

NETFLIX

Q2'09 Financial Highlights | July 23, 2009

Forward-Looking Statements and Non-GAAP Financial Measurements

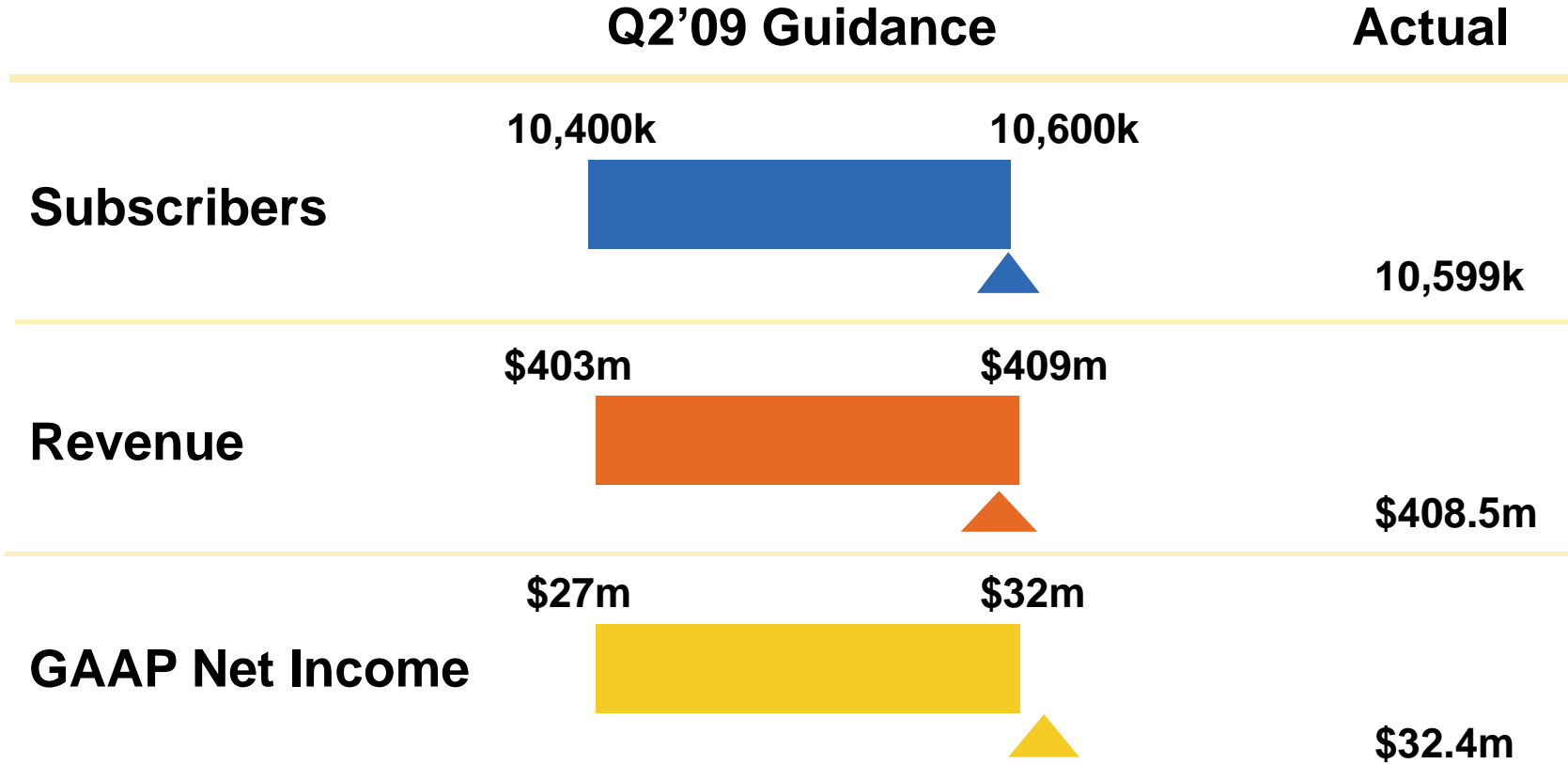
This presentation contains forward-looking statements relating to future events or future financial performance that involve risks and uncertainties. Actual results may differ materially from those anticipated in these statements based on a number of factors, including those identified in the company's annual report on Form 10-K filed with the SEC on February 25, 2009.

