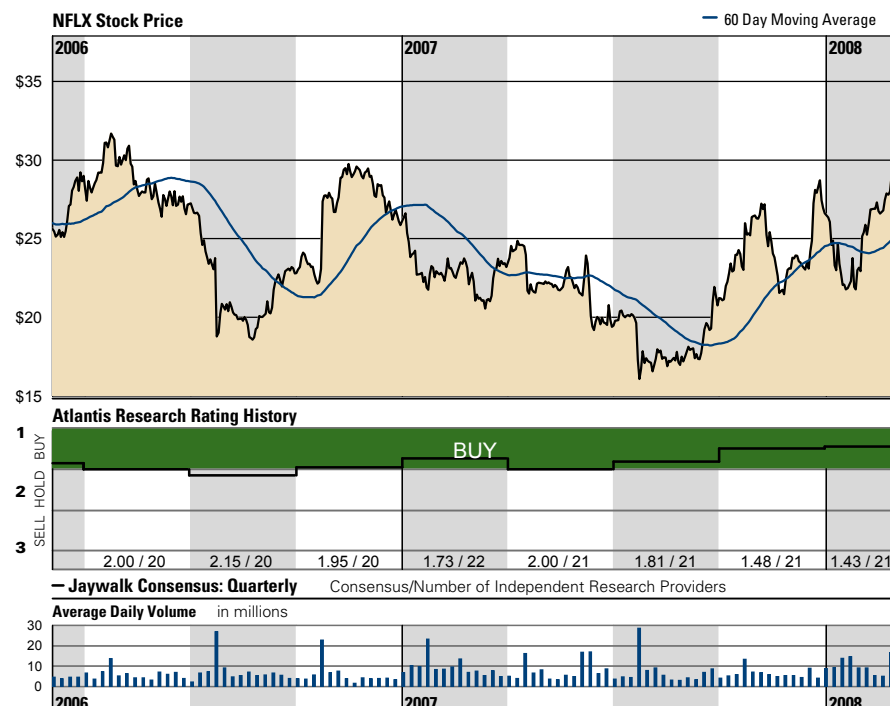


Research selected from
ATLANTIS RESEARCH
Netflix, Inc. (NASDAQ: NFLX)

Rating History vs. Stock Price



Company Description

Netflix, Inc. was incorporated in Delaware in August 1997 and completed its initial public offering in May 2002. The Company is an online movie rental subscription service providing more than 4,200,000 subscribers access to a comprehensive library of more than 55,000 movie, television and other filmed entertainment titles. The Company's subscription plan allows subscribers to have up to three titles out at the same time with no due dates, late fees or shipping charges for \$17.99 per month. In addition, the Company offers a number of other subscription plans to accommodate a variety of movie watching preferences. Subscribers select titles at the Company's Web site aided by its proprietary recommendation service, receive them on DVD by U.S. mail and return them to the Company at their convenience using the Company's prepaid mailers. The Company's proprietary recommendation service enables it to create a customized store for each subscriber and to generate personalized recommendations which effectively merchandize its comprehensive library of titles. The Company continually invests in improvements to its service in an effort to deepen its subscriber relationships as well as to further distinguish its service from that of its competitors. The Company focuses on improving its website experience and functionality and seeks to create value-added features for its subscribers, such as its social networking feature, called FriendsSM and its queue management feature, called ProfilesSM. The Company promotes its service to consumers through various marketing programs, including online promotions, television and radio advertising, package inserts, direct mail and other promotions with third parties. These programs encourage consumers to subscribe to the Company's service and may include a free trial period of 14 days. The Company stocks more than 55,000 DVD titles. It also purchases titles directly from studios, distributors and independent producers. The Company ships and receives DVDs throughout the United States. It maintains a network of shipping centers that allow it to provide fast delivery and return service to its subscribers. The Company is organized in a single operating segment. All its revenues are generated in the United States, and it has no long-lived assets outside the United States.

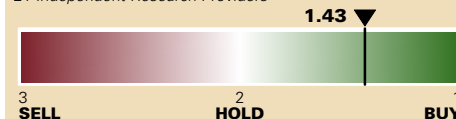
Overview of Atlantis Research

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ATLANTIS RESEARCH OPINION ON 03/03/2008:



JAWWALK CONSENSUS ON 03/03/2008: 21 Independent Research Providers



KEY STATISTICS

as of 02/29/2008
Fundamentals correspond to any company factor that could be important to the understanding of a business and its value. Yield is the annual dividend divided by the stock price from the beginning of the fiscal year. Liquidity ratio is a measure of how much dollar volume is required to move a stock's price up or down by one percentage point.

