

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

	Year Ended December 31,		
	2016	2017	2018
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF PERIOD	\$ 16,175	\$ 19,934	\$ 21,856
OPERATING ACTIVITIES:			
Net income	2,371	3,033	10,073
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation of property and equipment and other amortization, including capitalized content costs	8,116	11,478	15,341
Stock-based compensation	2,975	4,215	5,418
Other operating expense, net	160	202	274
Other expense (income), net	(20)	(292)	219
Deferred income taxes	(246)	(29)	441
Changes in operating assets and liabilities:			
Inventories	(1,426)	(3,583)	(1,314)
Accounts receivable, net and other	(3,436)	(4,780)	(4,615)
Accounts payable	5,030	7,100	3,263
Accrued expenses and other	1,724	283	472
Unearned revenue	1,955	738	1,151
Net cash provided by (used in) operating activities	17,203	18,365	30,723
INVESTING ACTIVITIES:			
Purchases of property and equipment	(7,804)	(11,955)	(13,427)
Proceeds from property and equipment incentives	1,067	1,897	2,104
Acquisitions, net of cash acquired, and other	(116)	(13,972)	(2,186)
Sales and maturities of marketable securities	4,577	9,677	8,240
Purchases of marketable securities	(7,240)	(12,731)	(7,100)
Net cash provided by (used in) investing activities	(9,516)	(27,084)	(12,369)
FINANCING ACTIVITIES:			
Proceeds from long-term debt and other	618	16,228	768
Repayments of long-term debt and other	(327)	(1,301)	(668)
Principal repayments of capital lease obligations	(3,860)	(4,799)	(7,449)
Principal repayments of finance lease obligations	(147)	(200)	(337)
Net cash provided by (used in) financing activities	(3,716)	9,928	(7,686)
Foreign currency effect on cash, cash equivalents, and restricted cash	(212)	713	(351)
Net increase (decrease) in cash, cash equivalents, and restricted cash	3,759	1,922	10,317
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF PERIOD	\$ 19,934	\$ 21,856	\$ 32,173
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for interest on long-term debt	\$ 290	\$ 328	\$ 854
Cash paid for interest on capital and finance lease obligations	206	319	575
Cash paid for income taxes, net of refunds	412	957	1,184
Property and equipment acquired under capital leases	5,704	9,637	10,615
Property and equipment acquired under build-to-suit leases	1,209	3,541	3,641

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2016	2017	2018
Net product sales	\$ 94,665	\$ 118,573	\$ 141,915
Net service sales	41,322	59,293	90,972
Total net sales	135,987	177,866	232,887
Operating expenses:			
Cost of sales	88,265	111,934	139,156
Fulfillment	17,619	25,249	34,027
Marketing	7,233	10,069	13,814
Technology and content	16,085	22,620	28,837
General and administrative	2,432	3,674	4,336
Other operating expense, net	167	214	296
Total operating expenses	131,801	173,760	220,466
Operating income	4,186	4,106	12,421
Interest income	100	202	440
Interest expense	(484)	(848)	(1,417)
Other income (expense), net	90	346	(183)
Total non-operating income (expense)	(294)	(300)	(1,160)
Income before income taxes	3,892	3,806	11,261
Provision for income taxes	(1,425)	(769)	(1,197)
Equity-method investment activity, net of tax	(96)	(4)	9
Net income	\$ 2,371	\$ 3,033	\$ 10,073
Basic earnings per share	\$ 5.01	\$ 6.32	\$ 20.68
Diluted earnings per share	\$ 4.90	\$ 6.15	\$ 20.14
Weighted-average shares used in computation of earnings per share:			
Basic	474	480	487
Diluted	484	493	500

See accompanying notes to consolidated financial statements.

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

	December 31,	
	2017	2018
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 20,522	\$ 31,750
Marketable securities	10,464	9,500
Inventories	16,047	17,174
Accounts receivable, net and other	13,164	16,677
Total current assets	60,197	75,101
Property and equipment, net	48,866	61,797
Goodwill	13,350	14,548
Other assets	8,897	11,202
Total assets	\$ 131,310	\$ 162,648
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 34,616	\$ 38,192
Accrued expenses and other	18,170	23,663
Unearned revenue	5,097	6,536
Total current liabilities	57,883	68,391
Long-term debt	24,743	23,495
Other long-term liabilities	20,975	27,213
Commitments and contingencies (Note 7)		
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 — 507 and 514		
Outstanding shares — 484 and 491	5	5
Treasury stock, at cost	(1,837)	(1,837)
Additional paid-in capital	21,389	26,791
Accumulated other comprehensive loss	(484)	(1,035)
Retained earnings	8,636	19,625
Total stockholders' equity	27,709	43,549
Total liabilities and stockholders' equity	\$ 131,310	\$ 162,648

See accompanying notes to consolidated financial statements.