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

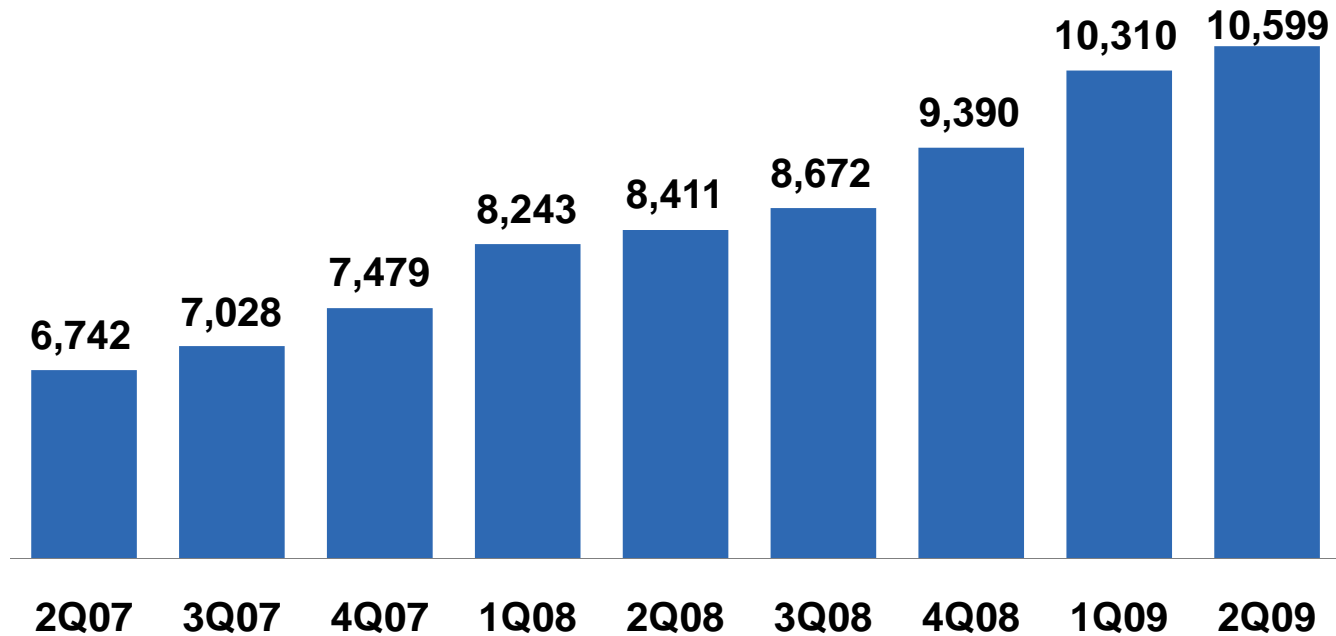
Q2 Results



Subscriber Growth

(in thousands)

