

EXHIBITS D-H

EXHIBIT D

4/2/2007 Hastings, Reed V1

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

NETFLIX, INC., a Delaware corporation,)
Plaintiff,)
vs.) No. C 06 2361 WHA
BLOCKBUSTER, INC., a Delaware corporation, and DOES 1-50,)
Defendants)

A PORTION OF THIS TRANSCRIPT IS CONFIDENTIAL
ATTORNEYS' EYES ONLY, PURSUANT TO PROTECTIVE ORDER

VIDEOTAPED DEPOSITION OF REED HASTINGS
MONDAY, APRIL 2, 2007

PAGES 1 - 300
PAGES 259-296 ARE CONFIDENTIAL AND BOUND SEPARATE

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Videotaped deposition of REED HASTINGS,
taken at 710 Sansome Street, San Francisco,
California, commencing at 8:12 a.m.,
Monday, April 2, 2007, before Kelli Combs,
CSR No. 7705

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APPEARANCE OF COUNSEL:

FOR THE PLAINTIFF:

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FOR THE DEFENDANTS:

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ALSO PRESENT:

BENJAMIN GERALD, VIDEOGRAPHER
DAVID HYMAN, NETFLIX GENERAL COUNSEL

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REED HASTINGS,

having been previously duly sworn, testified as follows:

—o0o—

THE VIDEOGRAPHER: Good morning. We're on
the record, ladies and gentlemen, at 8:12 a.m. on 8:12:12AM
April 2nd, 2007 for the videotape deposition of Reed
Hastings

We are taping this deposition at 710
Sansome Street, San Francisco, California, on behalf
of the defendants in the action entitled NetFlix, 8:12:28AM
Incorporated versus Blockbuster, Incorporated and
Does 1 through 50 and related counterclaim Case
number is C 06 2361 WHA

My name is Benjamin Gerald. I'm the legal
videographer for Veritext Deposition Services 8:12:48AM
Phone number is 866-299-5127. This is Tape Number 1
of Volume 1.

Would counsel and all present please
identify themselves and state whom they represent

MS. DURIE: Daralyn Durie from Kecker & Van Nest for NetFlix 8:13:02AM

MR. GROSSMAN: Good morning. Marshall
Grossman and William O'Brien of Alschuler Grossman
for Blockbuster

(Deponent sworn.) 8:13:19AM

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1 it's a relatively small settlement. 10:33:11AM
 2 So in this particular case, did I care?
 3 I'm having a hard time answering that, did I care.
 4 Can you ask me in some different way?
 5 Q No. 10:33:38AM
 6 Did you care?
 7 A I don't recall the feeling of care. I
 8 don't recall any of the details of the settlement.
 9 Q When was that settlement, sir?
 10 A I'd have to look it up on -- I'd have to 10:33:59AM
 11 ask my counsel.
 12 Q Well, it was clearly within the last year,
 13 wasn't it?
 14 A No. If you told me it was 14 months ago,
 15 I might -- I have no reason to disbelieve you. 10:34:14AM
 16 Q Well, the lawsuit was filed March 10th,
 17 2006, so the settlement was certainly within the
 18 last year, wasn't it?
 19 A I could look up when the settlement was if
 20 that's helpful to you, but I don't have a 10:34:35AM
 21 recollection of when it was.
 22 Q How were you familiar with Amazon's online
 23 operation prior to the time the application for the
 24 '450 patent was filed?
 25 A I was a customer of Amazon. That's how I 10:35:18AM

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1 the ala carte rental. So '98, '99, 2000, 2001, 10:37:19AM
 2 2002, 2003. So six years.
 3 Q So let's go back to Amazon.
 4 How often did you access the Amazon page
 5 before you applied for the '450 patent? 10:37:37AM
 6 MS. DURIE: Object that it's vague and
 7 ambiguous.
 8 But you can answer.
 9 THE WITNESS: I don't recall how often.
 10 BY MR. GROSSMAN: 10:37:48AM
 11 Q It would have been hundreds of times,
 12 correct?
 13 A You use the term "Amazon page." What do
 14 you mean by that?
 15 Q Amazon.com. 10:38:00AM
 16 You type into the computer "Amazon.com"
 17 and a page comes up, correct?
 18 A That's correct.
 19 Q How many times did you access that prior
 20 to the issuance of the '450 patent? 10:38:11AM
 21 A I don't recall.
 22 Q Would it have been in the hundreds of
 23 times, sir?
 24 A It may have been, but that feels a little
 25 bit high. 10:38:30AM

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1 was familiar. That's the primary way. 10:35:30AM
 2 Q You were not only a customer of Amazon,
 3 but you wanted to learn everything you could about
 4 Amazon because you were involved in an online
 5 consumer-based business, as well, correct? 10:35:48AM
 6 A Sorry, say that question again.
 7 Q As the Chief Executive Officer of an
 8 online consumer-based business, you wanted to learn
 9 as much as you could about Amazon's business
 10 operations, didn't you? 10:36:12AM
 11 A Well, parts of their operations would be
 12 interesting to us, but many parts really don't have
 13 to do with our business. And certainly, they
 14 were -- they were interesting generally.
 15 Q They were a successful operation in the 10:36:39AM
 16 online consumer business, weren't they?
 17 A I don't know. If you define success as
 18 stock price, they certainly were. If you define it
 19 as profits, not at that time.
 20 Q When did Netflix start making a profit? 10:36:56AM
 21 A Either 2003 or 2002 was our first year of
 22 profitability.
 23 Q And how long had it been in business
 24 before it made a profit?
 25 A Our first offering was May of '98. That's 10:37:13AM

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1 Q What's your best estimate? 10:38:34AM
 2 A Well, if it was once, twice a month for --
 3 when did they start? In '96. That would be 25
 4 times a year by six years.
 5 I don't know, around -- that would get me 10:39:01AM
 6 125.
 7 Q How many times did you --
 8 How many times did you order something
 9 from Amazon.com during that time period?
 10 A I don't recall. 10:39:14AM
 11 Q Approximately.
 12 A Ballpark it, somewhere between 20 and 200
 13 times, maybe more. Maybe 40 and 200 times.
 14 Q Is it correct that you were accessing the
 15 Amazon page and ordering to see how they were 10:39:33AM
 16 conducting their online commerce?
 17 A No.
 18 Q Why were you accessing the Amazon page or
 19 website?
 20 A To buy books -- 10:39:52AM
 21 Q No other reason?
 22 MS. DURIE: Objection. Would you please
 23 let the witness finish answering?
 24 BY MR. GROSSMAN:
 25 Q Had you answered? 10:39:58AM