Industry	Music & Video Stores
Sector	SERVICES
Close Price	\$31.58
52-Week Price Range	\$15.62 - \$34.31
Volume	2,308,900
Average Daily Volume	1,813,500
Market Capitalization	\$1.93 Billion
Enterprise Value	\$ --
P/E (Trailing)	32.60
Dividend	\$0
Dividend Yield	0 %
5-year Historical EPS Growth Rate	-- %
Liquidity Ratio	\$26,447
Shares Outstanding	61.19 Million
Employees	1,542

ABOUT THE SELECTION OF INDEPENDENT RESEARCH PROVIDERS (IRPs)

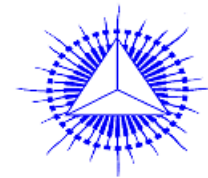
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Netflix Inc. (NFLX)

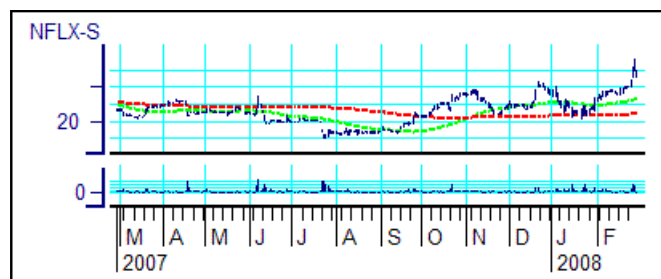
Update 03/03/2008

BUY

Rank: 2

Valuation At a Glance

Price	\$32
EPS 12/31/2007	\$1.08
EPS 12/31/2008	\$1.33
P/E Cal 2008 EPS	23.7X
Mkt Cap(\$MM)	\$2,116
Mkt Cap/Ann Rev	1.8X



Closing stock price and volume are shown in blue lines on top and bottom of chart. 200 day moving average stock price is shown in red and 50 day moving average stock price is shown in green.

Shares of Netflix soared to levels not seen since 2004 as increased guidance pleased investors. Repurchase of 3.8 million shares for \$26 per share completed Netflix's \$100 million share repurchase program announced in early 2008. Netflix now expects to end 1Q 2008 with as many as 8.3 million subscribers, up 200,000 from previous expectations. Revenue of \$1.4 billion is projected for 2008, with pro forma EPS of \$1.33 per share, up 23% from \$1.08 per share for 2007.

Updated guidance for 2008 reflects lower share count and expected market share gain as Blockbuster reduces marketing spending on its Total Access subscription service. Pro forma EPS of \$0.24 per share for 1Q 2008 is now expected, up from \$0.16 per share for the previous year.

We maintain our BUY rank on Netflix stock. Netflix should continue to gain market share as Blockbuster focuses on increasing profitability of core in-store rental business. Apple and Amazon.com's pay-per-view services do not yet pose a threat to Netflix's subscription service. Announcement of a rival unlimited subscription service by Apple or Amazon.com would generate increased competition for Netflix

Update comments present the analyst's thoughts on current events and recent reports affecting the stock price. Full analysis of the company's prospects for growth, including positive and negative factors, investment rationale, competitors, suppliers, customers, and key variables for investor consideration are presented in Summary Focus Reports, attached.

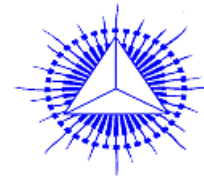
NOTE: Estimates are based on pro forma numbers as presented by Netflix's management. Pro forma EPS excludes stock based compensation and tax adjustments. Pro forma EPS was \$0.27 per share for 4Q 2007. Pro forma EPS was \$1.08 for 2007. GAAP EPS was \$0.24 per share for 4Q 2007. GAAP EPS was \$0.97 for 2007.

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Netflix Inc. (NFLX)

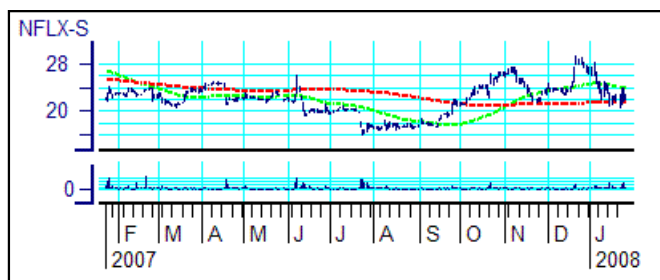
Update 01/28/2008

BUY

Rank: 2

Valuation At a Glance

Price	\$22
EPS 12/31/2007	\$1.08
EPS 12/31/2008	\$1.32
P/E Cal 2008 EPS	16.5X
Mkt Cap(\$MM)	\$1,459
Mkt Cap/Ann Rev	1.2X



Closing stock price and volume are shown in blue lines on top and bottom of chart. 200 day moving average stock price is shown in red and 50 day moving average stock price is shown in green.

Netflix's 4Q 2007 benefited from reduced competition from Blockbuster. Revenues of \$302 million increased 9% from the previous year, at the high end of guidance. Pro forma EPS of \$0.27 per share increased 13%, well ahead of our expectation of \$0.20 per share.

Netflix ended 2007 with 7.5 million subscribers, adding 451,000 during 4Q 2007. Subscriber acquisition cost (SAC) decreased to \$34.60, the lowest in 3 years, due to increased word of mouth advertising from satisfied subscribers. Churn of 4.1% increased slightly from the previous year but decreased from the previous quarter. Netflix once again ranked #1 in the US for e-commerce customer satisfaction.

