

NETFLIX

Q4'08 Financial Highlights | January 26, 2009

Forward-Looking Statements and Non-GAAP Financial Measurements

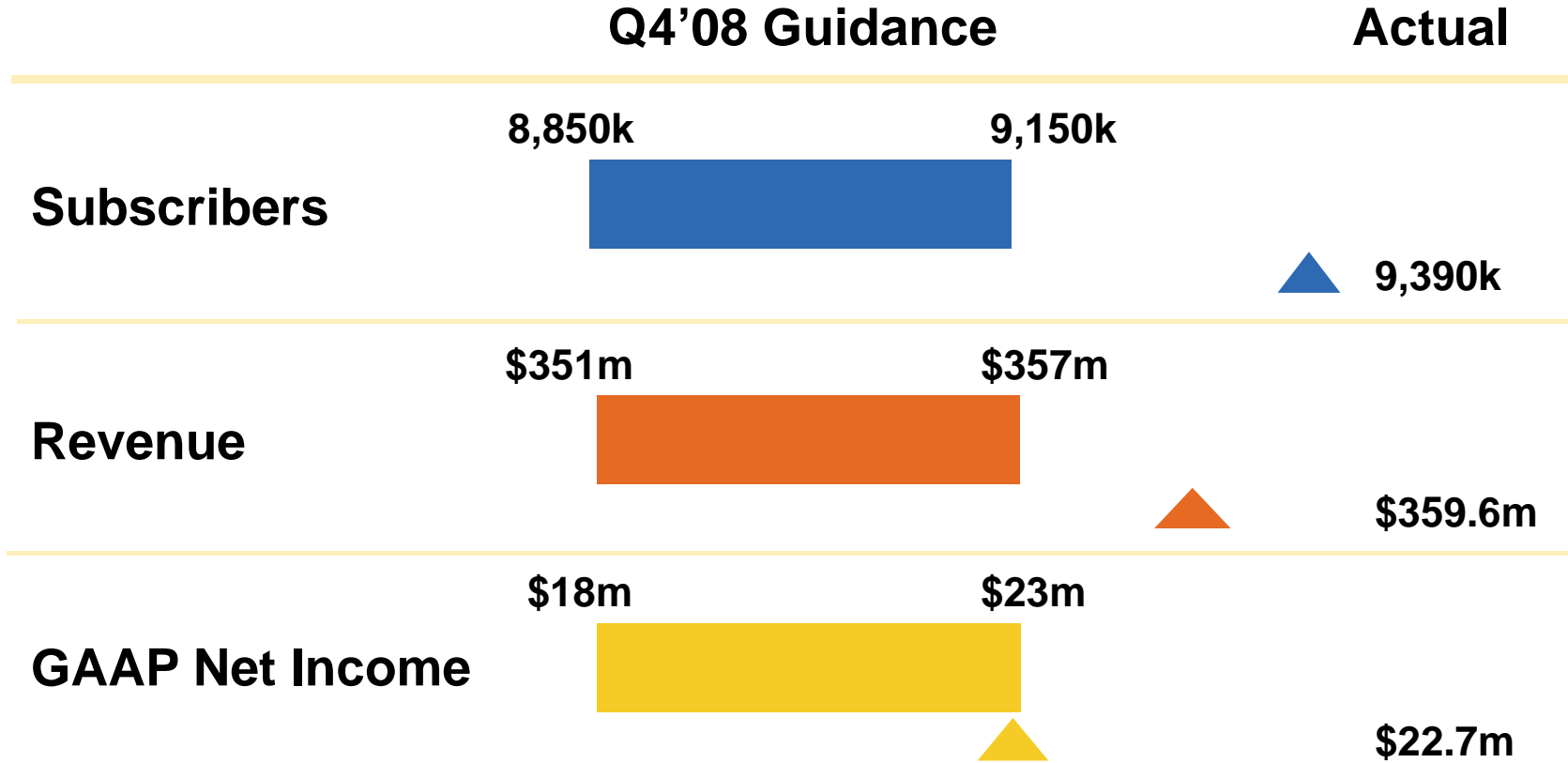
This presentation contains forward-looking statements relating to future events or future financial performance that involve risks and uncertainties. Actual results may differ materially from those anticipated in these statements based on a number of factors, including those identified in the company's annual report on Form 10-K filed with the SEC on February 28, 2008.