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1 A To buy books, DVDs, magazine 10:39:59AM
 2 subscriptions, bought a printer from them.
 3 Q Were you also accessing the Amazon website
 4 in order to see how they were conducting their
 5 business as an aid to you in your business? 10:40:20AM
 6 A Accessing the website.
 7 I certainly knew their website well, but
 8 separating the why from my own use as a consumer,
 9 you know, buy books and printers and to understand
 10 their business, you know, from the consumer point of 10:40:53AM
 11 view, it's hard for me to say what was the specific
 12 motivation.
 13 But I certainly used the website a lot as
 14 a consumer, as I did eBay's and Yahoo's and, you
 15 know, many of the E-commerce companies. 10:41:11AM
 16 Q Was one of the reasons why you accessed
 17 the Amazon website to learn how they were doing it
 18 as an aid to you in the conduct of your own
 19 business?
 20 MS. DURIE: Objection; asked and answered. 10:41:26AM
 21 THE WITNESS: It's hard for me to separate
 22 the motivations, because I was -- before NetFlix
 23 started, I was already buying books from Amazon, so
 24 I was familiar with how it operated and how it
 25 worked. 10:41:51AM

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1 So I don't have any specific recollection 10:41:52AM
 2 of my motivation at the time for using the site.
 3 BY MR. GROSSMAN:
 4 Q Was one of your motivations for ever using
 5 the Amazon site to better assist you in the creation 10:42:03AM
 6 or operation of your business?
 7 MS. DURIE: Same objection.
 8 THE WITNESS: I don't remember being
 9 motivated specifically by that. I've been a
 10 frequent Amazon customer for many years as a 10:42:31AM
 11 consumer to buy things for my use.
 12 BY MR. GROSSMAN:
 13 Q Was one of your motivations for accessing
 14 eBay's website to assist you in the organization or
 15 operation of your business? 10:42:49AM
 16 A Sorry, assist me in which now? The
 17 operation or -- what is the term?
 18 MS. DURIE: Organization.
 19 BY MR. GROSSMAN:
 20 Q Was one of the motivations for ever using 10:43:03AM
 21 the eBay site to better assist you in the creation
 22 or operation of your business?
 23 A I guess it depends on how you define
 24 "operation." If you define it narrowly, I would say
 25 no. If you define it broadly, how does eBay 10:43:26AM

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1 interact with consumers, then I would say yes. 10:43:29AM
 2 Q Did you ever access the original broad --
 3 Blockbuster.com website?
 4 A When you use the term "original," can you
 5 be more specific? 10:43:57AM
 6 Q For noncommercial purposes.
 7 Its original website for noncommercial
 8 purposes, did you ever access that?
 9 MS. DURIE: I'm going to object that it's
 10 vague and ambiguous. 10:44:07AM
 11 But you can answer.
 12 THE WITNESS: When you say "original
 13 website," I'm just -- I'm not sure what that --
 14 BY MR. GROSSMAN:
 15 Q Prior to Blockbuster Online, 10:44:15AM
 16 Blockbuster.com had a website, correct?
 17 A Correct.
 18 Q Did you ever access that website?
 19 A I'm sure that I did, but I don't have a
 20 specific recollection of it. 10:44:35AM
 21 Q Why did you access it?
 22 A Again, I don't have a specific
 23 recollection of accessing it. So I imagine I would
 24 have looked at it, but --
 25 Q Why? 10:44:51AM

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1 A As a -- we were aware of Blockbuster as a 10:44:57AM
 2 potential competitor right from the very beginning
 3 of NetFlix. Blockbuster operated a website that
 4 would have had all the basic commercial information,
 5 so I imagine I would have accessed it for that. 10:45:23AM
 6 I can recall that they had a deal with
 7 AOL -- God, when was that? The time frame is a
 8 little bit hazy, '98, '99, sometime in there, and at
 9 one point we visited with Blockbuster in 2000, I
 10 want to say. No, it was probably in '99. I imagine 10:46:06AM
 11 I would have looked up and tried to understand what
 12 Blockbuster was doing with its website at that
 13 point.
 14 Q How did you become aware of Blockbuster as
 15 a potential competitor from the very beginning of 10:46:22AM
 16 NetFlix?
 17 A My understanding is Blockbuster was the
 18 largest provider of home entertainment in -- when we
 19 started NetFlix in 1997.
 20 Q When did you first become aware of the 10:46:47AM
 21 possibility that Blockbuster could be a potential
 22 competitor of NetFlix in the online space?
 23 A Well, they competed with us and still do
 24 in stores. That's, you know, really one of the
 25 biggest competitors. 10:47:08AM

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1 Q Did you attempt to be truthful in your 8:14:36AM
 2 presentations, if any, to the venture capital
 3 investors prior to making their investments?
 4 A I'm sure I would always be candid if I was
 5 making a presentation, including those cases. 8:14:52AM
 6 Q Was a potential lawsuit against
 7 Blockbuster by NetFlix ever discussed at the board
 8 level before it was filed?
 9 A Did we discuss it at the board level. I'm
 10 sure that we did, but I don't have a specific 8:15:28AM
 11 recollection --
 12 Q Did you personally --
 13 MS. DURIE: Excuse me.
 14 Were you done?
 15 THE WITNESS: Can you refresh me? When 8:15:37AM
 16 did we file suit against Blockbuster?
 17 BY MR. GROSSMAN:
 18 Q Well, the date really doesn't matter.
 19 The question is: Was there a discussion
 20 of the filing of any lawsuit before Block- -- 8:15:49AM
 21 against Blockbuster before it was filed?
 22 I can tell you that suit was filed the day
 23 the '381 patent was issued, if that helps you, April
 24 4, 2006.
 25 A It would have been something I'm sure I 8:16:19AM

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1 would have discussed, but I don't recall the 8:16:21AM
 2 discussion.
 3 Q Were the members of the board of NetFlix
 4 informed of NCR's claim that NetFlix was infringing
 5 NCR's patents prior to the time that you sued 8:16:38AM
 6 Blockbuster?
 7 THE WITNESS: Are you going to do a lacks
 8 foundation?
 9 I think your question asserted that we
 10 were infringing NCR's patents or stated it. Did I 8:16:56AM
 11 misunderstand? Maybe I wasn't listening --
 12 BY MR. GROSSMAN:
 13 Q Were the members of the board informed of
 14 NCR's claims of infringement --
 15 A I missed the word "claims." Sorry. 8:17:06AM
 16 Q -- at any time before NetFlix sued
 17 Blockbuster?
 18 A They may have been. I don't recall one
 19 way or the other.
 20 Q Do you typically have a -- strike that. 8:17:19AM
 21 How do you characterize --
 22 How would you characterize your memory in
 23 general, as good or bad or something else?
 24 A Relative to what?
 25 Q Important business decisions. 8:17:34AM

