

AMAZON.COM NDQ-AMZN

RECENT PRICE **236.56**

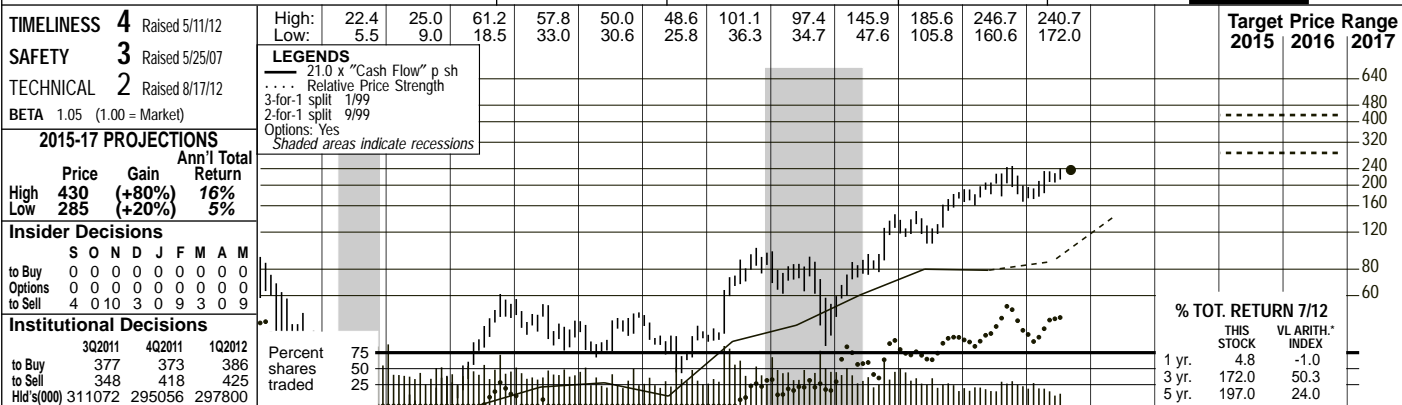
P/E RATIO **NMF** (Trailing:NMF Median: 62.0)

RELATIVE P/E RATIO **NMF**

DIV'D YLD

Nil

VALUE LINE



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
.07	.51	1.92	4.75	7.73	8.37	10.14	13.05	17.16	20.41	25.87	35.66	44.78	55.20	75.84	105.65	139.55	179.10	Revenues per sh	350.00
d.02	d.08	d.20	d.10.2	d.93	d.21	.21	.60	1.05	1.10	.95	1.74	2.07	2.88	3.81	3.77	4.15	6.90	"Cash Flow" per sh	17.60
d.02	d.11	d.25	d1.19	d1.19	d.44	d.01	.40	.82	.79	.45	1.12	1.39	2.04	2.53	1.37	.80	2.45	Earnings per sh ^A	11.90
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.01	.03	.09	.83	.38	.13	.10	.11	.22	.49	.52	.54	.78	.84	2.17	3.98	4.45	4.00	Cap'l Spending per sh	3.35
.01	.10	.44	.77	d2.71	d3.86	d3.49	d2.57	d2.56	.59	1.04	2.88	6.24	11.84	15.22	17.05	16.40	18.85	Book Value per sh	43.25
231.80	287.25	318.53	345.16	357.14	373.22	387.91	403.35	403.35	416.00	414.00	416.00	428.00	444.00	451.00	455.07	450.00	450.00	Common Shs Outst'g ^B	450.00
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CAPITAL STRUCTURE as of 6/30/12				2010	2011	6/30/12	2010	2011	6/30/12	2010	2011	6/30/12	2010	2011	6/30/12	2010	2011	6/30/12	2010	2011	6/30/12
Total Debt \$1741.0 mill. Due in 5 Yrs \$1638.0 mill.				3932.9	5263.7	6921.1	4.9%	6.6%	7.3%	8490.0	10711	14836	19166	24509	34204	48077	62800	80600	Revenues (\$mill)	157500	
LT Debt \$1433.0 mill. LT Interest \$125.0 mill. Includes \$944.0 mill. in capitalized leases. (16% of Cap'l)				82.3	75.6	75.7	22.0%	49.6%	27.9%	121.0	205.0	246.0	287.0	378.0	568.0	1083.0	1500	2000	Operating Margin	7.0%	
Leases, Uncapitalized: \$246.0 mill.				d2.4	168.3	348.7	3.2%	5.0%	4.0%	337.9	190.0	476.0	600.0	902.0	1152.0	631.0	365	1105	Depreciation (\$mill)	2500	
No Defined Benefit Pension Plan				--	--	--	2.0%	1.8%	3.2%	246.0	431.0	1197.0	2672.0	5257.0	6864.0	7757.0	7370	8475	Net Profit (\$mill)	5410	
Common Stock 452,065,256 shs. as of 7/13/12				549.7	568.1	919.0	13.6%	20.8%	18.9%	1000.0	841.0	1450.0	1411.0	2433.0	3375.0	2594.0	1555	1860	Income Tax Rate	35.0%	
MARKET CAP: \$107 billion (Large Cap)				2277.3	1945.4	1855.3	3.4%	3.1%	3.7%	1521.0	1247.0	1282.0	687.0	109.0	460.0	853.0	1500	1500	Net Profit Margin	3.4%	
CURRENT POSITION				d1353	d1036	d227.2	13.6%	13.7%	13.4%	246.0	431.0	1197.0	2672.0	5257.0	6864.0	7757.0	7370	8475	Working Cap'l (\$mill)	6455	
CASH ASSETS				7.4%	25.6%	24.7%	13.6%	20.8%	18.9%	1521.0	1247.0	1282.0	687.0	109.0	460.0	853.0	1500	1500	Long-Term Debt (\$mill)	1500	
INVENTORY (AVG CST)				--	--	--	13.6%	13.7%	13.4%	246.0	431.0	1197.0	2672.0	5257.0	6864.0	7757.0	7370	8475	Shr. Equity (\$mill)	19470	
A/R & OTHER				--	--	--	13.6%	13.7%	13.4%	246.0	431.0	1197.0	2672.0	5257.0	6864.0	7757.0	7370	8475	Return on Total Cap'l	26.5%	
CURRENT ASSETS				--	--	--	13.6%	13.7%	13.4%	246.0	431.0	1197.0	2672.0	5257.0	6864.0	7757.0	7370	8475	Return on Shr. Equity	28.0%	
ACCTS PAYABLE				--	--	--	13.6%	13.7%	13.4%	246.0	431.0	1197.0	2672.0	5257.0	6864.0	7757.0	7370	8475	Retained to Com Eq	28.0%	
DEBT DUE				--	--	--	13.6%	13.7%	13.4%	246.0	431.0	1197.0	2672.0	5257.0	6864.0	7757.0	7370	8475	All Div'ds to Net Prof	Nil	
OTHER				--	--	--	13.6%	13.7%	13.4%	246.0	431.0	1197.0	2672.0	5257.0	6864.0	7757.0	7370	8475			
CURRENT LIAB.				10372	14896	10964															

