

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

Date: 2026-01-18

1. VARIABLE INVENTORY

- 1. **consolidated_net_income**: Net Income of Netflix and subsidiaries
- 2. **interest_expense**: Total interest expense (add-back)
- 3. **tax_expense**: Provision for taxes (add-back)
- 4. **depreciation_amortization**: D&A expenses (add-back)
- 5. **share_based_compensation**: Non-cash compensation (add-back per Section 1.01)
- 6. **consolidated_ebitda**: Calculated EBITDA for the period
- 7. **consolidated_total_debt**: Total Indebtedness of Netflix
- 8. **unrestricted_cash**: Cash and Cash Equivalents
- 9. **consolidated_net_debt**: Total debt minus unrestricted cash
- 10. **consolidated_leverage_ratio**: Leverage Ratio (Section 7.12)

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)