UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☑ **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2019

or

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from to

Commission File Number: 1-35106

AMC Networks Inc.

(Exact name of registrant as specified in its charter)

Delaware	**27-5403694**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
11 Penn Plaza, New York, NY	**10001**
(Address of principal executive offices)	**(Zip Code)**

(212) 324-8500
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value $0.01 per share	AMCX	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company (as defined in Exchange Act Rule 12b-2).

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant, computed by reference to the closing price of a share of common stock on June 30, 2019 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately $2.3 billion.

The number of shares of common stock outstanding as of February 14, 2020:

Class A Common Stock par value $0.01 per share	44,078,364
Class B Common Stock par value $0.01 per share	11,484,408

DOCUMENTS INCORPORATED BY REFERENCE:

Certain information required in Item 10 through Item 14 of Part III of this Annual Report on Form 10-K is incorporated herein by reference to the Registrant's definitive Proxy Statement for its 2020 Annual Meeting of Stockholders, which shall be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, within 120 days of the Registrant's fiscal year end.

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains statements that constitute forward-looking information within the meaning of the Private Securities Litigation Reform Act of 1995. In this Annual Report on Form 10-K there are statements concerning our future operating results and future financial performance. Words such as "expects," "anticipates," "believes," "estimates," "may," "will," "should," "could," "potential," "continue," "intends," "plans" and similar words and terms used in the discussion of future operating results and future financial performance identify forward-looking statements. You are cautioned that any such forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties and that actual results or developments may differ materially from the forward-looking statements as a result of various factors. Factors that may cause such differences to occur include, but are not limited to:

- the level of our revenues;
- market demand, including changes in viewer consumption patterns, for our programming networks, our subscription streaming services, our programming, and our production services;
- demand for advertising inventory and our ability to deliver guaranteed viewer ratings;
- the highly competitive nature of the cable, telecommunications and programming industries;
- our ability to maintain and renew distribution or affiliation agreements with distributors;
- the cost of, and our ability to obtain or produce, desirable programming content for our networks, other forms of distribution, including digital and licensing in international markets, as well as our independent film distribution businesses;
- market demand for our owned original programming and our independent film content;
- changes in consumer demand for our comedy venues;
- the security of our program rights and other electronic data;
- the loss of any of our key personnel and artistic talent;
- changes in domestic and foreign laws or regulations under which we operate;
- economic and business conditions and industry trends in the countries in which we operate;
- fluctuations in currency exchange rates and interest rates;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the U.S. or in the countries in which we operate;
- the impact of new and proposed federal, state and international laws and regulations relating to data protection, privacy and security, including the European Union's General Data Protection Regulation ("GDPR");
- the impact of Brexit;
- our substantial debt and high leverage;
- reduced access to capital markets or significant increases in costs to borrow;
- the level of our expenses;
- the level of our capital expenditures;
- future acquisitions and dispositions of assets;
- our ability to successfully acquire new businesses and, if acquired, to integrate, and implement our plan with respect to businesses we acquire;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire;
- uncertainties regarding the financial results of equity method investees, issuers of our investments in marketable equity securities and non-marketable equity securities and changes in the nature of key strategic relationships with partners and joint ventures;
- the outcome of litigation and other proceedings;
- whether pending uncompleted transactions, if any, are completed on the terms and at the times set forth (if at all);
- other risks and uncertainties inherent in our programming businesses;
- financial community and rating agency perceptions of our business, operations, financial condition and the industry in which we operate;
- events that are outside our control, such as political unrest in international markets, terrorist attacks, natural disasters and other similar events; and
- the factors described under Item 1A, "Risk Factors" in this Annual Report.

We disclaim any obligation to update or revise the forward-looking statements contained herein, except as otherwise required by applicable federal securities laws.

Part I

Item 1. Business.

AMC Networks Inc. is a Delaware corporation with its principal executive offices located at 11 Penn Plaza, New York, NY 10001. AMC Networks Inc. is a holding company and conducts substantially all of its operations through its majority owned or controlled subsidiaries. Unless the context otherwise requires, all references to "we," "our," "us," "AMC Networks" or the "Company" refer to AMC Networks Inc., together with its subsidiaries. "AMC Networks Inc." refers to AMC Networks Inc. individually as a separate entity. Our telephone number is (212) 324-8500.

AMC Networks Inc. was incorporated on March 9, 2011 as an indirect, wholly-owned subsidiary of Cablevision Systems Corporation (Cablevision Systems Corporation and its subsidiaries are referred to as "Cablevision"). On June 30, 2011, Cablevision spun off the Company (the "Distribution"), and AMC Networks Inc. became an independent public company.

OVERVIEW

AMC Networks is a global entertainment company known for its groundbreaking and award-winning original content. We own and operate a suite of focused and targeted video entertainment products that are delivered to viewers on an ever-expanding array of platforms. These include: our linear TV channels carried by traditional and virtual multi-channel video programming (MVPD) distributors; our targeted subscription video on demand (SVOD) services; our digital platforms; and on various social media platforms.

We operate several of the most recognized brands in entertainment, creating and presenting high quality content and compelling stories to audiences, and a valuable platform for distributors and advertisers. We have operated in the entertainment industry for more than 30 years, and, over this time, we have continually enhanced the value of our portfolio. Our content spans multiple genres, including drama, comedy, documentary, reality, anthology, feature film and short form and is well known and well regarded by our key constituents — our viewers, distributors and advertisers — and have developed strong, dedicated followings within their respective targeted demographics, increasing their value to distributors and advertisers.

In the United States ("U.S."), our programming networks are AMC, WE tv, BBC AMERICA (operated through a joint venture with BBC Studios), IFC and SundanceTV. Our deep and established presence in the industry and the recognition we have received for our brands through industry awards, critical acclaim and other honors lend us a high degree of credibility with content creators and producers, providing us with strong relationships with top creators and demand for our owned programming for distribution on third-party platforms. Our networks are distributed primarily through MVPDs and are available on every major U.S. distribution platform. Through our AMC Studios operation, we are increasingly owning our original programming. Today, through AMC Studios, we own and control a significant portion of the original scripted series that we deliver to viewers on our linear and streaming platforms.

Our ability to produce and own high quality content has provided us with the opportunity to distribute our owned content on platforms other than our domestic networks. Our owned content as well as the content that we license is distributed domestically and internationally and on multiple platforms, including linear television, company-owned and third-party SVOD services, digital services, home video and syndication.

We also own and operate four targeted SVOD services that offer curated content destinations that provide unique viewership experiences for distinct audiences. The four services are: Acorn TV, our largest SVOD service, specializing in world-class mysteries and drama from Britain and beyond; Shudder, serving fans of horror and suspense; Sundance Now, featuring mysteries, prestige drama and true crime; and Urban Movie Channel (UMC), the first streaming destination dedicated to black audiences, featuring the best in black TV and film.

While we primarily license content for these services, we continue to increasingly invest in producing original programming, which is contributing to strong growth and a stable user base.

In addition, we created AMC Premiere, an upgrade for viewers who want a premium AMC experience. A first-of-its-kind offering for viewers who receive AMC as part of their MVPD subscription package, AMC Premiere provides commercial-free viewing of in-season original AMC series, as well as exclusive and first-look content, extended episodes, curated movies, the ability to binge certain shows ahead of linear viewers, and other benefits.

Internationally, we deliver programming that reaches subscribers in more than 125 countries and territories around the world. The international division of the Company, AMC Networks International ("AMCNI"), consists of global brands, including AMC and SundanceTV, in the movie and entertainment programming genres, as well as popular, locally recognized channels in several other programming genres.

AMC Networks also operates IFC Films, a film distribution business that distributes independent narrative and documentary films under the IFC Films label as well as the IFC Midnight distribution label. IFC Films is known for attracting high-profile talent and distributing films that regularly garner critical acclaim and industry honors, including numerous Oscar, Golden Globe, and Cannes Film Festival-award winning titles. IFC Films also operates IFC Films Unlimited, a subscription video on demand streaming channel comprised of theatrically-released and award-winning titles from its distribution labels. IFC Films has been behind some of the most culturally impactful and successful independent film and documentary releases of all time, and IFC Films Unlimited includes a broad range of titles, from IFC Films “classics” like *Y Tu Mama Tambien* and *The Thin Blue Line* to *The Trip* and Oscar-nominated films *45 Years* and *Two Days, One Night*, documentaries including the Oscar-nominated *How To Survive A Plague* and *Joan Rivers: A Piece Of Work*, as well as genre films *The Babadook* and *Room 237*.

Bringing together a broad collection of films that span across labels and genres, IFC Films Unlimited is a general entertainment SVOD destination for specialty film fans. It is currently available in North America on Amazon Prime Video Channels and Apple TV Channels.

Strategy

Our strategy is to maintain and improve our position as a leading entertainment company by creating and presenting content that is high-quality, brand defining and compelling to watch, and by owning and operating some of the most popular and award-winning brands in television that create engagement with audiences globally across multiple distribution platforms. The key focuses of our strategy are:

Continued Development of High-Quality Original Programming. We intend to continue developing strong original programming across all of our programming networks to further enhance our brands, strengthen our relationships with our viewers, distributors and advertisers, and increase distribution and audience ratings. We intend to seek increased distribution of our national networks to grow distribution and advertising revenues. We believe that our continued investment in original programming will support future growth in distribution and advertising revenue. We also intend to continue to expand the exploitation of our original programming across multiple distribution platforms.

Increased Ownership and Control of Content and Valuable IP. We believe that control (including long-term contractual arrangements) and ownership of content is important. Through our AMC Studios operation, we intend to increase our control over more of our programming content. We currently control, own or have long-term license agreements covering significant portions of our content across our programming networks, our SVOD services, and our independent film distribution business operated by IFC Films. We intend to continue to focus on obtaining the broadest possible control rights (both as to territory and platforms) for our content.

Develop and Grow New Targeted Direct-to-Consumer Offerings and Brands. We have been focused on creating and growing targeted SVOD services for several years. As the market for this category evolves, consumers are increasingly complementing their general entertainment subscriptions with our targeted SVOD services. Our targeted SVOD strategy is to serve distinct premium audiences and build loyal and engaged fan communities around each service. Financially, our offerings are attractive, with a large subscriber market for each service.

Innovation in Content, Format, Distribution, and New Products. The technological landscape of the distribution of entertainment content has expanded to include other media platforms. We distribute our content across many of these platforms, when it makes business sense to do so, so that our viewers can access our content where, when and how they want it. To that end, our programming networks are allowing many of our distributors to offer our content to subscribers on various platforms permitting subscribers to access programs at their convenience. We also make select content available on SVOD services or digital platform providers, such as Netflix, Hulu, and Amazon Prime, electronic-sell-through (EST) and physical (DVD and Blu-ray) formats.

Growth and Innovation in Advertising. We continue to evolve the programming on each of our networks to achieve even stronger viewer engagement within their respective core targeted demographics, thereby increasing the value of our programming to advertisers and allowing us to obtain higher advertising rates.

We are also creating new opportunities for brands to leverage the strength of our content and our large and passionate fan communities on social platforms as well as through on-the-ground live events. These opportunities are rooted in our strong content and proven ability to build vibrant, large and engaged fan communities around our shows and franchises.

In addition, we are embracing many new opportunities the evolving advertising space presents, including the potential of advertising video on demand (AVOD). We have made significant investments in advanced advertising technologies such as our proprietary targeting tool called Aurora. In what has been a multi-year effort for us, we have been building tools and staffing up as we develop data and analytics for our proprietary tools. We have seen the number of advertisers utilizing these tools increase and our targeted audience ad sales have grown as a result. In addition to our own initiatives, we are also participating in broader industry efforts, such as Project OAR, a consortium focused on bringing addressable advertising to smart TVs. Our products

enhance our value to advertisers through better targeting, data and measurement and we believe they will improve our overall business in the mid and long term.

Increased Global Distribution. We distribute our programming networks around the globe. We first expanded beyond the U.S. market with the launch in Canada of IFC (in 2001) and AMC (in 2006), and in Europe of SundanceTV (in 2010) and AMC (in 2014). One or more of AMC Networks International's channels are available in more than 125 countries and territories worldwide.

Revenue

We earn revenue principally from the distribution of our programming and the sale of advertising. Distribution revenues primarily include fees paid by distributors to carry our programming networks, revenue earned from the licensing of original programming and subscription fees paid for our SVOD services. In 2019, distribution revenues and advertising sales accounted for 68% and 32% of our consolidated revenues, net, respectively. For the year ended December 31, 2019, one customer in our National Networks segment, AT&T Inc., accounted for greater than 10% of our consolidated revenues, net.

Distribution Revenue

Subscription revenue: Our programming networks are distributed to our viewing audience throughout the U.S. and around the world via cable and other multichannel video programming distribution platforms, including direct broadcast satellite ("DBS"), platforms operated by telecommunications providers and virtual multichannel video programming distributors (collectively "distributors") pursuant to agreements with the distributors. Our subscription fee revenues are based on a per subscriber fee, and, to a lesser extent, fixed fees under multi-year contracts, commonly referred to as "affiliation agreements," which generally provide for annual rate increases. The specific subscription fee revenues we earn vary from period to period, distributor to distributor and also vary among our networks, but are generally based upon the number of each distributor's subscribers who receive our programming, referred to as viewing subscribers. These agreements also give us the right to sell a specific amount of advertising time on our programming networks. Our programming networks' existing distribution agreements expire at various dates through 2026. For our targeted SVOD services, we earn monthly fees as the streaming service is provided to our customers.

We frequently negotiate with distributors in an effort to increase the subscriber base for our networks. We have in some instances made upfront payments to distributors in exchange for these additional subscribers. We also may help fund the distributors' efforts to market our programming networks or we may permit distributors to offer limited promotional periods without payment of subscriber fees. As we continue our efforts to add subscribers, our subscriber revenue may be negatively affected by such deferred carriage fee arrangements, discounted subscriber fees and other payments, however, we believe that these transactions generate a positive return on investment over the contract period.

Content licensing revenue: We sell rights to our owned original programming and content acquired under long-term distribution arrangements for distribution in a variety of forms including television markets worldwide, SVOD services or digital platform providers, such as Netflix, Hulu, and Amazon Prime, electronic-sell-through (EST) and physical (DVD and Blu-ray) formats.

Advertising Revenue

We earn advertising revenue by selling advertising time on our programming networks. In the U.S., we sell advertising time in both the upfront and scatter markets. In the upfront market, advertisers buy advertising time for the upcoming season, and by purchasing in advance, often receive discounted rates. In the scatter market, advertisers buy advertising time close to the time when the commercials will be run, and often pay a premium. The mix between the upfront and scatter markets is based upon a number of factors, such as pricing, demand for advertising time and economic conditions. Internationally, advertising markets vary by jurisdiction. The majority of international advertising is sold close to the time when the commercials will be run (similar to the U.S. scatter market) and we are generally represented by third-party sales agents.

Our arrangements with advertisers provide for a set number of advertising units to air over a specific period of time at a negotiated price per unit. In most domestic advertising sales arrangements, our programming networks guarantee specified viewer ratings for their programming. If these guaranteed viewer ratings are not met, we are generally required to provide additional advertising units to the advertiser at no charge. For these types of arrangements, a portion of the related revenue is deferred if the guaranteed viewer ratings are not met and is subsequently recognized either when we provide the required additional advertising unit or the guarantee obligation contractually expires. In the U.S., most of our advertising revenues vary based upon the popularity of our programming as measured by Nielsen. In addition to the Nielsen rating, our advertising rates are also influenced by the demographic mix of our viewing audiences, since advertisers tend to pay premium rates for more desirable demographic groups of viewers.

Our programming networks have advertisers representing companies in a broad range of sectors, including automotive, restaurants/food, health, and telecommunications industries.

Programming

We obtain programming through a combination of development, production and licensing; and we distribute programming directly to consumers in the U.S. and throughout the world through our programming networks, digital and other forms of distribution and theatrical release of our IFC Films acquired content. Our programming includes original programming that we control, either through outright ownership or through long-term licensing arrangements, as well as acquired programming that we license from studios and other rights holders. Since our founding in 1980, we have been a pioneer in the cable television programming industry, having created or developed some of the industry's leading programming networks, with a focus on programming of film and original productions. Certain of our programming networks feature original programming that includes critically-acclaimed original scripted dramatic series.

Original Programming

Through our AMC Studios operation, we increasingly produce and own more of our original programming, primarily for our programming networks and also for license to third parties worldwide. Decisions as to how to distribute programming are made on the basis of a variety of factors including the relative value of any particular alternative.

We also contract with some of the industry's leading production companies to produce original programming that appears on our programming networks. These contractual arrangements either provide us with outright ownership of the programming, in which case we hold all programming and other rights to the content, or they consist of long-term licensing arrangements, which provide us with exclusive rights to exhibit the content on our programming networks, but may be limited in terms of specific geographic markets or distribution platforms. The license agreements are typically of multi-season duration and provide us with a right of first negotiation or a right of first refusal on the renewal of the license for additional programming seasons.

Acquired Programming

The majority of the content on our programming networks consists of films, episodic series and specials that we acquire pursuant to rights agreements with film studios, production companies or other rights holders. This acquired programming includes episodic series such as *Law and Order, The X-Files*, *Criminal Minds*, *CSI: Miami*, *Two and a Half Men* and *Batman*, as well as an extensive film library. The rights agreements for this content are of varying duration and generally permit our programming networks to carry these series, films and other programming during certain window periods.

SEGMENTS

We manage our business through the following two operating segments:

- *National Networks:* Includes activities of our five national programming networks, AMC Studios operations and AMC Broadcasting & Technology. Our national programming networks are AMC, WE tv, BBC AMERICA, IFC, and SundanceTV and also include our AMC Premiere service. Our AMC Studios operation produces original programming for our programming networks and also licenses such programming worldwide. AMC Networks Broadcasting & Technology is our technical services business, which primarily services most of the national programming networks.
- *International and Other*: Includes AMCNI, our international programming businesses consisting of a portfolio of channels around the world; AMC Networks SVOD consisting of our targeted subscription streaming services: Acorn TV, Shudder, Sundance Now, and UMC; Levity, our production services and comedy venues business; and IFC Films, our independent film distribution business.

