

Amazon 2Q profit falls with Toys R Us settlement

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(AP) -- Amazon.com Inc. said Thursday that its second-quarter earnings fell while sales rose, due to a \$51 million payment to settle a long-standing dispute with former partner Toys R Us. The profit still beat Wall Street estimates, though.

Shares of Seattle-based Amazon fell nearly 8 percent in extended trading after the results were released.

Amazon.com earned \$142 million, or 32 cents per share, in the April-June quarter, 10 percent lower than profit of \$158 million, or 37 cents per share, a year ago. Analysts polled by Thomson Reuters expected a penny less per share.

Sales climbed nearly 15 percent to \$4.65 billion, slightly below analyst estimates of \$4.69 billion. Amazon's sales were helped last year by a \$53 million non-cash gain from the sale of European DVD rental assets.

The company's North American sales rose 13 percent, while international sales increased 16 percent.

Sales of items such as books, CDs and DVDs inched up 1 percent to \$2.44 billion in the second quarter, while electronics and other general merchandise sales soared 35 percent to \$2.07 billion.

Amazon forecast third-quarter sales of \$4.75 billion to \$5.25 billion, in line with analyst estimates for \$4.92 billion.

Amazon said in June it agreed to pay \$51 million to Toys R Us Inc. to end a dispute that began in 2004. The company is making the payment in the current quarter but charged it to operating expenses in the just-reported second quarter.

The lawsuit was over a partnership that gave Toys R Us exclusive rights to supply some toy products on Amazon's site. Wayne, N.J.-based Toys R Us claimed Amazon violated the partnership by letting others sell some toys on Amazon.com, while Amazon said the toy seller failed to keep items in stock.

The companies originally joined up in 2000 after the toy seller's Web site, Toysrus.com, suffered a brutal 1999 holiday season in which some customers' toys were not delivered until after Christmas. That partnership was supposed to last through 2010.

Amazon lost \$7.37, or 7.85 percent, in after-hours trading. The company - which said Wednesday that it will buy privately held online shoe store Zappos.com Inc. in a deal worth about \$850 million - finished regular trading at \$93.87, after hitting a new 52-week high of \$94.40.

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