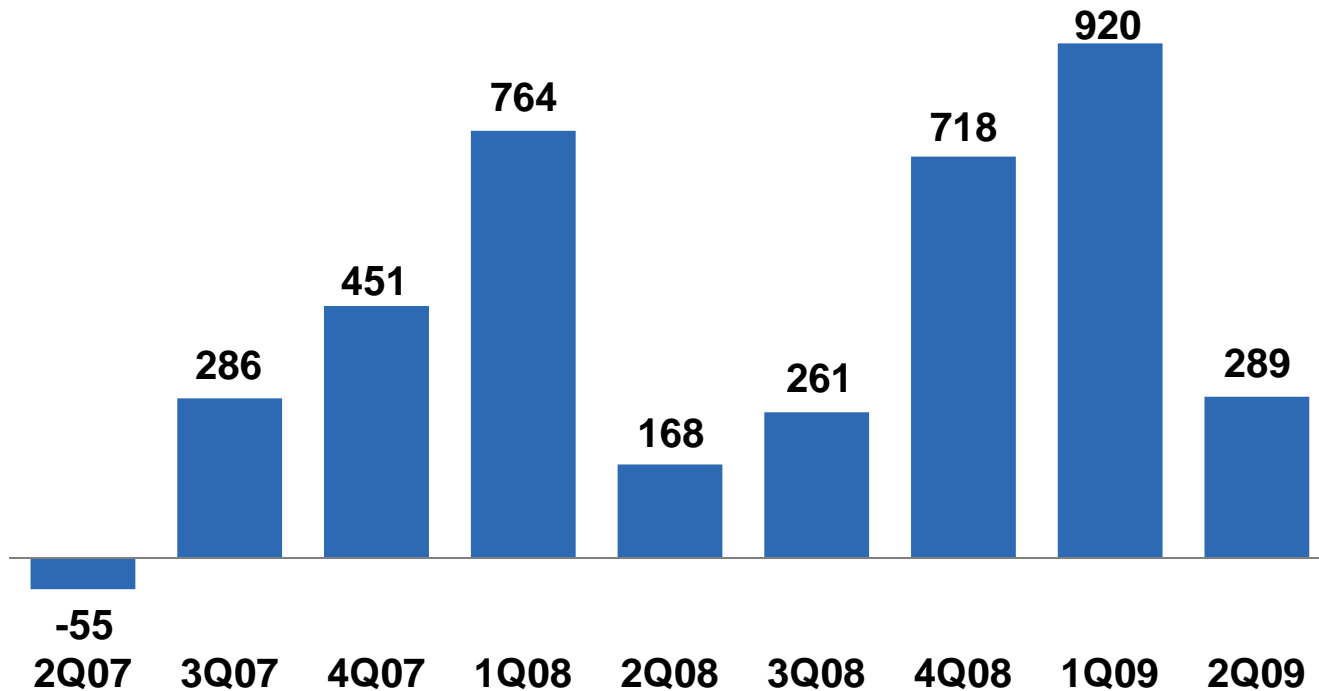
Netflix Subscribers



Net Additions

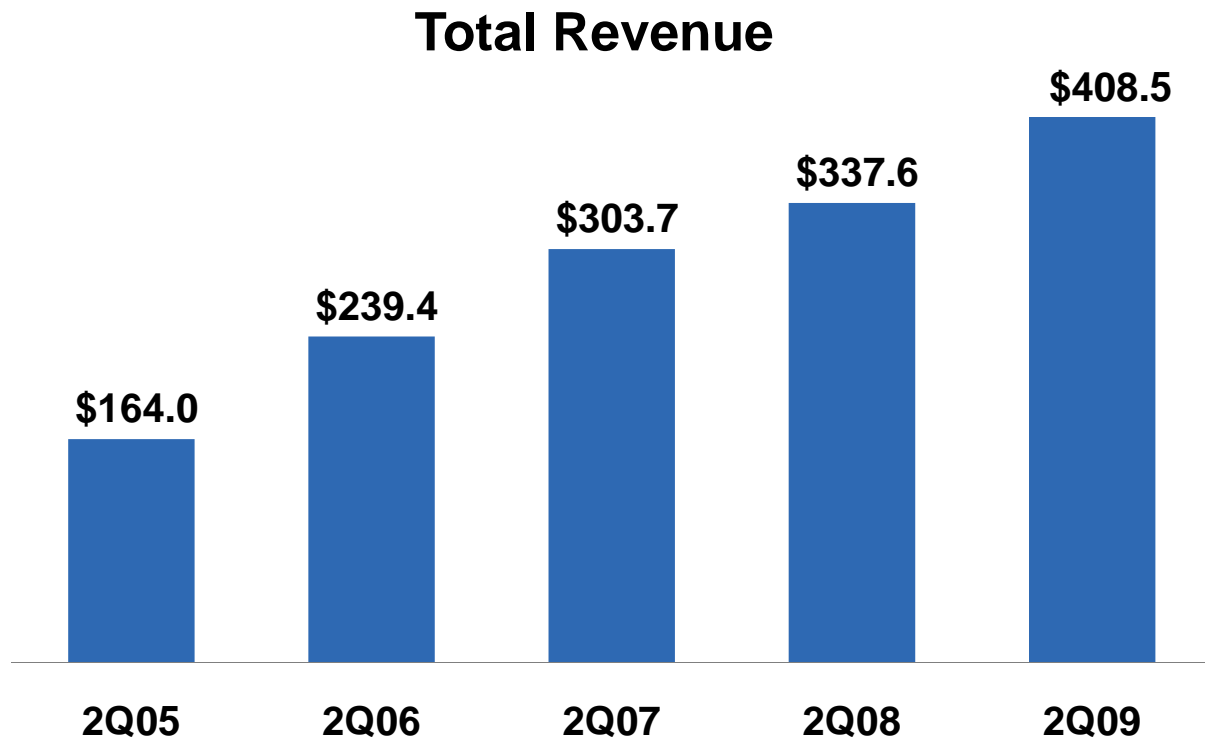
(in thousands)

