for more purchases.

As we look toward 2024 (and beyond), <u>we're not done lowering our cost to serve</u>. We've challenged every closely held belief in our fulfillment network, and reevaluated every part of it, and found several areas where we believe we can lower costs even further while also delivering faster for customers. Our inbound fulfillment architecture and resulting inventory placement are areas of focus in 2024, and we have optimism there's more upside for us.

<u>Internationally</u>, we like the trajectory of our established countries, and see meaningful progress in our emerging geographies (e.g. India, Brazil, Australia, Mexico, Middle East, Africa, etc.) as they continue to

Item 2. *Properties*

As of December 31, 2023, we operated the following facilities (in thousands):

Description of Use	Leased Square Footage (1)	Owned Square Footage	Location
Office space	29,655	9,222	North America
Office space	24,528	1,802	International
Physical stores (2)	22,871	707	North America
Physical stores (2)	255	—	International
Fulfillment, data centers, and other	413,017	25,630	North America
Fulfillment, data centers, and other	173,765	14,802	International
Total	664,091	52,163	

(1) For leased properties, represents the total leased space excluding sub-leased space.
(2) This includes 600 North America and 28 International stores as of December 31, 2023.

Segment	Leased Square Footage (1)	Owned Square Footage (1)
North America	424,145	15,438
International	165,329	7,931
AWS	20,434	17,770
Total	609,908	41,139

(1) Segment amounts exclude corporate facilities. Shared facilities are allocated among the segments based on usage and primarily relate to facilities that hold our technology infrastructure. See Item 8 of Part II, "Financial Statements and Supplementary Data — Note 10 — Segment Information."

We own and lease our corporate headquarters in Washington's Puget Sound region and Arlington, Virginia.

Item 3. *Legal Proceedings*

See Item 8 of Part II, "Financial Statements and Supplementary Data — Note 7 — Commitments and Contingencies — Legal Proceedings."

Item 4. *Mine Safety Disclosures*

Not applicable.

on-premises. These businesses will keep shifting online and into the cloud. In Media and Advertising, content will continue to migrate from linear formats to streaming. Globally, hundreds of millions of people who don't have adequate broadband access will gain that connectivity in the next few years. Last but certainly not least, Generative AI may be the largest technology transformation since the cloud (which itself, is still in the early stages), and perhaps since the Internet. Unlike the mass modernization of on-premises infrastructure to the cloud, where there's work required to migrate, this GenAI revolution will be built from the start on top of the cloud. The amount of societal and business benefit from the solutions that will be possible will astound us all.

There has never been a time in Amazon's history where we've felt there is so much opportunity to make our customers' lives better and easier. We're incredibly excited about what's possible, focused on inventing the future, and look forward to working together to make it so.

Sincerely,

Andy Jassy
President and Chief Executive Officer
Amazon.com, Inc.

P.S. As we have always done, our original 1997 Shareholder Letter follows. What's written there is as true today as it was in 1997.

vendors, or liquidations, and expected recoverable values of each disposition category. These assumptions about future disposition of inventory are inherently uncertain and changes in our estimates and assumptions may cause us to realize material write-downs in the future. As a measure of sensitivity, for every 1% of additional inventory valuation allowance as of December 31, 2023, we would have recorded an additional cost of sales of approximately $355 million.

In addition, we enter into supplier commitments for certain electronic device components and certain products. These commitments are based on forecasted customer demand. If we reduce these commitments, we may incur additional costs.

Income Taxes

We are subject to income taxes in the U.S. (federal and state) and numerous foreign jurisdictions. Tax laws, regulations, administrative practices, principles, and interpretations in various jurisdictions may be subject to significant change, with or without notice, due to economic, political, and other conditions, and significant judgment is required in evaluating and estimating our provision and accruals for these taxes. There are many transactions that occur during the ordinary course of business for which the ultimate tax determination is uncertain. In addition, our actual and forecasted earnings are subject to change due to economic, political, and other conditions and significant judgment is required in determining our ability to use our deferred tax assets.

Our effective tax rates could be affected by numerous factors, such as changes in our business operations, acquisitions, investments, entry into new businesses and geographies, intercompany transactions, the relative amount of our foreign earnings, including earnings being lower than anticipated in jurisdictions where we have lower statutory rates and higher than anticipated in jurisdictions where we have higher statutory rates, losses incurred in jurisdictions for which we are not able to realize related tax benefits, the applicability of special tax regimes, changes in foreign exchange rates, changes in our stock price, changes to our forecasts of income and loss and the mix of jurisdictions to which they relate, changes in our deferred tax assets and liabilities and their valuation, changes in the laws, regulations, administrative practices, principles, and interpretations related to tax, including changes to the global tax framework, competition, and other laws and accounting rules in various jurisdictions. In addition, a number of countries have enacted or are actively pursuing changes to their tax laws applicable to corporate multinationals.

We are also currently subject to tax controversies in various jurisdictions, and these jurisdictions may assess additional income tax liabilities against us. Developments in an audit, investigation, or other tax controversy could have a material effect on our operating results or cash flows in the period or periods for which that development occurs, as well as for prior and subsequent periods. We regularly assess the likelihood of an adverse outcome resulting from these proceedings to determine the adequacy of our tax accruals. Although we believe our tax estimates are reasonable, the final outcome of audits, investigations, and any other tax controversies could be materially different from our historical income tax provisions and accruals.