Growth is projected to continue through 2008 with as many as 8.9 million subscribers generating revenues of \$1.3 billion, up 8% from 2007, and pro forma EPS of \$1.32 per share, up 22%. Netflix should gain market share from competitor Blockbuster as increased subscription prices boost churn.

Netflix should become a key player in the emerging market for Internet VOD. Bundled service of DVD-by-mail and instant Internet viewing positions Netflix for exceptional long term growth

We maintain our BUY rank on Netflix stock. There appears to be no better positioned company than Netflix for video rentals, whether via Internet subscription service or in the emerging market for Internet VOD.

Update comments present the analyst's thoughts on current events and recent reports affecting the stock price. Full analysis of the company's prospects for growth, including positive and negative factors, investment rationale, competitors, suppliers, customers, and key variables for investor consideration are presented in Summary Focus Reports, attached.

NOTE: Estimates are based on pro forma numbers as presented by Netflix's management. Pro forma EPS excludes stock based compensation and tax adjustments. Pro forma EPS was \$0.27 per share for 4Q 2007. Pro forma EPS was \$1.08 for 2007. GAAP EPS was \$0.24 per share for 4Q 2007. GAAP EPS was \$0.97 for 2007.

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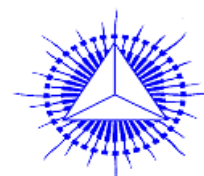
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Matthew D. Coppola

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12/12/2007

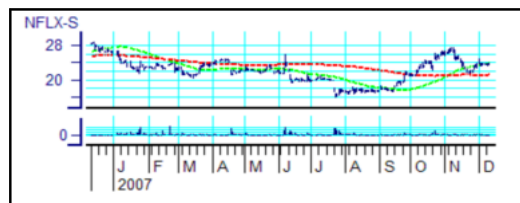


Netflix Inc. NFLX \$23

BUY

Ranking: 2

Price	\$23
EPS 12/31/2007	\$1.01
EPS 12/31/2008	\$1.03
P/E Calendar 2008 EPS	22.3X
Mkt Cap (\$MM)	\$1,566
Annualized Revenue	\$1,176
Mkt Cap/Ann Rev	1.3X



Closing stock price and volume are shown in blue lines on top and bottom of chart. 200 day moving average stock price is shown in red and 50 day moving average stock price is shown in green.

Current Quarter Estimate

FY ending 12/31/2007

Next Quarterly Report	12/31/2007
Expected Report Date	01/20/2008
Revenue Estimate	\$300 vs \$277
EPS Estimate	\$0.20 vs \$0.24
Previous Quarter EPS	\$0.26

Company Contacts

Phone Number	(408) 317 3700
Location	Los Gatos, CA
CEO	Reed Hastings
CFO	W. Barry McCarthy, Jr.
IRC, (408) 317 3712	Deborah Crawford
Website	netflix.com

Comments:

Decreased marketing spending by Blockbuster resulted in renewed subscriber growth for Netflix.

Postal labor costs incurred by Netflix's nonmachineable envelopes will likely result in a redesign.

Subscriber growth should benefit as the unsettled WGA writers strike will disrupt the TV schedule well into 2008.

Popularity of lower priced plans results in decreased revenue.

Netflix is working with partners to deliver instant movie viewing to the TV in 2008.

A \$100 million stock repurchase program enhances shareholder value.

Valuation Comments

Netflix appears reasonably valued based on a P/E multiple of 22.3X estimated calendar 2008 EPS of \$1.03 per share, when compared to Blockbuster at 30.0X, as shown in the table at the top of page 3 of this report. Market capitalization relative to annualized revenues of 1.3X is much higher than Blockbuster and Movie Gallery. Assuming Netflix achieves pro forma EPS growth of 30%, and assuming a target P/E ratio of 108% of the growth rate, our model suggests a target price of \$33 per share, indicating potential stock price appreciation of 43%.

NOTE: Estimates are based on pro forma numbers as presented by Netflix's management. Pro forma EPS excludes stock based compensation and tax adjustments. Pro forma EPS was \$0.26 per share for 3Q 2007. Pro forma EPS was \$0.81 for the first 9 months of 2007. GAAP EPS was \$0.23 per share for 3Q 2007. GAAP EPS was \$0.74 for the first 9 months of 2007.

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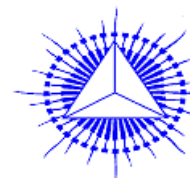
Investment Rationale