This presentation also contains references to non-GAAP financial measures. A presentation of and reconciliation to the most directly comparable GAAP financial measure, where such can be done without unreasonable effort, can be found on our Web site at <http://ir.netflix.com>.

Netflix Goals

- > Be a great Internet movie service by **combining DVD by mail** with **internet streaming**
- > Materially grow **subscribers** and **EPS** every year

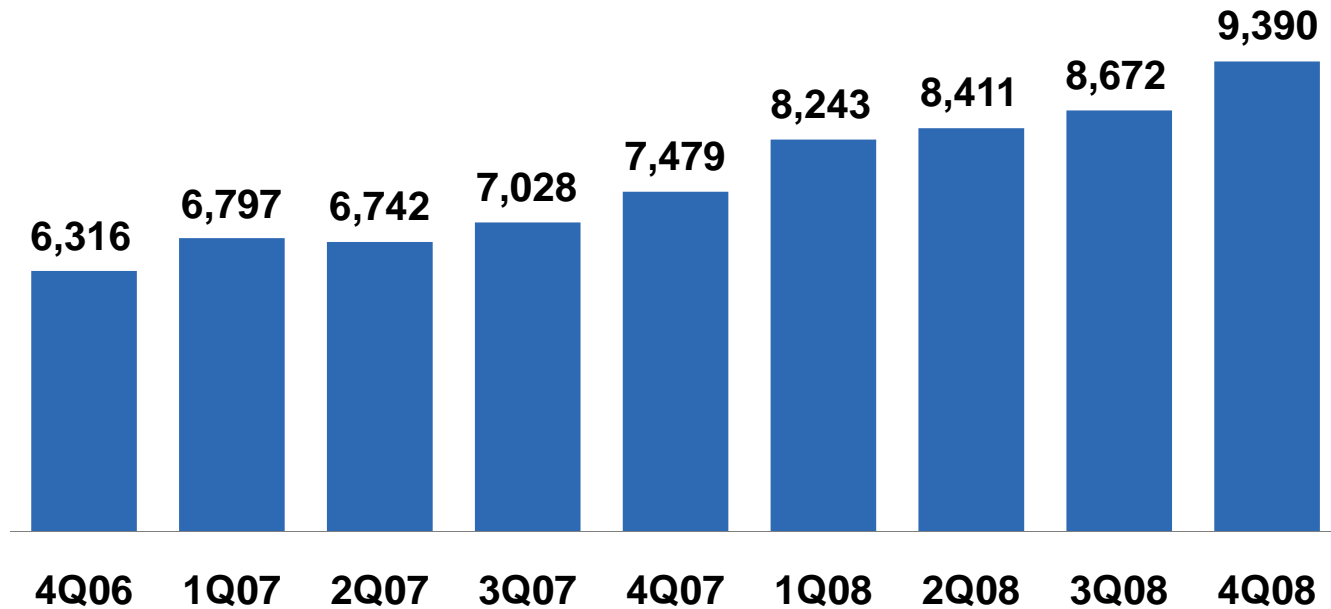
Q4 Results



Subscriber Growth

(in thousands)

