

AMAZON COM INC
Form 10-Q
July 24, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2009

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)

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Delaware **91-1646860**
(State or Other Jurisdiction of (I.R.S. Employer)
Incorporation or Organization) **Identification No.)**
1200 12th Avenue South, Suite 1200, Seattle, Washington 98144-2734
(206) 266-1000
(Address and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

431,807,370 shares of common stock, par value \$0.01 per share, outstanding as of July 17, 2009

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AMAZON.COM, INC.

FORM 10-Q

For the Quarterly Period Ended June 30, 2009

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****AMAZON.COM, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS****(in millions)****(unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended June 30,	
	2009	2008	2009	2008	2009	2008
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	\$ 1,701	\$ 1,496	\$ 2,769	\$ 2,539	\$ 1,548	\$ 1,004
OPERATING ACTIVITIES:						
Net income	142	158	319	301	663	588
Adjustments to reconcile net income to net cash from operating activities:						
Depreciation of fixed assets, including internal-use software and website development, and other amortization	84	70	171	134	323	259
Stock-based compensation	85	73	152	127	300	232
Other operating expense (income), net	60	(45)	71	(39)	86	(32)
Losses (gains) on sales of marketable securities, net			(2)	(3)	(1)	(3)
Other expense (income), net	(14)	9	(12)	7	(53)	10
Deferred income taxes	6	(10)	7	(29)	30	(128)
Excess tax benefits from stock-based compensation	(20)	(43)	(70)	(106)	(122)	(304)
Changes in operating assets and liabilities:						
Inventories	(23)	(35)	84	113	(261)	(341)
Accounts receivable, net and other	16	(25)	183	115	(149)	(197)
Accounts payable	56	116	(1,073)	(886)	625	562
Accrued expenses and other	(6)	62	(128)	(63)	182	394
Additions to unearned revenue	207	87	413	165	696	300
Amortization of previously unearned revenue	(125)	(70)	(232)	(134)	(441)	(252)
Net cash provided by (used in) operating activities	468	347	(117)	(298)	1,878	1,088
INVESTING ACTIVITIES:						
Purchases of fixed assets, including internal-use software and website development	(78)	(69)	(133)	(130)	(336)	(272)
Acquisitions, net of cash acquired, and other	(19)	(44)	(35)	(400)	(129)	(452)
Sales and maturities of marketable securities and other investments	378	181	692	452	1,545	777
Purchases of marketable securities and other investments	(560)	(369)	(951)	(750)	(1,877)	(987)
Net cash provided by (used in) investing activities	(279)	(301)	(427)	(828)	(797)	(934)
FINANCING ACTIVITIES:						
Excess tax benefits from stock-based compensation	20	43	70	106	122	304
Common stock repurchased					(100)	
Proceeds from long-term debt and other	2	7	6	60	44	139
Repayments of long-term debt and capital lease obligations	(25)	(36)	(368)	(60)	(663)	(96)
Net cash provided by (used in) financing activities	(3)	14	(292)	106	(597)	347
Foreign-currency effect on cash and cash equivalents	49	(8)	3	29	(96)	43

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Net increase (decrease) in cash and cash equivalents	235	52	(833)	(991)	388	544
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 1,936	\$ 1,548	\$ 1,936	\$ 1,548	\$ 1,936	\$ 1,548
SUPPLEMENTAL CASH FLOW INFORMATION:						
Cash paid for interest	\$ 2	\$ 1	\$ 28	\$ 47	\$ 43	\$ 70
Cash paid for income taxes	23	15	34	23	64	37
Fixed assets acquired under capital leases and other financing arrangements	19	52	37	67	118	121
Fixed assets acquired under build-to-suit leases	61	13	117	17	173	31
Conversion of debt		473		473	132	474

See accompanying notes to consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net sales	\$ 4,651	\$ 4,063	\$ 9,541	\$ 8,198
Cost of sales	3,518	3,096	7,260	6,275
Gross profit	1,133	967	2,281	1,923
Operating expenses (1):				
Fulfillment	409	361	831	715
Marketing	129	102	257	205
Technology and content	299	258	575	492
General and administrative	77	74	145	135
Other operating expense (income), net	60	(45)	71	(39)
Total operating expenses	974	750	1,879	1,508
Income from operations	159	217	402	415
Interest income	8	20	20	