Positives

- Netflix is the largest online entertainment subscription service in the US. Netflix provides its 7.0 million subscribers access to a comprehensive library of more than 90,000 DVD titles with no due dates, late fees, or shipping charges for a flat fee of \$16.99 per month. 8 additional plans, starting as low as \$4.99 per month, provide an opportunity to turn anyone ranging from a less intensive user to frequent renter into a Netflix subscriber.
- Investors seeking an exceptional opportunity to invest in a company that dominates an attractive business should consider Netflix. The total US online DVD rental industry reached more than 10.1 million total online renters during 3Q 2007. Netflix had 7.0 million subscribers as of September, 2007, and expects to reach as many as 7.5 million subscribers by the end of 2007
- Netflix stock moved higher on better than expected results for 3Q 2007, as a favorable shift in the competitive environment stimulated subscriber growth, offsetting impact of lower pricing and a (17%) decrease in marketing spending. Revenue of \$294 million for 3Q 2007 increased 15% from the previous year. Pro forma EPS of \$0.26 per share increased 24%, ahead of our estimate by \$0.08 per share. These results indicate Netflix is recouping market share gained by Blockbuster. Netflix's superior product, larger DVD library, service quality, and high level of customer satisfaction support these market share gains, as Blockbuster lowers spending on its online service to focus on profitability improvement. Netflix ended 3Q 2007 with 7.0 million subscribers, up 24% from the previous year. Netflix's 3Q 2007 subscribers increased 4% from the previous quarter while Blockbuster lost (14%) of its online subscriber base. Churn of 4.2% declined (0.4%) due to lower subscription prices. Subscriber acquisition cost (SAC) of \$38 (the lowest in 2 years) was down (16%) from the previous year due to lower churn, decreased competition, and increased additions from free acquisition channels, such as word-of-mouth.
- Netflix is set apart from competitors by its extensive distribution system. In-house developed proprietary software manages the processing and distribution of more than 1.6 million DVDs per day from Netflix's 100 shipping points across the US. 95% of subscribers are receiving overnight delivery, while the rest receive 2 day shipping. The San Francisco Bay area is now reporting Netflix penetration of 16.9%, with 18.0% penetration expected in 2008.
- Netflix will be well positioned to transition subscribers to Internet-based movie delivery as it becomes a mainstream method for movie distribution. Netflix's "Watch Now" online viewing service, which lets subscribers instantly view movies and TV shows online at no additional charge, is attracting customer trial. As of August, 2007, members have watched more than 10 million movies and TV episodes on their PCs. Although only 5,000 titles out of Netflix's total of more than 90,000 are available for online delivery, this is just the first step in positioning Netflix to compete against other online services such as CinemaNow, MovieFlix, Movielink (recently acquired by Blockbuster), and Amazon Unbox. Netflix is constantly adding new content for online viewing, searching for an inexpensive and easy way to allow viewing of online content on TV. Netflix is currently exploring options utilizing Internet-connected HD DVD players, videogame consoles, and set-top boxes. Netflix plans to invest \$40 million for these online viewing initiatives during 2007, with higher spending planned for 2008.
- A shift in strategy targets market share at the expense of revenues. Netflix lowered the price of its 2 most popular plans by \$1 per month. Lower subscription prices and reduced marketing spending should be an efficient way to retain subscribers and stimulate growth. Positive sequential subscriber growth is expected for the remainder of 2007. Planned openings of 10 distribution centers by 2008 will further expand next-day deliveries while increasing subscriber satisfaction. This change in strategy is reminiscent of price cuts in 2004, which was followed by the addition of more than 4.5 million subscribers.
- Lower priced, higher margin subscription models help lower churn, while improving gross margin. Netflix now offers plans starting from \$4.99 per month. The \$4.99 plan should boost subscribers by targeting a lower usage rental audience with savings of up to 50% from renting 2 movies at a traditional store. Netflix offers options for every kind of subscriber and movie watcher. Increased popularity of the higher margin, lower priced plans resulted in revenue per subscriber decreasing (10%) for 3Q 2007.
- Guidance was increased to indicate revenue for 4Q 2007 of \$300 million, with pro forma EPS of \$0.20 per share. Netflix's expected 7.4 million subscribers would provide 2007 revenue of at least \$1.2 billion, generating pro forma EPS of \$1.01 per share (assuming no additional pricing adjustments). We increased our estimate for 2008 pro forma EPS to \$1.03 per share.
- A \$100 million stock repurchase program, announced in April, 2007, supports EPS. During 3Q 2007, Netflix repurchased 2.1 million shares of common stock at \$17 per share, for investment of \$36 million. During the first 9 months of 2007, Netflix repurchased 3.4 million shares for investment of \$66 million. Free cash flow of \$36 million for 3Q 2007 increased 62% from the previous year.

Negatives

- The US Postal Service has reported that due to Netflix envelopes jamming the mail machines, postal employees have to manually process 70% of Netflix's envelopes which has added \$42 million in labor costs over the past 2 years. Increasing popularity of Netflix could result in \$62 million additional postal service labor costs over the next 2 years. The Postal Service wants Netflix to redesign its envelopes or pay a \$0.17 per envelope surcharge. The surcharge would decrease Netflix monthly operating income per subscriber by 67%. Although Netflix plays first-class postage and is entitled to have returned discs delivered to them, Netflix is already saving the post office money by picking the discs up from the post office instead. No other information has been provided but a redesign seems like the easiest solution.
- 3Q 2007 gross margin decreased (4.1%) to 33.9% due to the May, 2007 postage increase and increased spending on online viewing. Gross margin should continue to decline due to lower subscription prices and continued online investment.
- Without acceleration in subscriber growth, Netflix may not reach its goal of 20 million subscribers by 2012, with 50% annual EPS growth.
- Increased expenses are impacting EPS results. During 3Q 2007, technology and development expenses increased 53% due to online video investment. Technology and development expenses are expected to increase for the remainder of 2007. Administrative expenses, up 30% for 3Q 2007, are expected to increase for the remainder of 2007 due to increased headcount and higher legal costs. Marketing expenses decreased (17%), due to a decrease in online advertising, but are expected to increase for the remainder of 2007.
- As net operating loss carry-forwards are fully utilized, Netflix must start paying taxes. Netflix expects to be a cash tax payer in the second half of 2007.