Liquidity and Capital Resources

Cash flow information is as follows (in millions):

	Year Ended December 31,	
	2022	2023
Cash provided by (used in):		
Operating activities	$ 46,752	$ 84,946
Investing activities	(37,601)	(49,833)
Financing activities	9,718	(15,879)

Our principal sources of liquidity are cash flows generated from operations and our cash, cash equivalents, and marketable securities balances, which, at fair value, were $70.0 billion and $86.8 billion as of December 31, 2022 and 2023. Amounts held in foreign currencies were $18.3 billion and $23.5 billion as of December 31, 2022 and 2023. Our foreign currency balances include British Pounds, Canadian Dollars, Euros, Indian Rupees, and Japanese Yen.

Cash provided by (used in) operating activities was $46.8 billion and $84.9 billion in 2022 and 2023. Our operating cash flows result primarily from cash received from our consumer, seller, developer, enterprise, and content creator customers, and advertisers, offset by cash payments we make for products and services, employee compensation, payment processing and related transaction costs, operating leases, and interest payments. Cash received from our customers and other activities generally corresponds to our net sales. The increase in operating cash flow in 2023, compared to the prior year, was due to an increase in net income (loss), excluding non-cash expenses, and changes in working capital. Working capital at any specific point in time is subject to many variables, including variability in demand, inventory management and category expansion, the timing of cash receipts and payments, customer and vendor payment terms, and fluctuations in foreign exchange rates.

Cash provided by (used in) investing activities corresponds with cash capital expenditures, including leasehold improvements, incentives received from property and equipment vendors, proceeds from asset sales, cash outlays for

For the year ended December 31, 2022, we recorded approximately $720 million, of which $640 million was recorded in the fourth quarter, of estimated severance costs primarily related to planned role eliminations. These charges were recorded primarily in “Technology and infrastructure,” “Fulfillment,” and “General and administrative” on our consolidated statements of operations and primarily impacted our North America segment.

Charges for impairment, expenses for terminating contracts and other commitments, and severance costs were not material to our consolidated results of operations for the years ended December 31, 2021 and 2023.

Supplemental Cash Flow Information

The following table shows supplemental cash flow information (in millions):

	Year Ended December 31,		
	2021	2022	2023
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for interest on debt, net of capitalized interest	$ 1,098	$ 1,561	$ 2,608
Cash paid for operating leases	$ 6,722	$ 8,633	$ 10,453
Cash paid for interest on finance leases	$ 521	$ 374	$ 308
Cash paid for interest on financing obligations	$ 153	$ 207	$ 196
Cash paid for income taxes, net of refunds	$ 3,688	$ 6,035	$ 11,179
Assets acquired under operating leases	$ 25,369	$ 18,800	$ 14,052
Property and equipment acquired under finance leases, net of remeasurements and modifications	$ 7,061	$ 675	$ 642
Property and equipment recognized during the construction period of build-to-suit lease arrangements	$ 5,846	$ 3,187	$ 357
Property and equipment derecognized after the construction period of build-to-suit lease arrangements, with the associated leases recognized as operating	$ 230	$ 5,158	$ 1,374

Earnings Per Share

Basic earnings per share is calculated using our weighted-average outstanding common shares. Diluted earnings per share is calculated using our weighted-average outstanding common shares including the dilutive effect of stock awards as determined under the treasury stock method. In periods when we have a net loss, stock awards are excluded from our calculation of earnings per share as their inclusion would have an antidilutive effect.

The following table shows the calculation of diluted shares (in millions):

	Year Ended December 31,		
	2021	2022	2023
Shares used in computation of basic earnings per share	10,117	10,189	10,304
Total dilutive effect of outstanding stock awards	179	—	188
Shares used in computation of diluted earnings per share	10,296	10,189	10,492

Revenue

Revenue is measured based on the amount of consideration that we expect to receive, reduced by estimates for return allowances, promotional discounts, and rebates. Revenue also excludes any amounts collected on behalf of third parties, including sales and indirect taxes. In arrangements where we have multiple performance obligations, the transaction price is allocated to each performance obligation using the relative stand-alone selling price. We generally determine stand-alone selling prices based on the prices charged to customers or using expected cost plus a margin.

A description of our principal revenue generating activities is as follows:

Retail sales - We offer consumer products through our online and physical stores. Revenue is recognized when control of the goods is transferred to the customer, which generally occurs upon our delivery to a third-party carrier or, in the case of an Amazon delivery, to the customer.

Third-party seller services - We offer programs that enable sellers to sell their products in our stores, and fulfill orders using our services. We are not the seller of record in these transactions. The commissions and any related fulfillment and shipping fees we earn from these arrangements are recognized when the services are rendered, which generally occurs upon delivery of the related products to a third-party carrier or, in the case of an Amazon delivery, to the customer.

transform the customer health experience: Acute Care (via Amazon Clinic), Primary Care (via One Medical), and a Pharmacy service to buy whatever medication a patient may need. Because of our growing success, Amazon customers are now asking us to help them with all kinds of wellness and nutrition opportunities—which can be partially unlocked with some of our existing grocery building blocks, including Whole Foods Market or Amazon Fresh.