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1 A I wouldn't characterize it as bad or good. 8:17:40AM
 2 I guess I don't know what to compare it to.
 3 Q Where did you go to college?
 4 A I went to college in Maine, Brunswick,
 5 Maine, at Bowdoin College, B-O-W-D-O-I-N. 8:17:55AM
 6 Q How did you do in college?
 7 A I did well in math, not so well -- well,
 8 you know, Bs, Cs in other subjects and then very
 9 well in math. So it was sort of split between those
 10 two. 8:18:18AM
 11 Q Did you go on to graduate school?
 12 A Not immediately after Bowdoin, but I did
 13 go to Stanford in computer science.
 14 Q Did you graduate from Stanford?
 15 A I did graduate from Stanford with a 8:18:29AM
 16 Master's Degree in computer science.
 17 Q That's a very selective university, isn't
 18 it?
 19 A It is a very selective university.
 20 Q Tough to get into, right? 8:18:41AM
 21 A It is.
 22 Q Exceptionally bright people are generally
 23 those qualified for admission to Stanford, correct?
 24 MS. DURIE: Objection; lacks foundation.
 25 THE WITNESS: That's one of the things 8:18:55AM

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1 they select for, but I think it's broader than that. 8:18:56AM
 2 BY MR. GROSSMAN:
 3 Q Have you had, within the last seven years,
 4 a personal public relations firm or adviser?
 5 MS. DURIE: Vague and ambiguous. 8:19:52AM
 6 You can answer.
 7 THE WITNESS: Can you explain what you
 8 mean by "personal"?
 9 BY MR. GROSSMAN:
 10 Q Have you had a public relations adviser 8:20:04AM
 11 who has worked with you to assist you in generating
 12 publicity or press, either for yourself or for the
 13 company?
 14 A NetFlix has a PR staff and one of their
 15 roles is that. So in that context, yes. 8:20:22AM
 16 Q And what does that public relations staff
 17 do for you?
 18 MS. DURIE: Vague and ambiguous.
 19 THE WITNESS: Many things for me, for the
 20 company. They set up meetings; they talk to the 8:20:42AM
 21 reporters; they accompany me in meeting with the
 22 reporters. Generally, they help me and the company
 23 be interesting to write about.
 24 BY MR. GROSSMAN:
 25 Q Did you ever say the following to a 8:21:19AM

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1 reporter: 8:21:20AM
 2 "I got the idea for NetFlix
 3 after my company was acquired. I
 4 had a big late fee for Apollo 13.
 5 It was six weeks late and I owed 8:21:31AM
 6 the video store \$40. I had
 7 misplaced the cassette. It was all
 8 my fault.
 9 "I didn't want to tell my wife
 10 about it and I said to myself, 'I'm 8:21:41AM
 11 going to compromise the integrity
 12 of my marriage over a late fee?'
 13 "Later on, on the way to the
 14 gym, I realized they had a much
 15 better business model. You could 8:21:53AM
 16 pay \$30 or \$40 a month and work out
 17 as little or as much as you
 18 wanted."
 19 Did you ever tell that to a reporter?
 20 A That sounds familiar and may have been on 8:22:05AM
 21 the 60 Minutes interview about a year ago.
 22 Q The only question is: Did you say that to
 23 a reporter?
 24 A It sounds familiar. I don't know if those
 25 are the exact words. 8:22:19AM

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1 Q Are those true statements? 8:22:21AM
 2 MS. DURIE: Objection; compound.
 3 You can answer.
 4 THE WITNESS: Those statements that you
 5 gave are all true. It implies, however, that that 8:22:33AM
 6 was all in, I don't know, an hour's time frame, with
 7 the use of the word "later" on the way to the gym,
 8 when, in fact, the on the way to the gym episode was
 9 late '98 or early '99 and the original late fee was
 10 back in '95 or '96. So there is a big gap in there. 8:23:00AM
 11 BY MR. GROSSMAN:
 12 Q What gym was it that had this better
 13 business model that you refer to?
 14 A Frog Fitness. It's a gym in Santa Cruz.
 15 Q What is it about its business model that 8:23:20AM
 16 helped inspire you to form NetFlix?
 17 MS. DURIE: Objection; lacks foundation.
 18 THE WITNESS: At the point of this trip to
 19 the gym, we were wrestling with the ala carte
 20 business and a, you know, lack of commercial -- 8:23:38AM
 21 significant commercial success and we were running
 22 this ala carte by mail business.
 23 And I was struggling with how -- how could
 24 it be a better model, and what I realized in driving
 25 to the gym and what inspired me about it is the gym 8:24:04AM

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1 has a lot of equipment that they buy, which we buy a 8:24:08AM
 2 lot of DVDs, and they charge monthly to pay for this
 3 equipment.
 4 So it wasn't that applicable in terms of,
 5 you know, the mail and the queue and the due dates, 8:24:28AM
 6 there was none of, you know, that, but it made me
 7 think of -- that a business can have equipment and
 8 have a membership base that has access or have
 9 assets, have a membership base that has access to
 10 those assets. 8:24:45AM
 11 BY MR. GROSSMAN:
 12 Q And pay a fee for the use?
 13 A Correct, and pay, in that case, a monthly
 14 subscription fee for the use.
 15 Q Why didn't you disclose as prior art to 8:24:55AM
 16 the U.S. Patent Office the gym model that you
 17 described to the reporter and that you have just
 18 described to me?
 19 A I don't know why our attorney didn't
 20 include it. We may have discussed the gym model or 8:25:15AM
 21 it may have been that it seemed so irrelevant. I
 22 mean, while it was a source of "aha," as a prior
 23 art, I might not have even brought it up with the
 24 patent attorney.
 25 Q Well, did you bring it up with the patent 8:25:34AM

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1 attorney or not? 8:25:36AM
 2 A I have no recollection one way or the
 3 other if I brought it up or not.
 4 Q In evaluating as an inventor whether or
 5 not something should be disclosed to the patent 8:25:51AM
 6 office as prior art, did you have this gym
 7 experience in your mind, this model?
 8 A Say the question one more time.
 9 Q Yes.
 10 When you were going through the patent 8:26:14AM
 11 application process on the '450 patent, did you have
 12 this gym model in your mind or had you forgotten
 13 about it?
 14 MS. DURIE: Objection; argumentative.
 15 THE WITNESS: I -- I don't think I had 8:26:32AM
 16 forgotten about it, because, you know, I always knew
 17 it was on the way to the gym.
 18 But I didn't see it as relevant to the
 19 claimed invention or -- I don't know what I saw at
 20 the time. I don't see it today as relevant. That's 8:26:59AM
 21 different.
 22 You know, I don't know if I brought it up
 23 or was thinking about it in that context. I just
 24 don't remember that -- the particular discussions
 25 about prior art. 8:27:12AM

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1 Why was it spelled that way? 11:50:51AM
 2 A That's the correct spelling of it.
 3 Q Does that refer to another company's
 4 quality?
 5 A That refers to the company Reel.com. 11:51:03AM
 6 Q And what quality were you referring to in
 7 describing Reel.com's quality?
 8 A I don't know specifically from this slide,
 9 but generally, we looked at Reel.com as a well-done
 10 website with respect to movie information. And so I 11:51:33AM
 11 think that's what it's referring to.
 12 Q You were personally familiar with
 13 Reel.com's website as of the date of this E-mail,
 14 April 12, 1999, correct?
 15 A Yes. Reel's big promotion was Titanic, 11:51:59AM
 16 and I think that was late '98. And so I would have
 17 been aware any time after that during this.
 18 Q You visited the Reel.com website on
 19 multiple occasions in late 1998 and early 1999,
 20 didn't you? 11:52:21AM
 21 A I remember what the website looked like,
 22 so I must have been there, but I don't know how many
 23 times that I visited that website.
 24 Q Why did you do that?
 25 MS. DURIE: Vague and ambiguous. 11:52:37AM