BUSINESS: Amazon.com is a large online retailer. Sales breakdown (2011): media (books, music, and videos; 37% of sales), electronics (60%); other (3%). International sales, 44% of total. Third-party sellers (Marketplace) account for about 34% of unit volume. Seasonality: Q4 accounted for 36% of '11 revenue. Acquired Internet Movie Database, Bookpages, Telebook, '98; Jun- glee and PlanetAll, '98; Exchange.com, Accept.com, Alexa, '99; Zappos, '09. Has about 33,700 employees. Officers/directors own 19.6% of common stock (including Mr. Bezos' 19.5%) (4/12 proxy). President, Chairman & CEO: Jeffrey Bezos. Incorporated: Delaware. Address: 410 Terry Avenue North, Seattle, WA 98109-5210. Telephone: 206-266-1000. Internet: www.amazon.com.

Amazon.com shares appear to be on the rebound. Although the company reported a steep decline in earnings per share, year over year, in the second quarter of 2012, this was largely due to Amazon's ongoing investment in its physical and technological infrastructure. Indeed, the top line continued to expand at a nice pace in the June period, advancing 29% on an annual basis, to \$12.83 billion. And investors appear confident that Amazon's aggressive investment strategy will pay off eventually, making the recent margin pressure but a near-term factor. The stock has risen about 6% since our May review.

Costs are likely to remain high in the coming months. Management is focused on committing considerable funds to improving Amazon Web Services, and increasing capacity to support the company's fulfillment operations, among several other initiatives. And although we continue to expect an improvement in share net by yearend, these ramped-up outlays will probably continue to weigh on the bottom line near term. In fact, Amazon may report a deficit in the third quarter of this year. The recent margin pressure has led us to lower our full-year earnings-per-share estimate by \$0.85, to \$0.80, which suggests a nearly 42% decrease compared to 2011's tally.

But these expenditures should drive growth long term. Amazon appears to be gearing up for the future, and we believe these efforts will allow for steady advances in revenues over the long haul. And, as costs associated with the company's recent initiatives moderate, the bottom line should recover nicely. All told, our estimates call for a rebound in share net in 2013, with further gains over the next 3 to 5 years.

Patient investors ought to wait for a more attractive entry point. These shares remain ranked to trail the broader market averages over the coming six- to 12-month period (Timeliness: 4). In addition, this equity has below-average capital appreciation potential over the pull to 2015-2017, as much of the future improvement we are anticipating appears to have been already factored into the current stock price.

Kathryn M. Drew
August 17, 2012

(A) Diluted earnings. Excludes goodwill: '02, (1c); '03, (21c); '04, (14c); '05, (20c); '06, (24c); '07, (44c); '08, (64c); '09, (77c). Excludes merger/acquisition costs: '02, (11c); '03, (32c). Excludes equity in losses: '02, (01c). Excludes other nonrecurring items: '04, 54c; '05, 5c. Next earnings report late Oct.	(B) In millions.	Company's Financial Strength	A+
		Stock's Price Stability	45
		Price Growth Persistence	75
		Earnings Predictability	55