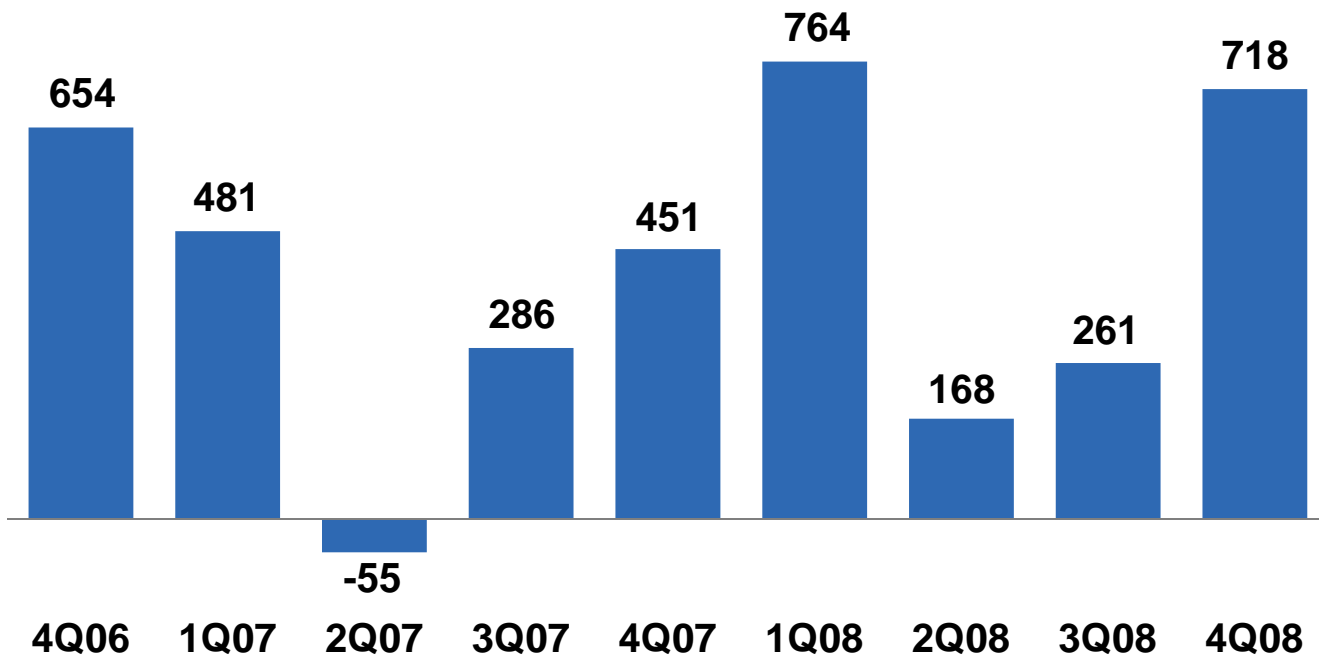
Netflix Subscribers



Net Additions

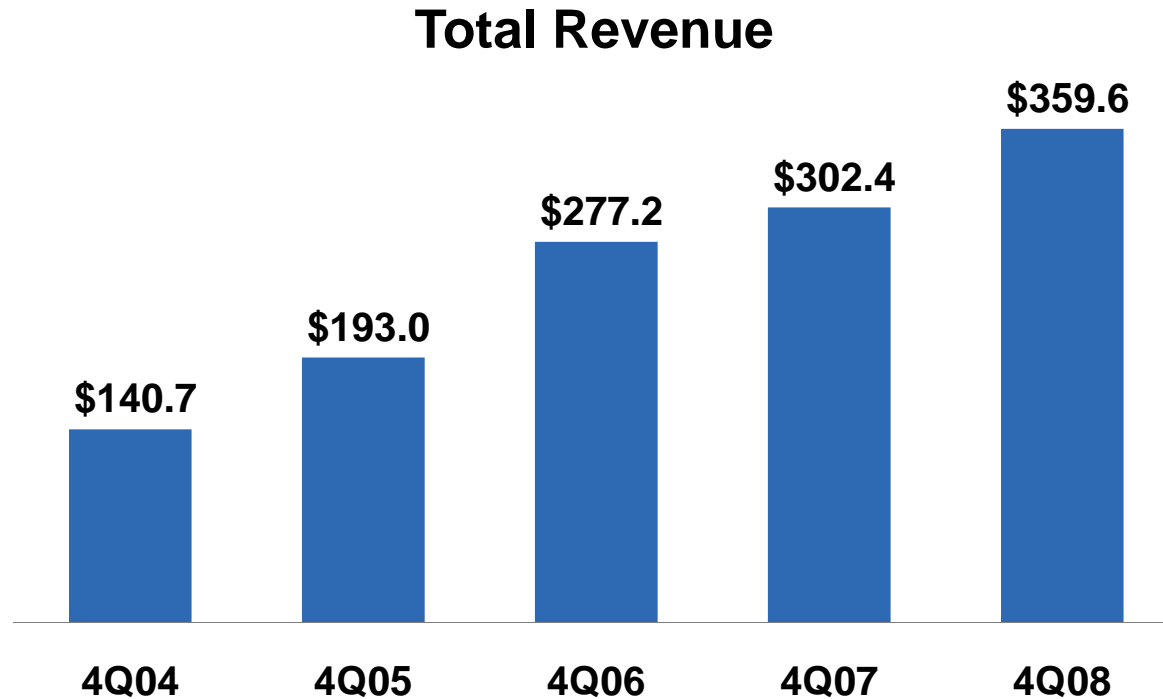
(in thousands)

Net Subscriber Additions



Q4 Revenue

(in millions)