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1 THE WITNESS: Why did I visit the website? 11:52:39AM
 2 BY MR. GROSSMAN:
 3 Q Yes, sir.
 4 A I wanted to understand -- wanted to see
 5 how -- Reel was getting a lot of press at the time 11:52:58AM
 6 of doing an effective job. It was rapidly growing
 7 in revenue and visitors and attention, and I wanted
 8 to understand what was attractive about it.
 9 Q What business was it in?
 10 A Primarily, the company sold VHS cassettes. 11:53:23AM
 11 Q Did it also rent VHS cassettes?
 12 A It did, for a while, rent VHS cassettes,
 13 and then at some point it got out of that business.
 14 Q But it was renting VHS cassettes at the
 15 time you prepared your slides, didn't it -- wasn't 11:53:43AM
 16 it, rather?
 17 A It probably was, but I don't remember when
 18 they got out of it.
 19 Q And what steps did a customer take in
 20 order to rent movies from Reel.com at this point in 11:53:58AM
 21 time?
 22 A I don't recall what steps, how the
 23 interface worked with respect to renting a VHS from
 24 Reel.
 25 Q Well, could a customer rent through the 11:54:17AM

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1 use of their computer? 11:54:23AM
 2 A I don't recall ever using the rental part
 3 of Reel. It was VHS cassettes and I knew that the
 4 shipping cost was too expensive to be an interesting
 5 model, and I don't remember how it worked. 11:54:42AM
 6 Q Well, you certainly understood enough to
 7 know that you access -- you accessed the ability to
 8 order through the computer.
 9 You knew that much, didn't you?
 10 A I knew that it was possible from the 11:55:05AM
 11 website to rent VHS cassettes, yes.
 12 Q Through the use of the computer, correct?
 13 A Websites run on a computer, yes.
 14 Q And you also knew that the product was
 15 shipped through the mail, didn't you? 11:55:22AM
 16 A The VHS cassettes I knew came by mail.
 17 Q And you saw reviews of movies on the
 18 Reel.com website at that time, didn't you?
 19 A I'm sure that I saw reviews of movies,
 20 other movie information on the Reel.com website. 11:55:48AM
 21 Q And customers were able to submit a list
 22 of movies to Reel.com on the website through the
 23 website that they wished to rent or buy, weren't
 24 they?
 25 A I have no recollection of such a list at 11:56:05AM

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1 Reel.com. 11:56:07AM
 2 Q Well, is it your recollection that they
 3 could order -- only order one and then they would
 4 have to log off and log on again?
 5 A I don't recall trying that. I don't know 11:56:18AM
 6 how it worked.
 7 Q That wouldn't be a very effective way of
 8 operating a website for the rental of movies or the
 9 sale of movies, would it?
 10 A Logging off each time? 11:56:29AM
 11 Q Yes.
 12 A Correct.
 13 Q In fact, are you aware of any commercial
 14 website where people can either rent or buy where,
 15 in order to order, they can only order one item and 11:56:41AM
 16 then they have to log off and then log back on to
 17 order something further?
 18 A No, I'm not aware of any website that
 19 operates like that.
 20 Q On Reel.com, you put this first bullet 11:57:13AM
 21 point: "More similars, dynamic and static."
 22 What did you mean by that entry?
 23 A I'm not sure. "Similars" were used as a
 24 term similar movies. So Titanic might be similar to
 25 Pearl Harbor because they are both, you know, love 11:57:42AM

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1 of 1998, you were of the view that Blockbuster would 1:09:29PM
 2 likely enter into the business of online rentals?
 3 A It seems logical, but I don't recall that
 4 specific thought.
 5 Q Well, I don't want to take the time to 1:09:49PM
 6 have you go through all of the pages of this
 7 document, but I'm going to hand you Exhibit 125 and
 8 ask you if you can recognize from the logo on the
 9 front the approximate dating of this document?
 10 A The logo was the last work of our then 1:10:09PM
 11 V.P. of marketing, Omaré Melchin. And so this logo
 12 started in use early 2000 -- possibly could have
 13 been late '99, but I think it was early 2000 -- and
 14 then it was replaced by our then new V.P. of
 15 marketing, Leslie Kilgore, within six or nine 1:10:38PM
 16 months. So I'd estimate it to be January to
 17 September of 2000.
 18 Q In taking a look at the first five pages
 19 of this document, can you tell me what it is?
 20 A No, I'm not sure what it is. 1:11:32PM
 21 Q Take a look, please, at page 10, and
 22 you'll see the NetFlix web page.
 23 Can you date that web page for me?
 24 A Well, it was clearly after we launched
 25 Marquee, which is September 23rd of '99. 1:12:49PM

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4/3/2007 Hastings, Reed V2

1 Oh, there is a date on it there, on the 1:12:53PM
 2 right, right middle there. Do you see that?
 3 Wednesday, October something, 1999.
 4 Q Thank you.
 5 In reviewing the first five pages of this 1:13:12PM
 6 document, can you tell me the use to which this
 7 document was put?
 8 A I can't tell you what use this document
 9 was put from looking at the first five pages.
 10 Q Take a look at page 20. 1:13:47PM
 11 Do you see where it says: "Room to Grow,
 12 4 million DVD households by December 1999"?
 13 A 4 million households -- 4 million DVD
 14 households, correct, by 1999.
 15 Q So those two pages combined would tend to 1:14:16PM
 16 suggest that this document was prepared sometime
 17 between October and the -- October '99 and the end
 18 of 1999, correct?
 19 A That's correct.
 20 Q Now, going back to page 22, do you see 1:14:33PM
 21 where that page is titled "Competition"?
 22 A I do.
 23 Q Underneath the box, it says:
 24 "Blockbuster, Hollywood Video WILL enter
 25 (Reel.com)." 1:14:56PM

422

4/3/2007 Hastings, Reed V2

1 What does that mean, sir? 1:15:00PM
 2 A Typically, these are speaker notes for
 3 someone presenting these slides. It's a feature or
 4 PowerPoint here.
 5 So the speaker note is for the speaker to 1:15:30PM
 6 say that Blockbuster and Hollywood Video, small typo
 7 there, will enter.
 8 Q What does that mean?
 9 A "Enter" means that Hollywood -- the
 10 speaker notes, whoever wrote them, is saying 1:15:49PM
 11 Blockbuster and Hollywood Video will enter, I
 12 presume, the online DVD rental market.
 13 Q Was that also your belief as of the end of
 14 1999?
 15 A No. 1:16:16PM
 16 Q Did you ever tell anybody in your company
 17 that you did not believe that Blockbuster and
 18 Hollywood Video would enter the online rental
 19 market? Did you ever say that to anybody in your
 20 company prior to the end of 1999? 1:16:37PM
 21 A I remember thinking it was likely that the
 22 online segment would get attention from them and
 23 they might well enter.
 24 I wouldn't have thought they wouldn't
 25 enter, but it really depends on -- you know, it's a 1:16:56PM

