

NETFLIX ANNOUNCES ITS MOVE INTO THE \$50 BILLION GLOBAL THEATRICAL MARKET WITH ACQUISITION OF 10 COST EFFECTIVE FILM FRANCHISE PROFILES

Beverly Hills, Calif. – October 31, 2018 -- This afternoon, Netflix announced an expansion of its business model into the \$50 billion annual global theatrical markets. The Netflix strategy is to compete successfully with the major Hollywood studios by targeting the over 85% of adults who are not inspired by the shallow storytelling, one dimensional characters and gratuitous/repetitive action, violence, depravity, horror, super heroes, sci-fi, crude humor and computer-generated effects extravaganzas that dominate modern cinema.

This announcement comes as part of the Netflix response to the recently approved Disney/Fox merger that will reduce access to theatrical content for its global streaming services. This cost effective and exciting content acquisition will add a perpetual stream of at least 4 high concept, feature film franchise movies to Netflix subscribers each year. Theatrical releases will enable Netflix to control the full rights, timing and advertising of these films and recover production costs prior to releases on Netflix.

The new franchise content includes an array of high concept, triumph of the human spirit stories that often feature sensational female protagonists who are immersed in the most exciting reality- based scenarios of modern age. These films project a wide diversity of compelling resonance elements that skillfully match the viewing preferences of broad spectrum international adults.

The franchise inventory includes:

- A major action/thriller/claustrophobic pentology that features the most exciting female protagonist in the most consequential films ever conceived.
- A major trilogy that launches a sensational female protagonist into the James Bond/Jason Bourne genre.
- The primary screenplays in 8 other fascinating film franchise profiles that compare favorably to anything in theaters today.

These are awe inspiring movies that almost everyone will want to see, that no one will want to end and that will resonate with viewers long after they see them. They are designed for the over 85% of adults who are familiar with the recurring frustration of wanting to see a movie, checking the listings and finding nothing that inspires them to go to the theater or view by other means.

The goal of every one of these films is to deliver thought provoking, consequential and awe inspiring cinema that audiences have never experienced before.

All of these films are designed to be produced on budgets of less than \$35 million per film in genres that have averaged over \$400 million in box office revenues per film since 2006.

As part of the transaction, Netflix acquired the full rights to:

- Advanced movie content evaluation metrics that will help avoid the over 80% of movie concepts that fail to recover production, distribution and marketing costs.
- Proprietary screenwriting methodologies that skillfully match movie features with adult consumer preferences to insure strong and consistent box office and earnings success.

Netflix believes this very cost-effective content acquisition has much higher IRR potential than the mega budget Marvel Studios scenarios. This will be achieved by focusing on superior concepts, content and characters and not relying on costly computer-generated effects.

Netflix believes this venture will expand the \$50 billion annual theatrical market with quarterly releases of major motion pictures that target huge global adult audience preferences that are being largely ignored by the major studios.