

Valuecruncher.com Valuation Report

Amazon.com Inc

03 March 2008

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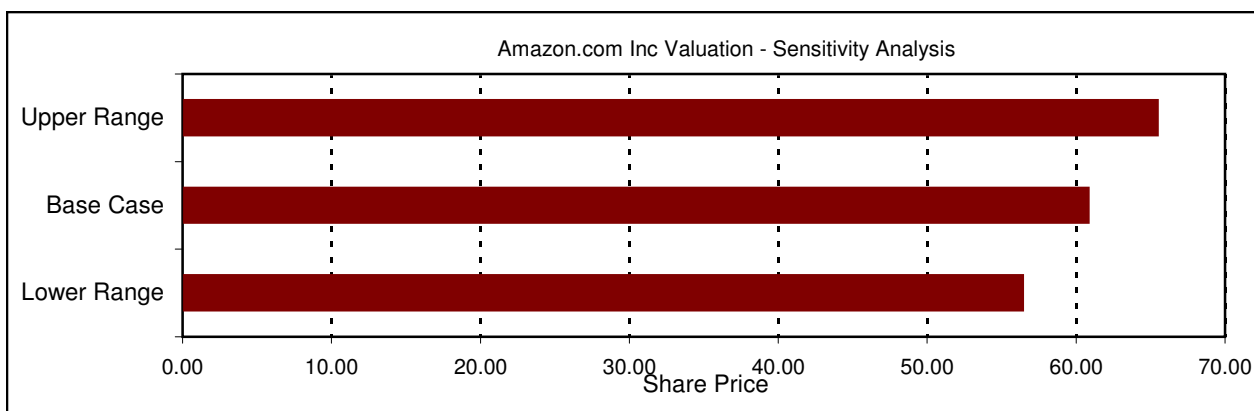
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High-Level Valuation (\$ millions)

Amazon.com Inc Valuation Summary

Range	\$56.41 to \$65.46	Based on Sensitivity Analysis
Mid-Point Valuation	\$60.83	Base Case Assumptions
Current Share Price	\$64.47	



DCF Sensitivity Analysis

Share Price		Revenue				
		-5%	-2.5%	Forecast	+2.5%	+5%
EBIT Margin	+0.25%	\$60.45	\$61.70	\$62.96	\$64.21	\$65.46
	Forecast	\$58.43	\$59.63	\$60.83	\$62.03	\$63.22
	-0.25%	\$56.41	\$57.56	\$58.70	\$59.42	\$60.99

Comparison Company Analysis

Company	Country	Market Cap	Net Debt	Enterprise Value (EV)	EBIT	EV/EBIT+1 Multiple
Google	US	\$147,658	(\$14,219)	\$133,439	\$7,974	16.7
Microsoft	US	\$253,149	(\$21,076)	\$232,073	\$24,347	9.5
eBay	US	\$35,005	(\$4,898)	\$30,108	\$2,701	11.1
Average						12.5
Amazon Actual	US	26,872	(\$1,830)	\$25,042	\$930	26.9

Base Case Assumptions

Year Ending 31-Dec	2007A	2008F	2009F	2010F
Revenues	14,385	19,320	23,900	28,900
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	901	1,330	1,740	2,240
Depreciation + Amortisation Expense	246	400	500	600
Earnings Before Interest and Tax (EBIT)	655	930	1,240	1,640
Capital Expenditure	224	300	360	420
Pre-Tax Free Cash Flow	677	1,030	1,380	1,820
Projected Revenue Growth	26.2%	Compound Annual Growth Rate (CAGR)		
Projected EBIT Growth	35.8%	Compound Annual Growth Rate (CAGR)		
EBIT Margin (EBIT/Revenue)	4.6%	4.8%	5.2%	5.7%

The EBIT margin reflects the profitability of the business and varies greatly between industry sectors. Valuecruncher's Sensitivity Analysis examines the value impact of relatively small movements in the business' EBIT margin. Small movements in the EBIT

WACC

10.0%

Tax

35.00%

Long-term Growth

5.0%