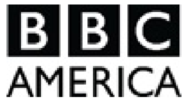
For financial information of the Company by operating segment, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Consolidated Results of Operations" and Note 24 to the accompanying consolidated financial statements.

National Networks

- AMC reached approximately 85 million Nielsen subscribers and had distribution agreements with all major U.S. and Canada distributors as of December 31, 2019.
- AMC is home to some of the most popular and acclaimed programs on television. The network helped usher in what is commonly referred to as a new “Golden Age of Television,” with its debut of Mad Men in 2007 and Breaking Bad in 2008. With Mad Men, AMC became the first basic cable network to ever win the Emmy® Award for Outstanding Drama Series in 2008 after which it won the coveted award another four years in a row. Subsequently, AMC’s Breaking Bad won this Emmy® Award in 2013 and 2014. Both series are among the most critically acclaimed and awarded series in the history of television.
- The network created AMC Premiere for viewers who want a premium AMC experience. AMC Premiere provides commercial-free viewing of in-season original AMC series, such as *The Walking Dead* and *Preacher*, as well as exclusive and first-look content, extended episodes, curated movies, the ability to binge certain shows ahead of linear viewers, and other benefits. AMC Premiere was first launched to Comcast's Xfinity TV customers in 2017 and has since expanded availability to YouTube TV and fuboTV subscribers, as well as making the upgrade available to viewers on AMC owned and operated digital platforms.
- AMC's current slate of programming has a range of popular and critically-lauded series including *The Walking Dead*, the highest-rated series in cable history, *Better Call Saul*, *Fear the Walking Dead*, and *NOS4A2*. Upcoming series for AMC include anthology series *Dispatches From Elsewhere*, created by and starring Jason Segel, along with *The Walking Dead: World Beyond*, a new third series in The Walking Dead Universe, and the upcoming limited series, international co-production, *Quiz*. AMC is also home to original unscripted shows including *Talking Dead* and *Ride with Norman Reedus* and has a year-round documentary series "AMC Visionaries," partnering with prolific artists to unveil the untold stories and fascinating histories of pop culture genres from the masters themselves. The first four installments are Robert Kirkman's *Secret History of Comics*, James Cameron's *Story Of Science Fiction*, Eli Roth’s *History of Horror*, and *Hip Hop: The Songs That Shook America* from executive producers Ahmir “Questlove” Thompson and Tariq “Black Thought” Trotter.
- AMC is in production on a new, yet-to-be titled original anthology drama created by Emmy-Award winning writers Will Bridges and Brett Goldstein to premiere in 2020. The network also recently greenlit two new series, *61st Street*, from BAFTA-winner Peter Moffat and executive produced by Michael B. Jordan, and *Kevin Can F**k Himself*, from creator Valerie Armstrong and executive producers, Rashida Jones and Will McCormack, as well as Craig DiGregorio. AMC and The Walking Dead Chief Content Officer Scott Gimple have continued developing projects for The Walking Dead Universe, including the first in a series of AMC Studios Original Films, starring Andrew Lincoln, which continue the story of Rick Grimes. As part of Gimple’s multi-year plan for The Walking Dead Universe, there are other projects currently in development, including additional films, specials, series, digital content and more.
- AMC's film library consists of films that are licensed under long-term contracts with major studios such as Twentieth Century Fox, Warner Bros., Sony, MGM, NBC Universal, Paramount and Buena Vista. AMC generally structures its contracts for the exclusive cable television rights to air the films during identified window periods.

- WE tv reached approximately 78 million Nielsen subscribers and had distribution agreements with all major U.S. distributors as of December 31, 2019.
- WE tv connects audiences with reality content that is authentic and relatable with compelling unscripted shows.

- WE tv is available across all platforms: on TV, online, on demand, and social media, embracing how today's digitally-savvy, socially-engaged audiences connect through content, using it as a catalyst to drive conversation and build community.
- Driven by unscripted originals, WE tv continues to grow its target audience, fueled by its popular slate of fresh and modern original series including its popular franchises *Love After Lockup*, *Growing Up Hip Hop*, and *Marriage Boot Camp: Reality Stars*, as well as Thursday night phenomenon *Braxton Family Values*, and cult favorite *Bridezillas*, which has helped to cement the network's position as the #1 U.S. cable network for African-American women on Thursday and Friday nights. WE tv's reality series include *Love After Lockup* as well as the spinoff *Love After Lockup: Life After Lockup*, with both shows averaging more than a million viewers in Nielsen Live + 3 ratings.
- Additionally, WE tv's programming includes series such as *CSI: Miami* and *Law & Order* as well as feature films, with certain exclusive license rights from studios such as Paramount, MGM, Disney and Warner Bros.



- A joint venture between AMC Networks and BBC Studios (the commercial arm of the BBC), BBC AMERICA reached approximately 77 million Nielsen subscribers and had distribution agreements with all major U.S. distributors as of December 31, 2019.
- The network has attracted wide critical acclaim for its influential series, including its Peabody Award-winning original series *Killing Eve*. Created by multi-award winner Phoebe Waller-Bridge (Fleabag), the series stars Sandra Oh, who won the Golden Globe and Critics' Choice Award for Best Actress in a Drama Series for her role as Eve, and co-star, Jodie Comer, who won a BAFTA Award and Emmy Award for her iconic portrayal of assassin Villanelle. Killing Eve finished its first season in 2018 with an unbroken record of weekly ratings growth in the key adults 25-54 and 18-49 demos. For its second season in 2019, the series averaged nearly 2 million viewers per episode. Season three is slated to return to BBC AMERICA in April 2020 and the series was recently renewed for a fourth season.
- BBC AMERICA is the definitive home and co-producer of the most iconic natural history programming from the BBC, including *Planet Earth II*, *Blue Planet II*, *Dynasties*, the Sir David Attenborough-narrated series *Seven Worlds, One Planet*, which marks the first time the story of earth's seven continents has been told in a single series, as well as the return of the Emmy® winning series *Frozen Planet II* and *Planet Earth III* – all a part of the network's new Saturday nature television destination, Wonderstruck, which transforms the network every Saturday into a 24-hour destination for wildlife programming.
- BBCA's shows such as *Doctor Who*, *Orphan Black*, *Luther* and *Broadchurch* have attracted broad critical acclaim. Its unscripted slate includes the iconic car show *Top Gear*, *The Graham Norton Show* and the world's biggest darts championships. The network is currently in production on an upcoming series, *The Watch*, based on Sir Terry Pratchett's "Discworld" novels, which have sold more than 90 million books worldwide.

- IFC reached approximately 71 million Nielsen subscribers and had distribution agreements with all major U.S. distributors as of December 31, 2019.
- IFC is the home of offbeat, unexpected comedies that are in keeping with the network's "Always On Slightly Off" brand, which air alongside fan-favorite movies and comedic cult TV shows.
- Acclaimed series include the Emmy-nominated *Documentary Now!*, created by Seth Meyers, Bill Hader and Fred Armisen and executive produced by Lorne Michaels; *Brockmire*, starring Hank Azaria and Amanda Peet; all-female sketch comedy series *Baroness von Sketch Show*; the Critics' Choice Award-nominated *Sherman's Showcase*, created by and starring Bashir Salahuddin and executive produced by John Legend's Get Lifted Film Co. and RadicalMedia, and which earned a 100% Certified Fresh rating on Rotten Tomatoes and inclusion on numerous 'Best of 2019' lists. Upcoming series include international co-production *Year of the Rabbit*, starring

BAFTA winner Matt Berry. IFC is also the broadcast home of the Independent Spirit Awards, the first event to honor independent film exclusively and an annual celebration of the spirited pioneers who bring a unique vision to filmmaking.

- Additionally, through a minority ownership stake in Funny or Die, the two comedy brands created a night of short-form original comedy from a host of up-and-coming Funny or Die talent called FODTV that currently airs Saturday nights on IFC. IFC's programming also includes films from various film distributors, including Fox, Miramax, Sony, Lionsgate, Universal, Paramount and Warner Bros.

SUNDANCETV

- SundanceTV reached approximately 67 million Nielsen subscribers and had distribution agreements with all major U.S. distributors as of December 31, 2019.
- SundanceTV has remained true to founder Robert Redford’s mission to celebrate creativity and distinctive storytelling through unique voices and narratives found in the best independent films since its launch in 1996. From delivering critically acclaimed Emmy®, Golden Globe® and Peabody Award-winning television featuring some of the world’s most talented creators and performers, to showcasing some of the most compelling and iconic films across genres and generations, SundanceTV is a smart and thought-provoking entertainment destination.
- Working with today's most innovative talent, SundanceTV attracts viewer and critical acclaim for its original scripted programming and true-crime documentaries, including the Peabody-award winning *Rectify, Top of the Lake* and second installment, *Top of the Lake: China Girl*, directed by Oscar-winning Jane Campion and starring Elisabeth Moss and Nicole Kidman; fan favorite *Hap and Leonard*; *Liar*, starring Golden Globe-winner and Emmy-nominated actress Joanne Froggatt (Downton Abbey); the Peabody and International Emmy-Award winning series *Deutschland 83*; original drama *The Split* with a female-led cast and crew from BAFTA and Primetime Emmy Award®-winning writer Abi Morgan and BAFTA-winning Executive Producer Jane Featherstone; and true-crime series, including *Cold Blooded: The Clutter Family Murders* from Academy Award® winning documentarian Joe Berlinger; *Jonestown: Terror in the Jungle* from Executive Producers Leonardo DiCaprio and Jennifer Davisson and Stephen David; as well as *Ministry of Evil: The Twisted Cult of Tony Alamo* from Emmy Award®-winners Fenton Bailey, Randy Barbato, and Peacock Productions; and *The Preppie Murder* with Emmy® Award- winner Robert Friedman's Bungalow Media + Entertainment and the original prosecutor in the case, Linda Fairstein.
- SundanceTV’s critically acclaimed short-form series *State of the Union*, written by Academy Award-nominated and BAFTA-winning writer Nick Hornby and directed by multi-award-winning film and TV director Stephen Frears. The series swept the 2019 Creative Arts Emmy Awards Short Form category, winning Outstanding Series, as well as Outstanding Actor and Actress for Chris O’Dowd and Rosamund Pike.

amc STUDIOS

- AMC Studios is our in-house studio, production and distribution operation. AMC Studios launched in 2010 with its first series, *The Walking Dead*, the highest-rated series in cable history.
- Since then, AMC Studios has produced several critically acclaimed, award-winning and culturally distinctive originals for AMC, including scripted series: *Fear the Walking Dead, The Terror anthology, Lodge 49, NOS4A2, TURN: Washington's Spies; Halt and Catch Fire; Into the Badlands; The Son*; upcoming *Dispatches From Elsewhere* and the new anthology series from Will Bridges and Brett Goldstein, *61st Street*, and *Kevin Can F**k Himself*; as well as unscripted series: *Ride with Norman Reedus*, Robert Kirkman's *Secret History of Comics*, James Cameron's *Story Of Science Fiction*, Eli Roth’s *History of Horror*, and *Hip Hop: The Songs That Shook America*.
- The Studio also produced BBC AMERICA’s *Dirk Gently* and SundanceTV’s Peabody Award-winning *Rectify*, original series *Hap and Leonard*, and unscripted series *Cold Blooded: The Clutter Family Murders* and *The Preppy Murder: Death in Central Park*.

AMC Networks Broadcasting & Technology

- AMC Networks Broadcasting & Technology is a full-service network programming feed origination and distribution company, which primarily services most of the national programming networks of the Company.
- AMC Networks Broadcasting & Technology's operations are located in Bethpage, New York, where AMC Networks Broadcasting & Technology consolidates origination and satellite communications functions in a 67,000 square-foot facility designed to keep AMC Networks at the forefront of network origination and distribution technology. AMC Networks Broadcasting & Technology has 30 plus years of experience across its network services groups, including network origination, affiliate engineering, network transmission, traffic and scheduling that provide day-to-day delivery of any programming network, in high definition or standard definition.

International and Other

Our International and Other segment includes the operations of AMCNI, AMC Networks SVOD, IFC Films and Levity.

AMC Networks International

- AMCNI, the international division of the Company, delivers entertaining and acclaimed programming that reaches subscribers in more than 125 countries and territories around the world, through operational centers in London, Madrid, Budapest, Miami and Buenos Aires.
- AMCNI consists of our premiere global brands, AMC and SundanceTV, as well as a portfolio of popular, locally recognized brands delivering programming in a wide range of genres. Channels reaching different countries are programmed for local audiences, languages and markets.
- AMCNI also operates a number of joint venture partnerships and managed channel services as well as direct to consumer services. A joint venture with CBS Studios, delivers a portfolio of entertainment channels which is managed from London. A joint venture in Madrid with Hearst delivers The History Channel Iberia and with NOS in Portugal delivers Canal Hollywood, Canal Panda and Biggs.
- Highlights of the top four AMCNI locally recognized channels, in terms of subscribers, are detailed below:

- Elgourmet is a Latin American family oriented culinary channel with broad appeal across all ages and socioeconomic classes.
- The channel was launched over 20 years ago and has 200+ hours of original content featuring local and international talent.
- Elgourmet has won the Martin Fierro Award 14 times (granted by the Association of Argentine Television and Radio Journalists) and has won the Taste Award with *Abuelita linda* as best Latin American Series.

- Our U.K. business operates a joint venture with CBS Studios delivering a portfolio of entertainment channels in the U.K. including CBS Reality, CBS Europa, CBS Justice and Horror Channel.
- CBS Reality is increasingly airing owned locally produced ‘true crime’ content aimed at women in the 50+ demographic. These documentary style programs re-visit famous U.K. based crimes and investigate the psychology of a killer.

- Jim Jam is a pre-school kids channel aimed at 2-6 year-olds, focusing on education and teaching English.
- Popular content includes *Bob The Builder*, *Fireman Sam*, *Thomas and Friends* and *Chuggington*.
- Jim Jam reaches subscribers in over 60 EMEA countries.

- Mas Chic is a lifestyle channel targeting Latin American women in the upper middle socioeconomic class.
- Programming is divided into four thematic blocks: beauty, fashion, design and well-being.
- The channel was named winner of the Taste Awards “Breakout fashionista of the year” with *De Compras en Mexico*.

AMC Networks SVOD

- We also own and operate four targeted SVOD services through our direct to consumer business. The four services are Acorn TV, Shudder, Sundance Now, and Urban Movie Channel ("UMC"). These services are available in the United States, Canada, parts of Latin America and Europe, Australia and New Zealand.
- AMC Networks' four targeted SVOD services reached over 2 million paid subscribers as of December 31, 2019.
- Acorn TV features high-quality British and International mysteries and dramas.
- Shudder is dedicated to films in the horror, suspense and thriller genres.
- Sundance Now features independent film, TV shows, documentaries, and original series.
- UMC showcases quality urban programming including feature films, documentaries, original series, stand-up comedy and other exclusive content for African-American and urban audiences.
- In addition, we own a majority interest in Agatha Christie Ltd., a popular world-class franchise and control, co-produce, and either own or have long-term distribution rights to a large library of content primarily consisting of British mysteries and dramas, independent feature films and urban content. In addition to supporting our streaming services, we monetize our library through distribution operations across virtually all available media platforms and is distributed in the United States, Canada, U.K. and Australia.

IFC Films

- IFC Films, our independent film distribution business, is a leading distributor of high-quality, talent-driven independent films and operates three distribution labels: IFC Films, Sundance Selects, and IFC Midnight, all of which distribute independent films across virtually all available media platforms, including in theaters, on cable/satellite video on demand, cable network television, streaming/downloading to internet-connected screens and DVDs. IFC Films has a film library consisting of more than 800 titles.
- As part of its strategy to grow the marketplace for independent films, IFC Films also operates the IFC Center as well as several film festivals. IFC Center is an independent movie theater located in the heart of New York City's Greenwich Village. DOC NYC, which is the largest non-fiction film festival in the U.S., is an annual festival celebrating documentary storytelling in film, photography, prose and other media. Split Screens festival is an annual event celebrating the art and cultural impact of television that takes place at the IFC Center.

- Notable recent releases include the acclaimed *The Death of Stalin*, with Steve Buscemi, which was awarded Best Screenplay by the prestigious National Society of Film Critics. The film was also widely recognized in critics' annual End-of-Year "Best of" lists, including The New York Times, Indiewire, Vulture, The Washington Post and Buzzfeed. The Paul Dano-directed *Wildlife*, starring Carey Mulligan and Jake Gyllenhaal, debuted in early 2018 at the Sundance Film Festival and went on to open the prestigious Critics' Week at the Cannes Film Festival.
- Other notable releases include *The Clovehitch Killer* (distributed under the IFC Midnight label), *Ghost Stories*, and Lars von Trier's *The House That Jack Built*.

- In April 2018, we acquired a controlling interest in Levity, an entertainment company that owns and operates comedy venues and produces original content for distribution on multiple platforms, including live, digital and linear television.
- Levity is a leading player in live comedy with premium comedy venues in the U.S., including the legendary comedy brand, The Improv. Levity also operates a talent management business and produces television content, including prime time specials with some of the biggest names in comedy, including Trevor Noah, Tracy Morgan, Margaret Cho, Sebastian Maniscalco and Gad Elmaleh.

REGULATION

Our businesses are subject to and affected by regulations of U.S. federal, state and local government authorities, and our international operations are subject to laws and regulations of the countries in which they operate, as well as international bodies, such as the European Union. The Federal Communications Commission (the "FCC") regulates U.S. programming networks directly in some respects; other FCC regulations, although imposed on cable television operators and satellite operators, affect programming networks indirectly. The rules, regulations, policies and procedures affecting our businesses are constantly subject to change and increasingly, legislative and regulatory proposals seek to cover all sources of content, including the digital platforms over which we offer content, which may affect our regulatory burdens in the future. The descriptions below are summary in nature and do not purport to describe all present and proposed laws and regulations affecting our businesses.

Closed Captioning

Certain of our networks must provide closed-captioning of programming for the hearing impaired, and we must provide closed captioning on certain video content that we offer on the Internet or through other Internet Protocol distribution methods.

