

# Netflix CEO's stock options slashed after bad year

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Netflix CEO Reed Hastings will pay a \$1.5 million penalty for blunders that alienated the video subscription service's customers and pulverized its stock.

The punishment will be delivered with a 50 percent reduction in his [stock](#) option awards next year, according to regulatory documents filed Thursday. Instead of the \$3 million stock option allowance he received this year, Hastings will get \$1.5 million in 2012. His base salary will remain unchanged at \$500,000.

It would have been difficult to make a case for giving Hastings a raise coming off a year in which his decisions transformed Netflix from Wall Street darling to bum. The company's [stock price](#) plunged, and subscribers fled in a rebellion against a U.S. price increase of as much as 60 percent. The aftershocks of the subscriber exodus are expected to saddle Netflix with a net loss next year, the first time that has happened in a decade.

[Netflix Inc.](#) declined to comment on the changes to Hastings' compensation.

Hastings has repeatedly taken the blame for mismanaging the announcement of the price increase in July and then making things worse two months later by trying to spin off Netflix's DVD-by-mail rental service into a separate website called Qwikster. Since scrapping that idea in October, Hastings has been trying to repair some of the

damage.

That will probably take a while. Netflix's stock price has plunged 75 percent since mid-July to wipe out \$12 billion in shareholder wealth. The backlash surprised and humbled Hastings, who revealed at an investor conference this month that he once thought Netflix's stock would hit \$1,000. Netflix's stock gained \$2.87 Thursday to close at \$73.84, down from its July high of just under \$305.

The stock's downfall elicited some gallows humor from Hastings on his Facebook page. "In Wyoming with 10 investors at a ranch/retreat. I think I might need a food taster," Hastings posted two days after announcing his Qwikster plan.

Hastings' missteps also have cost Netflix at least 800,000 subscribers. That's how many customers Netflix lost during the July-September period. Netflix has said the exodus extended into October and November, though it isn't providing specifics until it reports fourth-quarter earnings next month.

Some analysts have suggested Netflix should consider rescinding at least part of its price increase, but Hastings has brushed aside the notion so far. At the [investor conference](#), he predicted his bad moves will eventually be forgotten if Netflix's service for streaming video over high-speed Internet connections keeps growing throughout the world as DVDs slowly fade into obsolescence.

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