423

4/3/2007 Hastings, Reed V2

1 big market and -- home video being about \$8 billion, 1:17:00PM
 2 and it depends on how big they saw the potential of
 3 the online segment.
 4 So they could afford to ignore it for a
 5 long time because they were effective in stores. 1:17:14PM
 6 Q Take a look at page 29.
 7 Do you see the statement here:
 8 "Personalization using fuzzy
 9 logic to determine likes. Suggest
 10 other movies you may not have heard 1:17:46PM
 11 of, MovieCritic.com."
 12 Do you see this reference to
 13 MovieCritic.com again?
 14 A Yes.
 15 Q That's the second time you have seen it 1:17:56PM
 16 today, isn't it?
 17 A Yes, it is.
 18 Q Does this refresh your recollection about
 19 what MovieCritic.com was in 1999?
 20 A No, I really don't know what Movie Critic 1:18:11PM
 21 was.
 22 Q Did NetFlix borrow any of the ideas in use
 23 on the MovieCritic.com website and graft them into
 24 its own business?
 25 A Since I don't know what Movie Critic is or 1:18:32PM

424

4/3/2007 Hastings, Reed V2

4/3/2007 Hastings, Reed V2

1 was, I don't know if NetFlix adapted or borrowed 1:18:38PM
 2 ideas from the Movie Critic website.
 3 Q From which company's website did NetFlix
 4 adapt or borrow ideas and use them as its own?
 5 MS. DURIE: Objection; argumentative. 1:18:57PM
 6 You can answer.
 7 THE WITNESS: It's hard to separate which
 8 particular websites.
 9 I was certainly aware of eBay, Yahoo,
 10 Amazon. We talked a little bit about Reel. I was 1:19:16PM
 11 at least peripherally aware of Reel, probably many
 12 other websites.
 13 And I'd say that our job was to be
 14 comfortable -- or one of our jobs was to be
 15 comfortable and familiar to our subscribers that 1:19:34PM
 16 were using the Internet, and so one of our jobs was
 17 to look at the rest of the Web in terms of things
 18 they were doing and be similar to them so that
 19 customers would be comfortable and understand those
 20 paradigms, kind of like an accelerator being on the 1:19:50PM
 21 right side of the car, that kind of thing.
 22 And so we would look to see are people
 23 putting the navigation on the top, on the left
 24 column, on the right column, you know, where are
 25 people putting search bars? Is Yahoo and eBay, 1:20:06PM

425

4/3/2007 Hastings, Reed V2

1 Amazon, everyone else putting it in the same place 1:20:09PM
 2 or different places?
 3 So it was all of those sites that we would
 4 gain inspiration from.
 5 BY MR. GROSSMAN: 1:20:18PM
 6 Q Did you believe that that was an
 7 appropriate way to conduct business, as you have
 8 just described it?
 9 A Yes.
 10 Q Have you ever gained inspiration or 1:20:39PM
 11 borrowed any idea from the Blockbuster website?
 12 A Nothing comes to mind from the Blockbuster
 13 website that I've gained an inspiration or idea
 14 from.
 15 It could happen. I just am trying to 1:21:17PM
 16 think of anything specific. I can't think of
 17 anything.
 18 Q Are you familiar with the fact that
 19 Blockbuster has a drag and a drop queue on its
 20 website? 1:21:43PM
 21 A There is a thing that -- on the home page
 22 that I'm familiar with that's a drag and drop. It's
 23 a part of a queue, it's a subset of the queue.
 24 I don't think on the main queue that it's
 25 drag and drop. I could be wrong on that. 1:22:07PM

426

1 Q In any event, is NetFlix now working on 1:22:10PM
 2 developing its own drag and drop for its website?
 3 A We have a number of prototypes that I've
 4 heard about, and I've seen one of them that include
 5 drag and drop for the queue. 1:22:32PM
 6 That one, not drag and drop in the way
 7 Blockbuster uses it. They use it to drag a movie
 8 into the queue, kind of like you drag a file into
 9 the recycling bin on a Macintosh, that kind of
 10 thing. 1:22:50PM
 11 And the ones that I've seen that we're
 12 working on are within a queue, editing or resorting
 13 the queue in different ways by dragging things up
 14 and down in the queue.
 15 Q Did NetFlix begin working on its 1:23:04PM
 16 drag-and-drop prototype after the drag-and-drop
 17 feature on the Blockbuster website first showed up
 18 or did you start developing that before you observed
 19 it on Blockbuster?
 20 A I don't remember us doing any work on it. 1:23:23PM
 21 Blockbuster had -- did they have drag and drop when
 22 they first started? No. Let's see. They entered
 23 in '04.
 24 You know, I don't remember when they
 25 introduced it. They didn't have drag and drop when 1:23:40PM

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4/3/2007 Hastings, Reed V2

1 they first launched, so they must have brought out 1:23:44PM
 2 drag and drop sometime in '05. So I'm not entirely
 3 sure what the sequence was.
 4 Q When did you first start working on a drag
 5 and drop within the line or the list or the queue, 1:23:59PM
 6 as you call it?
 7 A I'll have to ask Neil Hunt that. I'm not
 8 sure when we first would have started working on
 9 that.
 10 Q It was after you saw that Blockbuster had 1:24:13PM
 11 such a feature within its own list, wasn't it?
 12 MS. DURIE: Objection; lacks foundation.
 13 THE WITNESS: It may well have been. I
 14 think it's likely, given the timing, but I'm not
 15 sure. It could have been earlier. 1:24:28PM
 16 BY MR. GROSSMAN:
 17 Q Well, assuming that it wasn't earlier, why
 18 are you copying what Blockbuster does on its web
 19 page?
 20 MS. DURIE: Objection. 1:24:39PM
 21 BY MR. GROSSMAN:
 22 Q Or trying to, at least?
 23 MS. DURIE: Objection; lacks foundation.
 24 THE WITNESS: Columbia House's website was
 25 the first that I know of doing drag and drop and 1:24:48PM

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EXHIBIT E

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

ORIGINAL

NETFLIX, INC., a Delaware)	
corporation,)	
)	No. C 06 2361
Plaintiff,)	
vs.)	WHA (JCS)
BLOCKBUSTER, INC., A)	
Delaware corporation, DOES)	
1-50,)	
)	
Defendants.)	