CALM Act

FCC rules require multichannel video programming distributors to ensure that all commercials comply with specified volume standards, and our distribution agreements generally require us to certify compliance with such standards.

Obscenity Restrictions

Cable operators and other multichannel video programming distributors are prohibited from transmitting obscene programming, and our distribution agreements generally require us to refrain from including such programming on our networks.

Packaging Programming and Volume Discounts

The FCC from time to time examines whether to adopt rules restricting how programmers package and price their networks, or whether to impose other restrictions on carriage agreements between programmers and multichannel video programming distributors. We do not currently require distributors to carry more than one of our national programming networks in order to obtain the right to carry a particular national programming network. However, we generally negotiate with a distributor for the carriage of all of our national networks concurrently, and we offer volume discounts to distributors who make our programming available to larger numbers of subscribers or who carry more of our programming networks.

Some states also have sought to regulate the manner in which multichannel video programming distributors package and offer programming, including Maine, which recently enacted a law purporting to require cable operators to offer all programs

on an a la carte basis. While the Maine law has been enjoined while a lawsuit progresses, we generally do not allow our networks today to be offered by distributors on an a la carte basis.

Effect of "Must-Carry" and "Retransmission Consent" Requirements

The FCC's implementation of the statutory "must-carry" obligations requires cable and DBS operators to give certain broadcasters preferential access to channel space, and FCC "retransmission consent" rules allow broadcasters to require cable and DBS operators to carry broadcast-affiliated networks as a condition of access to the local broadcast station and to charge substantial fees for both carriage of the local broadcast station and the broadcast-affiliated networks. In contrast, programming networks, such as ours, have no guaranteed right of carriage on cable television or DBS systems. These carriage laws may reduce the amount of channel space that is available for carriage of our networks by cable television systems and DBS operators, or the amount of programming funds that cable and DBS operators have available for carriage of our networks.

Website Requirements

We maintain various websites that provide information regarding our businesses and offer content for sale. The operation of these websites may be subject to a range of federal, state and local laws such as privacy, data security, accessibility, child safety and consumer protection regulations. For example, most states have enacted laws that impose data security and security breach obligations, and new frameworks regulating consumer privacy have recently been established at the state level and overseas, including the European Union's General Data Protection Regulation, or GDPR, which became effective in May 2018, and the California Consumer Privacy Act, or CCPA, which became effective January 1, 2020. The GDPR and the CCPA impose, among other things, more stringent operational requirements for processors and controllers of personal data, including expanded disclosures about how personal information is to be used, and increased liability for violations.

Other Regulation

The FCC also imposes rules that may impact us regarding a variety of issues such as advertising in children's television, and telemarketing. Programming businesses are subject to regulation by the country in which they operate, as well as international bodies, such as the European Union. These regulations may include restrictions on types of advertising that can be sold on our networks, programming content requirements, requirements to make programming available on non-discriminatory terms, and local content quotas.

COMPETITION

Our programming networks operate in three highly competitive markets. First, our programming networks compete with other programming networks and other types of programming services to obtain distribution on cable television systems and other multichannel video programming distribution systems, and ultimately for viewing by each distributor's subscribers. Second, our programming networks compete with other programming networks and other sources of video content, to secure desired entertainment programming. Third, our programming networks compete with other sellers of advertising time and space, including other cable programming networks, radio, newspapers, outdoor media and, increasingly, internet sites. The success of our businesses depends on our ability to license and produce content for our programming networks that is adequate in quantity and quality and will generate satisfactory viewer ratings. In each of these cases, some of our competitors are large publicly held companies that have greater financial resources than we do.

Distribution of Programming Networks

The business of distributing programming networks to cable television systems and other multichannel video programming distributors and licensing of original programming for distribution is highly competitive. Our programming networks face competition from other programming networks for carriage by a particular multichannel video programming distributor, and for the carriage on the service tier that will attract the most subscribers. Once our programming network is selected by a distributor for carriage, that network competes for viewers not only with the other programming networks available on the distributor's system, but also with over-the-air broadcast television, Internet-based video and other online services, mobile services, radio, print media, motion picture theaters, DVDs, and other sources of information and entertainment.

Important to our success in each area of competition we face are the prices we charge for our programming networks, the quantity, quality and variety of the programming offered on our networks, and the effectiveness of our networks' marketing efforts. The competition for viewers among advertiser supported networks is directly correlated with the competition for advertising revenues with each of our competitors.

Our ability to successfully compete with other networks may be hampered because the cable television systems or other multichannel video programming distributors through which we seek distribution may be affiliated with other programming networks. In addition, because such distributors may have a substantial number of subscribers, the ability of such programming networks to obtain distribution on the systems of affiliated distributors may lead to increased distribution and advertising revenue for such programming networks because of their increased penetration compared to our programming networks. Even

if such affiliated distributors carry our programming networks, such distributors may place their affiliated programming network on a more desirable tier, thereby giving the affiliated programming network a competitive advantage over our own.

New or existing programming networks that are affiliated with broadcasting networks like ABC, CBS, Fox or NBC may also have a competitive advantage over our programming networks in obtaining distribution through the "bundling" of agreements to carry those programming networks with agreements giving the distributor the right to carry a broadcast station affiliated with the broadcasting network.

Part of our strategy involves exploiting identified segments of the cable television viewing audience that are generally well defined and limited in size. Our networks have faced and will continue to face increasing competition as other programming networks and online or other services seek to serve the same or similar niches.

We also seek to increase our content licensing revenues by expanding the opportunities for licensing our programming through other media platforms and we compete with other programming companies in this market based on the desirability of our programming.

Sources of Programming

We also compete with other programming networks and other distributors including digital distribution platforms to secure desired programming. Most of our original programming and all of our acquired programming is obtained through agreements with other parties that have produced or own the rights to such programming. Competition for this programming will increase as the number of programming networks and other distributors increases. Other programming networks that are affiliated with programming sources such as movie or television studios or film libraries may have a competitive advantage over us in this area.

With respect to the acquisition of entertainment programming, such as syndicated programs and movies that are not produced by or specifically for networks, our competitors include national broadcast television networks, local broadcast television stations, other cable programming networks, Internet-based video content distributors, and video-on-demand programs. Some of these competitors have exclusive contracts with motion picture studios or independent motion picture distributors or own film libraries.

Competition for Advertising Revenue

Our programming networks must compete with other sellers of advertising time and space, including other multichannel video programming distributors, radio, newspapers, outdoor media and increasing shifts in spending toward online and mobile offerings from more traditional media. We compete for advertisers on the basis of rates we charge and also on the number and demographic nature of viewers who watch our programming. Advertisers will often seek to target their advertising content to those demographic categories they consider most likely to purchase the product or service they advertise. Accordingly, the demographic make-up of our viewership can be equally or more important than the number of viewers watching our programming.

EMPLOYEES

As of December 31, 2019 we had 2,114 full-time employees and 948 part-time employees. In addition, for certain of our productions, the Company, through in-house and third party production service companies, engages the services of writers, directors, actors and various crew members who are subject to certain specially negotiated collective bargaining agreements. Since these agreements are generally entered into on a per-project basis, negotiations occur on various agreements throughout the year. We believe that our relations with the labor unions and our employees are generally good.

AVAILABLE INFORMATION

Our corporate website is http://www.amcnetworks.com and the investor relations section of our website is located at http://investor.amcnetworks.com. We make available, free of charge through the investor relations section of our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as well as our proxy statements, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission ("SEC"). References to our website in this Annual Report on Form 10-K (this "Annual Report") are provided as a convenience and the information contained on, or available through, the website is not part of this or any other report we file with or furnish to the SEC.

Item 1A. Risk Factors.

A wide range of risks may affect our business, financial condition and results of operations, now and in the future. We consider the risks described below to be the most significant. There may be other currently unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our future results.

Risks Relating to Our Business

Our business depends on the appeal of our programming to our U.S. and international viewers and our distributors, which may be unpredictable and volatile.

Our business depends, in part, upon viewer preferences and audience acceptance in the United States and internationally of the programming on our networks. These factors are often unpredictable and volatile, and subject to influences that are beyond our control, such as the quality and appeal of competing programming, general economic conditions and the availability of other entertainment activities. We may not be able to anticipate and react effectively to shifts in viewer preferences and/or interests in our markets. A change in viewer preferences has caused, and could in the future continue to cause, the audience for certain of our programming to decline, which has resulted in, and could in the future continue to result in, a reduction of advertising revenues and jeopardize our bargaining position with distributors. In addition, certain of our competitors may have more flexible programming arrangements, as well as greater amounts of available content, distribution and capital resources, and may react more quickly than we might to shifts in tastes and interests.

To an increasing extent, the success of our business depends on original programming, and our ability to accurately predict how audiences will respond to our original programming is particularly important. Because original programming often involves a greater degree of commitment on our part, as compared to acquired programming that we license from third parties, and because our network branding strategies depend significantly on a relatively small number of original programs such as *The Walking Dead*, a failure to anticipate viewer preferences for such programs could be especially detrimental to our business. We periodically review the programming usefulness of our program rights based on a series of factors, including ratings, type and quality of program material, standards and practices, and fitness for exhibition. We have incurred write-offs of programming rights in the past, and may incur future programming rights write-offs if it is determined that program rights have limited, or no, future usefulness.

In addition, feature films constitute a significant portion of the programming on our AMC, IFC and SundanceTV programming networks. In general, the popularity of feature-film content on linear television is declining, due in part to the broad availability of such content through an increasing number of distribution platforms. If the popularity of feature-film programming further declines, we may lose viewership, which could increase our costs.

If our programming does not gain the level of audience acceptance we expect, or if we are unable to maintain the popularity of our programming, our ratings may suffer, which will negatively affect advertising revenues, and we may have a diminished bargaining position with distributors, which could reduce our distribution revenues. Ratings for *The Walking Dead* have declined in recent years, which has had a negative effect on our advertising revenues and our financial results. We cannot assure you that we will be able to maintain the success of any of our current programming or generate sufficient demand and market acceptance for our new programming.

The failure to develop popular new programming to replace programming that is older or ending can have adverse impacts on our business and results of operations.

Changes in the operating environment of multichannel distributors, including declines in the number of subscribers, could have a material negative effect on our business and results of operations.

Our business derives a substantial portion of its revenues and income from cable television providers and other multichannel video programming distributors. The U.S. television industry is continuing to evolve rapidly, with developments in technology leading to new methods for the distribution of video content and changes in when, where and how audiences consume video content. These changes pose risks to the traditional U.S. television industry, including (i) the disruption of the traditional television content distribution model by subscription streaming services and virtual multichannel video programming services, which are increasing in number and some of which have a significant and growing subscriber base, and (ii) the disruption of the advertising supported television model resulting from increased video consumption through subscription streaming services and virtual multichannel video programing services with no advertising or less advertising than on television networks, and time shifted viewing of television programming. In part as a result of these changes, over the past few years, the number of subscribers to traditional multichannel video programming distributors in the United States has declined and the U.S. television industry has experienced declines in ratings for programming, which has negatively affected subscription and advertising revenues. Developments in technology and new content delivery products and services have also led to an increasing amount of video content, as well as changes in consumers' expectations regarding the availability of video content, their willingness to pay for access to or ownership of such content, their perception of what quality entertainment is and their tolerance for commercial interruptions. We are engaged in efforts to respond to and mitigate the risks from these changes, but the success of some of these initiatives depends in part on the cooperation of measurement companies, advertisers and affiliates and, therefore, is not within our control. We may incur significant costs to implement our strategy and initiatives, and if they are not successful, our competitive position, businesses and results of operations could be adversely affected.

Our programming networks' success depends upon the availability of programming that is adequate in quantity and quality, and we may be unable to secure or maintain such programming.

Our programming networks' success depends upon the availability of quality programming, particularly original programming and films, that is suitable for our target markets. While we produce certain of our original programming through our studio operations, we obtain most of the programming on our networks (including original programming, films and other acquired programming) through agreements with third parties that have produced or control the rights to such programming. These agreements expire at varying times and may be terminated by the other parties if we are not in compliance with their terms.

Competition for programming has increased as the number of programming networks has increased. Other programming networks that are affiliated with programming sources such as movie or television studios or film libraries may have a competitive advantage over us in this area. In addition to other cable programming networks, we also compete for programming with national broadcast television networks, local broadcast television stations, video on demand services and subscription video on demand services, such as Netflix, Hulu and Amazon Prime. Some of these competitors have exclusive contracts with motion picture studios or independent motion picture distributors or own film libraries.

We cannot assure you that we will ultimately be successful in producing or obtaining the quality programming our networks need to be successful.

Increased programming costs may adversely affect our profits.

We produce a significant amount of original programming and other content and continue to invest in this area, the costs of which are significant. We also acquire programming and television series, as well as a variety of digital content and other ancillary rights from other companies, and we pay license fees, royalties or contingent compensation in connection with these acquired rights. Our investments in original and acquired programming are significant and involve complex negotiations with numerous third parties. These costs may not be recouped when the content is broadcast or distributed and higher costs may lead to decreased profitability or potential write-downs. Increased competition from additional entrants into the market for development and production of original programming, such as Apple, Netflix, Amazon Prime and Hulu, may increase our programming content costs.

We incur costs for the creative talent, including actors, writers and producers, who create our original programming. Some of our original programming has achieved significant popularity and critical acclaim, which has increased and could continue to increase the costs of such programming in the future. In addition, from time to time we have disputes with writers, producers and other creative talent over the amount of royalty and other payments (See Item 3. – Legal Proceedings for additional information). We believe that disputes of this type are endemic to our business and similar disputes may arise from time to time in the future. An increase in the costs of programming may lead to decreased profitability or otherwise adversely affect our business.

Original programming requires substantial financial commitment. In some cases, the financial commitment may be partially offset by foreign, state or local tax incentives. However, there is a risk that the tax incentives will not remain available for the duration of a series. If tax incentives are no longer available, reduced substantially, or cannot be utilized, we may incur higher costs in order to complete the production or produce additional seasons. If we are unable to produce original programming content on a cost effective basis our business, financial condition and results of operations may be materially adversely affected.

Theft of our content, including digital copyright theft and other unauthorized exhibitions of our content, may decrease revenue received from our programming and adversely affect our businesses and profitability.

The success of our businesses depends in part on our ability to maintain and monetize our intellectual property rights to our entertainment content. We are fundamentally a content company and theft of our brands, programming, digital content and other intellectual property has the potential to significantly affect us and the value of our content. Copyright theft is particularly prevalent in many parts of the world that lack effective copyright and technical protective measures similar to those existing in the United States or that lack effective enforcement of such measures, including some of the jurisdictions in which we operate. The interpretation of copyright, privacy and other laws as applied to our content, and piracy detection and enforcement efforts, remain in flux. The failure to strengthen, or the weakening of, existing intellectual property laws could make it more difficult for us to adequately protect our intellectual property and negatively affect its value and our results of operations.

Content theft has been made easier by the wide availability of higher bandwidth and reduced storage costs, as well as tools that undermine security features such as encryption and the ability of pirates to cloak their identities online. In addition, we and our numerous production and distribution partners operate various technology systems in connection with the production and distribution of our programming, and intentional, or unintentional, acts could result in unauthorized access to our content, a disruption of our services, or improper disclosure of confidential information. The increasing use of digital formats and

technologies heightens this risk. Unauthorized access to our content could result in the premature release of our programming, which may have a significant adverse effect on the value of the affected programming.

Copyright theft has an adverse effect on our business because it reduces the revenue that we are able to receive from the legitimate sale and distribution of our content, undermines lawful distribution channels and inhibits our ability to recoup or profit from the costs incurred to create such content. A change in the laws of one jurisdiction may also have an impact on our ability to protect our intellectual property rights across other jurisdictions. In addition, many parts of the world where piracy is prevalent lack effective copyright and other legal protections or enforcement measures. Efforts to prevent the unauthorized distribution, performance and copying of our content may affect our profitability and may not be successful in preventing harm to our business.

Litigation may be necessary to enforce our intellectual property rights, protect trade secrets or to determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect our business, financial condition and results of operations. Our failure to protect our intellectual property rights, particularly our brand, in a meaningful manner or challenges to related contractual rights could result in erosion of our brand and limit our ability to control marketing of our networks, which could have a materially adverse effect on our business, financial condition and results of operations.

Because a limited number of distributors account for a large portion of our business, failure to renew our programming networks' distribution agreements, renewal on less favorable terms, or the termination of those agreements, both in the United States and internationally, could have a material adverse effect on our business.

Our programming networks depend upon agreements with a limited number of cable television system operators and other multichannel video programming distributors. The loss of any significant distributor could have a material adverse effect on our consolidated results of operations.

Currently our programming networks have distribution agreements with staggered expiration dates through 2026. Failure to renew distribution agreements, or renewal on less favorable terms (including with respect to price, packaging, positioning and other marketing opportunities), or the termination of distribution agreements could have a material adverse effect on our results of operations. A reduced distribution of our programming networks would adversely affect our distribution revenues, and impact our ability to sell advertising or the rates we charge for such advertising. Even if distribution agreements are renewed, there is no assurance that the renewal rates will equal or exceed the rates that we currently charge these distributors.

In addition, we have, in some instances, made upfront payments to distributors in exchange for additional subscribers or have agreed to waive or accept lower subscription fees if certain numbers of additional subscribers are provided. We also may help fund our distributors' efforts to market our programming networks or we may permit distributors to offer promotional periods without payment of subscriber fees. As we continue our efforts to add viewing subscribers, our net revenues may be negatively affected by these deferred carriage fee arrangements, discounted subscriber fees or other payments.

Consolidation among cable, satellite and telecommunications service providers has had, and could continue to have, an adverse effect on our revenue and profitability.

Consolidation among cable and satellite distributors and telecommunications service providers has given the largest operators considerable leverage and market power in their relationships with programmers. We currently have agreements in place with the major U.S. cable and satellite operators and telecommunications service providers and this consolidation has affected, and could continue to affect, our ability to maximize the value of our content through those distributors. In addition, many of the countries and territories in which we distribute our networks also have a small number of dominant distributors.

