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IR CONTACT: Deborah Crawford
Director of Investor
Relations
408.317.3712

PR CONTACT: Lynn Brinton
Director of Corporate
Communications
408.317.3726

Netflix Holds Analyst Day and Updates FY04 Guidance

LOS GATOS, CA – February 26, 2004 – Netflix, Inc. (Nasdaq: NFLX) today at its analyst day, announced that it expects to reach \$1B in revenue and 5 M subscribers by 2006. The Company also updated guidance for its current fiscal year 2004.

“We are pleased with the rapid rate of consumer adoption of the Netflix service,” said Reed Hastings, CEO and Founder. “Most meaningful is the strength and sustainability of core metrics from acquisition cost to retention.”

The Company said it expects to accelerate profitability through 2006, as a result of its faster growth, although faster growth will pressure short term margins.

Full Year 2004

- Ending subscribers of 2.4 million – 2.7 million
- Revenue of \$480 to \$505 million
- GAAP net income of \$4 to \$10 million
- Gross margin of 43 to 45 percent
- SAC of \$34 to \$36
- Churn of 4.3 to 5.1 percent

The analyst day was webcast live on the Internet and an archive of the webcast will be available at <http://ir.netflix.com/MediaList.cfm>.

About Netflix

Netflix (Nasdaq: NFLX) is the world's largest online movie rental service, providing more than one million subscribers access to over 15,000 DVD titles. For \$19.95 a month, Netflix subscribers rent as many DVDs as they want, and keep them as long as they want, with three movies out at a time. There are no due dates, no late fees and no shipping fees. DVDs are delivered for free by first-class mail from regional shipping centers located throughout the United States. Netflix can reach more than 80 percent of its subscribers with generally next-day delivery. The Company provides subscribers extensive information about DVD movies, including critic reviews, member reviews, online trailers, ratings, and personalized movie recommendations. For more information, visit www.netflix.com.

Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of the federal securities laws, including statements regarding our subscriber growth, revenues, GAAP net income, subscriber acquisition cost and churn for the full year of 2004. These statements are subject to risks and uncertainties that could cause actual results and events to differ, including, without limitation: unanticipated season fluctuations in subscriber growth and customer usage, adjustments to our stock-based compensation, managing our subscriber acquisition cost as well as the mix between revenue sharing titles and titles not subject to revenue sharing that are delivered to our subscribers; our ability to attract new subscribers and retain existing subscribers; customer spending on DVD players, DVDs and related products; competition; disruption in service on our website or within our computer systems; and conditions that effect our delivery through the U.S. Postal Service. A detailed discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K filed with the SEC on March 31, 2003. We undertake no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this press release.

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