

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

Source file: logics\_NETFLIX.json

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## 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)*