In connection with consolidation in the industry, in some cases, if a distributor is acquired, the agreement of the acquiring distributor will govern following the acquisition. In those circumstances, the acquisition of a distributor that is party to one or more distribution agreements with our programming networks on terms that are more favorable to us could adversely impact our financial condition and results of operations. Continued consolidation within the industry could reduce the number of distributors that carry our programming and further increase the negotiating leverage of the cable and satellite television system operators, which could have an adverse effect on our financial condition or results of operations.

We are subject to intense competition, which may have a negative effect on our profitability or on our ability to expand our business.

The programming industry is highly competitive. Our programming networks compete with other programming networks and other types of video programming services for marketing and distribution by cable and other multichannel video programming distribution systems and ultimately for viewing by their subscribers. We compete with other providers of programming networks for the right to be carried by a particular cable or other multichannel video programming distribution system and for the right to be carried by such system on a particular "tier" of service. The increasing offerings by virtual

multichannel video programming distributors through alternative distribution methods creates competition for carriage on those platforms. Our programming networks compete with other programming networks and other sources of video content to secure desired entertainment programming.

Competition for content, audiences and advertising is intense and comes from broadcast television, other cable networks, distributors, including subscription streaming services and virtual multichannel video programming services, social media content distributors, and other entertainment outlets and platforms, as well as from search, social networks, program guides and "second screen" applications.

Increased competition from additional entrants into the market for development and production of original programming, such as Apple, Facebook, YouTube, Netflix, Amazon Prime and Hulu, increases our content costs as creating competing high quality, original content requires significant investment. In addition, as competition with these entrants for the creation and acquisition of quality programming continues to escalate, the complexity of negotiations over acquired rights to the content and the value of the rights we acquire or retain may increase, leading to increased acquisition costs, and our ability to successfully acquire content of the highest quality may face greater uncertainty.

Our ability to compete successfully depends on a number of factors, including our ability to create or acquire high quality and popular programs, adapt to new technologies and distribution platforms, and achieve widespread distribution for our content. More content consumption options increase competition for viewers as well as for programming and creative talent, which can decrease our audience ratings, and therefore potentially our advertising revenues.

Certain programming networks affiliated with broadcast networks like ABC, CBS, Fox or NBC or other key free-to-air programming networks in countries where our networks are distributed may have a competitive advantage over our programming networks in obtaining distribution through the "bundling" of carriage agreements for such programming networks with a distributor's right to carry the affiliated broadcasting network. In addition, our ability to compete with certain programming networks for distribution may be hampered because the cable television or other multichannel video programming distributors through which we seek distribution may be affiliated with these programming networks. Because such distributors may have a substantial number of subscribers, the ability of such programming networks to obtain distribution on the systems of affiliated distributors may lead to increased distribution and advertising revenue for such programming networks because of their increased penetration compared to our programming networks. Even if the affiliated distributors carry our programming networks, they may place their affiliated programming network on a more desirable tier, thereby giving their affiliated programming network a competitive advantage over our own. Our competitors could also have preferential access to important technologies, customer data or other competitive information. There can be no assurance that we will be able to compete successfully in the future against existing or potential competitors, or that competition will not have a material adverse effect on our business, financial condition or results of operations.

In addition, our competitors include market participants with interests in multiple media businesses that are often vertically integrated, whereas our businesses generally rely on distribution relationships with third parties. As more cable and satellite operators, Internet service providers, subscription streaming services, other content distributors, aggregators and search providers create or acquire their own content, they may have significant competitive advantages, which could adversely affect our ability to negotiate favorable terms and distribution or otherwise compete effectively in the delivery marketplace. Our competitors could also have preferential access to important technologies, customer data or other competitive information.

There can be no assurance that we will be able to compete successfully in the future against existing or new competitors, or that competition will not have a material adverse effect on our business, financial condition or results of operations.

We may not be able to adapt to new content distribution platforms and to changes in consumer behavior resulting from these new technologies, which may adversely affect our business.

We must successfully adapt to technological advances in our industry, including alternative distribution platforms. Our ability to exploit new distribution platforms and viewing technologies will affect our ability to maintain or grow our business. New forms of content distribution may provide different economic models and compete with current distribution methods in ways that are not entirely predictable. Such competition has reduced and could continue to reduce demand for our traditional television offerings or for the offerings of digital platforms and, in turn, reduce our revenue from these sources. Accordingly, we must adapt to changing consumer behavior driven by advances such as virtual multichannel video programming distributors, video on demand, subscription video on demand, including services such as Netflix, Hulu, Apple TV, Google TV and Amazon Prime and mobile devices. Gaming and other consoles such as Microsoft's Xbox and Roku are establishing themselves as alternative providers of video services. Such changes may impact the revenues we are able to generate from our traditional distribution methods, either by decreasing the viewership of our programming networks on cable and other multichannel video programming distribution systems which are almost entirely directed at television video delivery or by making advertising on our programming networks less valuable to advertisers. If we fail to adapt our distribution methods and content to new technologies, our appeal to our targeted audiences might decline and there could be a negative effect on our business. In addition, advertising revenues could be significantly impacted by new technologies, since advertising sales are dependent on

audience measurement provided by third parties, and the results of audience measurement techniques can vary independent of the size of the audience for a variety of reasons, including difficulties related to the employed statistical sampling methods, new distribution platforms and viewing technologies, and the shifting of the marketplace to the use of measurement of different viewer behaviors, such as delayed viewing. Moreover, devices that allow users to fast forward or skip programming, including commercials, are causing changes in consumer behavior that may affect the desirability of our programming services to advertisers.

Our efforts to attract and retain SVOD subscribers may not be successful, which may adversely affect our business

Our ability to continue to attract subscribers will depend in part on our ability to consistently provide compelling content choices, effectively market our SVOD services, as well as provide a quality experience for subscribers. Furthermore, the relative service levels, content offerings, pricing and related features of competitors to our service may adversely impact our ability to attract and retain subscribers. We must continually add new subscriptions both to replace canceled subscriptions and to grow our SVOD services beyond our current subscription base. While we permit multiple users within the same household to share a single account for noncommercial purposes, if account sharing is abused, our ability to add new subscribers may be hindered and our results of operations may be adversely impacted. If we do not grow as expected, given, in particular, that our content costs are largely fixed in nature and contracted over several years, we may not be able to adjust our expenditures or increase our (per subscription) revenues commensurate with the lowered growth rate such that our margins, liquidity and results of operation may be adversely impacted. If we are unable to successfully compete with current and new competitors in both retaining our existing subscriptions and attracting new subscriptions, our SVOD services will be adversely affected. Further, if excessive numbers of subscribers cancel our services, we may be required to incur significantly higher marketing expenditures than we currently anticipate to replace these subscribers with new subscribers.

Advertising market conditions in specific markets could cause our revenues and operating results to decline significantly in any given period.

We derive substantial revenues from the sale of advertising on a variety of platforms, and a decline in advertising expenditures could have a significant adverse effect on our revenues and operating results in any given period. The strength of the advertising market can fluctuate in response to the economic prospects of specific advertisers or industries, advertisers' current spending priorities and the economy in general, and this may adversely affect the growth rate of our advertising revenues.

In addition, the pricing and volume of advertising may be affected by shifts in spending toward online and mobile offerings from more traditional media, or toward new ways of purchasing advertising, such as through automated purchasing, dynamic advertising insertion, third parties selling local advertising spots and advertising exchanges, some or all of which may not be as advantageous to us as current advertising methods. The increasing number of entertainment choices available to consumers has intensified audience fragmentation and reduced the viewing of content through traditional and virtual multichannel video programming providers, which has caused, and may continue to cause, audience ratings declines for our programming networks and may adversely affect the pricing and volume of advertising

Advertising sales are dependent on audience measurement, and the results of audience measurement techniques can vary independent of the size of the audience for a variety of reasons, including variations in the employed statistical sampling methods. While Nielsen's statistical sampling method is the primary measurement technique used in our television advertising sales, we measure and monetize our campaign reach and frequency on and across digital platforms based on other third-party data using a variety of methods including the number of impressions served and demographics. In addition, multi-platform campaign verification is in its infancy, and viewership on tablets and smartphones, which is growing rapidly, is presently not measured by any one consistently applied method. These variations and changes could have a significant effect on advertising revenues.

General Risks

We face risks from doing business internationally.

We have operations through which we distribute programming outside the United States. As a result, our business is subject to certain risks inherent in international business, many of which are beyond our control. These risks include:

- laws and policies affecting trade and taxes, including laws and policies relating to the repatriation of funds and withholding taxes, and changes in these laws;
- changes in local regulatory requirements, including restrictions on content, imposition of local content quotas and restrictions on foreign ownership;
- exchange controls, tariffs and other trade barriers;
- differing degrees of protection for intellectual property and varying attitudes towards the piracy of intellectual property;

- foreign privacy and data protection laws and regulations, as well as data localization requirements, and changes in these laws and requirements;
- the instability of foreign economies and governments;
- war and acts of terrorism; and
- anti-corruption laws and regulations such as the Foreign Corrupt Practices Act and the U.K. Bribery Act that impose stringent requirements on how we conduct our foreign operations and changes in these laws and regulations.

Events or developments related to the risks described above as well as other risks associated with international trade could adversely affect our revenues from non-U.S. sources, which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Economic problems in the United States or in other parts of the world could adversely affect our results of operations.

Our business is affected by prevailing economic and financial conditions in the United States and other countries. We derive substantial revenues from advertisers, and these expenditures are sensitive to general economic conditions and consumer buying patterns. Financial instability or a general decline in economic conditions, including as a result of disruptions to financial markets, inflation, recession, high unemployment or geopolitical events in the United States and other countries where our networks are distributed could adversely affect advertising rates and volume, which may result in a decrease in our advertising revenues.

Decreases in consumer discretionary spending in the U.S and other countries where our networks are distributed may affect cable television and other video service subscriptions, in particular with respect to digital service tiers on which certain of our programming networks are carried. This could lead to a decrease in the number of subscribers receiving our programming from multichannel video programming distributors, which could, in turn, have a negative impact on our viewing subscribers and subscription fee revenues. Similarly, a decrease in viewing subscribers could have a negative impact on the number of viewers actually watching the programs on our programming networks, thereby impacting the rates we are able to charge advertisers.

Economic conditions affect a number of aspects of our businesses worldwide and impact the businesses of advertisers on our networks. Adverse economic conditions could result in advertisers reducing their spending on advertising and could also negatively affect the ability of those with whom we do business to satisfy their obligations to us. The worsening of current global economic conditions could adversely affect our business, financial condition or results of operations, and worsening of economic conditions in certain specific parts of the world could impact the expansion and success of our businesses in such areas. Furthermore, some foreign markets in which we operate may be more adversely affected by worsening economic conditions than the United States or other countries.

Fluctuations in foreign exchange rates could have an adverse effect on our results of operations.

We have significant operations in a number of foreign jurisdictions and certain of our operations are conducted in foreign currencies. The value of these currencies fluctuates relative to the U.S. dollar. As a result, we are exposed to exchange rate fluctuations, which have had, and may in the future have, an adverse effect on our results of operations in a given period.

Specifically, we are exposed to foreign currency exchange rate risk to the extent that we enter into transactions denominated in currencies other than ours or our subsidiaries' respective functional currencies, such as trade receivables, programming contracts, notes payable and notes receivable (including intercompany amounts) that are denominated in a currency other than the applicable functional currency. Changes in exchange rates with respect to amounts recorded in our consolidated balance sheets related to these items will result in unrealized or realized (based upon period-end exchange rates) foreign currency transaction gains or losses upon settlement of the transactions. Moreover, to the extent that our revenue, costs and expenses are denominated in currencies other than our or our subsidiaries' respective functional currencies, we will experience fluctuations in our revenue, costs and expenses solely as a result of changes in foreign currency exchange rates.

We also are exposed to unfavorable and potentially volatile fluctuations of the U.S. dollar (our reporting currency) against the currencies of our non-U.S. dollar functional currency operating subsidiaries when their respective financial statements are translated into U.S. dollars for inclusion in our consolidated financial statements. Cumulative translation adjustments are recorded in accumulated other comprehensive income (loss) as a separate component of equity. Any increase (decrease) in the value of the U.S. dollar against any foreign currency that is the functional currency of one of our operating subsidiaries will cause us to experience unrealized foreign currency translation losses (gains) with respect to amounts already invested in such foreign currencies. Accordingly, we may experience a negative impact on our comprehensive income (loss) and equity with respect to our holdings solely as a result of foreign currency translation. Our primary exposure to foreign currency risk from a foreign currency translation perspective is to the euro, British pound and, to a lesser extent, other local currencies in Europe. We generally do not hedge against the risk that we may incur non-cash losses upon the translation of the financial statements of our non-U.S. dollar functional currency operating subsidiaries and affiliates into U.S. dollars.

Our business is limited by United States regulatory constraints which may adversely impact our operations.

Although most aspects of our business generally are not directly regulated by the FCC, there are certain FCC regulations that govern our business either directly or indirectly. See Item 1, "Business—Regulation" in this Annual Report. Furthermore, to the extent that regulations and laws, either presently in force or proposed, hinder or stimulate the growth of the cable television, satellite or other multichannel video programming distributors, our business could be affected.

The United States Congress and the FCC currently have under consideration, and may in the future adopt, new laws, regulations and policies regarding a wide variety of matters that could, directly or indirectly, affect our operations.

The regulation of cable television services, satellite carriers, and other video programming distributors is subject to the political process and has been in constant flux over the past two decades. Further changes in the law and regulatory requirements, including material ones, may be proposed or adopted in the future. We cannot assure you that our business will not be adversely affected by future legislation, new regulation or deregulation.

Our businesses are subject to risks of adverse regulation by foreign governments.

Programming businesses are subject to the regulations of the countries in which they operate as well as international bodies, such as the European Union ("E.U."). These regulations may include restrictions on the types of advertisements that can be sold on our networks, programming content requirements, requirements to make programming available on non-discriminatory terms, local levies or taxes applied to our networks and local content quotas. Consequently, our businesses must adapt their ownership and organizational structures as well as their pricing and service offerings to satisfy the rules and regulations to which they are subject. A failure to comply with applicable rules and regulations could result in penalties, restrictions on our business or loss of required licenses or other adverse conditions.

Proposed or new legislation and regulations could also significantly affect our business. For example, the E.U. has adopted GDPR, which expands the regulation of personal data processing throughout the E.U. and significantly increases penalties for non-compliance. Complying with these laws and regulations could be costly, require us to change our business practices, or limit or restrict aspects of our business in a manner adverse to our business operations. In particular, data privacy laws may require monitoring of, and changes to, our practices related to the collection, use, disclosure and storage of personal information. Many of these laws and regulations continue to evolve, and sometimes conflict among the countries in which we operate, and substantial uncertainty surrounds their scope and application. Our failure to comply with these law and regulations could result in exposure to enforcement actions by foreign governments, as well as significant negative publicity and reputational damage.

Adverse changes in rules and regulations could have a significant adverse impact on our profitability.

As a company that has operations in the United Kingdom, the United Kingdom's withdrawal from the E.U., commonly known as "Brexit," could have an adverse impact on our business, results of operations and financial position.

On January 31 2020, the U.K. withdrew from the E.U., though the relationship between the U.K. and the E.U. beyond that date remains uncertain. Following the withdrawal, the U.K. and the E.U. have entered into an ongoing transition period to provide time for them to negotiate the details of their future relationship, during which time E.U. rules will continue to apply to the U.K. The transition period is currently expected to end on December 31, 2020, and, if no agreement is reached, the default scenario would be a "no deal" Brexit. In that event, the U.K. would leave the E.U. with no agreements in place other than any temporary agreements with the E.U. or individual E.U. member states. Accordingly, there continues to be uncertainty with respect to the process surrounding Brexit, the outcome of the ongoing Brexit negotiations and the future economic relationship between the U.K. and the rest of the world (including the E.U.). Brexit has affected, and may continue to impact, the markets we serve, which could cause us to lose subscribers, distributors and employees, as well as have a detrimental impact on the U.K. television advertising market and our U.K. revenue from advertising sales. If the U.K. loses access to the single E.U. market and the global trade deals negotiated by the E.U., there could be a detrimental impact on our U.K. business. Such a decline could also make our doing business in Europe more difficult, which could delay and reduce the scope of our distribution and licensing agreements. Without access to the single E.U. market, it may be more challenging and costly to obtain intellectual property rights for our content within the U.K. or distribute our services in Europe. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the U.K. determines which E.U. laws to replace or replicate. If there are changes to U.K. immigration policy as a result of Brexit, this could affect the ability of our U.K. business to recruit the employees it requires.

We face continually evolving cybersecurity risks, which could result in the disclosure, theft or destruction of confidential information, disruption of our programming, damage to our brands and reputation, legal exposure and financial losses.

We maintain information, including confidential and proprietary information regarding our content, distributors, advertisers, viewers and employees, in digital form as necessary to conduct our business. We also rely on third-party vendors to

provide certain services in connection with the storage, processing and transmission of digital information. Data maintained in digital form is subject to the risk of cybersecurity attacks, tampering and theft. We develop and maintain systems to monitor and prevent this from occurring, but the development and maintenance of these systems is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. Despite our efforts, the risks of a data breach cannot be entirely eliminated and our third-party vendors' information technology and other systems that maintain and transmit consumer, distributor, advertiser, Company, employee and other confidential information may be compromised by a malicious penetration of our network security, or that of a third party provider due to employee error, computer malware or ransomware, viruses, hacking and phishing attacks, or otherwise. Additionally, outside parties may attempt to fraudulently induce employees or users to disclose sensitive or confidential information in order to gain access to data. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If our or our third-party providers' data systems are compromised, our ability to conduct our business may be impaired, we may lose profitable opportunities or the value of those opportunities may be diminished and, as described above, we may lose revenue as a result of unlicensed use of our intellectual property. Further, a penetration of our or our third-party providers' network security or other misappropriation or misuse of personal consumer or employee information could subject us to business, regulatory, litigation and reputation risk, which could have a negative effect on our business, financial condition and results of operations.

If our technology facilities fail or their operations are disrupted, or if we lose access to third party satellites, our performance could be hindered.

