



FOR IMMEDIATE RELEASE  
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### **Netflix Provides 2006 Pre-Tax GAAP Net Income Guidance and Sets New Subscriber Growth Objective**

LOS GATOS, Calif., September 8, 2005 — Netflix, Inc. (Nasdaq: NFLX) today provided guidance for 2006 pre-tax GAAP net income and announced new long-term goals for subscribers and pre-tax GAAP net income growth.

Speaking at the Netflix 2005 Analyst Day, Reed Hastings, CEO and co-founder, said Netflix now expects to reach five million subscribers during 2006, a year ahead of the date set when the goal was first announced in 2002. Hastings also said that Netflix has set a new goal of reaching 20 million subscribers within the next five to seven years.

Barry McCarthy, CFO, said the company expects fiscal year 2006 pre-tax GAAP net income of \$50 million and is targeting 50 percent annual growth in pre-tax GAAP net income over the next several years.

Hastings commented, "Our outlook for the future reflects the continuing rapid subscriber growth and the increasing impact of the cost advantages and other financial benefits that flow from our market leadership."

The company also reaffirmed its previous guidance for the third and fourth quarters of 2005:

#### **Third Quarter 2005**

- Ending subscribers of 3.35 million to 3.50 million
- Revenue of \$172.5 million to \$176.5 million
- GAAP net income of \$4.5 million to \$8.0 million

#### **Fourth Quarter 2005**

- Ending subscribers of 3.85 million to 4.05 million
- Revenue of \$187 million to \$193 million
- GAAP net income of \$1.0 million to \$6.0 million

McCarthy said the company is providing pre-tax GAAP net income guidance for 2006 and thereafter because of uncertainty about future tax rates. He said Netflix will provide full-year 2006 subscriber, revenue and earnings guidance as part of its third-quarter 2005 earnings announcement.

The analyst day was webcast live on the Internet and an archive of the webcast will be available at <http://ir.netflix.com>.

**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 nearly 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, including statements regarding revenue and GAAP net income for the third and fourth quarters of 2005; pre-tax GAAP net income for 2006; annual growth in pre-tax GAAP net income over the next several years; and subscriber growth for the third and fourth quarters of 2005, for 2006, and over the next five to seven years. 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: impacts arising out of competition, our ability to manage our growth, in particular 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; fluctuations in consumer usage of our service; tax rates; customer spending on DVD players, DVDs and related products; development of new technologies or competitive product offerings; disruption in service on our website or with our computer systems; deterioration of the U.S. economy or conditions specific to online commerce or the filmed entertainment industry; conditions that effect our delivery through the U.S. Postal Service, including increases in first class postage; increases in the costs of acquiring DVDs; and, widespread consumer adoption of different modes of viewing in-home filmed entertainment. 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.