DVD Rental Valuation Comparison

Company	Ticker	Price 12/12/2007	ANN HIGH	ANN LOW	FY	2006	2007	2008	P/E CAL 2008	# Shares Out	MKT CAP	ANN REV	MKT CAP/ REV
Blockbuster	BBI	\$3	\$7	\$3	12/31/2007	(\$0.07)	(\$0.81)	\$0.10	30.0	190.6	\$572	\$4,952	0.1
Netflix	NFLX	\$23	\$29	\$16	12/31/2007	\$0.82	\$1.01	\$1.03	22.3	68.1	\$1,566	\$1,176	1.3
*Movie Gallery	MOVIQ	\$0	\$5	\$0	12/31/2007	(\$0.81)	(\$2.87)	(\$1.48)	NA	31.8	\$0	\$2,591	0.0
Industry Average									26.2				0.5

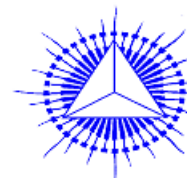
*As of December 12, 2007, Movie Gallery has filed for bankruptcy, delisted from NASDAQ, and has not reported results since 1Q 2007

Competitors

Netflix's principal competitors include video rental outlets such as Blockbuster and Movie Gallery, movie retail stores such as Wal-Mart, Target, Best Buy and Amazon.com, subscription entertainment services such as HBO and Showtime, DVD kiosk locations including Redbox and DVDPlay, pay-per-view, and Internet movie, cable, and direct satellite providers. Movie Gallery announced plans to offer an online video rental service by 2008 but plans to close 520 underperforming store locations. Comcast is rolling out a plan to make films available for VOD on the same day they are released on DVD. Redbox is a \$1 per night movie rental option with kiosks available in 6,000 locations including super markets, McDonald's, and Walgreens. Redbox now offers an online rental option which guarantees title availability at your local Redbox location. DVDPlay plans to have 3,300 locations by 2009. With the kiosk sector expected to have 5% market share in 2008 and 20% by 2012, Blockbuster has even begun testing Express-branded vending machines at a few locations. Sonic Solutions introduced its Qflix DVD on-demand initiative that will make possible the legal downloading and burning to DVD of movies and TV shows due to new copy protection through special DVD PC drives and specially-adapted recordable DVDs. Customers will be able to go to a Qflix kiosk, select a movie from a server with a virtually limitless catalog, and quickly download and burn it to DVD for purchase or rental. Qflix-enabled PCs are expected from major PC manufacturers by early 2008. Studios are expected to announce significant quantities of titles they plan to make available for the DVD on-demand system in mid-2008.

