

Notice: Amendment to Class Action Settlement.

You are receiving this notice because you have registered to receive a free month of Netflix service or free one-month upgrade in connection with the settlement of a class action lawsuit, Chavez v. Netflix. You may recall receiving a notice of that settlement in November 2005. Since that time, the parties have modified the terms of the settlement. Under the amended settlement, you will still receive your free one-month membership if you are an eligible former Netflix member. However, your membership will end automatically after one month unless you choose to continue your service and pay the regular subscription rate after the free month. Former members who do not choose to continue the service must return all rented DVDs within 7 days following the expiration of the free month or be subject to charge for the outstanding DVDs under Netflix's standard policy (currently, \$20 per DVD). Likewise, you will still receive your free upgraded membership if you are an eligible current Netflix member. However, your upgraded membership will return to your previous service level after one month unless you choose to continue the upgraded service and pay the regular subscription rate for that level after the upgraded month. Additional changes to the settlement are reflected in the Amended Settlement Agreement. If you wish to compare the Amended Agreement with the Original Agreement, the Parties have posted a comparison at www.netflix.com/settlement.

Because the settlement has been modified, you have a chance to change your previous decision to participate in it. **If you still want to receive the free membership or free upgraded membership, you do not have to do anything.** If you have changed your mind, and now want to exclude yourself from the class, you have until June 26, 2006 to do so. To summarize, your options are:

Option 1. Receive The Benefit

To receive the benefit, you do not need to do anything. Netflix has received your completed registration and will notify you when the benefit is ready. The free service or free upgraded service will automatically terminate at the end of the free month, unless you choose to continue it.

Option 2. Exclude Yourself From the Class

To exclude yourself from the class, you must mail a letter by June 26, 2006. See Section VII.B. of the Amended Long Form Notice at www.netflix.com/settlement for information about the required contents of the letter and the mailing address. By excluding yourself, you preserve your right to bring a lawsuit against Netflix concerning the Claims Released By The Class. However, you will not get the benefit for which you previously registered.

The settlement was approved by the Court on April 28, 2006. The class benefit will be provided after the Effective Date. As described in the Amended Settlement Agreement, the Effective Date depends on such factors as the pendency of any appeals and is therefore difficult to predict. Pursuant to the terms of the settlement, in addition to providing the benefit described above, Netflix will modify portions of its Terms of Use. Netflix also will refer to its Terms of Use in certain advertisements. Class Members are subject to the revised Terms of Use, available at www.netflix.com/termsfuse. Netflix has also agreed to pay up to \$2,528,000, and the Court has awarded \$1,387,138, in attorneys' fees and costs to counsel for members of the Settlement Class, including Class Counsel and counsel for all objectors, intervenors and proposed intervenors, with an express reservation that an additional and enhanced fee may be awarded upon the final showing of the number of Class Members who timely and accurately complete the Claim Form Process.

To get more information about the settlement and procedures, and to take option 2, visit www.netflix.com/settlement.