Our programming is transmitted using technology facilities at certain of our subsidiaries. These technology facilities are used for a variety of purposes, including signal processing, program editing, promotions, creation of programming segments to fill short gaps between featured programs, quality control, and live and recorded playback. These facilities are subject to interruption from fire, lightning, adverse weather conditions and other natural causes. Equipment failure, employee misconduct or outside interference could also disrupt the facilities' services. We maintain a full time disaster recovery site in Chandler, Arizona, which is capable of providing simultaneous playout of AMC and evergreen programming for SundanceTV, IFC and WE tv in the event of a disruption of operations at our main facility in Bethpage, NY. In the event of a catastrophic failure of the Bethpage facility, the disaster recovery site can be operational within one to two hours. Evergreen programming would be replaced with scheduled programming within 12-24 hours for SundanceTV, IFC and WE tv.

In addition, we rely on third-party satellites in order to transmit our programming signals to our distributors. As with all satellites, there is a risk that the satellites we use will be damaged as a result of natural or man-made causes, or will otherwise fail to operate properly. Although we maintain in-orbit protection providing us with back-up satellite transmission facilities should our primary satellites fail, there can be no assurance that such back-up transmission facilities will be effective or will not themselves fail. Further, there are a limited number of communications satellites available for the transmission of programming, and, in the event of a disruption, we may not be able to secure an alternate distribution source in a timely manner.

Any significant interruption at any of our technology facilities affecting the distribution of our programming, or any failure in satellite transmission of our programming signals, could have an adverse effect on our operating results and financial condition.

The loss of any of our key personnel and artistic talent could adversely affect our business.

We believe that our success depends to a significant extent upon the performance of our senior executives and other key employees and on our ability to identify, attract, hire train and retain such personnel. We generally do not maintain "key man" insurance, and there is no assurance of the continued services of our senior executives or other key employees. In addition, we depend on the availability of third-party production companies to create some of our original programming. For certain of our productions, through in-house and third party production service companies, we engage the services of writers, directors, actors and various crew members who are subject to certain specially negotiated collective bargaining agreements. Any labor disputes or a strike by one or more unions representing any of these parties who are essential to our original programming could have a material adverse effect on our original programming, disrupt our operations and reduce our revenues. The loss of any significant personnel or artistic talent, or our artistic talent losing their audience base, could also have a material adverse effect on our business.

Our inability to successfully make investments in, and/or acquire and integrate, other businesses, assets, products or technologies could harm our business, financial condition or operating results.

Our success may depend on opportunities to buy other businesses or technologies that could complement, enhance or expand our current business or products or that might otherwise offer us growth opportunities. We have acquired, and have made strategic investments in, a number of companies (including through joint ventures) in the past, and we expect to make additional acquisitions and strategic investments in the future. Such transactions may result in dilutive issuances of our equity

securities, use of our cash resources, and incurrence of debt and amortization expenses related to intangible assets. Any acquisitions and strategic investments that we are able to identify and complete may be accompanied by a number of risks, including:

- the difficulty of assimilating the operations and personnel of acquired companies into our operations;
- the potential disruption of our ongoing business and distraction of management;
- the incurrence of additional operating losses and operating expenses of the businesses we acquired or in which we invested;
- the difficulty of integrating acquired technology and rights into our services and unanticipated expenses related to such integration;
- the failure to successfully further develop an acquired business or technology and any resulting impairment of amounts currently capitalized as intangible assets;
- the failure of strategic investments to perform as expected or to meet financial projections;
- the potential for patent and trademark infringement and data privacy and security claims against the acquired companies, or companies in which we have invested;
- litigation or other claims in connection with acquisitions, acquired companies, or companies in which we have invested;
- the impairment or loss of relationships with customers and partners of the companies we acquired or in which we invested or with our customers and partners as a result of the integration of acquired operations;
- the impairment of relationships with, or failure to retain, employees of acquired companies or our existing employees as a result of integration of new personnel;
- the difficulty of integrating operations, systems, and controls as a result of cultural, regulatory, systems, and operational differences;
- the performance of management of companies in which we invest but do not control;
- in the case of foreign acquisitions and investments, the impact of particular economic, tax, currency, political, legal and regulatory risks associated with specific countries; and
- the impact of known potential liabilities or liabilities that may be unknown, including as a result of inadequate internal controls, associated with the companies we acquired or in which we invested.

Our failure to be successful in addressing these risks or other problems encountered in connection with our past or future acquisitions and strategic investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities, and harm our business, financial condition and results of operations.

We may have exposure to additional tax liabilities.

We are subject to income taxes as well as non-income based taxes, such as payroll, sales, use, value-added, net worth, property and goods and services taxes, in both the United States and various foreign jurisdictions. Judgment is required in determining our worldwide provision for income taxes and other tax liabilities. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are regularly under audit by tax authorities in both the United States and various foreign jurisdictions. Although we believe that our tax estimates are reasonable, (1) there is no assurance that the final determination of tax audits or tax disputes will not be different from what is reflected in our historical income tax provisions, expense amounts for non-income based taxes and accruals and (2) any material differences could have an adverse effect on our financial position and results of operations in the period or periods for which determination is made.

Although a portion of our revenue and operating income is generated outside the United States, we are subject to potential current U.S. income tax on this income due to our being a U.S. corporation, resulting in potentially higher effective tax rate for the Company. This includes (i) what is referred to as "Subpart F Income," which generally includes, but is not limited to, such items as interest, dividends, royalties, gains from the disposition of certain property, certain currency exchange gains in excess of currency exchange losses, and certain related party sales and services income and (ii) what is referred to as “global intangible low-taxed income,” which generally equals certain foreign earnings in excess of 10 percent of the foreign subsidiaries’ tangible business assets. While we may mitigate any potential negative impacts of the aforementioned regimes through claiming a foreign tax credit against our U.S. federal income taxes or potentially have foreign or U.S. taxes reduced under applicable income tax treaties, we are subject to various limitations on claiming foreign tax credits or we may lack treaty protections in certain jurisdictions that will potentially limit any reduction of the increased effective tax rate. A higher effective tax rate may also result to the extent that losses are incurred in non-U.S. subsidiaries that do not reduce our U.S. taxable income.

We are subject to changing tax laws, treaties and regulations in and between countries in which we operate, including treaties between the United States and other nations. A change in these tax laws, treaties or regulations, including those in and involving the United States, or in the interpretation thereof, could result in a materially higher or lower income or non-income tax expense. Also, various income tax proposals in the countries in which we operate, such as those relating to fundamental U.S. international tax reform and measures in response to the economic uncertainty in certain European jurisdictions in which we operate, could result in changes to the existing tax laws under which our taxes are calculated. We are unable to predict whether any of these or other proposals in the United States or foreign jurisdictions will ultimately be enacted. Any such changes could negatively impact our business.

A significant amount of our book value consists of intangible assets that may not generate cash in the event of a voluntary or involuntary sale.

At December 31, 2019, our consolidated financial statements included approximately $5.6 billion of consolidated total assets, of which approximately $1.2 billion were classified as intangible assets. Intangible assets primarily include affiliation agreements and affiliate relationships, advertiser relationships, trademarks and goodwill. While we believe that the carrying values of our intangible assets are recoverable, there is no assurance that we would receive any cash from the voluntary or involuntary sale of these intangible assets, particularly if we were not continuing as an operating business.

Risks Relating to Our Debt

Our substantial long-term debt and high leverage could adversely affect our business.

We have a significant amount of long-term debt. As of December 31, 2019, we had $3.1 billion principal amount of total long-term debt (excluding finance leases), $731.3 million of which is senior secured debt under our Credit Facility and $2.4 billion of which is senior unsecured debt.

Our ability to make payments on, or repay or refinance, our debt, and to fund planned distributions and capital expenditures, will depend largely upon our future operating performance. Our future performance, to a certain extent, is subject to general economic, financial, competitive, regulatory and other factors that are beyond our control. In addition, our ability to borrow funds in the future to make payments on our debt will depend on the satisfaction of the covenants in the Credit Facility and our other debt agreements, including the indentures governing our notes and other agreements we may enter into in the future.

Our substantial amount of debt could have important consequences. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to make interest and principal payments on our debt, thereby limiting the availability of our cash flow to fund future programming investments, capital expenditures, working capital, business activities and other general corporate requirements;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared with our competitors; and
- limit our ability to borrow additional funds, even when necessary to maintain adequate liquidity.

In the long-term, we do not expect to generate sufficient cash from operations to repay at maturity our outstanding debt obligations. As a result, we will be dependent upon our ability to access the capital and credit markets. Failure to raise significant amounts of funding to repay these obligations at maturity could adversely affect our business. If we are unable to raise such amounts, we would need to take other actions including selling assets, seeking strategic investments from third parties or reducing other discretionary uses of cash. The Credit Facility and indentures governing our notes will restrict, and market or business conditions may limit, our ability to do some of these things.

A significant portion of our debt bears interest at variable rates. While we have entered into hedging agreements limiting our exposure to higher interest rates, such agreements do not offer complete protection from this risk.

The agreements governing our debt contain various covenants that impose restrictions on us that may affect our ability to operate our business.

The agreements governing the Credit Facility and the indentures governing our notes contain covenants that, among other things, limit our ability to:

- borrow money or guarantee debt;
- create liens;
- pay dividends on or redeem or repurchase stock;
- make specified types of investments;

- enter into transactions with affiliates; and
- sell assets or merge with other companies.

The Credit Facility requires us to comply with a Cash Flow Ratio and an Interest Coverage Ratio, each as defined in the Credit Facility. Compliance with these covenants may limit our ability to take actions that might be to our advantage or to the advantage of our stockholders.

Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants and maintain these financial ratios. Failure to comply with any of the covenants in our existing or future financing agreements could result in a default under those agreements and under other agreements containing cross-default provisions. A default would permit lenders to accelerate the maturity for the debt under these agreements and to foreclose upon any collateral securing the debt. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations. In addition, the limitations imposed by financing agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing.

Despite our current levels of debt, we may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial debt.

We may be able to incur additional debt in the future. The terms of the Credit Facility and indentures governing our notes allow us to incur substantial amounts of additional debt, subject to certain limitations. In addition, as we have in the past, we may in the future refinance all or a portion of our debt, including borrowings under the Credit Facility, and obtain the ability to incur more debt as a result. If new debt is added to our current debt levels, the related risks we could face would be magnified.

A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may further increase our future borrowing costs and reduce our access to capital.

The debt ratings for our notes are below the "investment grade" category, which results in higher borrowing costs as well as a reduced pool of potential purchasers of our debt as some investors will not purchase debt securities that are not rated "investment grade". In addition, there can be no assurance that any rating assigned will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency, if in that rating agency's judgment, future circumstances, such as adverse changes to economic conditions that could impact an issuer's ability to meet its financial commitments, so warrant. A lowering or withdrawal of the ratings assigned to our debt securities may further increase our future borrowing costs and reduce our access to capital.

Risks Relating to Our Controlled Ownership

We are controlled by the Dolan family and trusts for their benefit, which may create certain conflicts of interest. In addition, as a result of their control, the Dolan family has the ability to prevent or cause a change in control or approve, prevent or influence certain actions by the Company.

We have two classes of common stock:

- Class A Common Stock, which is entitled to one vote per share and is entitled collectively to elect 25% of our Board of Directors.
- Class B Common Stock, which is generally entitled to ten votes per share and is entitled collectively to elect the remaining 75% of our Board of Directors.

As of December 31, 2019, the Dolan family, including trusts for the benefit of members of the Dolan family (collectively "the Dolan Family Group"), own all of our Class B Common Stock, approximately 2% of our outstanding Class A Common Stock and approximately 73% of the total voting power of all our outstanding common stock. The members of the Dolan Family Group have executed a voting agreement (the "Stockholders Agreement") that has the effect of causing the voting power of the holders of our Class B Common Stock to be cast as provided therein with respect to all matters to be voted on by holders of Class B Common Stock. Under the Stockholders Agreement, the shares of Class B Common Stock owned by members of the Dolan Family Group are to be voted on all matters in accordance with the determination of the Dolan Family Committee, except that the decisions of the Dolan Family Committee are non-binding with respect to the Class B Common Stock owned by certain Dolan family trusts (the "Excluded Trusts") that collectively own 48% of the outstanding Class B Common Stock. The Dolan Family Committee consists of Charles F. Dolan and his six children, James L. Dolan, Thomas C. Dolan, Patrick F. Dolan, Kathleen M. Dolan, Marianne E. Dolan and Deborah A. Dolan-Sweeney (collectively, the "Dolan Siblings"). The Dolan Family Committee generally acts by vote of a majority of the Dolan Siblings, except that a vote on a going-private transaction must be approved by a two-thirds vote of the Dolan siblings and a vote on a change-in-control transaction must be approved by not less than all but one of the Dolan Siblings. The Dolan Family Group is able to prevent a change in control of our Company and no person interested in acquiring us would be able to do so without obtaining the consent of the Dolan Family Group.

Shares of Class B Common Stock owned by Excluded Trusts are to be voted on all matters in accordance with the determination of the Excluded Trusts holding a majority of the Class B Common Stock held by all Excluded Trusts, except in the case of a vote on a going-private transaction or a change in control transaction, in which case a vote of trusts holding two-thirds of the Class B Common Stock owned by Excluded Trusts is required.

The Dolan Family Group by virtue of their stock ownership, have the power to elect all of our directors subject to election by holders of Class B Common Stock and are able collectively to control stockholder decisions on matters on which holders of all classes of our common stock vote together as a single class. These matters could include the amendment of some provisions of our certificate of incorporation and the approval of fundamental corporate transactions.

In addition, the affirmative vote or consent of the holders of at least 66 2/3% of the outstanding shares of the Class B Common Stock, voting separately as a class, is required to approve:

- the authorization or issuance of any additional shares of Class B Common Stock, and
- any amendment, alteration or repeal of any of the provisions of our certificate of incorporation that adversely affects the powers, preferences or rights of the Class B Common Stock.

As a result, the Dolan Family Group has the power to prevent such issuance or amendment.

We have adopted a written policy whereby an independent committee of our Board of Directors will review and approve or take such other action as it may deem appropriate with respect to certain transactions involving the Company and its subsidiaries, on the one hand, and certain related parties, including Charles F. Dolan and certain of his family members and related entities on the other hand. This policy does not address all possible conflicts which may arise, and there can be no assurance that this policy will be effective in dealing with conflict scenarios.

We are a "controlled company" for the purposes of The NASDAQ Stock Market LLC, which allows us not to comply with certain of the corporate governance rules of The NASDAQ Stock Market LLC.

Members of the Dolan Family Group have entered into the Stockholders Agreement, which relates to, among other things, the voting and transfer of their shares of our Class B Common Stock. As a result, we are a "controlled company" under the corporate governance rules of The NASDAQ Stock Market LLC ("NASDAQ"). As a controlled company, we have the right to elect not to comply with the corporate governance rules of NASDAQ requiring: (i) a majority of independent directors on our Board of Directors, (ii) an independent compensation committee and (iii) an independent corporate governance and nominating committee. Our Board of Directors has elected for the Company to be treated as a "controlled company" under NASDAQ corporate governance rules and not to comply with the NASDAQ requirement for a majority independent board of directors and an independent corporate governance and nominating committee because of our status as a controlled company.

Future stock sales, including as a result of the exercise of registration rights by certain of our shareholders, could adversely affect the trading price of our Class A Common Stock.

Certain parties have registration rights covering a portion of our shares. We have entered into registration rights agreements with Charles F. Dolan, members of his family, certain Dolan family interests and the Dolan Family Foundations that provide them with "demand" and "piggyback" registration rights with respect to approximately 12.6 million shares of Class A Common Stock, including shares issuable upon conversion of shares of Class B Common Stock. Sales of a substantial number of shares of Class A Common Stock, including sales pursuant to these registration rights agreements, could adversely affect the market price of the Class A Common Stock and could impair our future ability to raise capital through an offering of our equity securities.

We share certain executives and directors with The Madison Square Garden Company("MSG") and MSG Networks Inc.("MSG Networks"), which may give rise to conflicts.

One of our executives, Gregg G. Seibert, serves as a Vice Chairman of the Company and as a Vice Chairman of MSG and MSG Networks (collectively MSG and MSG Networks, the "Other Entities"). Each of the Other Entities and the Company are affiliates by virtue of being under common control of the Dolan family. As a result, he will not be devoting his full time and attention to the Company's affairs. Six members of our Board of Directors are directors of MSG and four members of our Board of Directors are directors of MSG Networks. These directors may have actual or apparent conflicts of interest with respect to matters involving or affecting each company. For example, the potential for a conflict of interest exists when we on one hand, and either MSG or MSG Networks (each, an Other Entity) on the other hand, consider acquisitions and other corporate opportunities that may be suitable for us and for the Other Entity. Also, conflicts may arise if there are issues or disputes under the commercial arrangements that exist between the Other Entities and us. In addition, certain of our directors and officers own stock, restricted stock units and options to purchase stock in one or more of the Other Entities, as well as cash performance awards with any payout based on the performance of one or more of the Other Entities. These ownership interests could create actual, apparent or potential conflicts of interest when these individuals are faced with decisions that could have different implications for our Company and one or more of the Other Entities. See "Certain Relationships and Related Party Transactions

—Certain Relationships and Potential Conflicts of Interest" in our proxy statement filed with the SEC on April 29, 2019 for a description of our related party transaction approval policy that we have adopted to help address such potential conflicts that may arise.

Our overlapping directors and executives with the Other Entities may result in the diversion of corporate opportunities to and other conflicts with the Other Entities and provisions in our governance documents may provide us no remedy in that circumstance.

