

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

	Year Ended December 31,		
	2015	2014	2013
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	\$ 14,557	\$ 8,658	\$ 8,084
OPERATING ACTIVITIES:			
Net income (loss)	596	(241)	274
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, including capitalized content costs	6,281	4,746	3,253
Stock-based compensation	2,119	1,497	1,134
Other operating expense (income), net	155	129	114
Losses (gains) on sales of marketable securities, net	5	(3)	1
Other expense (income), net	245	62	166
Deferred income taxes	81	(316)	(156)
Excess tax benefits from stock-based compensation	(119)	(6)	(78)
Changes in operating assets and liabilities:			
Inventories	(2,187)	(1,193)	(1,410)
Accounts receivable, net and other	(1,755)	(1,039)	(846)
Accounts payable	4,294	1,759	1,888
Accrued expenses and other	913	706	736
Additions to unearned revenue	7,401	4,433	2,691
Amortization of previously unearned revenue	(6,109)	(3,692)	(2,292)
Net cash provided by (used in) operating activities	11,920	6,842	5,475
INVESTING ACTIVITIES:			
Purchases of property and equipment, including internal-use software and website development, net	(4,589)	(4,893)	(3,444)
Acquisitions, net of cash acquired, and other	(795)	(979)	(312)
Sales and maturities of marketable securities	3,025	3,349	2,306
Purchases of marketable securities	(4,091)	(2,542)	(2,826)
Net cash provided by (used in) investing activities	(6,450)	(5,065)	(4,276)
FINANCING ACTIVITIES:			
Excess tax benefits from stock-based compensation	119	6	78
Proceeds from long-term debt and other	353	6,359	394
Repayments of long-term debt and other	(1,652)	(513)	(231)
Principal repayments of capital lease obligations	(2,462)	(1,285)	(775)
Principal repayments of finance lease obligations	(121)	(135)	(5)
Net cash provided by (used in) financing activities	(3,763)	4,432	(539)
Foreign-currency effect on cash and cash equivalents	(374)	(310)	(86)
Net increase (decrease) in cash and cash equivalents	1,333	5,899	574
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 15,890	\$ 14,557	\$ 8,658
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for interest on long-term debt	\$ 325	\$ 91	\$ 97
Cash paid for interest on capital and finance lease obligations	153	86	41
Cash paid for income taxes (net of refunds)	273	177	169
Property and equipment acquired under capital leases	4,717	4,008	1,867
Property and equipment acquired under build-to-suit leases	544	920	877

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2015	2014	2013
Net product sales	\$ 79,268	\$ 70,080	\$ 60,903
Net service sales	27,738	18,908	13,549
Total net sales	107,006	88,988	74,452
Operating expenses (1):			
Cost of sales	71,651	62,752	54,181
Fulfillment	13,410	10,766	8,585
Marketing	5,254	4,332	3,133
Technology and content	12,540	9,275	6,565
General and administrative	1,747	1,552	1,129
Other operating expense (income), net	171	133	114
Total operating expenses	104,773	88,810	73,707
Income from operations	2,233	178	745
Interest income	50	39	38
Interest expense	(459)	(210)	(141)
Other income (expense), net	(256)	(118)	(136)
Total non-operating income (expense)	(665)	(289)	(239)
Income (loss) before income taxes	1,568	(111)	506
Provision for income taxes	(950)	(167)	(161)
Equity-method investment activity, net of tax	(22)	37	(71)
Net income (loss)	\$ 596	\$ (241)	\$ 274
Basic earnings per share	\$ 1.28	\$ (0.52)	\$ 0.60
Diluted earnings per share	\$ 1.25	\$ (0.52)	\$ 0.59
Weighted-average shares used in computation of earnings per share:			
Basic	467	462	457
Diluted	477	462	465

(1) Includes stock-based compensation as follows:

Fulfillment	\$ 482	\$ 375	\$ 294
Marketing	190	125	88
Technology and content	1,224	804	603
General and administrative	223	193	149

See accompanying notes to consolidated financial statements.

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

	December 31,	
	2015	2014
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 15,890	\$ 14,557
Marketable securities	3,918	2,859
Inventories	10,243	8,299
Accounts receivable, net and other	6,423	5,612
Total current assets	36,474	31,327
Property and equipment, net	21,838	16,967
Goodwill	3,759	3,319
Other assets	3,373	2,892
Total assets	\$ 65,444	\$ 54,505
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Current liabilities:		
Accounts payable	\$ 20,397	\$ 16,459
Accrued expenses and other	10,384	9,807
Unearned revenue	3,118	1,823
Total current liabilities	33,899	28,089
Long-term debt	8,235	8,265
Other long-term liabilities	9,926	7,410
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 — 494 and 488		
Outstanding shares — 471 and 465	5	5
Treasury stock, at cost	(1,837)	(1,837)
Additional paid-in capital	13,394	11,135
Accumulated other comprehensive loss	(723)	(511)
Retained earnings	2,545	1,949
Total stockholders' equity	13,384	10,741
Total liabilities and stockholders' equity	\$ 65,444	\$ 54,505

See accompanying notes to consolidated financial statements.