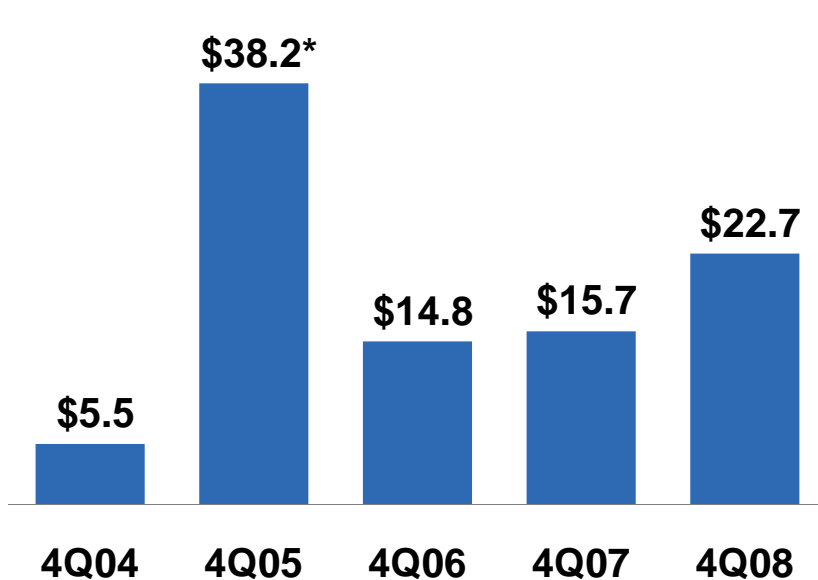


Note: Netflix implemented price reductions in July 2007

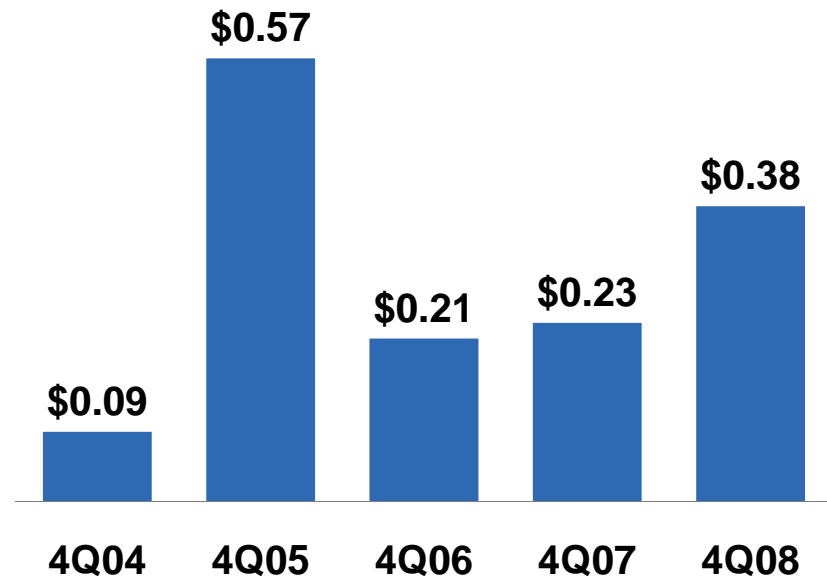
Q4 GAAP Net Income & Fully Diluted EPS

(in millions)