Our amended and restated certificate of incorporation acknowledges that directors and officers of the Company may also be serving as directors, officers, employees, consultants or agents of MSG and its subsidiaries and that we may engage in material business transactions with such entity. Our policy concerning certain matters relating to MSG Networks, including responsibilities of overlapping directors and officers (the "overlap policy" and together with the applicable provisions of the amended and restated certificate of incorporation, the "Overlap Provisions") acknowledges that directors and officers of the Company may also be serving as directors, officers, employees, consultants or agents of MSG Networks and its subsidiaries and that we may engage in material business transactions with such entity. The Company has renounced its rights to certain business opportunities and the Overlap Provisions provide that no director or officer of the Company who is also serving as a director, officer, employee, consultant or agent of an Other Entity or any subsidiary of an Other Entity will be liable to the Company or its stockholders for breach of any fiduciary duty that would otherwise exist by reason of the fact that such individual directs a corporate opportunity (other than certain limited types of opportunities set forth in our amended and restated certificate of incorporation) to the Other Entity or any of its subsidiaries, or does not refer or communicate information regarding such corporate opportunities to the Company. The Overlap Provisions also expressly validate certain contracts, agreements, assignments and transactions (and amendments, modifications or terminations thereof) between the Company and the Other Entities and their subsidiaries and, to the fullest extent permitted by law, provide that the actions of the overlapping directors or officers in connection therewith are not breaches of fiduciary duties owed to the Company, any of its subsidiaries or their respective stockholders.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We lease approximately 657,000 square feet of space in the U.S., including approximately 326,000 square feet of office space that we lease at 11 Penn Plaza, New York, NY 10001, under lease arrangements with remaining terms through 2027. We use this space as our corporate headquarters and as the principal business location of our Company. We also lease approximately 67,000 square-feet of space for our broadcasting and technology center in Bethpage, New York under a lease arrangement with a term through 2029, from which AMC Networks Broadcasting & Technology conducts its operations. In addition, we lease other properties in New York, California, Florida, Maryland and Illinois.

We lease approximately 195,000 square feet of space outside of the U.S., including in Spain, Hungary and the United Kingdom that support our international operations.

We believe our properties are adequate for our use.

Item 3. Legal Proceedings.

On December 17, 2013, Frank Darabont ("Darabont"), Ferenc, Inc., Darkwoods Productions, Inc., and Creative Artists Agency, LLC (together, the "2013 Plaintiffs"), filed a complaint in New York Supreme Court in connection with Darabont's rendering services as a writer, director and producer of the television series entitled *The Walking Dead* and the agreement between the parties related thereto. The Plaintiffs asserted claims for breach of contract, breach of the covenant of good faith and fair dealing, for an accounting and for declaratory relief. On August 19, 2015, Plaintiffs filed their First Amended Complaint (the "Amended Complaint"), in which they retracted their claims for wrongful termination and failure to apply production tax credits in calculating Plaintiffs' contingent compensation. Plaintiffs also added a claim that Darabont is entitled to a larger share, on a percentage basis, of contingent compensation than he is currently being accorded. On September 26, 2016, Plaintiffs filed their note of issue and certificate of readiness for trial, which included a claim for damages of no less than $280 million. The parties each filed motions for summary judgment. Oral arguments of the summary judgment motions took place on September 15, 2017. On April 19, 2018, the Court granted the Company’s motion for leave to submit supplemental summary judgment briefing. A hearing on the supplemental summary judgment submissions was held on June 13, 2018. On December 10, 2018, the Court denied Plaintiffs' motion for partial summary judgment and granted in part Defendants' motion for summary judgment, dismissing four of Plaintiffs' causes of action. The Company believes that the remaining claims are without merit, denies the allegations and continues to defend the case vigorously. At this time, no determination can be made as to the ultimate outcome of this litigation or the potential liability, if any, on the part of the Company.

On January 18, 2018, the 2013 Plaintiffs filed a second action in New York Supreme Court in connection with Darabont’s services on *The Walking Dead* television series and agreements between the parties related thereto. The claims in the action allegedly arise from Plaintiffs' audit of their participation statements covering the accounting period from inception of *The Walking Dead* through September 30, 2014. Plaintiffs seek no less than $20 million in damages on claims for breach of contract, breach of the covenant of good faith and fair dealing, and declaratory relief. The Company filed an Answer to the Complaint on April 16, 2018. On August 30, 2018, Plaintiff's filed an Amended Complaint, and on September 19, 2018, the Company answered. The parties have agreed to consolidate this action for a joint trial with the action Plaintiffs filed in the New York Supreme Court on December 17, 2013. Following the conclusion of discovery, the Company filed a motion for summary judgment seeking the dismissal of the second action which is expected to be fully briefed by March 2, 2020. Pending the outcome of the Company’s motion for summary judgment, the trial is scheduled to begin on June 1, 2020. The Company believes that the asserted claims are without merit, denies the allegations and will defend the case vigorously. At this time, no determination can be made as to the ultimate outcome of this litigation or the potential liability, if any, on the part of the Company.

On August 14, 2017, Robert Kirkman, Robert Kirkman, LLC, Glen Mazzara, 44 Strong Productions, Inc., David Alpert, Circle of Confusion Productions, LLC, New Circle of Confusion Productions, Inc., Gale Anne Hurd, and Valhalla Entertainment, Inc. f/k/a Valhalla Motion Pictures, Inc. (together, the "California Plaintiffs") filed a complaint in California Superior Court in connection with California Plaintiffs’ rendering of services as writers and producers of the television series entitled *The Walking Dead*, as well as *Fear the Walking Dead* and/or *Talking Dead*, and the agreements between the parties related thereto (the "California Action"). The California Plaintiffs asserted that the Company has been improperly underpaying the California Plaintiffs under their contracts with the Company and they assert claims for breach of contract, breach of the covenant of good faith and fair dealing, inducing breach of contract, and liability for violation of Cal. Bus. & Prof. Code § 17200. On August 15, 2017, two of the California Plaintiffs, Gale Anne Hurd and David Alpert (and their associated loan-out companies), along with Charles Eglee and his loan-out company, United Bongo Drum, Inc., filed a complaint in New York Supreme Court alleging nearly identical claims as the California Action (the "New York Action"). Hurd, Alpert, and Eglee filed the New York Action in connection with their contract claims involving *The Walking Dead* because their agreements contained exclusive New York jurisdiction provisions. On October 23, 2017, the parties stipulated to discontinuing the New York Action without prejudice and consolidating all of the claims in the California Action. The California Plaintiffs seek compensatory and punitive damages and restitution. The Company filed an Answer on April 30, 2018 and believes that the asserted claims are without merit and will vigorously defend against them. On August 8, 2019, the judge in the California Action ordered a trial to resolve certain issues of contract interpretation only. Such trial commenced on February 10, 2020 and is expected to conclude on March 9 and 10, 2020. At this time, no determination can be made as to the ultimate outcome of this litigation or the potential liability, if any, on the part of the Company.

The Company is party to various lawsuits and claims in the ordinary course of business, including the matters described above. Although the outcome of these matters cannot be predicted with certainty and while the impact of these matters on the Company's results of operations in any particular subsequent reporting period could be material, management does not believe that the resolution of these matters will have a material adverse effect on the financial position of the Company or the ability of the Company to meet its financial obligations as they become due.

Item 4. Mine Safety Disclosures.

Not applicable.

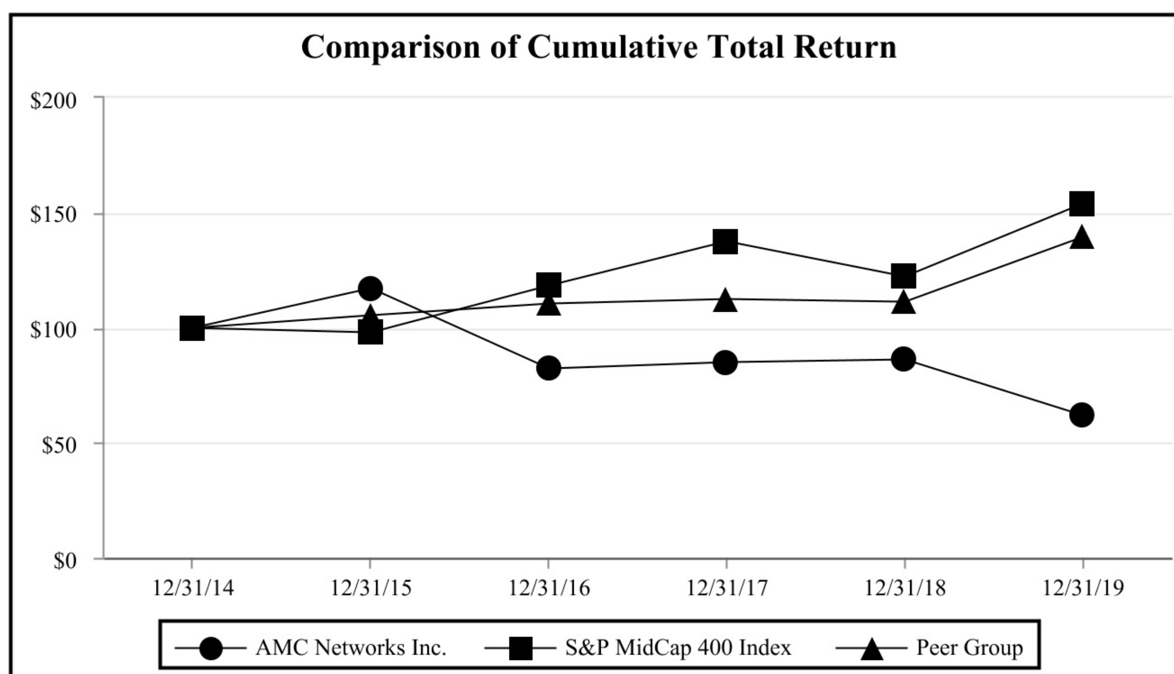
Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our Class A Common Stock is listed on NASDAQ under the symbol "AMCX." Our Class B Common Stock is not listed on any exchange. Our Class A Common Stock began trading on NASDAQ on July 1, 2011.

Performance Graph

The following graph compares the performance of the Company's Class A Common Stock with the performance of the S&P Mid-Cap 400 Index and a peer group (the "Peer Group Index") by measuring the changes in our Class A Common Stock prices from July 1, 2011, the first day our Class A Common Stock began regular-way trading on NASDAQ, through December 31, 2019. Because no published index of comparable media companies currently reports values on a dividends-reinvested basis, the Company has created a Peer Group Index for purposes of this graph in accordance with the requirements of the SEC. The Peer Group Index is made up of companies that engage in cable television programming as a significant element of their business, although not all of the companies included in the Peer Group Index participate in all of the lines of business in which the Company is engaged, and some of the companies included in the Peer Group Index also engage in lines of business in which the Company does not participate. Additionally, the market capitalizations of many of the companies included in the Peer Group are quite different from that of the Company. The common stocks of the following companies have been included in the Peer Group Index: Discovery Inc., the Walt Disney Company, Fox Corporation (included from March 19, 2019, when trading began), Lions Gate Entertainment Corporation, and ViacomCBS Inc. The chart assumes $100 was invested on December 31, 2014 in each of: i) Company's Class A Common Stock, ii) the S&P Mid-Cap 400 Index, and iii) in this Peer Group weighted by market capitalization.



		INDEXED RETURNS Period Ended				
Company Name / Index	**Base Period 12/31/14**	**12/31/15**	**12/31/16**	**12/31/17**	**12/31/18**	**12/31/19**
AMC Networks Inc.	100	117.11	82.08	84.80	86.06	61.94
S&P MidCap 400 Index	100	97.82	118.11	137.30	122.08	154.07
Peer Group	100	105.45	110.25	112.22	111.13	139.32

This performance graph shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or incorporated by reference into any of our filings under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

As of February 14, 2020 there were 661 holders of record of our Class A Common Stock and 33 holders of record of our Class B Common Stock.

Stock Repurchase Program

The Company's Board of Directors has authorized a program to repurchase up to $1.5 billion of the Company's outstanding shares of common stock (the "Stock Repurchase Program"). The authorization of up to $500 million was announced on March 7, 2016, an additional authorization of $500 million was announced on June 7, 2017, and an additional authorization of $500 million was announced on June 13, 2018. The Stock Repurchase Program has no pre-established closing date and may be suspended or discontinued at any time. For the year ended December 31, 2019, the Company repurchased 1.3 million shares of its Class A common stock at an average purchase price of $54.24 per share. As of December 31, 2019, the Company has $488.8 million available for repurchase under the Stock Repurchase Program.

Item 6. Selected Financial Data.

The operating data for each of the three years ended December 31, 2019 and balance sheet data as of December 31, 2019 and 2018 included in the table below have been derived from the audited consolidated financial statements of the Company included in this Annual Report and should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the accompanying consolidated financial statements and related notes. The operating data for the years ended December 31, 2016 and 2015 and balance sheet data as of December 31, 2017, 2016 and 2015 included in the table below have been derived from the audited consolidated financial statements of the Company, not included in this Annual Report.

	Years Ended December 31,				
	2019 (1) (2)	2018 (1) (2)	2017 (1) (2)	2016 (2)	2015 (2)
	(In thousands, except per share amounts)				
Operating Data:					
Revenues, net	$ 3,060,321	$ 2,971,929	$ 2,805,691	$ 2,755,654	$ 2,580,935
Operating income	625,277	726,909	722,359	657,556	709,193
Net income including noncontrolling interests	407,716	463,967	489,637	289,963	381,704
Net income attributable to noncontrolling interests	(27,230)	(17,780)	(18,321)	(19,453)	(14,916)
Net income attributable to AMC Networks' stockholders	$ 380,486	$ 446,187	$ 471,316	$ 270,510	$ 366,788
Net income per share attributable to AMC Networks' stockholders:					
Basic	$ 6.77	$ 7.68	$ 7.26	$ 3.77	$ 5.06
Diluted	$ 6.67	$ 7.57	$ 7.18	$ 3.74	$ 5.01
Balance Sheet Data, at period end:					
Cash and cash equivalents	$ 816,170	$ 554,886	$ 558,783	$ 481,389	$ 316,321
Total assets	5,596,686	5,278,563	5,032,985	4,480,595	4,250,609
Long-term debt (including finance/capital leases)	3,117,494	3,136,072	3,130,381	2,859,129	2,701,148
Stockholders' equity (deficiency)	$ 665,781	$ 316,680	$ 134,944	$ (30,082)	$ (39,277)

(1) The 2019, 2018 and 2017 results include impairment and related charges of $106.6 million, $4.5 million and $28.1 million, respectively (see Note 4 to the accompanying consolidated financial statements).

(2) The 2019, 2018 and 2017 results include restructuring and other related charges of $40.9 million, $45.8 million and $6.1 million, respectively (see Note 5 to the accompanying consolidated financial statements). The 2016 and 2015 results include restructuring and other related charges of $29.5 million and $15.0 million, respectively.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Management's discussion and analysis of financial condition and results of operations, or MD&A, is a supplement to and should be read in conjunction with the accompanying consolidated financial statements and related notes. Our MD&A is provided to enhance the understanding of our financial condition, changes in financial condition and results of our operations and is organized as follows:

Business Overview. This section provides a general description of our business and our operating segments, as well as other matters that we believe are important in understanding our results of operations and financial condition and in anticipating future trends.

Consolidated Results of Operations. This section provides an analysis of our results of operations for the years ended December 31, 2019, 2018 and 2017. Our discussion is presented on both a consolidated and segment basis. Our two segments are: (i) National Networks and (ii) International and Other.

Liquidity and Capital Resources. This section provides a discussion of our financial condition as of December 31, 2019 as well as an analysis of our cash flows for the years ended December 31, 2019, 2018 and 2017. The discussion of our financial condition and liquidity includes summaries of (i) our primary sources of liquidity and (ii) our contractual obligations and off balance sheet arrangements that existed at December 31, 2019.

Critical Accounting Policies and Estimates. This section provides a discussion of our accounting policies considered to be important to an understanding of our financial condition and results of operations, and which require significant judgment and estimates on the part of management in their application.

Business Overview

We manage our business through the following two operating segments:

- *National Networks:* Includes activities of our five national programming networks, AMC Studios operations and AMC Broadcasting & Technology. Our national programming networks are AMC, WE tv, BBC AMERICA, IFC, and SundanceTV and also include our AMC Premiere service. Our AMC Studios operation produces original programming for our programming networks and also licenses such programming worldwide. AMC Networks Broadcasting & Technology is our technical services business, which primarily services most of the national programming networks.
- *International and Other*: Includes AMCNI, our international programming businesses consisting of a portfolio of channels around the world; AMC Networks SVOD consisting of our targeted subscription streaming services: Acorn TV, Shudder, Sundance Now, and UMC; Levity, our production services and comedy venues business; and IFC Films, our independent film distribution business.

Financial Results Overview

The tables presented below set forth our consolidated revenues, net, operating income (loss) and adjusted operating income ("AOI"), defined below, for the periods indicated.

	Years Ended December 31,		
(In thousands)	**2019**	**2018**	**2017**
Revenues, net			
National Networks	$ 2,369,044	$ 2,413,325	$ 2,367,615
International and Other	734,143	598,306	457,182
Inter-segment eliminations	(42,866)	(39,702)	(19,106)
Consolidated revenues, net	$ 3,060,321	$ 2,971,929	$ 2,805,691
Operating income (loss)			
National Networks	$ 804,422	$ 825,770	$ 817,566
International and Other	(170,039)	(93,326)	(88,894)
Inter-segment eliminations	(9,106)	(5,535)	(6,313)
Consolidated operating income	$ 625,277	$ 726,909	$ 722,359
AOI			
National Networks	$ 903,526	$ 925,279	$ 894,912
International and Other	50,193	19,303	16,219
Inter-segment eliminations	(9,729)	(12,037)	(6,313)
Consolidated AOI	$ 943,990	$ 932,545	$ 904,818

We evaluate segment performance based on several factors, of which the primary financial measure is operating segment AOI. We define AOI, which is a financial measure that is not calculated in accordance with generally accepted accounting principles ("GAAP"), as operating income (loss) before depreciation and amortization, share-based compensation expense or benefit, impairment and related charges (including gains or losses on sales or dispositions of businesses), restructuring and other related charges and including the Company's proportionate share of adjusted operating income (loss) from majority-owned equity method investees.

From time to time, we may exclude the impact of certain events, gains, losses or other charges (such as significant legal settlements) from AOI that affect our operating performance. We believe that AOI is an appropriate measure for evaluating the operating performance on both an operating segment and consolidated basis. AOI and similar measures with similar titles are common performance measures used by investors, analysts and peers to compare performance in the industry.