A PORTION OF THIS TRANSCRIPT IS CONFIDENTIAL -
ATTORNEYS' EYES ONLY, PURSUANT TO PROTECTIVE ORDER

VIDEOTAPED DEPOSITION OF NEIL DUNCAN HUNT
FRIDAY, MARCH 23, 2007

PAGES 1 - 222

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REDACTED

Pursuant to Civil Local Rules 7-11, 79-5, Paragraph 10 of the Protective Order entered October 23, 2006 and Blockbuster's Administrative Request to File Under Seal, Exhibit E to the Declaration of William J. O'Brien in Support of Blockbuster's Motion for Summary Judgment of Invalidity and Non-Infringement is redacted and lodged conditionally under seal.

EXHIBIT F

WORKING COPY

Armageddon - Blockbuster Thrills

Out of Sight - Classy Crime Capers

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The Avengers - Stylish Action

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NetFlix.com New DVD Upcoming DVD Movie All DVD Browse Our

FlixFinder Movie Title Go! St

Featured DVD - for Sunday January 17, 1999

Rent Blade on DVD - Wesley Snipes

Rent It - \$4.00
Remind Me!

Wesley Snipes is Blade, a half-human, half-vampire sworn to protect humanity by wiping out bloodsucking evil wherever he finds it. Can he stop an ambitious vampire (Stephen Dorff) who plans to magically summon the "Blood God" and make the world an inhuman feast?

Check out more vampire tales like Bram Stoker's Dracula in our Bloodsucking Blockbusters Collection!

Rent Young Cinematographer on DVD

Rent It - \$4.00
Remind Me!

Young Cinematographer

Rent The Mask of Zorro on DVD - Antonio Banderas

Zorro

The Mask of Zorro of

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Young Cinematographer features 15 short films made by kids for audiences of all ages. Beginning filmmakers are gathered together in this breathtaking collection full of wit, whimsy and the sheer excitement of creating cinema. It's great art and great entertainment!

For more great short cinema on DVD, try Short Cinema Journal volumes 1, 2, 3 and 4!

Rent The Negotiator on DVD - Samuel L. Jackson

The Negotiator

Rent It - \$4.00
Remind Me!

The Negotiator is Chicago cop Samuel L. Jackson, who is forced to take a roomful of people hostage in an attempt to clear his name after a frame-up! Will fellow negotiator Kevin Spacey help ... or put him behind bars? Tense and smart, The Negotiator is great entertainment!

For more cop teams, try the NetFlix.com Collection Police Partnerships!

Rent The Big Chill on DVD - Glenn Close

The Big Chill

Reserve these DVD Movies

Rent Star Trek VI - The Undiscovered Country on DVD - William Shatner

Star Trek VI

Rent It - \$4.00
Remind Me!

The Mask of Zorro sizzles with action and romance as Antonio Banderas, Anthony Hopkins, and Catherine Zeta-Jones grapple with Mexico's fight for independence from Spain. It's a fun story about a neophyte bandit (Banderas) and his transformation into a triumphant hero.

For more blade-brandishing action, check out the DVDs in our "Swordfights and Swashbuckling" NetFlix.com Collection.

Rent Deep Impact on DVD - Morgan Freeman

Deep Impact

Rent It - \$4.00
Remind Me!

Deep Impact's gripping cosmic disaster has a comet on a collision course with Earth -- and humanity struggling to survive! With Morgan Freeman, Téa Leoni and Robert Duvall, Deep Impact is a thrilling portrait of the beginning of the end, with knockout special effects and powerhouse performances!

Want more Apocalyptic action? Check out our NetFlix.com collection Natural Disasters!

• [NetFlix.com vs. Divx.comparison chart](#)

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Our aisles are filled with movies! To see more, go to [Browse the Aisles](#).

[See All DVD Movies](#)
All Genres

**Reserve Rental - \$5.00
Remind Me!**

The Big Chill is finally on DVD with tons of extras, including cast interviews and deleted scenes. It's a classic comedy/drama that looks back from the '80s to the '60s as seven friends gather for a friend's funeral -- and in remembering him, they re-discover who they are.

Seen The Big Chill? Try these similar DVDs: Sophie's Choice, As Good As It Gets, Four Weddings and a Funeral, and The Best Years of Our Lives.

NetFlix.com Special Collections on DVD

**This Week: Costumed Crimefighting
Featured Title: The Avengers**

The Avengers brought a '60s TV fave to the big screen, with Ralph Fiennes as elegant British secret agent John Steed and Uma Thurman as brilliant, beautiful scientist Emma Peel. They have to stop Sean Connery's plan to bring the globe to its knees by controlling the weather, and if Uma and Ralph fail, Connery will control everything under the sun! Stylish, cool and a touch campy, The Avengers is swingin' heroic action.

Already Seen it? For more costumed crimefighting -- from the gleeful to the gritty -- try these DVDs in our "Costumed Crimefighting" NetFlix.com Collection.

Or Jump Directly to these other great DVDs:
Darkman, The Heroic Trio, The Crow, The Shadow, and RoboCop: Special Edition.

Rent The Avengers on DVD - Uma

Featured Genres:

- Drama
- Action
- Comedy
- Crime
- Fantasy
- Horror
- Mystery
- Western
- Anime
- Musical
- Epic
- Romance
- Thriller
- Documentary
- Adventure
- Science Fiction
- Historical Film
- Children's / Family
- Mature
- Foreign
- Karaoke
- Hong Kong Cinema
- Concert

NetFlix.com Top 10 DVD Movies

See what new releases are hot! Go to the NetFlix.com Top 10 Rentals list. Look for Six Days, Seven Nights and Out of Sight climbing this week's charts.

New DVD Movie Releases

Now on DVD: Slap Shot, Weekend Update with Steve Buscemi, Slap Shot, Weekend Update with Steve Buscemi's Clockers, All Quiet on the Western Front, Disturbing Behavior and lots more! See all movies released in the last 30 days.

Upcoming DVD Movie Releases

Reserve your copy of How Stella Got Her Groove Back, The Truman Show, The Real Blonde, 48 Hrs. and Zulu now! Get a sneak preview of what's going to hit the shelves in coming weeks.

This Week: High-Tech Horrors
Featured Title: Event Horizon

Event Horizon is a cross between two distinctive genres (think of it as a haunted house in space) that's full of chills and scares. When the experimental faster-than-light starcraft Event Horizon re-appears in 2047 after a seven-year disappearance, a rescue ship is dispatched. The captain (Laurence Fishburne), the Horizon's designer (Sam Neill) and the rest of the mission team soon realize that wherever the now-empty Horizon went, it wasn't a good place to be. Creepy and spooky, Event Horizon combines tomorrow's dreams and yesterday's nightmares.

Already Seen It? For more futuristic fear, try these DVDs in our "High-Tech Horrors" Netflix.com Collection.

Or Jump Directly to these other great DVDs:
Cube, Screamers, The Tommyknockers, Altered States, and Quatermass and The Pit.

For more featured movies based on interesting themes, go to Netflix.com Collections.

Net **Ask Mr. DVD!**

Got a movie question or need a trivia answer? Don't hesitate, send a note to our new columnist: Ask Mr. DVD!