As a builder, it's hard to wait for these building blocks to be built versus just combining a bunch of components together to solve a specific problem. The latter can be faster, but almost always slows you down in the future. We've seen this temptation in our robotics efforts in our fulfillment network. There are dozens of processes we seek to automate to improve safety, productivity, and cost. Some of the biggest opportunities require invention in domains such as storage automation, manipulation, sortation, mobility of large cages across long distances, and automatic identification of items. Many teams would skip right to the complex solution, baking in "just enough" of these disciplines to make a concerted solution work, but which doesn't solve much more, can't easily be evolved as new requirements emerge, and that can't be reused for other initiatives needing many of the same components. However, when you think in primitives, like our Robotics team does, you prioritize the building blocks, picking important initiatives that can benefit from each of these primitives, but which build the tool chest to compose more freely (and quickly) for future and complex needs. Our Robotics team has built primitives in each of the above domains that will be lynchpins in our next set of automation, which includes multi-floor storage, trailer loading and unloading, large pallet mobility, and more flexible sortation across our outbound processes (including in vehicles). The team is also building a set of foundation AI models to better identify products in complex environments, optimize the movement of our growing robotic fleet, and better manage the bottlenecks in our facilities.

Sometimes, people ask us "what's your next pillar? You have Marketplace, Prime, and AWS, what's next?" This, of course, is a thought-provoking question. However, a question people never ask, and might be even more interesting is **what's the next set of primitives** you're building that enables breakthrough customer experiences? If you asked me today, I'd lead with Generative AI ("GenAI").

Much of the early public attention has focused on GenAI *applications*, with the remarkable 2022 launch of ChatGPT. But, to our "primitive" way of thinking, there are three distinct layers in the GenAI stack, each of which is gigantic, and each of which we're deeply investing.

The **bottom** layer is for developers and companies wanting to build foundation models ("FMs"). The primary primitives are the compute required to train models and generate inferences (or predictions), and the software that makes it easier to build these models. Starting with compute, the key is the chip inside it. To date, virtually all the leading FMs have been trained on Nvidia chips, and we continue to offer the broadest collection of Nvidia instances of any provider. That said, supply has been scarce and cost remains an issue as customers scale their models and applications. Customers have asked us to push the envelope on price-performance for AI chips, just as we have with Graviton for generalized CPU chips. As a result, we've built custom AI training chips (named Trainium) and inference chips (named Inferentia). In 2023, we announced second versions of our Trainium and Inferentia chips, which are both meaningfully more price-performant than their first versions and other alternatives. This past fall, leading FM-maker, Anthropic, announced it would use Trainium and Inferentia to build, train, and deploy its future FMs. We already have several customers using our AI chips, including Anthropic, Airbnb, Hugging Face, Qualtrics, Ricoh, and Snap.

Customers building their own FM must tackle several challenges in getting a model into production. Getting data organized and fine-tuned, building scalable and efficient training infrastructure, and then deploying models at scale in a low latency, cost-efficient manner is hard. It's why we've built Amazon SageMaker, a managed, end-to-end service that's been a game changer for developers in preparing their data for AI, managing experiments, training models faster (e.g. Perplexity AI trains models 40% faster in SageMaker), lowering inference latency (e.g. Workday has reduced inference latency by 80% with SageMaker), and improving developer productivity (e.g. NatWest reduced its time-to-value for AI from 12-18 months to under seven months using SageMaker).

The **middle** layer is for customers seeking to leverage an existing FM, customize it with their own data, and leverage a leading cloud provider's security and features to build a GenAI application—all as a managed

Operating Expenses

Information about operating expenses is as follows (in millions):

	Year Ended December 31,	
	2022	2023
Operating Expenses:		
Cost of sales	$ 288,831	$ 304,739
Fulfillment	84,299	90,619
Technology and infrastructure	73,213	85,622
Sales and marketing	42,238	44,370
General and administrative	11,891	11,816
Other operating expense (income), net	1,263	767
Total operating expenses	$ 501,735	$ 537,933
Year-over-year Percentage Growth (Decline):		
Cost of sales	6 %	6 %
Fulfillment	12	7
Technology and infrastructure	31	17
Sales and marketing	30	5
General and administrative	35	(1)
Other operating expense (income), net	1,936	(39)
Percent of Net Sales:		
Cost of sales	56.2 %	53.0 %
Fulfillment	16.4	15.8
Technology and infrastructure	14.2	14.9
Sales and marketing	8.2	7.7
General and administrative	2.3	2.1
Other operating expense (income), net	0.2	0.1

Cost of Sales

Cost of sales primarily consists of the purchase price of consumer products, inbound and outbound shipping costs, including costs related to sortation and delivery centers and where we are the transportation service provider, and digital media content costs where we record revenue gross, including video and music.

The increase in cost of sales in absolute dollars in 2023, compared to the prior year, is primarily due to increased product and shipping costs resulting from increased sales, partially offset by fulfillment network efficiencies and lower transportation rates. Changes in foreign exchange rates reduced cost of sales by $254 million in 2023.