Internally, we use revenues, net and AOI measures as the most important indicators of our business performance, and evaluate management's effectiveness with specific reference to these indicators. AOI should be viewed as a supplement to and not a substitute for operating income (loss), net income (loss), cash flows from operating activities and other measures of performance and/or liquidity presented in accordance with GAAP. Since AOI is not a measure of performance calculated in accordance with GAAP, this measure may not be comparable to similar measures with similar titles used by other companies.

The following is a reconciliation of consolidated operating income to AOI for the periods indicated:

	Years Ended December 31,		
(In thousands)	**2019**	**2018**	**2017**
Operating income	$ 625,277	$ 726,909	$ 722,359
Share-based compensation expense	64,133	60,979	53,545
Depreciation and amortization	101,098	91,281	94,638
Impairment and related charges	106,603	4,486	28,148
Restructuring and other related charges	40,914	45,847	6,128
Majority-owned equity investees AOI	5,965	3,043	—
Adjusted operating income	$ 943,990	$ 932,545	$ 904,818

Items Impacting Comparability

RLJE

In October 2018, we acquired a controlling interest in RLJE, a premium digital channel company that operates the subscription streaming services Acorn TV and UMC or Urban Movie Channel. The operating results of RLJE are included in our International and Other segment in the consolidated statement of income from the date of the acquisition.

Levity

In April 2018, we acquired a controlling interest in Levity, an entertainment company that owns and operates comedy venues as well as produces content for distribution. The operating results of Levity are included in our International and Other segment in the consolidated statement of income from the date of the acquisition.

AMCNI – DMC

In July 2017, we sold our Amsterdam-based media logistics business, AMCNI – DMC.

National Networks

In our National Networks segment, we earn revenue principally from the distribution of our programming and the sale of advertising. Distribution revenue primarily includes subscription fees paid by distributors to carry our programming networks and content licensing revenue from the licensing of original programming for digital, foreign and home video distribution. Subscription fees paid by distributors represent the largest component of distribution revenue. Our subscription fee revenues are based on a per subscriber fee, and, to a lesser extent, fixed fees under multi-year contracts, commonly referred to as "affiliation agreements," which generally provide for annual rate increases. The specific subscription fee revenues we earn vary from period to period, distributor to distributor and also vary among our networks, but are generally based upon the number of each distributor's subscribers who receive our programming, referred to as viewing subscribers. Content licensing revenue from the licensing of original programming for digital and foreign distribution is recognized upon availability or distribution by the licensee.

Under affiliation agreements with our distributors, we have the right to sell a specified amount of national advertising time on our programming networks. Our advertising revenues are more variable than subscription fee revenues because the majority of our advertising is sold on a short-term basis, not under long-term contracts. Our arrangements with advertisers provide for a set number of advertising units to air over a specific period of time at a negotiated price per unit. Additionally, in these advertising sales arrangements, our programming networks generally guarantee specified viewer ratings for their programming. If these guaranteed viewer ratings are not met, we are generally required to provide additional advertising units to the advertiser at no charge. For these types of arrangements, a portion of the related revenue is deferred if the guaranteed ratings are not met and is subsequently recognized either when we provide the required additional advertising time or the guarantee obligation contractually expires. Most of our advertising revenues vary based upon the popularity of our programming as measured by Nielsen. Our national programming networks have advertisers representing companies in a broad range of sectors, including the automotive, restaurants/food, health, and telecommunications industries.

Changes in revenue are primarily derived from changes in the contractual subscription rates charged for our services; the number of subscribers; the prices and number of advertising spots on our networks; and the availability, amount and timing of licensing fees earned from the distribution of our original programming. Our revenues may increase over time through contractual rate increases stipulated in our affiliation agreements. In negotiating for additional subscribers or extended carriage, we have agreed, in some instances, to make upfront payments to a distributor which we record as deferred carriage fees and are amortized as a reduction to revenue over the period of the related affiliation agreement. We also may help fund the distributors' efforts to market our networks. We believe that these transactions generate a positive return on investment over the contract period. We seek to increase our advertising revenues by increasing the rates we charge for such advertising, which is directly related to the overall distribution of our programming, penetration of our services on various digital platforms such as Advertising Video-on-Demand ("AVOD") services and the popularity (including within desirable demographic groups) of our services as measured by Nielsen.

Our principal goal is to increase our revenues by increasing distribution and penetration of our services, and increasing our ratings. To do this, we must continue to contract for and produce high-quality, attractive programming. As competition for programming increases and alternative distribution technologies continue to emerge and develop in the industry, costs for content acquisition and original programming may increase. There is a concentration of subscribers in the hands of a few distributors, which could create disparate bargaining power between the largest distributors and us by giving those distributors greater leverage in negotiating the price and other terms of affiliation agreements. We also seek to increase our content licensing revenues by expanding the opportunities for licensing our programming through digital distribution platforms, foreign distribution and home video services. Content licensing revenues in each quarter may vary based on the timing of availability of our programming to distributors.

Programming expense, included in technical and operating expense, represents the largest expense of the National Networks segment and primarily consists of amortization and write-offs of programming rights, such as those for original programming, feature films and licensed series, as well as participation and residual costs. The other components of technical and operating expense primarily include distribution and production related costs and program operating costs including cost of delivery, such as origination, transmission, uplinking and encryption.

To an increasing extent, the success of our business depends on original programming, both scripted and unscripted, across all of our networks. In recent years, we have introduced a number of scripted original series. These series generally result in higher ratings for our networks. Among other things, higher audience ratings drive increased revenues through higher advertising revenues. The timing of exhibition and distribution of original programming varies from period to period, which results in greater variability in our revenues, earnings and cash flows from operating activities. We will continue to increase our investment in programming across all of our networks. There may be significant changes in the level of our technical and operating expenses due to the amortization of content acquisition and/or original programming costs and/or the impact of management's periodic assessment of programming usefulness. Such costs will also fluctuate with the level of revenues derived from owned original programming in each period as these costs are amortized based on the individual-film-forecast-computation method.

Most original series require us to make up-front investments, which are often significant amounts. Not all of our programming efforts are commercially successful, which could result in a write-off of program rights. If it is determined that programming rights have limited, or no, future programming usefulness based on actual demand or market conditions, a write-off of the unamortized cost is recorded in technical and operating expense. Program rights write-offs of $37.9 million, $48.8 million and $47.7 million were recorded for the years ended December 31, 2019, 2018 and 2017, respectively (see further discussion below).

See "— Critical Accounting Policies and Estimates" for a discussion of the amortization and write-off of program rights.

International and Other

Our International and Other segment includes the operations of AMCNI, AMC Networks SVOD, IFC Films and Levity.

In our International and Other segment, we earn revenue principally from the international distribution of programming and, to a lesser extent, the sale of advertising from our AMCNI programming networks. We also earn revenue from production services from Levity, revenues from our four targeted SVOD services: Sundance Now, Shudder, AcornTV and UMC, revenues from the distribution of content of IFC Films and Levity's operation of comedy venues. For the year ended December 31, 2019, distribution revenues represented 88% of the revenues of the International and Other segment. Distribution revenue primarily includes subscription fees paid by distributors or consumers to carry our programming networks or subscription-based streaming services and production services revenue generated from Levity. Most of these revenues are derived from the distribution of our programming networks primarily in Europe and to a lesser extent, Latin America. Our subscription revenues are generally based on either a per-subscriber fee or a fixed contractual annual fee, under multi-year affiliation agreements, which may provide for annual rate increases, and a monthly, or annual, fee paid by a consumer for our subscription-based streaming services. Our subscription streaming services are available in the United States, Canada, parts of Latin America and parts of Europe, Australia and New Zealand. Our production services revenues are based on master production agreements whereby a third-party engages us to produce content on its behalf. Production services revenues are recognized based on the percentage of cost incurred to total estimated cost of the contract.

Programming, program operating costs and production costs incurred to produce content for third parties are included in technical and operating expense, and represent the largest expense of the International and Other segment and primarily consist of amortization of acquired content, costs of dubbing and sub-titling of programs, production costs, participation and residual costs. Program operating costs include costs such as origination, transmission, uplinking and encryption of our linear AMCNI channels as well as content hosting and delivery costs at our various subscription-based streaming services. Not all of our programming efforts are commercially successful, which could result in a write-off of program rights. If it is determined that programming rights have limited, or no, future programming usefulness based on actual demand or market conditions, a write-off of the unamortized cost is recorded in technical and operating expense.

Similar to our National Networks businesses, the most significant business challenges we expect to encounter in our International and Other businesses include programming competition (from both foreign and domestic programmers), limited channel capacity on distributors' platforms, the number of subscribers on those platforms and economic pressures on subscription fees. Other significant business challenges unique to our international operations include increased programming costs for international rights and translation (*i.e.* dubbing and subtitling), a lack of availability of international rights for a portion of our domestic programming content, increased distribution costs for cable, satellite or fiber feeds, a limited physical presence in certain territories, and our exposure to foreign currency exchange rate risk. See also the risk factors described under Item 1A, "Risk Factors - We face risks from doing business internationally." in this Annual Report.

Corporate Expenses

We allocate corporate overhead within operating expenses to each segment based upon its proportionate estimated usage of services. The segment financial information set forth below, including the discussion related to individual line items, does not reflect inter-segment eliminations unless specifically indicated.

Impact of Economic Conditions

Our future performance is dependent, to a large extent, on general economic conditions including the impact of direct competition, our ability to manage our businesses effectively, and our relative strength and leverage in the marketplace, both with suppliers and customers.

Capital and credit market disruptions could cause economic downturns, which may lead to lower demand for our products, such as lower demand for television advertising and a decrease in the number of subscribers receiving our programming networks from our distributors. Events such as these may adversely impact our results of operations, cash flows and financial position.

Consolidated Results of Operations

The amounts presented and discussed below represent 100% of each operating segment's revenues, net and expenses. Where we have management control of an entity, we consolidate 100% of such entity in our consolidated statements of operations notwithstanding that a third-party owns a significant interest in such entity. The noncontrolling owner's interest in the operating results of consolidated subsidiaries are reflected in net (income) loss attributable to noncontrolling interests in our consolidated statements of operations.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

The following table sets forth our consolidated results of operations for the periods indicated.

	Years Ended December 31,					
	2019		2018			
(In thousands)	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 3,060,321	100.0 %	$ 2,971,929	100.0 %	$ 88,392	3.0 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	1,506,985	49.2	1,445,949	48.7	61,036	4.2
Selling, general and administrative	679,444	22.2	657,457	22.1	21,987	3.3
Depreciation and amortization	101,098	3.3	91,281	3.1	9,817	10.8
Impairment and related charges	106,603	3.5	4,486	0.2	102,117	n/m
Restructuring and other related charges	40,914	1.3	45,847	1.5	(4,933)	(10.8)
Total operating expenses	2,435,044	79.6	2,245,020	75.5	190,024	8.5
Operating income	625,277	20.4	726,909	24.5	(101,632)	(14.0)%
Other income (expense):						
Interest expense, net	(133,091)	(4.3)	(135,813)	(4.6)	2,722	(2.0)
Miscellaneous, net	(6,000)	(0.2)	29,177	1.0	(35,177)	(120.6)
Total other income (expense)	(139,091)	(4.5)	(106,636)	(3.6)	(32,455)	30.4
Net income from operations before income taxes	486,186	15.9	620,273	20.9	(134,087)	(21.6)
Income tax expense	(78,470)	(2.6)	(156,306)	(5.3)	77,836	(49.8)
Net income including noncontrolling interests	407,716	13.3 %	463,967	15.6 %	(56,251)	(12.1)
Net income attributable to noncontrolling interests	(27,230)	(0.9)%	(17,780)	(0.6)%	(9,450)	53.1
Net income attributable to AMC Networks' stockholders	$ 380,486	12.4 %	$ 446,187	15.0 %	$ (65,701)	(14.7)%

National Networks Segment Results

The following table sets forth our National Networks segment results for the periods indicated.

	Years Ended December 31,					
	2019		2018			
(In thousands)	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 2,369,044	100.0 %	$ 2,413,325	100.0 %	$ (44,281)	(1.8)%
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	1,076,748	45.5	1,080,732	44.8	(3,984)	(0.4)
Selling, general and administrative	441,747	18.6	455,935	18.9	(14,188)	(3.1)
Depreciation and amortization	32,674	1.4	33,728	1.4	(1,054)	(3.1)
Restructuring and other related charges	13,453	0.6	17,160	0.7	(3,707)	(21.6)
Operating income	804,422	34.0	825,770	34.2	(21,348)	(2.6)
Share-based compensation expense	52,977	2.2	48,621	2.0	4,356	9.0
Depreciation and amortization	32,674	1.4	33,728	1.4	(1,054)	(3.1)
Restructuring and other related charges	13,453	0.6	17,160	0.7	(3,707)	(21.6)
AOI	$ 903,526	38.1 %	$ 925,279	38.3 %	$ (21,753)	(2.4)%

International and Other Segment Results

The following table sets forth our International and Other segment results for the periods indicated.

	Years Ended December 31,					
	2019		2018			
(In thousands)	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 734,143	100.0 %	$ 598,306	100.0 %	$ 135,837	22.7 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	463,267	63.1	392,793	65.7	70,474	17.9
Selling, general and administrative	237,804	32.4	201,611	33.7	36,193	18.0
Depreciation and amortization	68,424	9.3	57,553	9.6	10,871	18.9
Impairment and related charges	106,603	14.5	4,486	0.7	102,117	2,276.3
Restructuring and other related charges	28,084	3.8	35,189	5.9	(7,105)	n/m
Operating loss	(170,039)	(23.2)	(93,326)	(15.6)	(76,713)	82.2
Share-based compensation expense	11,156	1.5	12,358	2.1	(1,202)	(9.7)
Depreciation and amortization	68,424	9.3	57,553	9.6	10,871	18.9
Impairment and related charges	106,603	14.5	4,486	0.7	102,117	2,276.3
Restructuring and other related charges	28,084	3.8	35,189	5.9	(7,105)	n/m
Majority owned equity investees AOI	5,965	0.8	3,043	0.5	2,922	n/m
AOI	$ 50,193	6.8 %	$ 19,303	3.2 %	$ 30,890	160.0 %

Revenues, net

Revenues, net increased $88.4 million to $3.1 billion for 2019 as compared to 2018. The net change by segment was as follows:

(In thousands)	Years Ended December 31, 2019	% of total	2018	% of total	$ change	% change
National Networks	$ 2,369,044	77.4 %	$ 2,413,325	81.2 %	$ (44,281)	(1.8)%
International and Other	734,143	24.0	598,306	20.1	135,837	22.7
Inter-segment eliminations	(42,866)	(1.4)	(39,702)	(1.3)	(3,164)	8.0
Consolidated revenues, net	$ 3,060,321	100.0 %	$ 2,971,929	100.0 %	$ 88,392	3.0 %

National Networks

The decrease in National Networks revenues, net was attributable to the following:

(In thousands)	Years Ended December 31, 2019	% of total	2018	% of total	$ change	% change
Advertising	$ 904,253	38.2 %	$ 944,675	39.1 %	$ (40,422)	(4.3)%
Distribution	1,464,791	61.8	1,468,650	60.9	(3,859)	(0.3)
	$ 2,369,044	100.0 %	$ 2,413,325	100.0 %	$ (44,281)	(1.8)%

- Advertising revenues decreased $40.4 million driven by a decrease of $65.0 million at AMC due to lower ratings, partially mitigated by increased pricing. The decrease at AMC was partially offset by increases at our other networks. Most of our advertising revenues vary based on the timing of our original programming series and the popularity of our programming as measured by Nielsen. Due to these factors, we expect advertising revenues to vary from quarter to quarter.
- Distribution revenues decreased $3.9 million due to a decrease in subscription revenues of $17.5 million primarily due to lower subscribers and the impact of an interpretation of a contractual provision in an affiliate agreement, partially offset by increased pricing. Content licensing revenues increased $13.6 million, primarily at AMC, due to an increase in the number of original programs we distributed. Distribution revenues may vary based on the impact of renewals of affiliation agreements and content licensing revenues vary based on the timing of availability of our programming to distributors. Because of these factors, we expect distribution revenues to vary from quarter to quarter.

The following table presents certain subscriber information at December 31, 2019 and December 31, 2018:

	Estimated Domestic Subscribers [1] December 31, 2019	December 31, 2018
National Programming Networks:		
AMC	85,100	89,000
WE tv	78,200	84,600
BBC AMERICA	77,000	80,900
IFC	71,400	75,100
SundanceTV	66,800	69,900

(1) Estimated U.S. subscribers as measured by Nielsen.

International and Other

The increase in International and Other revenues, net was attributable to the following:

(In thousands)	Years Ended December 31, 2019	% of total	2018	% of total	$ change	% change
Advertising	$ 89,659	12.2 %	$ 91,404	15.3 %	$ (1,745)	(1.9)%
Distribution and other	644,484	87.8	506,902	84.7	137,582	27.1
	$ 734,143	100.0 %	$ 598,306	100.0 %	$ 135,837	22.7 %

The decrease of $1.7 million in advertising revenues was principally due to the unfavorable impact of foreign currency translation of $5.1 million. Distribution revenues increased $147.5 million due to the impact of the Levity and RLJE acquisitions. In addition, distribution revenues increased $22.9 million from our Shudder and Sundance Now targeted SVOD services. These increases were partially offset by a decrease in revenues at AMCNI of $16.4 million, excluding the impact of foreign currency fluctuations, primarily due to the termination of distribution in certain territories. Foreign currency translation had an unfavorable impact to distribution revenues of $15.2 million.

Technical and operating expense (excluding depreciation and amortization)

The components of technical and operating expense primarily include the amortization and write-offs of program rights, such as those for original programming, feature films and licensed series, participation and residual costs, distribution and production related costs and program delivery costs, such as transmission, encryption, hosting, and formatting.