Camera Obscura
Dan Auer so misses the days of Saturday matinees, he decided to create his own. Discover his favorite Saturday afternoon movies in this week's Camera Obscura.

Frame By Frame
Steven Siskies is recovering from holiday happenings, but his top picks for the best DVDs of 1998 parties on. See 'em all in Frame by Frame.

DVD Special Features

Net **DVD Special Features!**

San Francisco is full of interesting characters, and you can see the source of inspiration when you watch the special features in More Tales of the City. Plus, did you ever wonder about Audrey Hepburn's singing voice in My Fair Lady? Find out for yourself when you check out this and other movies in our DVD Special Features column!

Netflix.com Featured Reviews

Netflix.com Reviews!

Check out what our experts say about those hot new releases when you read our reviews of Deep Impact, The Thin Red Line, Escape from L.A., Lethal Weapon 4, The Peacemaker, Madeline, and Sliding Doors! Don't forget to take the opportunity to post your opinion by clicking on "You Review It!" from the Film Facts page of the movie you would like to review.

DVD Movies - Netflix.com Knows them all

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Buy Books, Music, and DVDs from Amazon.com

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EXHIBIT G

Welcome To



"I'm enthusiastic about a mail-order operation named Home Film Festival. I think it's an idea whose time has come."

Roger Ebert

ABC-FM Radio Networks

**Have you ever said, "I wish I could see that
movie around here?"**

Dear Movie Lover:

You'll be glad to learn how easy it is to rent the outstanding movies that you read about longingly in newspapers and magazines - festival winners from Cannes, Academy Award-winning foreign films, independent releases, and the best Hollywood has to offer.

Home Film Festival is the simple, inexpensive and fun way to satisfy your appetite for quality films which most video stores don't carry, and local theaters don't show. Since we started in 1984, Home Film Festival has delivered over 1 million hard-to-find videos to the doorsteps of movie lovers across America.

We offer more than 3,000 titles for your viewing pleasure. All videos are described in our annual 224-page Home Film Festival Program Guide. It's so comprehensive that many members consider the Guide alone to be worth the cost of membership, just for the reviews, commentary and film reference information it offers! Semi-monthly "Hot Tickets" updates complete the picture, delivering news and reviews of recent releases, and special video rental and purchase offers.

We make it easy for you to see the best films you never saw. Phone or mail us the movie titles you want to see. You'll be amazed at how friendly and knowledgeable our operators are - of course, they're movie lovers as well. We'll ship the videos to you the same day, and we'll tell you when you can expect them to arrive. Depending on your location, delivery takes 1-3 days.

All rentals are for three nights from the day you receive them. Returning videos is as easy as putting them into the mailer we supply and dropping it into a mailbox. And the cost is much less than most people spend going out to the movies.

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Of course, as a member of Home Film Festival you may rent as many or as few tapes as you want - there's no obligation, no deposit, no minimums.



- How this wonderful thing called Home Film Festival works.
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- Hot Tickets newsletter- Recent issues listing our newest releases.
- Just In- The newest of the new, updated weekly.
- Coming Attractions- Titles and release dates for upcoming videos.
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Home Film Festival
P.O. Box 2032 Scranton, PA 18501 - 2032
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Send comments or questions to homefilm@scranton.com

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Directory

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[\[Just In\]](#)[\[Coming Attractions\]](#)[\[Hot Tickets\]](#)[\[Special Rentals\]](#)

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It's easy!

Renting videocassettes of the outstanding movies you'd love to see is simple. With one toll-free call to Home Film Festival, the movies you selected are on their way to you. Or, use the convenient mail rental form. Simply list the movies you want to see, indicate at what intervals they should arrive, and we'll make sure the videocassettes arrive on the day you want to see them.

You keep the tapes for three nights from the time you receive them. On the fourth day, slip the cassettes into the postage paid container provided, and drop it in any mailbox. It's that simple. You'll never make another trip to the video store for a title they don't have or never heard of.

It's inexpensive!

With this special offer, membership is only \$15 for the first year and \$10 for annual renewal. Rental fees are only \$6 for one cassette, \$11 for two, or \$16 for three cassettes ordered and shipped at the same time, plus postage. Periodic special rentals cost just \$4.50 plus postage. (That's less than the cost of one night at the movies!) There is no minimum number of movies that need to be ordered during your membership; there is no deposit required on any film.

It's fast!

We ship the same day that you order (by UPS or U.S. Mail), so the films you select arrive promptly at your door. Check the chart below for expected delivery times and approximate costs.

Lynx users click here to see the delivery rate chart.

State	Approx. delivery	Round trip shipping cost		
		1 Film	2 Films	3 Films
PA, NY, NJ, DE, CT, MD, DC	1-2 day	\$4.00	\$4.50	\$6.00
ME, VT, NH, MA, RI, VA, OH, WV, NC, SC	2 days	\$4.00	\$4.50	\$6.00
MN, WI, MI, IA, IN, IL, MS, KY, TN, AL, GA, MO, FL	2-3 days	\$4.25	\$4.70	\$6.00

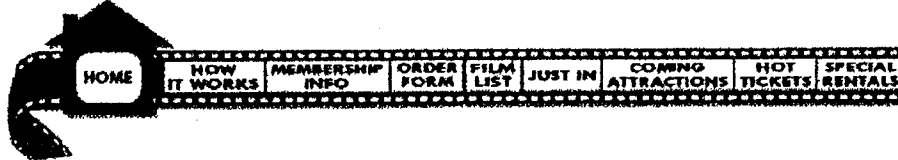
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Page 2 of 2

AR, LA, ND, SD, NE, KS, OK, TX, NM, CO, WY, MT, ID, UT, AZ, NV, WA, OR, CA	2-3 days	\$4.25	\$4.70	\$6.00
AK, HI	3-4 days	\$6.00	\$6.00	\$8.00

Join Today!

Discover the world of superb cinema that's yours when you join Home Film Festival.



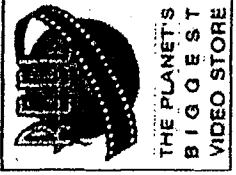
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The Hot Tickets newsletter is mailed to members every eight weeks. Each issue contains thirty to forty new videos for rental or purchase. Other items include rental specials, inventory sales and various news and information. Listed below is a sampling of new videos from recent issues.

- [Hot Tickets Volume 12 Issue 5](#) ----- (released 10/10/96)
- [Hot Tickets Volume 12 Issue 4](#) ----- (released 8/12/96)
- [Hot Tickets Volume 12 Issue 3](#) ----- (released 6/15/96)
- [Hot Tickets Volume 12 Issue 2](#) ----- (released 4/11/96)
- [Hot Tickets Volume 12 Issue 1](#) ----- (released 2/19/96)
- [Hot Tickets Volume 11 Issue 6](#) ----- (released 12/25/95)
- [Hot Tickets Volume 11 Issue 5](#) ----- (released 10/30/95)

EXHIBIT H



**The Enneagram
Movie & Video
Store**



- [What it is](#)
- [How it Works](#)
- [Renting Movies](#)
- [Buying Movies](#)
- [Available Formats](#)
- [Video Store Selection](#)

What it is:

At first glance, the Enneagram can seem like a shallow gallery of character types. But it is a highly sophisticated psychological system offering deep insights into human character and motivation. As such, mastering the Enneagram takes time and practice.