Shipping costs were $83.5 billion and $89.5 billion in 2022 and 2023. Shipping costs to receive products from our suppliers are included in our inventory and recognized as cost of sales upon sale of products to our customers. We expect our cost of shipping to continue to increase to the extent our customers accept and use our shipping offers at an increasing rate, we use more expensive shipping methods, and we offer additional services. We seek to mitigate costs of shipping over time in part through achieving higher sales volumes, optimizing our fulfillment network, negotiating better terms with our suppliers, and achieving better operating efficiencies. We believe that offering low prices to our customers is fundamental to our future success, and one way we offer lower prices is through shipping offers.

Costs to operate our AWS segment are primarily classified as "Technology and infrastructure" as we leverage a shared infrastructure that supports both our internal technology requirements and external sales to AWS customers.

Fulfillment

Fulfillment costs primarily consist of those costs incurred in operating and staffing our North America and International fulfillment centers, physical stores, and customer service centers and payment processing costs. While AWS payment processing and related transaction costs are included in "Fulfillment," AWS costs are primarily classified as "Technology and infrastructure." Fulfillment costs as a percentage of net sales may vary due to several factors, such as payment processing and related transaction costs, our level of productivity and accuracy, changes in volume, size, and weight of units received and

transform the customer health experience: Acute Care (via Amazon Clinic), Primary Care (via One Medical), and a Pharmacy service to buy whatever medication a patient may need. Because of our growing success, Amazon customers are now asking us to help them with all kinds of wellness and nutrition opportunities—which can be partially unlocked with some of our existing grocery building blocks, including Whole Foods Market or Amazon Fresh.

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

	Common Stock						
	Shares	Amount	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Stockholders' Equity
Balance as of January 1, 2021	10,066	$ 105	$ (1,837)	$ 42,765	$ (180)	$ 52,551	$ 93,404
Net income	—	—	—	—	—	33,364	33,364
Other comprehensive income (loss)	—	—	—	—	(1,196)	—	(1,196)
Stock-based compensation and issuance of employee benefit plan stock	109	1	—	12,672	—	—	12,673
Balance as of December 31, 2021	10,175	106	(1,837)	55,437	(1,376)	85,915	138,245
Net loss	—	—	—	—	—	(2,722)	(2,722)
Other comprehensive income (loss)	—	—	—	—	(3,111)	—	(3,111)
Stock-based compensation and issuance of employee benefit plan stock	113	2	—	19,629	—	—	19,631
Common stock repurchased	(46)	—	(6,000)	—	—	—	(6,000)
Balance as of December 31, 2022	10,242	108	(7,837)	75,066	(4,487)	83,193	146,043
Net income	—	—	—	—	—	30,425	30,425
Other comprehensive income (loss)	—	—	—	—	1,447	—	1,447
Stock-based compensation and issuance of employee benefit plan stock	141	1	—	23,959	—	—	23,960
Balance as of December 31, 2023	10,383	$ 109	$ (7,837)	$ 99,025	$ (3,040)	$ 113,618	$ 201,875

See accompanying notes to consolidated financial statements.

Available Information

Our investor relations website is amazon.com/ir and we encourage investors to use it as a way of easily finding information about us. We promptly make available on this website, free of charge, the reports that we file or furnish with the Securities and Exchange Commission ("SEC"), corporate governance information (including our Code of Business Conduct and Ethics), and select press releases.

Executive Officers and Directors

The following tables set forth certain information regarding our Executive Officers and Directors as of January 24, 2024:

Information About Our Executive Officers

Name	Age	Position
Jeffrey P. Bezos	60	Executive Chair
Andrew R. Jassy	56	President and Chief Executive Officer
Douglas J. Herrington	57	CEO Worldwide Amazon Stores
Brian T. Olsavsky	60	Senior Vice President and Chief Financial Officer
Shelley L. Reynolds	59	Vice President, Worldwide Controller, and Principal Accounting Officer
Adam N. Selipsky	57	CEO Amazon Web Services
David A. Zapolsky	60	Senior Vice President, Global Public Policy and General Counsel

Jeffrey P. Bezos. Mr. Bezos founded Amazon.com in 1994 and has served as Executive Chair since July 2021. He has served as Chair of the Board since 1994 and served as Chief Executive Officer from May 1996 until July 2021, and as President from 1994 until June 1999 and again from October 2000 to July 2021.

Andrew R. Jassy. Mr. Jassy has served as President and Chief Executive Officer since July 2021, CEO Amazon Web Services from April 2016 until July 2021, and Senior Vice President, Amazon Web Services, from April 2006 until April 2016.

Douglas J. Herrington. Mr. Herrington has served as CEO Worldwide Amazon Stores since July 2022, Senior Vice President, North America Consumer from January 2015 to July 2022, Senior Vice President, Consumables from May 2014 to December 2014, and Vice President, Consumables from May 2005 to April 2014.

Brian T. Olsavsky. Mr. Olsavsky has served as Senior Vice President and Chief Financial Officer since June 2015, Vice President, Finance for the Global Consumer Business from December 2011 to June 2015, and numerous financial leadership roles across Amazon with global responsibility since April 2002.

Shelley L. Reynolds. Ms. Reynolds has served as Vice President, Worldwide Controller, and Principal Accounting Officer since April 2007.