Net Subscriber Additions



Q2 Revenue

(in millions)

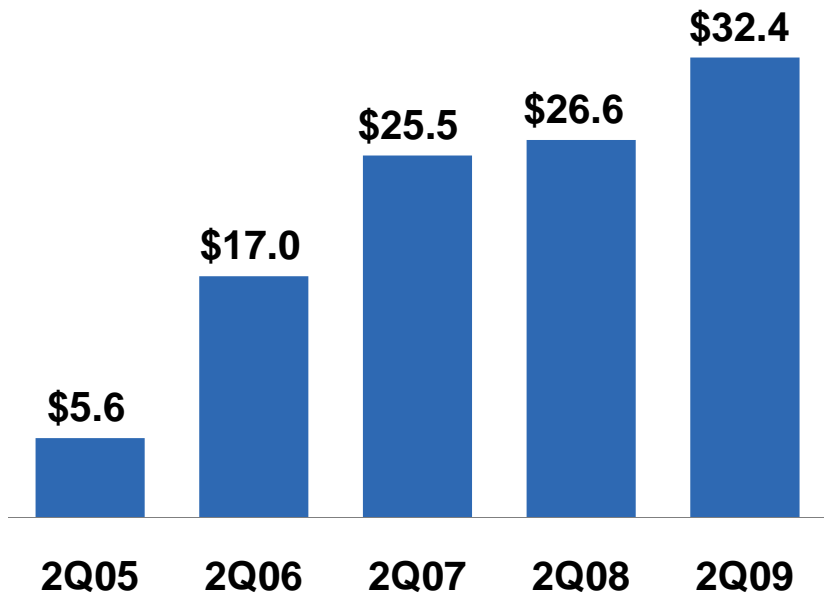


Note: Netflix implemented price reductions in July 2007

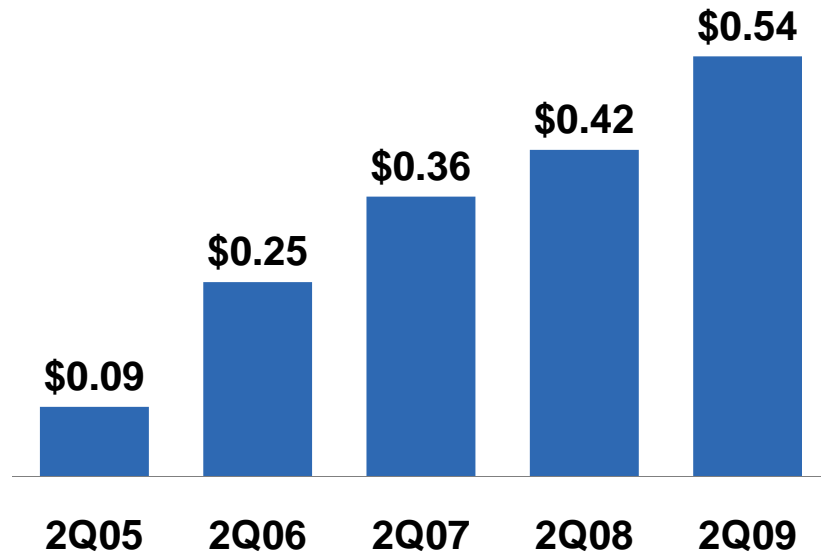
Q2 GAAP Net Income & Fully Diluted EPS

(in millions)

