Act 1 King Ahashveros of Persia has chosen the beautiful Jewess Esther to be his Queen. Esther has not revealed her Jewish heritage, on instruction from her ambitious cousin Mordechai. The King has also named Haman, a wealthy Agagite, to be Grand Vizier, replacing the indecisive Memucan. The conceited Haman commands that all citizens bow down to him, but Mordechai refuses, citing Jewish law. Haman is enraged by this insult and vows the annihilation of all Jews, who are traditional enemies of the Agagites.

Haman dupes the King into approving an order that all Jews in the Persian empire be killed on a specific date the following spring. Mordechai grieves publicly upon seeing Haman's order, and he is chastised for doing so by Hathach, one of Queen Esther's servants.

When Esther hears of Mordechai's despair, she meets with him clandestinely. Mordechai convinces Esther to intercede on behalf of the Jews.

Despite the danger to herself, Esther enters the King's chambers uninvited (an act punishable by death) to ask that the King and Haman attend a banquet at her residence. The King stays the automatic death sentence and accepts Esther's invitation. Haman is flattered to be invited to an exclusive feast with the King and Queen, but when he leaves the palace, his elation turns once more to rage when Mordechai again refuses to bow. Haman decides that he cannot wait until spring to be rid of Mordechai, and at the suggestion of his friends, he resolves to ask the King for permission to hang Mordechai from a 75-foot gallows immediately. Haman returns to the palace to wait for morning, when he can next see the King.

Act 2 Meanwhile, the King cannot sleep and asks a servant to read to him from the chronicles of his own reign. The servant randomly selects a passage from many years back, which happens to describe an incident in which Mordechai saved the King's life by foiling an assassination attempt. When the King learns that Mordechai was never rewarded for his service, he calls Haman in to ask how best to honor a man whom the King favors. Haman, thinking the King must be planning to honor him, advises the King to have the honoree be led through the capital city wearing the King's robes, riding the King's horse, led by the King's noblest prince. The King then orders Haman to lead Mordechai through the city exactly as he described.

After honoring Mordechai, Haman makes his way home through the city, feeling disgraced, and beset by demons. Once home, Haman seeks comfort from his wife Zeresh. Zeresh tells Haman his pursuit of vengeance against Mordechai and the Jews will only lead to his downfall and begs him to stop, but Haman instead chooses to go with the King's servants to Esther's feast.

At the banquet, Esther reveals her Jewish heritage to the King for the first time and accuses Haman of plotting to kill her and her people. The King is enraged and storms out of the room while Haman pleads with Esther for mercy. When he returns, the King misinterprets Haman's pleas as a physical assault on Esther and sentences Haman to death. The King gives Haman's property to Esther and names Mordechai to replace Haman as Grand Vizier. Mordechai issues an edict which counteracts Haman's order, and the Jews of Persia are saved.