Adam N. Selipsky. Mr. Selipsky has served as CEO Amazon Web Services since July 2021, Senior Vice President, Amazon Web Services from May 2021 until July 2021, President and CEO of Tableau Software from September 2016 until May 2021, and Vice President, Marketing, Sales and Support of Amazon Web Services from May 2005 to September 2016.

David A. Zapolsky. Mr. Zapolsky has served as Senior Vice President, Global Public Policy and General Counsel since May 2023 and has served as our Secretary since September 2012. He served as Senior Vice President and General Counsel from May 2014 to May 2023, Vice President and General Counsel from September 2012 to May 2014, and as Vice President and Associate General Counsel for Litigation and Regulatory matters from April 2002 until September 2012.

on-premises. These businesses will keep shifting online and into the cloud. In Media and Advertising, content will continue to migrate from linear formats to streaming. Globally, hundreds of millions of people who don't have adequate broadband access will gain that connectivity in the next few years. Last but certainly not least, Generative AI may be the largest technology transformation since the cloud (which itself, is still in the early stages), and perhaps since the Internet. Unlike the mass modernization of on-premises infrastructure to the cloud, where there's work required to migrate, this GenAI revolution will be built from the start on top of the cloud. The amount of societal and business benefit from the solutions that will be possible will astound us all.

There has never been a time in Amazon's history where we've felt there is so much opportunity to make our customers' lives better and easier. We're incredibly excited about what's possible, focused on inventing the future, and look forward to working together to make it so.

Sincerely,

Andy Jassy
President and Chief Executive Officer
Amazon.com, Inc.

P.S. As we have always done, our original 1997 Shareholder Letter follows. What's written there is as true today as it was in 1997.

mechanisms, controls, technologies, methods, systems, and other processes that are designed to prevent, detect, or mitigate data loss, theft, misuse, unauthorized access, or other security incidents or vulnerabilities affecting the data. The data include confidential, proprietary, and business and personal information that we collect, process, store, and transmit as part of our business, including on behalf of third parties. We also use systems and processes designed to reduce the impact of a security incident at a third-party vendor or customer. Additionally, we use processes to oversee and identify material risks from cybersecurity threats associated with our use of third-party technology and systems, including: technology and systems we use for encryption and authentication; employee email; content delivery to customers; back-office support; and other functions.

As part of our risk management process, we conduct application security assessments, vulnerability management, penetration testing, security audits, and ongoing risk assessments. We also maintain a variety of incident response plans that are utilized when incidents are detected. We require employees with access to information systems, including all corporate employees, to undertake data protection and cybersecurity training and compliance programs annually.

We have a unified and centrally-coordinated team, led by our chief security officer, that is responsible for implementing and maintaining centralized cybersecurity and data protection practices at Amazon in close coordination with senior leadership and other teams across Amazon. Reporting to our chief security officer are a number of experienced chief information security officers responsible for various parts of our business, including AWS, each of whom is supported by a team of trained cybersecurity professionals. In addition to our extensive in-house cybersecurity capabilities, at times we also engage assessors, consultants, auditors, or other third parties to assist with assessing, identifying, and managing cybersecurity risks.

Our cybersecurity risks and associated mitigations are evaluated by senior leadership, including as part of our enterprise risk assessments that are reviewed by the Audit Committee and our Board of Directors. Such risks and mitigations are also subject to oversight by the Security Committee of our Board of Directors. Additional information about cybersecurity risks we face is discussed in Item 1A of Part I, “Risk Factors,” under the heading “We Could Be Harmed by Data Loss or Other Security Breaches,” which should be read in conjunction with the information above.

The Security Committee, which is comprised of independent directors, oversees our policies and procedures for protecting our cybersecurity infrastructure and for compliance with applicable data protection and security regulations, and related risks. The Security Committee receives reports regarding such risks from management, including our chief security officer, and reports to the Board at least annually. The Security Committee also oversees the Board’s response to any significant cybersecurity incidents.

Our chief security officer, who has extensive cybersecurity knowledge and skills gained from over 15 years of work experience on the security team at Amazon and an extensive career in the technology and cybersecurity industries as a senior executive in the federal government, heads the team responsible for implementing and maintaining cybersecurity and data protection practices at Amazon and reports directly to the Chief Executive Officer.