Net Income

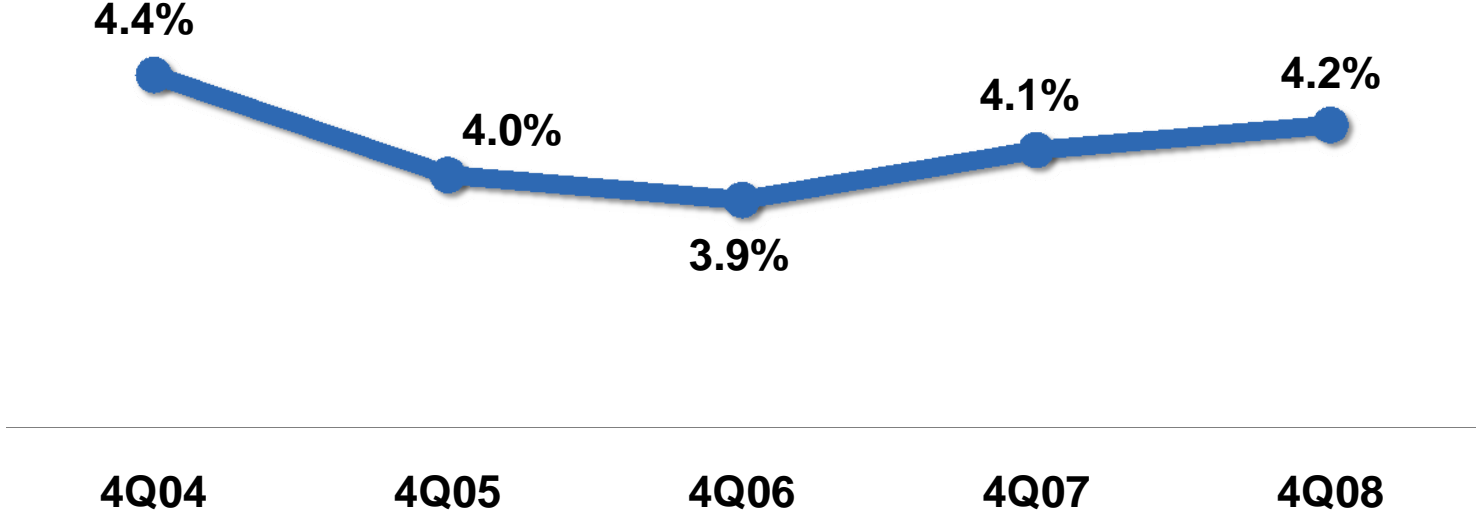


Earnings per Share

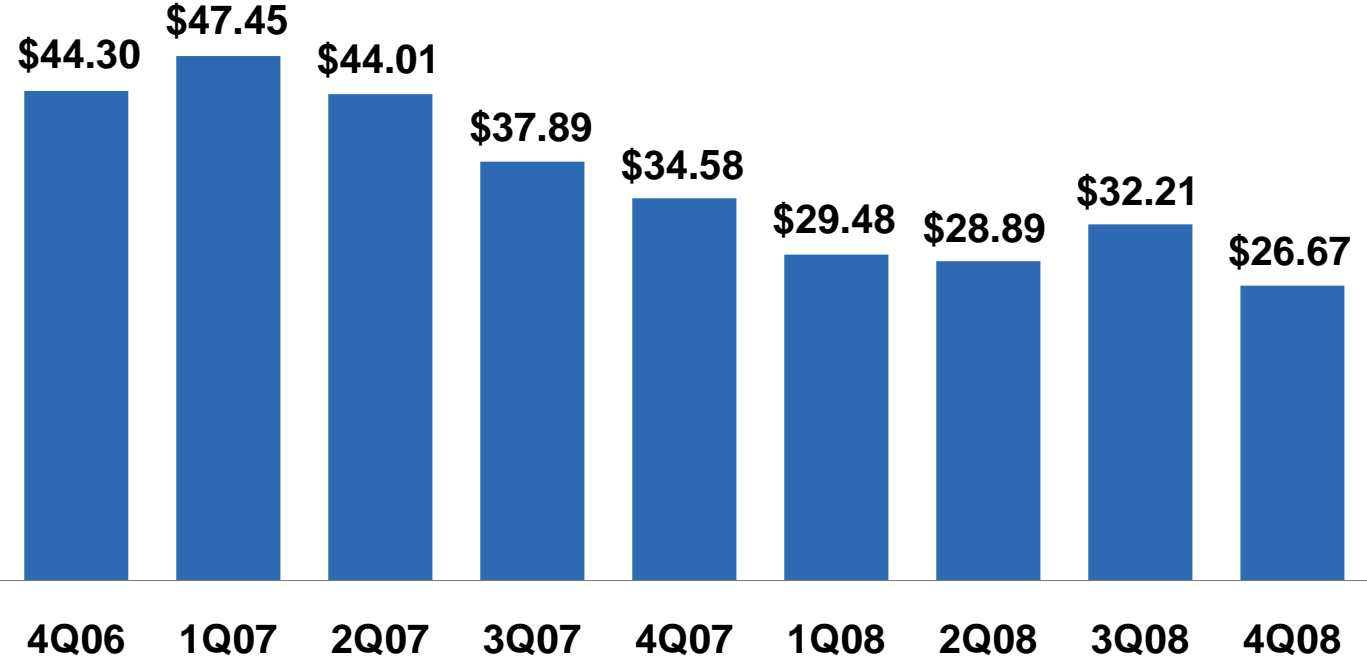


* Includes release of valuation allowance on deferred tax assets

Q4 Churn



Subscriber Acquisition Cost



Free Cash Flow

	4Q07	1Q08	2Q08	3Q08	4Q08
Non-GAAP Free Cash Flow Reconciliation:					
Net cash provided by operating activities	\$87,607	\$64,062	\$67,380	\$60,495	\$92,100
Purchases of property and equipment	(9,863)	(12,431)	(14,662)	(9,226)	(7,471)
Acquisition of intangible asset	(550)	—	(1,000)	(62)	—
Acquisitions of content library	(59,505)	(51,316)	(44,410)	(28,828)	(38,295)
Proceeds from sale of DVDs	3,884	4,507	5,379	3,787	4,695
Other assets	(482)	8	20	3	(32)
Non-GAAP Free Cash Flow	\$21,091	\$4,830	\$12,707	\$26,169	\$50,997

Business Outlook

	1Q09	FY '09
Subscribers	10.1 – 10.3M	10.6 – 11.3M
Revenue	\$387 – 393M	\$1,580 – 1,635M
GAAP Net Income	\$15.0 – 20.0M	\$88.0 – 98.0M
GAAP EPS*	\$0.25 – 0.33	\$1.43 – 1.59

*Fully Diluted

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