

# Logical Audit: Credit Agreement - NETFLIX, INC. (2009)

Source file: logics.json

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## 1. VARIABLE INVENTORY

1. **consolidated\_net\_income**: Net Income of Netflix and subsidiaries. Page: 11.
2. **interest\_expense**: Total interest expense (add-back). Page: 11.
3. **tax\_expense**: Provision for taxes (add-back). Page: 11.
4. **depreciation\_amortization**: D&A expenses (add-back). Page: 11.
5. **share\_based\_compensation**: Non-cash compensation (add-back per Section 1.01). Page: 12.
6. **consolidated\_ebitda**: Calculated EBITDA for the period. Page: 11.
7. **consolidated\_total\_debt**: Total Indebtedness of Netflix. Page: 13.
8. **unrestricted\_cash**: Cash and Cash Equivalents. Page: 24.
9. **consolidated\_net\_debt**: Total debt minus unrestricted cash. Page: 13.
10. **consolidated\_leverage\_ratio**: Leverage Ratio (Section 7.12). Page: 10.

## 2. LOGICAL RULES & EVIDENCE

### Rule 1:

```
consolidated_ebitda == consolidated_net_income + interest_expense + tax_expense + depreciation_amortization +  
share_based_compensation
```

Source (Page 11): Definition of Consolidated EBITDA (Section 1.01).

### Rule 2:

```
consolidated_net_debt == consolidated_total_debt - unrestricted_cash
```

Source (Page 13): Definition of Consolidated Total Indebtedness and Netting (Section 1.01).

### Rule 3:

```
consolidated_leverage_ratio == consolidated_net_debt / consolidated_ebitda
```

Source (Page 10): Consolidated Leverage Ratio calculation (Section 1.01).

### Rule 4:

```
consolidated_leverage_ratio <= 2.5
```

Source (Page 76): Financial Covenant: Maximum Leverage Ratio (Section 7.12).