

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

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

See accompanying notes to consolidated financial statements.

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

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

(1) Includes stock-based compensation as follows:

Fulfillment	\$ 294	\$ 212	\$ 133
Marketing	88	61	39
Technology and content	603	434	292
General and administrative	149	126	93

See accompanying notes to consolidated financial statements.

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

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

See accompanying notes to consolidated financial statements.