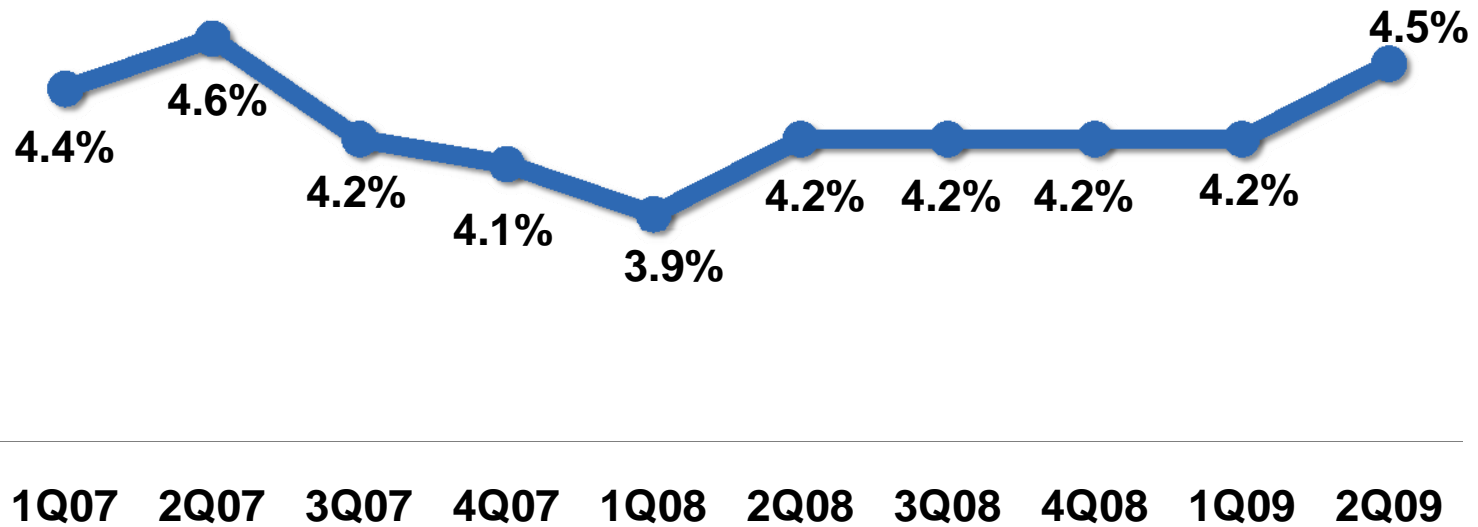
Net Income



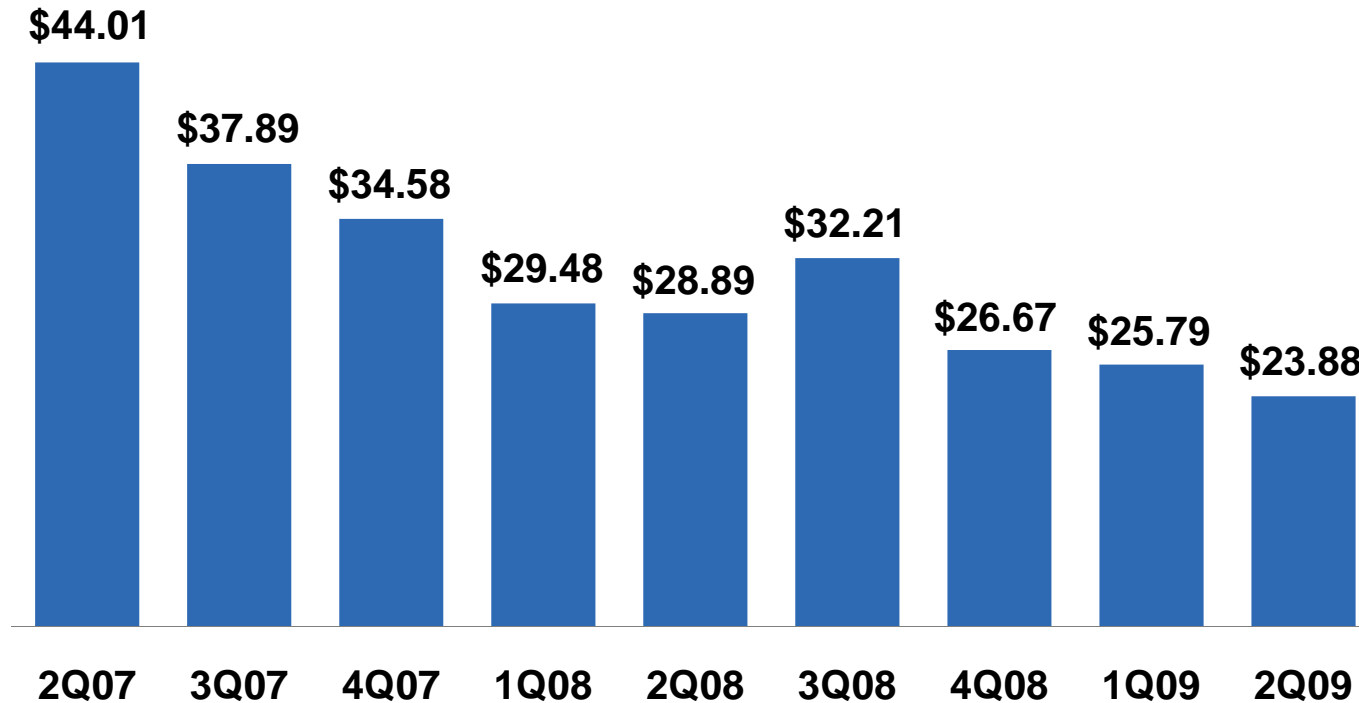
Earnings per Share



Churn



Subscriber Acquisition Cost



Free Cash Flow

(in thousands)

	2Q08	3Q08	4Q08	1Q09	2Q09
Non-GAAP Free Cash Flow Reconciliation:					
Net cash provided by operating activities	\$67,380	\$60,495	\$92,100	\$65,633	\$75,302
Purchases of property and equipment	(14,662)	(9,226)	(7,471)	(6,572)	(6,933)
Acquisition of intangible asset	(1,000)	(62)	—	(200)	—
Acquisitions of content library	(44,410)	(28,828)	(38,295)	(46,499)	(43,224)
Proceeds from sale of DVDs	5,379	3,787	4,695	2,726	1,159
Other assets	20	3	(32)	(2)	11
Non-GAAP Free Cash Flow	\$12,707	\$26,169	\$50,997	\$15,086	\$26,315

Business Outlook

	3Q09	4Q09	FY '09
Subscribers	10.9 – 11.1M	11.6 – 12M	11.6 – 12M
Revenue	\$416 – 422M	\$431– 445M	\$1.65 – 1.67B
GAAP Net Income	\$23 – 28M	\$21 – 26M	\$99 – 109M
GAAP EPS*	\$0.39 – 0.47	\$0.36 – 0.44	\$1.65 – 1.82

*Fully Diluted

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