Competition

Our businesses encompass a large variety of product types, service offerings, and delivery channels. The worldwide marketplace in which we compete is evolving rapidly and intensely competitive, and we face a broad array of competitors from many different industry sectors around the world. Our current and potential competitors include: (1) physical, e-commerce, and omnichannel retailers, publishers, vendors, distributors, manufacturers, and producers of the products we offer and sell to consumers and businesses; (2) publishers, producers, and distributors of physical, digital, and interactive media of all types and all distribution channels; (3) web search engines, comparison shopping websites, social networks, web portals, and other online and app-based means of discovering, using, or acquiring goods and services, either directly or in collaboration with other retailers; (4) companies that provide e-commerce services, including website development and hosting, omnichannel sales, inventory and supply chain management, advertising, fulfillment, customer service, and payment processing; (5) companies that provide fulfillment and logistics services for themselves or for third parties, whether online or offline; (6) companies that provide information technology services or products, including on-premises or cloud-based infrastructure and other services; (7) companies that design, manufacture, market, or sell consumer electronics, telecommunication, and electronic devices; (8) companies that sell grocery products online and in physical stores; and (9) companies that provide advertising services, whether in digital or other formats. We believe that the principal competitive factors in our retail businesses include selection, price, and convenience, including fast and reliable fulfillment. Additional competitive factors for our seller and enterprise services include the quality, speed, and reliability of our services and tools, as well as customers' ability and willingness to change business practices. Some of our current and potential competitors have greater resources, longer histories, more customers, greater brand recognition, and greater control over inputs critical to our various businesses. They may secure better terms from suppliers, adopt more aggressive pricing, pursue restrictive distribution agreements that restrict our access to supply, direct consumers to their own offerings instead of ours, lock-in potential customers with restrictive terms, and devote more resources to technology, infrastructure, fulfillment, and marketing. The internet facilitates competitive entry and comparison shopping, which enhances the ability of new, smaller, or lesser-known businesses to compete against us. Each of our businesses is also subject to rapid change and the development of new business models and the entry of new and well-funded competitors. Other companies also may enter into business combinations or alliances that strengthen their competitive positions.

Intellectual Property

We regard our trademarks, service marks, copyrights, patents, domain names, trade dress, trade secrets, proprietary technologies, and similar intellectual property as critical to our success, and we rely on trademark, copyright, and patent law, trade-secret protection, and confidentiality and/or license agreements with our employees, customers, partners, and others to protect our proprietary rights. We have registered, or applied for the registration of, a number of U.S. and international domain names, trademarks, service marks, and copyrights. Additionally, we have filed U.S. and international patent applications covering certain of our proprietary technology.

Seasonality

Our business is affected by seasonality, which historically has resulted in higher sales volume during our fourth quarter, which ends December 31.

Human Capital

Our employees are critical to our mission of being Earth's most customer-centric company. As of December 31, 2023, we employed approximately 1,525,000 full-time and part-time employees. Additionally, we use independent contractors and temporary personnel to supplement our workforce. Competition for qualified personnel is intense, particularly for software engineers, computer scientists, and other technical staff, and constrained labor markets have increased competition for personnel across other parts of our business.

As we strive to be Earth's best employer, we focus on investment and innovation, inclusion and diversity, safety, and engagement to hire and develop the best talent. We rely on numerous and evolving initiatives to implement these objectives and invent mechanisms for talent development, including competitive pay and benefits, flexible work arrangements, and skills training and educational programs such as Amazon Career Choice (education funding for eligible employees) and the Amazon Technical Academy (software development engineer training). Over 175,000 Amazon employees around the world have participated in Career Choice. We also continue to inspect and refine the mechanisms we use to hire, develop, evaluate, and retain our employees to promote equity for all candidates and employees. In addition, safety is integral to everything we do at Amazon and we continue to invest in safety improvements such as capital improvements, new safety technology, vehicle safety controls, and engineering ergonomic solutions. Our safety team is dedicated to using the science of safety to solve complex problems and establish new industry best practices. We also provide mentorship and support resources to our employees, and have deployed numerous programs that advance employee engagement, communication, and feedback.

Note 7 — COMMITMENTS AND CONTINGENCIES

Commitments

The following summarizes our principal contractual commitments, excluding open orders for purchases that support normal operations and are generally cancellable, as of December 31, 2023 (in millions):

	Year Ended December 31,						
	2024	2025	2026	2027	2028	Thereafter	Total
Long-term debt principal and interest	$10,616	$ 7,175	$ 4,858	$10,404	$ 3,643	$ 60,176	$ 96,872
Operating lease liabilities	11,229	9,922	9,156	8,321	7,546	44,603	90,777
Finance lease liabilities, including interest	2,292	1,471	1,369	1,123	1,022	6,829	14,106
Financing obligations, including interest (1)	469	462	468	476	484	6,282	8,641
Leases not yet commenced	2,034	2,620	2,836	2,852	2,979	24,860	38,181
Unconditional purchase obligations (2)	9,432	7,823	5,901	4,463	1,912	5,953	35,484
Other commitments (3)	3,273	1,390	1,125	759	680	9,121	16,348
Total commitments	$39,345	$30,863	$25,713	$28,398	$18,266	$157,824	$300,409

(1) Includes non-cancellable financing obligations for fulfillment network and data center facilities. Excluding interest, current financing obligations of $266 million and $271 million are recorded within "Accrued expenses and other" and $6.7 billion and $6.6 billion are recorded within "Other long-term liabilities" as of December 31, 2022 and 2023. The weighted-average remaining term of the financing obligations was 17.9 years and 17.0 years and the weighted-average imputed interest rate was 3.1% as of December 31, 2022 and 2023.

(2) Includes unconditional purchase obligations related to long-term agreements to acquire and license digital media content that are not reflected on the consolidated balance sheets, and certain products offered in our Whole Foods Market stores. For those digital media content agreements with variable terms, we do not estimate the total obligation beyond any minimum quantities and/or pricing as of the reporting date. Purchase obligations associated with renewal provisions solely at the option of the content provider are included to the extent such commitments are fixed or a minimum amount is specified. Renewable energy agreements based on actual generation without a fixed or minimum volume commitment are not included. These agreements also provide the right to receive renewable energy certificates for no additional consideration.