Key Variables

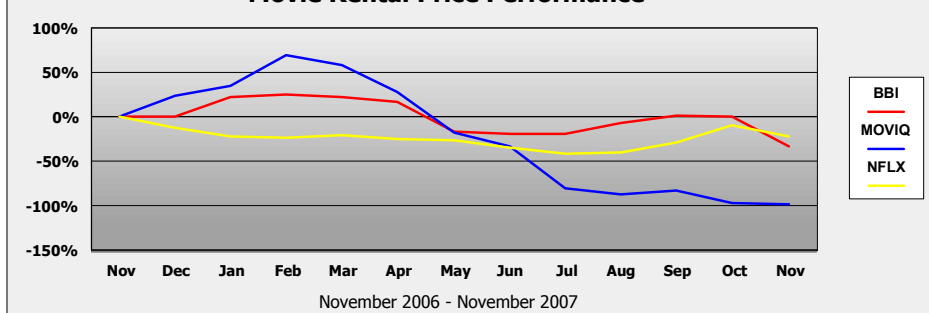
- Depth of Offerings.** Netflix offers virtually every movie available on DVD, with a large inventory of more than 90,000 movies, mitigating the deterioration of in-store sales trends seen in traditional rental stores caused by light release schedules and the weak quality of movies currently available. Netflix provides greater subscriber satisfaction through personalized inventory based on selection history, personal ratings, and the tastes and preferences of similar users through the recommendation service, as well as the ease and speed of selecting, receiving, and returning titles. Recommendations aid in utilization as 90% of all titles are rented each quarter, with back catalog titles generating two-thirds of total rentals. Smaller online DVD subscription services, such as dvdavenue.com (only 25,000 titles) and qwikflixs.com (up to 4-6 day delivery time to the East Coast and charges extra for a rapid return service), do not have a significant number of subscribers, sufficient inventory, or effective distribution to cause concern. Another online DVD rental site, dvdoverynight.com, is not a subscription service, costing up to \$4 per DVD for a 7 day rental period, after which late fees are charged.
- DVD Rental Window.** DVDs have a competitive advantage over other distribution channels, such as pay-per-view and video on demand (VOD), because of the early distribution window for DVD. Studios, especially Warner Bros., have been testing modifications to the traditional DVD rental window, but as DVD generates 51% of revenues for studios, DVD should continue to receive a preferential distribution window. A multi-studio test with Comcast showed that releasing a film for VOD during the DVD window boosted both VOD buy rates and sales of DVDs, although it hurt DVD rental.
- Online Rental Industry.** There are currently more than 10.1 million online renters, up 40% from the previous year. During 2008, 12.0 million subscribers are expected, growing 43% from 2006. The price war between Netflix and Blockbuster has led Amazon.com to launch a download service instead of a movie-by-mail service. An entry by Amazon.com into the movie-by-mail industry would grow the online rental market even faster. Before filing for bankruptcy, Movie Gallery had planned to enter the online rental industry by 2008.
- Movie Downloading.** After years of struggling to gain content, movie downloading (segmented into rental of online delivered content, the download-to-own segment, and ad-supported online delivery segment) is finally starting to become mainstream. As studios begin to realize that legal movie downloading can be a viable alternative, companies are beginning to roll out their own services. Apple began selling movie downloads in September, 2006 and sold more than 1.3 million only 4 months after the service launched. Also in September, 2006, Amazon.com launched its own service, Amazon Unbox Video, that with typical in-store pricing and stringent DRM (digital rights management) software will allow US customers to rent or buy digital videos, including movies and television shows. In February, 2007, Wal-Mart, the first to announce a download deal with all 6 major Hollywood studios, unveiled a download service that, for an additional fee added to the price of a retail DVD, would grant customers the ability to download a copy of the purchased movie to a PC or a mobile device (excluding iPod and Zune). Time Warner expects to release a downloading service that allows the burning of movies to DVD sometime in 2007. In January, 2007, Netflix unveiled "Watch Now," allowing instant viewing of certain titles on the PC. As initial downloadable content is restricted, due to licensing fee structures with other studios which could take some time to negotiate, we believe DVD will remain the favored option for movie rental for many years. Blockbuster's acquisition of Movielink provided entry into the online movie download market.
- Blockbuster's Competing Online Service.** Blockbuster's online service has grown rapidly, reaching 3.1 million subscribers, through aggressive pricing, marketing, and the combination of in-store and online rentals. After 2 price cuts, and a price increase announced in 2005, the standard service Total Access plan is now priced at \$17.99 per month, \$1 higher than Netflix. BLOCKBUSTER By Mail's competing 3-at-a-time plan (mail only, no in-store exchanges) is priced the same as Netflix. Movies are shipped from 35 distribution centers, with 5 more centers expected to open in 2007. Distribution from local retail stores has been rolled out to more than 1,000 stores. The online rental market is projected to increase 43% in 2007 and Blockbuster had planned to accept losses in favor of capturing its share of growth through its Total Access and BLOCKBUSTER By Mail offerings to remain the fastest growing online rental service. Recent scaled back marketing efforts have impacted Blockbuster's subscriber growth which will likely result in not reaching the expected 4.0 million subscribers by 2008. Superior service, convenience, and increased title selection (BLOCKBUSTER Total Access offers 15,000 less titles than Netflix) should boost Netflix's lead in the online rental industry.



Netflix Inc. Quarterly Trends

	3Q '06	4Q '06	1Q '07	2Q '07	3Q '07
Total Revenues	<u>\$255,950</u>	<u>\$277,233</u>	<u>\$305,320</u>	<u>\$303,693</u>	<u>\$293,972</u>
% chg yr/yr	48%	44%	36%	27%	15%
Gross Margin	38.0%	38.9%	36.1%	35.2%	33.9%
Total Subscribers	5,662,000	6,316,000	6,797,000	6,742,000	7,028,000
Churn	4.2%	3.9%	4.4%	4.6%	4.2%
EPS (Pro forma)	\$0.21	\$0.24	\$0.16	\$0.39	\$0.26
EPS (GAAP)	\$0.18	\$0.21	\$0.14	\$0.37	\$0.23

Movie Rental Price Performance



Movie Rental Price Performance Sort by Highest to Lowest November 2006 - November 2007

Netflix	NFLX	-21%
Blockbuster	BBI	-32%
Movie Gallery	MOVIQ	-98%

Customers

Substantially all of Netflix's revenues are derived from monthly subscription fees, now set at \$16.99 for the most popular subscription plan with unlimited rentals, no due dates, no late fees, and a maximum of 3 movies out at any time. Despite 95% of subscribers using the \$16.99 plan, Netflix plans to increase marketing spending to advertise their lower price, higher gross margin plans. Third parties solicit subscribers through the use of banner ads, direct links, and e-mails. An affiliate program registers third parties with Netflix to obtain advertisements for use on their individual websites.

