



FOR IMMEDIATE RELEASE  
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### **Netflix Revises Third-Quarter Guidance**

LOS GATOS, Calif., September 29, 2005 — Netflix Inc. (Nasdaq: NFLX) today announced revised guidance for the third quarter, including a charge for anticipated expenses related to the settlement of litigation. The revised guidance is:

- Ending subscribers of 3.590 million to 3.610 million, from 3.35 million to 3.50 million.
- Revenue of \$173.5 million to \$175.5 million, from \$172.5 million to \$176.5 million.

Netflix also said that its third-quarter results will reflect anticipated settlement expenses associated with the previously disclosed consumer class action, Frank Chavez v. Netflix, et al. Settlement expenses in the quarter are expected to range from \$3.0 million to \$4.0 million. The settlement remains subject to court approvals.

- Including the non-recurring settlement expenses, GAAP net income guidance has been revised to \$2.5 million to \$5.3 million, from \$4.5 million to \$8.0 million.
- Excluding the non-recurring cost of the settlement, net income is expected to be \$6.5 million to \$8.3 million for the quarter.

“Our business continues to perform exceptionally well, with rapid subscriber growth and operating efficiencies enabled by market leadership,” said Reed Hastings, company CEO and Co-founder.

Netflix also announced that it will host a webcast to discuss its third quarter 2005 financial results and business outlook on Wednesday, October 19, 2005 at 3:00 p.m. Pacific Time, following the release of the company's quarterly financial results. Reed Hastings and Barry McCarthy, CFO, will host the call. The company will update its Q4 guidance and provide guidance for 2006 when it releases Q3 financial results.

The live webcast of the conference call will be available on the investor relations section of the Netflix website at <http://ir.netflix.com>. Following completion of the call, a recorded replay of the webcast will be available on the website. For those without access to the Internet, a replay of the call will be available beginning at 6:00 p.m. Pacific Time on October 19, 2005 through October 25, 2005. To listen to a replay, call (719) 457- 0820, access code 4417528.

**About Netflix**

Netflix (Nasdaq: NFLX) is the world's largest online movie rental service, providing more than three million subscribers access to over 50,000 DVD titles. Under the company's most popular program, 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 the USPS from regional shipping centers located throughout the United States. Netflix can reach more than 90 percent of its subscribers with generally one business-day delivery. Netflix offers personalized movie recommendations to its members and has more than 500 million movie ratings. Netflix also allows members to share and recommend movies to one another through its Friends™ feature. For more information, visit [www.netflix.com](http://www.netflix.com).

**Forward Looking Statements**

This press release contains certain forward-looking statements within the meaning of the federal securities laws regarding subscribers, revenue and GAAP net income for the third quarter of 2005. The forward-looking statements in this release are subject to risks and uncertainties that could cause actual results and events to differ, including, without limitation unanticipated fluctuations in subscriber growth or cancellations; unanticipated expenses relating to Company operations; and adjustments to our stock-based compensation expense. 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 Securities and Exchange Commission on March 15, 2005. 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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