

- (1) A membership (also referred to as a subscription) is defined as the right to receive Netflix service following sign-up and a method of payment being provided. Memberships are assigned to territories based on the geographic location used at time of sign-up as determined by the Company's internal systems, which utilize industry standard geo-location technology. The Company offers free-trial memberships to certain new and rejoining members. Total members include those who are on a free-trial as long as a method of payment has been provided. A membership is canceled and ceases to be reflected in the above metrics as of the effective cancellation date. Voluntary cancellations become effective at the end of the prepaid membership period, while involuntary cancellation of the service, as a result of a failed method of payment, becomes effective immediately.

12. Selected Quarterly Financial Data (Unaudited)

	December 31	September 30	June 30	March 31
(in thousands, except for per share data)				
2017				
Total revenues	\$ 3,285,755	\$ 2,984,859	\$ 2,785,464	\$ 2,636,635
Gross profit	1,178,401	991,879	883,156	979,611
Net income	185,517	129,590	65,600	178,222
Earnings per share:				
Basic	\$ 0.43	\$ 0.30	\$ 0.15	\$ 0.41
Diluted	0.41	0.29	0.15	0.40
2016				
Total revenues	\$ 2,477,541	\$ 2,290,188	\$ 2,105,204	\$ 1,957,736
Gross profit	823,122	757,344	632,106	588,196
Net income	66,748	51,517	40,755	27,658
Earnings per share:				
Basic	\$ 0.16	\$ 0.12	\$ 0.10	\$ 0.06
Diluted	0.15	0.12	0.09	0.06