The premise of Thomas Condon's *Enneagram Movie & Video Guide* is that the Enneagram's nine personality styles are highly visible in certain movies and you can learn about them enjoyably. Since the publication of the *Guide* in 1994, an increasing number of Enneagram students have found this an exceptionally useful way to study personality styles.

The Changeworks has made special arrangements with Reel.com, "the planet's biggest movie store." Reel.com is the only Web site providing electronic rental of movies. It has 85,000

movies for sale - 10 times as large a selection as a typical video superstore - and 35,000 movies for rent.

While typical video stores focus on new-to-video releases and mainstream movies, Reel.com has *everything*: foreign, cult, rare, classic, offbeat, independent movies, new-to-video releases, mainstream movies and documentaries.

This is an especially valuable resource for students of the Enneagram. Many of the most vivid examples of Enneagram styles are in hard-to-find independent films that aren't well distributed. With their huge selection, Reel.com will invariably have films on your Enneagram list.

The Enneagram Movie & Video Store offers a selection of hundreds of the best movies illustrating Enneagram styles. These are taken from *The Enneagram Movie & Video Guide* plus those currently reviewed in our Now Showing section. Thomas Condon has also added dozens of his favorite "sleepers," films he thought were too obscure to list but that beautifully illustrate Enneagram styles.

Rentals from Reel.com are a great way to watch movies that aren't normally available in your local video store. Rental by mail also offers greater convenience and flexibility. You can rent films online with the click of a mouse and have them delivered to your door. The check-out period is 7 days so you have maximum flexibility for your busy schedule. You also have enough time to watch films again for closer study and scrutiny.

This service is exceptionally useful if you teach the Enneagram, are a member of a study group or have friends who are also studying the Enneagram, with whom you can share films

<http://www.thechangeworks.com/reel/reelindex.html>

4/13/2007

and expense.

Reel.com's video rental service is only available in the USA. But US and international residents can both buy used movies. Most are very low priced - up to 80% off - and guaranteed. Reel.com also has videos in many alternative formats, including European PAL, DVD and laserdisc.

Shopping online with Reel.com is safe and easy. They encrypt your credit card number and all other personal information, so that it is unreadable in transit over the Internet. The security of this information is top priority. Despite dire predictions, abuses are exceedingly rare and entering your credit card number on an encrypted website site is much safer than using it at a retail store or restaurant.

How it Works

7-Day Rental Period

You get to keep the movie for 7 days before you send it back to Reel.com.

Low Prices

Renting between 1 and 4 movies costs \$4.50 per movie, not including shipping. Renting 5 and more movies costs \$3.50 per movie, not including shipping. If you, for instance, rent 5 movies for a week, the shipping costs \$12.70, and the rental price is \$17.50 (@ \$3.50 per movie). Your total is \$30.20, or \$6.04 each for a week. Given the 7-day rental period, this breaks down to \$0.86 per movie per day.

Late Rental Fees

Late fees are \$0.65 per movie for each day a movie is late. Reel.com stops charging you for late fees on the date on which your return package is postmarked, so you do not need to worry about the post office being slow. If your order arrives to you late, or you know you will be returning it late for any reason, just drop them a line at late@reel.com and let them know.

<http://www.thechangeworks.com/reel/reelindex.html>

4/13/2007

Rentals are for 7 days
Rent 1 to 4 movies for \$4.50/movie, not including shipping.
Rent 5 or more movies for \$3.50/movie, not including shipping.

Two Ways To Begin

- 1) Browse our Store Selection and place an order now.
 - 2) Bookmark this page, then go to Reel.com and open an account. Come back and browse our Store Selection anytime and place an order.
-

Renting Movies

Selection:

Reel.com has 35,000 movies available for rent. They specialize in art-house, classic, international, rare, and out-of-print titles.

Who Can Rent:

Rentals are available to U.S. residents who are 18 years and older.

Rental Period:

Rentals are for a 7-day period. Reel.com includes a due date in your order box, as a handy reminder for you. The rental period begins on the day you receive the movies from Reel.com.

Cost:

\$4.50 per tape per week for orders of 1 to 4 tapes, not including shipping. \$3.50 per tape per week for orders of 5 or more tapes, not including shipping.

Returning Movies:

To return the movies, use the same box in which you receive the movies. Use the return label, postage, and sealing tape included in the box. Drop the box in any U.S. mail box or post office window. Please ship your complete order back to Reel.com, rather than in bits and pieces. If you wish to hold on to any part of your order, you will be responsible for any additional shipping charges and packaging.

<http://www.thechangeworks.com/reel/reelindex.html>

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Buying Movies

Selection:

Reel.com has 85,000 movies available for sale. They specialize in art-house, classic, international, rare, and out-of-print titles.

Who Can Buy:

Both U.S. and non-U.S. residents (including those with APO addresses), who are 18 years and older.

All Pricing is Discounted:

All prices appearing on the Reel.com Web site are already discounted:

- 15% off suggested retail prices on all new VHS and laserdisc.
- 30% off suggested retail prices on all new DVD titles.
- Up to 80% off used VHS movies.

Used Movie Guarantee:

Reel.com guarantees the quality of all used movies, or your money back! Please read their Used Movie Guarantee for more details.

Available Formats

Laserdisc:

LASER - Laserdisc.

CAV - Laserdisc with full feature special effects functions. Not available for all titles.

CLV - Extended play laserdisc with limited special effects functions.

DVD:

DVD - CD size digital video disc with assorted effects functions including different format sizes, multiple languages, etc.

<http://www.thechangeworks.com/reel/reelindex.html>

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VHS:

VHS - American NTSC standard prerecorded videotape.

LBX or LETTERBOX - A video-formatting style in which the screen at the top and bottom are cropped so that more of what was originally on the theater screen is visible (see also "Widescreen").

REMASTERED - This version is a new master video print created by the studio from one of the actual prints of the film.

USED VHS - Used copy of a prerecorded videotape.

WIDESCREEN - A video-formatting style in which the screen at the top and bottom are cropped so that more of what was originally on the theater screen is visible (see also "Letterbox").

EP - The tape has been recorded in extended play and is of lesser quality.

PAL - European standard prerecorded videotape.

Late Fees:

Late fees are \$0.65 per movie for each day a movie is late. Reel.com stops charging late fees on the date on which your return package is postmarked. They will not make any charges to your account without first contacting you.

Replacement Costs:

If you do not return your rental order within 10 days of the due date, Reel.com will charge you for the replacement cost, plus \$20.00 per movie. They will contact you via email before they add any extra charges to your credit card.

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