



FOR IMMEDIATE RELEASE
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IR Contact: Deborah Crawford
Director of Investor Relations
(408) 317-3712

PR Contact: Shernaz Daver
(408) 317-3723

Netflix Updates Q4 Guidance

LOS GATOS, Calif., November 17, 2004 — Netflix Inc. (Nasdaq: NFLX) today revised guidance for the fourth quarter ending December 31, 2004. Netflix CEO and Co-founder Reed Hastings commented, "We're impressed with the demand for our service at our new price points. Although it is still early in the quarter, subscriber growth is exceeding our earlier expectations, churn appears to be heading toward historical lows, and U.S. SAC should be in the neighborhood of last quarter. The strategy of rapid subscriber growth we announced last month is working."

Revised Guidance:

The Company revised guidance for the fourth quarter as follows:

- Ending subscribers of 2,450 to 2,650 thousand from 2,300 to 2,500 thousand
- Revenue of \$139 to \$143 million from \$138 to \$142 million
- GAAP Net Income of \$2 to \$5 million from \$2 to \$ 6 million
- GAAP EPS of \$0.03 to \$0.08 from \$0.03 to \$0.09

Barry McCarthy, Netflix CFO, said, "Rapid subscriber growth, and the marketing expense of acquiring new subscribers, which is immediately expensed when a subscriber joins the Netflix service, primarily accounts for the revision in GAAP net income guidance for the quarter."

About Netflix

Netflix (Nasdaq: NFLX) is the world's largest online movie rental service, providing more than two million subscribers access to over 25,000 DVD titles. For \$17.99 a month, Netflix subscribers rent as many DVDs as they want, and keep them as long as they want, with three movies out at a time. There are no due dates, no late fees and no shipping fees. DVDs are delivered for free by first-class mail from regional shipping centers located throughout the United States. Netflix can reach more than 85 percent of its subscribers with generally one business-day delivery. The company provides subscribers extensive information about DVD movies, including critic reviews, member reviews, online trailers, ratings, and personalized movie recommendations. For more information, visit www.netflix.com.

Forward Looking Statements

This press release contains certain forward-looking statements within the meaning of the federal securities laws, including statements regarding our estimated subscriber growth, revenues, GAAP net income, EPS, subscriber acquisition cost and churn for the fourth quarter. These statements are subject to risks and uncertainties that could cause actual results and events to differ, including, without limitation: the risk that current acquisition and retention trends arising from our recent price decrease do not continue through the remainder of the quarter, impacts arising from existing and potential competition; managing our subscriber acquisition cost as well as the mix between revenue sharing titles and titles not subject to revenue sharing that are delivered to our subscribers; our ability to attract new subscribers and retain existing subscribers; and fluctuations in consumer usage of our service. A detailed discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K filed with the SEC on February 27, 2004. We undertake no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this press release.

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