

Media Center

NETFLIX OFFERS SUBSCRIBERS THE OPTION OF INSTANTLY WATCHING MOVIES ON THEIR PCs

*New Feature Will be Included in Subscribers' Monthly Membership
at no Extra Charge and Will Have a Phased Roll-Out Over Next Six Months*

LOS GATOS, Calif., January 16, 2007 -- Netflix, Inc. (Nasdaq: NFLX), the world's largest online movie rental service, today introduced a new feature that allows people to immediately watch movies and television series on their personal computers and said it will make the new feature available to its subscribers in a phased roll-out over the next six months.

The introduction marks an important enhancement to the Netflix service. Subscribers will continue to receive DVDs by mail from the company's market-leading catalog of over 70,000 titles and will have the additional option of instantly watching about 1,000 movies and TV series on their PCs. The new feature will be included in subscribers' monthly membership plans at no additional cost, and the company said its phased roll-out is meant to ensure that subscribers have a great initial experience with the feature.

"We named our company Netflix in 1998 because we believed Internet-based movie rental represented the future, first as a means of improving service and selection, and then as a means of movie delivery," said Reed Hastings, the company's chief executive officer. "While mainstream consumer adoption of online movie watching will take a number of years due to content and technology hurdles, the time is right for Netflix to take the first step.

"Over the coming years we'll expand our selection of films, and we'll work to get to every Internet-connected screen, from cell phones to PCs to plasma screens. The PC screen is the best Internet-connected screen today, so we are starting there. "

Netflix said the introduction of immediate viewing is part of its plan to lead movie rental in total by adding electronic delivery to its existing DVD delivery platform. Netflix is specifically focusing on the rental segment of electronic delivery, distinct from the download-to-own market and advertising-supported electronic delivery.

The new immediate viewing feature differs from current services in that it does not require the often lengthy downloading of a large video file. The Netflix feature uses real-time playback technology that allows video to be viewed at virtually the same time it is being delivered to a user's computer. Following a one-time, under-60-second installation of a simple browser applet, most subscribers' movie selections will begin playing in their Web browser in as little as 10 to 15 seconds. Movies can be paused and a position bar gives viewers the ability to immediately jump to any point in the movie. In all, the instant watching feature requires only Internet connectivity with a minimum of one megabit per second of bandwidth. The more bandwidth a consumer has, the higher quality the video displayed, ranging from the quality of current Netflix previews to DVD quality with a three-megabit-per-second connection.

Initially, the new feature will offer about 1,000 titles and its selection will expand over time as licensing for electronically delivered movie rentals widens. The number of titles available at introduction roughly mirrors the number of DVD titles Netflix carried when its subscription service was launched in 1999. In seven years, that DVD catalog has grown to over 70,000. Most of the major and many independent studios are supporting the introduction of the new feature, including NBC Universal, Sony Pictures, Metro-Goldwyn-Mayer Studios, 20th Century Fox, Paramount Pictures, Warner Bros., New Line Cinema and Lionsgate.

In addition, content is being provided by A&E Television Networks, Anime Network, Allumination FilmWorks, BBC Worldwide, Cinema Libre Studios, Egami Media, Film Movement, Hart Sharp Video, The Independent Film Channel, Magnolia Pictures, New Video Group, New Yorker Films, Palm Pictures, Seventh Art, Silvernitate Entertainment, Starz Digital, ThinkFilm, Video Action Sports, WMG Productions and Wolfe Video, among others.

The new feature will feel familiar to Netflix subscribers. Once it is made available to them as part of the phased roll-out, members will access instant movie watching by clicking on a "Watch Now" tab on their home page. As with the Netflix DVD catalog, subscribers can browse movies available for immediate viewing by title, genre or star rating. Personalized recommendations, based on an individual's historical preferences, will also appear at the top of the member's "Watch Now" page.

Netflix said it expects to make the new feature available to all Netflix subscribers by the end of June. The hours available for instant watching will vary based on subscribers' monthly plans. For example, subscribers on the entry-level \$5.99 plan will have six hours of online movie watching per month and subscribers on Netflix's most popular plan, \$17.99 for unlimited DVD rental and three discs out at a time, will have 18 hours of online movie watching per month.

About Netflix

Netflix, Inc. (Nasdaq: NFLX) is the world's largest online movie rental service, providing more than five million subscribers access to over 70,000 DVD titles. The company offers a variety of subscription plans, starting at \$5.99 a month. 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 one billion movie ratings. Netflix also allows members to share and recommend movies to one another through its FriendsSM feature. For more information, visit www.netflix.com.

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