(3) Includes asset retirement obligations, liabilities associated with digital media content agreements with initial terms greater than one year, and the estimated timing and amounts of payments for rent and tenant improvements associated with build-to-suit lease arrangements that are under construction. Excludes approximately $5.2 billion of income tax contingencies for which we cannot make a reasonably reliable estimate of the amount and period of payment, if any.

Suppliers

During 2023, no vendor accounted for 10% or more of our purchases. We generally do not have long-term contracts or arrangements with our vendors to guarantee the availability of merchandise, particular payment terms, or the extension of credit limits.

Other Contingencies

We are disputing claims and denials of refunds or credits, and monitoring or evaluating potential claims, related to various non-income taxes (such as sales, value added, consumption, service, and similar taxes), including in jurisdictions in which we already collect and remit these taxes. These non-income tax controversies typically include (i) the taxability of products and services, including cross-border intercompany transactions, (ii) collection and withholding on transactions with third parties, including as a result of evolving requirements imposed on marketplaces with respect to third-party sellers, and (iii) the adequacy of compliance with reporting obligations, including evolving documentation requirements. Due to the inherent complexity and uncertainty of these matters and the judicial and regulatory processes in certain jurisdictions, the final outcome of any such controversies may be materially different from our expectations.

Legal Proceedings

The Company is involved from time to time in claims, proceedings, and litigation, including the following:

In November 2015, Eolas Technologies, Inc. filed a complaint against Amazon.com, Inc. in the United States District Court for the Eastern District of Texas. The complaint alleges, among other things, that the use of "interactive features" on www.amazon.com, including "search suggestions and search results," infringes U.S. Patent No. 9,195,507, entitled "Distributed

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

	Common Stock						
	Shares	Amount	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Stockholders' Equity
Balance as of January 1, 2021	10,066	$ 105	$ (1,837)	$ 42,765	$ (180)	$ 52,551	$ 93,404
Net income	—	—	—	—	—	33,364	33,364
Other comprehensive income (loss)	—	—	—	—	(1,196)	—	(1,196)
Stock-based compensation and issuance of employee benefit plan stock	109	1	—	12,672	—	—	12,673
Balance as of December 31, 2021	10,175	106	(1,837)	55,437	(1,376)	85,915	138,245
Net loss	—	—	—	—	—	(2,722)	(2,722)
Other comprehensive income (loss)	—	—	—	—	(3,111)	—	(3,111)
Stock-based compensation and issuance of employee benefit plan stock	113	2	—	19,629	—	—	19,631
Common stock repurchased	(46)	—	(6,000)	—	—	—	(6,000)
Balance as of December 31, 2022	10,242	108	(7,837)	75,066	(4,487)	83,193	146,043
Net income	—	—	—	—	—	30,425	30,425
Other comprehensive income (loss)	—	—	—	—	1,447	—	1,447
Stock-based compensation and issuance of employee benefit plan stock	141	1	—	23,959	—	—	23,960
Balance as of December 31, 2023	10,383	$ 109	$ (7,837)	$ 99,025	$ (3,040)	$ 113,618	$ 201,875

See accompanying notes to consolidated financial statements.

transform the customer health experience: Acute Care (via Amazon Clinic), Primary Care (via One Medical), and a Pharmacy service to buy whatever medication a patient may need. Because of our growing success, Amazon customers are now asking us to help them with all kinds of wellness and nutrition opportunities—which can be partially unlocked with some of our existing grocery building blocks, including Whole Foods Market or Amazon Fresh.

As a builder, it's hard to wait for these building blocks to be built versus just combining a bunch of components together to solve a specific problem. The latter can be faster, but almost always slows you down in the future. We've seen this temptation in our robotics efforts in our fulfillment network. There are dozens of processes we seek to automate to improve safety, productivity, and cost. Some of the biggest opportunities require invention in domains such as storage automation, manipulation, sortation, mobility of large cages across long distances, and automatic identification of items. Many teams would skip right to the complex solution, baking in "just enough" of these disciplines to make a concerted solution work, but which doesn't solve much more, can't easily be evolved as new requirements emerge, and that can't be reused for other initiatives needing many of the same components. However, when you think in primitives, like our Robotics team does, you prioritize the building blocks, picking important initiatives that can benefit from each of these primitives, but which build the tool chest to compose more freely (and quickly) for future and complex needs. Our Robotics team has built primitives in each of the above domains that will be lynchpins in our next set of automation, which includes multi-floor storage, trailer loading and unloading, large pallet mobility, and more flexible sortation across our outbound processes (including in vehicles). The team is also building a set of foundation AI models to better identify products in complex environments, optimize the movement of our growing robotic fleet, and better manage the bottlenecks in our facilities.

Sometimes, people ask us "what's your next pillar? You have Marketplace, Prime, and AWS, what's next?" This, of course, is a thought-provoking question. However, a question people never ask, and might be even more interesting is **what's the next set of primitives** you're building that enables breakthrough customer experiences? If you asked me today, I'd lead with Generative AI ("GenAI").

Much of the early public attention has focused on GenAI *applications*, with the remarkable 2022 launch of ChatGPT. But, to our "primitive" way of thinking, there are three distinct layers in the GenAI stack, each of which is gigantic, and each of which we're deeply investing.