Suppliers

Netflix has direct relationships with 100 separate content vendors, encompassing every major studio. Revenue sharing agreements with several studios and distributors enable Netflix to acquire DVDs at a lower up-front cost than traditional buying arrangements. The rest is purchased on a wholesale basis from studios, distributors, and independent producers. During 1Q 2007, Netflix's purchase mix shifted toward direct purchase as revenue sharing agreements expire. Subscribers' individual rental queues, coupled with the ability to save a title before its release, give Netflix insight into predicting demand, so that it can adjust content purchasing for high or low demand titles accordingly. Netflix hired a Vice President of Product Operations to improve supply chain manufacturing and processes that support growth and profitability goals.

Delivery

Netflix relies exclusively on the US Postal Service for deliveries and returns. The increase in first-class postage during 2006 increased shipping costs and impacted gross margin, offset by a decline in fulfillment costs as a result of increased operational efficiencies. A postage increase of \$0.03, implemented in May, 2007, is expected to result in a 2007 gross margin decrease. Netflix receives discounts on outbound postage costs related to mail preparation practices.

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INDEPENDENT EQUITY RESEARCH CONSENSUS

About the Jaywalk Consensus

The Jaywalk Consensus is an average of all the ratings on the given security by independent research providers in the Jaywalk network. By averaging these recommendations, investors are given insight into the independent research community's perspective on individual securities. The independent analysts who participate in the Jaywalk Consensus report are professional firms that attest to having no investment banking or other potential conflicts that might impact the integrity of their research product. Investors may utilize the Jaywalk Consensus as a frame of reference in their investment decisions.

BREAKDOWN OF INDEPENDENT RATINGS

Below is the breakdown of analyst recommendation ratings in Jaywalk Consensus. The breakdown of recommendations provides helpful detail on individual recommendations on a stock. For example a 1.5 score with 10 IRPs where there are 5 buys and 5 holds shows a solid overall consensus with no negative recommendations. The consensus is also shown for 30, 60, 90 days ago to provide some visibility to trend. A current consensus of 2.5 with 10 IRPs that was 2.2 30 days ago, 1.8 60 days ago, and a 1.5 90 days ago shows definitive deterioration in the consensus over the last quarter.

	3/03/08	2/29/08	1/31/08	12/31/07	11/30/07
Positive or Buy (Rating = 1)	12	12	13	11	10
Neutral or Hold (Rating = 2)	9	9	7	10	9
Negative or Sell (Rating = 3)	--	--	1	--	2
Total Independent Research Providers	21	21	21	21	21
Consensus Recommendation	1.43	1.43	1.43	1.48	1.62

INDUSTRY, SECTOR AND OVERALL BNY JAYWALK RANKING

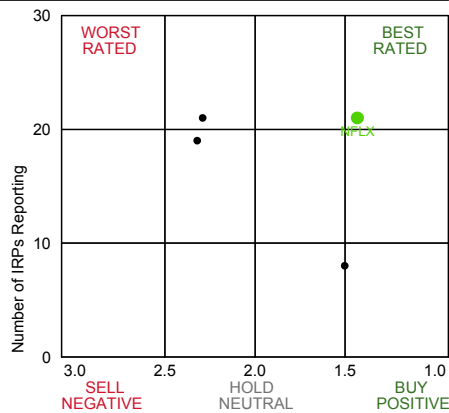
Industry, Sector and Overall Jaywalk Universe rankings charts on the right are shown on a 0.0% to 100.0% scale. A stock with a percent rank in industry of 25%, for example, indicates approximately 75% of the stocks in that industry have a better Jaywalk Consensus than the given stock. Likewise a percent rank in sector of 50% would demonstrate a Jaywalk Consensus that has exactly as many stocks rated higher or lower than the given stock.

INDUSTRY RATING DISTRIBUTION

This chart shows NFLX's Consensus Rating, relative to the ratings of the 6 companies in its industry. NFLX is shown against its peers to assist investors in identifying where the consensus rating and coverage of the stock is in respect to other industry participants.

The chart also demonstrates Jaywalk Consensus on the overall industry.

Note: Dots displayed indicate there are at least 4 IRPs providing coverage.



INDEPENDENT RESEARCH PROVIDERS IN THE JAYWALK CONSENSUS

The Independent Research Consensus from Jaywalk is designed to bring investors an overall view of independent opinions on equity securities. Research firms participating in the Jaywalk Consensus employ various methodologies, including those found below.

- Behavioral Finance
- Corporate Governance
- Economics
- Forensic Accounting
- Fundamental Analysis
- Intellectual Property Analysis
- IPO Research
- Money Flow Analysis
- Primary Source Data
- Quantitative Analysis
- Sector Analysis
- Social Responsibility Analysis
- Spin Off Arbitrage
- Technical Analysis

CURRENT JAYWALK CONSENSUS

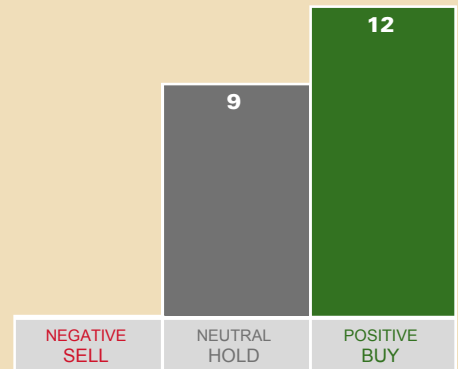
21 Independent Research Providers



INDEPENDENT RESEARCH PROVIDER

CURRENT RATING DISTRIBUTION

21 Independent Research Providers



RANK IN INDUSTRY

75.0%

Music & Video Stores

21 IRPs Covering NFLX, Industry Mean: 11 IRPs



The percentile for NFLX, measured by its Jaywalk Consensus, with its industry.