The **bottom** layer is for developers and companies wanting to build foundation models ("FMs"). The primary primitives are the compute required to train models and generate inferences (or predictions), and the software that makes it easier to build these models. Starting with compute, the key is the chip inside it. To date, virtually all the leading FMs have been trained on Nvidia chips, and we continue to offer the broadest collection of Nvidia instances of any provider. That said, supply has been scarce and cost remains an issue as customers scale their models and applications. Customers have asked us to push the envelope on price-performance for AI chips, just as we have with Graviton for generalized CPU chips. As a result, we've built custom AI training chips (named Trainium) and inference chips (named Inferentia). In 2023, we announced second versions of our Trainium and Inferentia chips, which are both meaningfully more price-performant than their first versions and other alternatives. This past fall, leading FM-maker, Anthropic, announced it would use Trainium and Inferentia to build, train, and deploy its future FMs. We already have several customers using our AI chips, including Anthropic, Airbnb, Hugging Face, Qualtrics, Ricoh, and Snap.

Customers building their own FM must tackle several challenges in getting a model into production. Getting data organized and fine-tuned, building scalable and efficient training infrastructure, and then deploying models at scale in a low latency, cost-efficient manner is hard. It's why we've built Amazon SageMaker, a managed, end-to-end service that's been a game changer for developers in preparing their data for AI, managing experiments, training models faster (e.g. Perplexity AI trains models 40% faster in SageMaker), lowering inference latency (e.g. Workday has reduced inference latency by 80% with SageMaker), and improving developer productivity (e.g. NatWest reduced its time-to-value for AI from 12-18 months to under seven months using SageMaker).

The **middle** layer is for customers seeking to leverage an existing FM, customize it with their own data, and leverage a leading cloud provider's security and features to build a GenAI application—all as a managed

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Operating Expenses

Information about operating expenses is as follows (in millions):

	Year Ended December 31,	
	2022	2023
Operating Expenses:		
Cost of sales	$ 288,831	$ 304,739
Fulfillment	84,299	90,619
Technology and infrastructure	73,213	85,622
Sales and marketing	42,238	44,370
General and administrative	11,891	11,816
Other operating expense (income), net	1,263	767
Total operating expenses	$ 501,735	$ 537,933
Year-over-year Percentage Growth (Decline):		
Cost of sales	6 %	6 %
Fulfillment	12	7
Technology and infrastructure	31	17
Sales and marketing	30	5
General and administrative	35	(1)
Other operating expense (income), net	1,936	(39)
Percent of Net Sales:		
Cost of sales	56.2 %	53.0 %
Fulfillment	16.4	15.8
Technology and infrastructure	14.2	14.9
Sales and marketing	8.2	7.7
General and administrative	2.3	2.1
Other operating expense (income), net	0.2	0.1

Cost of Sales

Cost of sales primarily consists of the purchase price of consumer products, inbound and outbound shipping costs, including costs related to sortation and delivery centers and where we are the transportation service provider, and digital media content costs where we record revenue gross, including video and music.

The increase in cost of sales in absolute dollars in 2023, compared to the prior year, is primarily due to increased product and shipping costs resulting from increased sales, partially offset by fulfillment network efficiencies and lower transportation rates. Changes in foreign exchange rates reduced cost of sales by $254 million in 2023.

Shipping costs were $83.5 billion and $89.5 billion in 2022 and 2023. Shipping costs to receive products from our suppliers are included in our inventory and recognized as cost of sales upon sale of products to our customers. We expect our cost of shipping to continue to increase to the extent our customers accept and use our shipping offers at an increasing rate, we use more expensive shipping methods, and we offer additional services. We seek to mitigate costs of shipping over time in part through achieving higher sales volumes, optimizing our fulfillment network, negotiating better terms with our suppliers, and achieving better operating efficiencies. We believe that offering low prices to our customers is fundamental to our future success, and one way we offer lower prices is through shipping offers.

Costs to operate our AWS segment are primarily classified as “Technology and infrastructure” as we leverage a shared infrastructure that supports both our internal technology requirements and external sales to AWS customers.

Fulfillment

Fulfillment costs primarily consist of those costs incurred in operating and staffing our North America and International fulfillment centers, physical stores, and customer service centers and payment processing costs. While AWS payment processing and related transaction costs are included in “Fulfillment,” AWS costs are primarily classified as “Technology and infrastructure.” Fulfillment costs as a percentage of net sales may vary due to several factors, such as payment processing and related transaction costs, our level of productivity and accuracy, changes in volume, size, and weight of units received and

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .

Commission File No. 000-22513

AMAZON.COM, INC.

(Exact name of registrant as specified in its charter)

Delaware	**91-1646860**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

410 Terry Avenue North
Seattle, Washington 98109-5210
(206) 266-1000
(Address and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $.01 per share	AMZN	Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Exchange Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Aggregate market value of voting stock held by non-affiliates of the registrant as of June 30, 2023	$	1,183,684,965,587
Number of shares of common stock outstanding as of January 24, 2024		10,387,381,291

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III of this Report, to the extent not set forth herein, is incorporated herein by reference from the registrant's definitive proxy statement relating to the Annual Meeting of Shareholders to be held in 2024, which definitive proxy statement shall be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Report relates.