NFLX's consensus score is higher than 75.0% of the Industry.

RANK IN SECTOR

97.6%

SERVICES

21 IRPs Covering NFLX, Sector Mean: 12 IRPs



The percentile for NFLX, measured by its Jaywalk Consensus, with its given sector.

NFLX's consensus score is higher than 97.6% of the Sector.

RANK IN JAYWALK UNIVERSE

97.1%

21 IRPs Covering NFLX, Universe Mean: 11 IRPs



The percentile for NFLX, measured by its Jaywalk Consensus, with the total Jaywalk universe of 6768 stocks.

NFLX's consensus score is higher than 97.1% of the Jaywalk Universe.

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COMPANY FUNDAMENTALS

IMPORTANT NOTICE

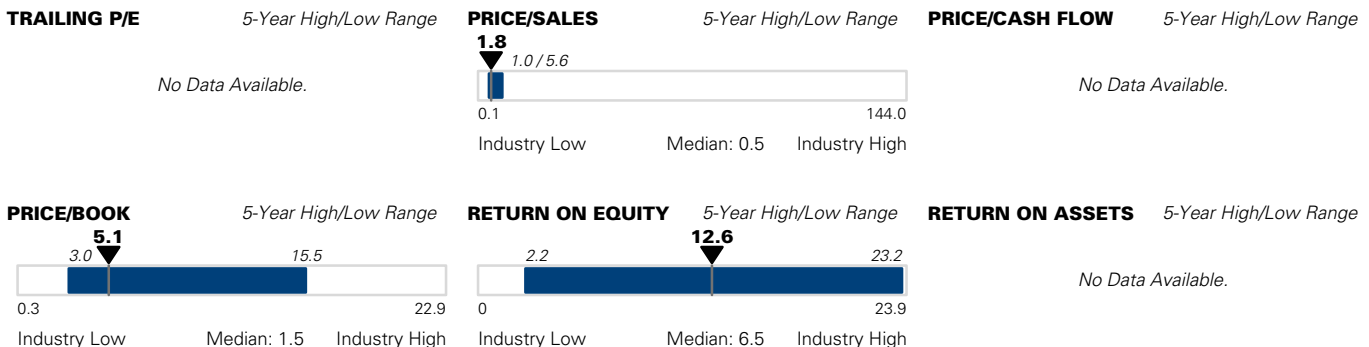
The following company fundamental data is provided for informational purposes only and may differ from the data produced by other data providers or from the selected Independent Research report provided herein. These financials are selected line items taken from the company's annual or quarterly financial statements. They are meant to demonstrate basic financial characteristics of the company. EBITDA represents earnings before interest, taxes, depreciation, and amortization.

ANNUAL FINANCIAL DATA

Fiscal year ends December	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
in million, except per share data					
Revenues	Quarterly Revenue				
	\$56	\$63	\$72	\$81	
	\$100	\$120	\$142	\$144	
	\$154	\$164	\$174	\$189	
	\$224	\$239	\$256	\$277	
	\$305	\$304	\$294	\$302	
	\$272	\$506	\$682	\$997	\$1,205
Net Earnings	\$7	\$22	\$42	\$49	\$67
Net EPS	Quarterly EPS				
	\$-0.10	\$0.07	\$0.07	\$0.05	
	\$-0.11	\$0.06	\$0.36	\$0.09	
	\$-0.17	\$0.11	\$0.13	\$0.72	
	\$0.08	\$0.29	\$0.19	\$0.22	
	\$0.14	\$0.38	\$0.24	\$0.24	
	\$0.14	\$0.40	\$0.79	\$0.78	\$1.00
Pre-tax Margin	2.4%	4.3%	1.2%	8.1%	9.3%
Net Margin	2.4%	4.3%	6.2%	4.9%	5.6%
EBITDA	\$55	\$108	\$108	\$217	\$302
Long-Term Debt	\$0	\$0	\$0	\$0	\$0
Interest Coverage	17	129	22	—	—
Inventory	\$0	\$0	\$0	\$0	\$0
Current Assets	Assets vs. Liabilities				
	\$139	\$63	\$187	\$95	
	\$244	\$138	\$428	\$193	
	\$417	\$213			
	\$139	\$187	\$244	\$428	\$417
Current Liabilities	\$63	\$95	\$138	\$193	\$213
Common Equity	\$113	\$156	\$226	\$414	\$431
Dividends	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Payout Ratio	0.00%	0.00%	0.00%	0.00%	0.00%

KEY RATIOS

The following ratios are indicative of the health of the company. Large numbers for the four price ratios can reveal inflated or undervalued stock prices relative to underlying fundamentals.



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