Technical and operating expense (excluding depreciation and amortization) increased $61.0 million to $1.5 billion for 2019 as compared to 2018. The net change by segment was as follows:

(In thousands)	Years Ended December 31, 2019	2018	$ change	% change
National Networks	$ 1,076,748	$ 1,080,732	$ (3,984)	(0.4)%
International and Other	463,267	392,793	70,474	17.9
Inter-segment eliminations	(33,030)	(27,576)	(5,454)	19.8
Total	$ 1,506,985	$ 1,445,949	$ 61,036	4.2 %
Percentage of revenues, net	49.2 %	48.7 %		

National Networks

The decrease in technical and operating expense was due to a decrease of $30.1 million in other direct programming expense attributable to reduced personnel and the timing of production related costs. The decrease in other direct programming expense was partially offset by a net increase in program rights amortization of $26.1 million, consisting of an increase in program amortization of $47.4 million primarily attributable to the mix of original programming as compared to the prior year, partially offset by a reduction of $21.3 million attributable to the utilization of certain investment tax credits. In addition, program rights amortization includes write-offs of $37.9 million for the year ended December 31, 2019 as compared to program rights write-offs of $48.8 million for the year ended December 31, 2018. Programming write-offs are based on management's periodic assessment of programming usefulness.

There may be significant changes in the level of our technical and operating expenses due to content acquisition and/or original programming costs and/or the impact of management's periodic assessment of programming usefulness. Such costs will also fluctuate with the level of amortization recorded from owned original programming in each period based on the individual-film-forecast-computation method. As additional competition for programming increases and alternative distribution technologies continue to develop, costs for content acquisition and original programming may increase.

International and Other

The increase in the International and Other segment was primarily due to an $89.7 million impact from the Levity and RLJE acquisitions. In addition, technical and operating expense increased $13.3 million at our targeted SVOD services (Shudder and Sundance Now) due to the continued investment in programming. Technical and operating expense decreased $19.6 million at AMCNI, excluding the impact of foreign currency fluctuations, due primarily to reduced programming amortization resulting from termination of distribution in certain territories. Foreign currency translation had a favorable impact to the change in technical and operating expense of $12.8 million.

Selling, general and administrative expense

The components of selling, general and administrative expense primarily include sales, marketing and advertising expenses, administrative costs and costs of non-production facilities.

Selling, general and administrative expense increased $22.0 million to $679.4 million for 2019 as compared to 2018. The net change by segment was as follows:

(In thousands)	Years Ended December 31, 2019	2018	$ change	% change
National Networks	$ 441,747	$ 455,935	$ (14,188)	(3.1)%
International and Other	237,804	201,611	36,193	18.0
Inter-segment eliminations	(107)	(89)	(18)	20.2
Total	$ 679,444	$ 657,457	$ 21,987	3.3 %
Percentage of revenues, net	22.2 %	22.1 %		

National Networks

The decrease in the National Networks segment selling, general and administrative expense was principally due to a $16.7 million decrease in advertising and marketing costs related to the timing of promotion and marketing of original programming.

There may be significant changes in the level of our selling, general and administrative expense from quarter to quarter and year to year due to the timing of promotion and marketing of original programming series and subscriber retention marketing efforts.

International and Other

The increase in the International and Other segment was primarily due to a $50.7 million impact from the acquisitions of Levity and RLJE, partially offset by a decrease of $8.7 million at AMCNI, excluding the impact of foreign currency fluctuations. Foreign currency translation had a favorable impact to the change in selling, general and administrative expense of $6.7 million.

Depreciation and amortization

Depreciation and amortization increased $9.8 million to $101.1 million for 2019 as compared to 2018. The net change by segment was as follows:

(In thousands)	Years Ended December 31, 2019	2018	$ change	% change
National Networks	$ 32,674	$ 33,728	$ (1,054)	(3.1)%
International and Other	68,424	57,553	10,871	18.9
	$ 101,098	$ 91,281	$ 9,817	10.8 %

The increase in depreciation and amortization expense in the International and Other segment was primarily due to a $6.4 million impact from the acquisitions of Levity and RLJE as well as an increase in depreciation expense of $6.2 million related to corporate leasehold additions.

Impairment and related charges

In December 2019, in connection with the preparation of our fourth quarter financial information, we performed our annual goodwill impairment test and concluded that the estimated fair value of our AMCNI reporting unit declined to less than its carrying amount. The decrease in the estimated fair value was in response to current and expected trends across the International television broadcasting markets, as well as a decrease in the financial multiples used to estimate the fair value using the market approach. As a result, we recognized an impairment charge of $98.0 million in 2019, reflecting a partial write-down of the goodwill associated with the AMCNI reporting unit.

During 2019 and 2018, in connection with the dispositions of certain businesses, AMCNI recognized impairment charges of $8.6 million and $4.5 million, respectively.

Restructuring and other related charges

Restructuring and other related charges of $40.9 million for the year ended December 31, 2019 related to the management restructuring, which commenced in the third quarter of 2019, and the AMC Networks SVOD organization restructuring, which commenced in the second quarter of 2019. In connection with each of these restructuring initiatives, a

number of roles were eliminated to address redundancy at the management level and improve the effectiveness of management while reducing the cost structure of the Company.

In connection with the restructuring initiative related to our management team, we incurred restructuring charges for severance and other personnel related costs of $26.0 million, of which $13.5 million was attributable to the National Networks segment and $12.5 million was attributable to the International and Other segment. We expect additional restructuring charges in the first quarter of 2020.

In connection with the AMC Networks SVOD restructuring, management made certain organization changes to the owned subscription streaming services businesses. The restructuring combined our owned subscription streaming services under one management team. As a result, we incurred restructuring charges of $1.9 million related to severance and other personnel related costs.

In connection with the organization changes in the AMC Networks SVOD business, we implemented changes to our strategy for our owned subscription streaming services, including programming that will no longer be made available. As a result, we incurred other charges of $13.0 million related to the write-off of programming associated with the reorganization and change in strategy.

Operating Income (Loss)

	Years Ended December 31,			
(In thousands)	**2019**	**2018**	**$ change**	**% change**
National Networks	$ 804,422	$ 825,770	$ (21,348)	(2.6)%
International and Other	(170,039)	(93,326)	(76,713)	82.2
Inter-segment Eliminations	(9,106)	(5,535)	(3,571)	64.5
	$ 625,277	$ 726,909	$ (101,632)	(14.0)%

The decrease in operating income at the National Networks segment was primarily attributable to a decrease in revenues of $44.3 million, partially offset by a decrease in technical and operating expense of $4.0 million, a decrease in selling, general and administrative expense of $14.2 million, and a decrease in restructuring expense of $3.7 million

The increase in operating loss at the International and Other segment was primarily attributable to a net increase of $95.0 million in the combined impairment and related charges and restructuring and other related charges, partially offset by an increase in operating income at AMCNI.

AOI

The following is a reconciliation of our consolidated operating income to consolidated AOI:

	Years Ended December 31,			
(In thousands)	**2019**	**2018**	**$ change**	**% change**
Operating income	$ 625,277	$ 726,909	$ (101,632)	(14.0)%
Share-based compensation expense	64,133	60,979	3,154	5.2
Depreciation and amortization	101,098	91,281	9,817	10.8
Impairment and related charges	106,603	4,486	102,117	2,276.3
Restructuring and other related charges	40,914	45,847	(4,933)	(10.8)
Majority owned equity investees AOI	5,965	3,043	2,922	96.0
Adjusted operating income	$ 943,990	$ 932,545	$ 11,445	1.2 %

AOI increased $11.4 million to $944.0 million for 2019 as compared to 2018. The net change by segment was as follows:

	Years Ended December 31,			
(In thousands)	**2019**	**2018**	**$ change**	**% change**
National Networks	$ 903,526	$ 925,279	$ (21,753)	(2.4)%
International and Other	50,193	19,303	30,890	160.0
Inter-segment eliminations	(9,729)	(12,037)	2,308	(19.2)
AOI	$ 943,990	$ 932,545	$ 11,445	1.2 %

National Networks AOI decreased due to the aforementioned explanation for the decrease in operating income.

International and Other AOI increased primarily due to an increase of $14.5 million at AMCNI, excluding the impact of foreign currency fluctuations, and an increase of $15.6 million related to the impact of the acquisitions of Levity and RLJE (including the impact of AOI related to majority-owned equity method investees).

Interest expense, net

The decrease in interest expense, net of $2.7 million is driven by an increase in interest income of $5.5 million, partially offset by an increase in interest expense of $2.8 million due to a higher variable interest rate on our term loan.

Miscellaneous, net

The increase in miscellaneous expense, net of $35.2 million in 2019 as compared to 2018 was primarily driven by the absence of $50.4 million of gains associated with the increase in fair value of our investment in RLJE recognized prior to the acquisition during 2018, partially offset by an $17.8 million favorable variance in foreign currency transactions gains and losses. In addition, miscellaneous expense, net decreased $6.3 million associated with increased earnings from equity method investees, partially offset by an increase related to the partial write-down of certain of our non-marketable equity securities and a note receivable.

Income tax expense

Income tax expense was $78.5 million for the year ended December 31, 2019, representing an effective tax rate of 16%. The effective tax rate differs from the federal statutory rate of 21% due primarily to tax benefit of $21.0 million resulting from a net decrease in valuation allowances for foreign deferred tax assets, tax benefit of $11.5 million from a deferred tax adjustment to record the impact of an investment tax credit under the deferral method of accounting, partially offset by state and local income tax expense of $12.2 million and $9.0 of tax expense from foreign operations.

Income tax expense was $156.3 million for the year ended December 31, 2018, representing an effective tax rate of 25%. The effective tax rate differs from the federal statutory rate of 21% due primarily to tax expense of $16.4 million for an increase in valuation allowances for foreign taxes and U.S. foreign tax credits; state and local income tax expense of $11.5 million and a tax benefit of $12.8 million for the one-time rate change on deferred tax assets and liabilities that resulted from the extension of certain television production cost deductions included in the Bipartisan Budget Act of 2018 (enacted February 9, 2018) and return to provision adjustments.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

The following table sets forth our consolidated results of operations for the periods indicated.

	Years Ended December 31,					
	2018		2017			
(In thousands)	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 2,971,929	100.0 %	$ 2,805,691	100.0 %	$ 166,238	5.9 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	1,445,949	48.7	1,341,076	47.8	104,873	7.8
Selling, general and administrative	657,457	22.1	613,342	21.9	44,115	7.2
Depreciation and amortization	91,281	3.1	94,638	3.4	(3,357)	(3.5)
Impairment and related charges	4,486	0.2	28,148	1.0	(23,662)	(84.1)
Restructuring and other related charges	45,847	1.5	6,128	0.2	39,719	n/m
Total operating expenses	2,245,020	75.5	2,083,332	74.3	161,688	7.8
Operating income	726,909	24.5	722,359	25.7	4,550	0.6 %
Other income (expense):						
Interest expense, net	(135,813)	(4.6)	(119,297)	(4.3)	(16,516)	13.8
Loss on extinguishment of debt	—	—	(3,004)	(0.1)	3,004	n/m
Miscellaneous, net	29,177	1.0	40,320	1.4	(11,143)	(27.6)
Total other income (expense)	(106,636)	(3.6)	(81,981)	(2.9)	(24,655)	30.1
Income from operations before income taxes	620,273	20.9	640,378	22.8	(20,105)	(3.1)
Income tax expense	(156,306)	(5.3)	(150,741)	(5.4)	(5,565)	3.7
Net income including noncontrolling interests	463,967	15.6 %	489,637	17.5 %	(25,670)	(5.2)
Net income attributable to noncontrolling interests	(17,780)	(0.6)%	(18,321)	(0.7)%	541	(3.0)
Net income attributable to AMC Networks' stockholders	$ 446,187	15.0 %	$ 471,316	16.8 %	$ (25,129)	(5.3)%

National Networks Segment Results

The following table sets forth our National Networks segment results for the periods indicated.

(In thousands)	Years Ended December 31, 2018 Amount	2018 % of Revenues, net	2017 Amount	2017 % of Revenues, net	$ change	% change
Revenues, net	$ 2,413,325	100.0 %	$ 2,367,615	100.0 %	$ 45,710	1.9 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	1,080,732	44.8	1,064,580	45.0	16,152	1.5
Selling, general and administrative	455,935	18.9	451,820	19.1	4,115	0.9
Depreciation and amortization	33,728	1.4	33,702	1.4	26	0.1
Restructuring and other related charges	17,160	0.7	(53)	—	17,213	n/m
Operating income	825,770	34.2	817,566	34.5	8,204	1.0
Share-based compensation expense	48,621	2.0	43,697	1.8	4,924	11.3
Depreciation and amortization	33,728	1.4	33,702	1.4	26	0.1
Restructuring and other related charges	17,160	0.7	(53)	—	17,213	n/m
AOI	$ 925,279	38.3 %	$ 894,912	37.8 %	$ 30,367	3.4 %

International and Other Segment Results

The following table sets forth our International and Other segment results for the periods indicated.

(In thousands)	Years Ended December 31, 2018 Amount	2018 % of Revenues, net	2017 Amount	2017 % of Revenues, net	$ change	% change
Revenues, net	$ 598,306	100.0 %	$ 457,182	100.0 %	$ 141,124	30.9 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	392,793	65.7	289,238	63.3	103,555	35.8
Selling, general and administrative	201,611	33.7	161,573	35.3	40,038	24.8
Depreciation and amortization	57,553	9.6	60,936	13.3	(3,383)	(5.6)
Impairment and related charges	4,486	0.7	28,148	6.2	(23,662)	(84.1)
Restructuring and other related charges	35,189	5.9	6,181	1.4	29,008	n/m
Operating loss	(93,326)	(15.6)	(88,894)	(19.4)	(4,432)	5.0
Share-based compensation expense	12,358	2.1	9,848	2.2	2,510	25.5
Depreciation and amortization	57,553	9.6	60,936	13.3	(3,383)	(5.6)
Impairment and related charges	4,486	0.7	28,148	6.2	(23,662)	(84.1)
Restructuring and other related charges	35,189	5.9	6,181	1.4	29,008	n/m
Majority-owned equity investees AOI	3,043	0.5	—	—	3,043	n/m
AOI	$ 19,303	3.2 %	$ 16,219	3.5 %	$ 3,084	19.0 %

Revenues, net

Revenues, net increased $166.2 million to $3.0 billion for the year ended December 31, 2018 as compared to the year ended December 31, 2017. The net change by segment was as follows:

(In thousands)	Years Ended December 31, 2018	% of total	2017	% of total	$ change	% change
National Networks	$ 2,413,325	81.2 %	$ 2,367,615	84.4 %	$ 45,710	1.9 %
International and Other	598,306	20.1	457,182	16.3	141,124	30.9
Inter-segment eliminations	(39,702)	(1.3)	(19,106)	(0.7)	(20,596)	107.8
Consolidated revenues, net	$ 2,971,929	100.0 %	$ 2,805,691	100.0 %	$ 166,238	5.9 %

National Networks

The increase in National Networks revenues, net was attributable to the following:

(In thousands)	Years Ended December 31, 2018	% of total	2017	% of total	$ change	% change
Advertising	$ 944,675	39.1 %	$ 959,551	40.5 %	$ (14,876)	(1.6)%
Distribution	1,468,650	60.9	1,408,064	59.5	60,586	4.3
	$ 2,413,325	100.0 %	$ 2,367,615	100.0 %	$ 45,710	1.9 %

- Advertising revenues decreased $14.9 million driven by a decrease of $47.2 million at AMC due to lower ratings, partially mitigated by pricing. The decrease at AMC was partially offset by increases at our other networks. Most of our advertising revenues vary based on the timing of our original programming series and the popularity of our programming as measured by Nielsen.
- Distribution revenues increased $60.6 million due to an increase in subscriptions revenues of $52.2 million across all of our networks resulting from an increase in rates, partially offset by a slight decline in total subscribers. Content licensing revenues increased $8.4 million due to an increase in the number of original programs we distributed. Distributions revenues may vary based on the impact of renewals of affiliation agreements and content licensing revenues vary based on timing of availability of our programming to distributors.

The following table presents certain subscriber information at December 31, 2018 and December 31, 2017:

	Estimated Domestic Subscribers [(1)] December 31, 2018	December 31, 2017
National Programming Networks:		
AMC	89,000	90,500
WE tv	84,600	86,000
BBC AMERICA	80,900	80,600
IFC	75,100	74,200
SundanceTV	69,900	70,600

(1) Estimated U.S. subscribers as measured by Nielsen.

International and Other

The increase in International and Other revenues, net was attributable to the following:

(In thousands)	Years Ended December 31, 2018	% of total	2017	% of total	$ change	% change
Advertising	$ 91,404	15.3 %	$ 89,894	19.7 %	$ 1,510	1.7 %
Distribution	506,902	84.7	367,288	80.3	139,614	38.0
	$ 598,306	100.0 %	$ 457,182	100.0 %	$ 141,124	30.9 %

The increase of $1.5 million in advertising revenues was principally due to the favorable impact of foreign currency translation of $1.2 million. Distribution revenues increased primarily due to a $134.9 million impact from the Levity and RLJE acquisitions, increases at our targeted SVOD services (Shudder and Sundance Now) of $9.3 million and an increase at IFC Films of $2.3 million. Foreign currency translation had a favorable impact to distribution revenue of $8.8 million which was offset by a decrease of $10.7 million due to the absence of revenue from the sale of AMCNI – DMC (sold in July 2017).

Technical and operating expense (excluding depreciation and amortization)

The components of technical and operating expense primarily include the amortization and write-offs of program rights, such as those for original programming, feature films and licensed series, participation and residual costs, distribution and production related costs and program delivery costs, such as transmission, encryption, hosting, and formatting.

Technical and operating expense (excluding depreciation and amortization) increased $104.9 million to $1.4 billion for 2018 as compared to 2017. The net change by segment was as follows:

(In thousands)	Years Ended December 31, 2018	2017	$ change	% change
National Networks	$ 1,080,732	$ 1,064,580	$ 16,152	1.5 %
International and Other	392,793	289,238	103,555	35.8
Inter-segment eliminations	(27,576)	(12,742)	(14,834)	116.4
Total	$ 1,445,949	$ 1,341,076	$ 104,873	7.8 %
Percentage of revenues, net	48.7 %	47.8 %		

National Networks

The increase in technical and operating expense was primarily attributable to an increase of $28.2 million in other direct programming costs which includes participation, development costs and delivery expenses, partially offset a decrease in program rights amortization expense of $12.0 million. Program rights amortization expense includes write-offs of $48.8 million for the year ended December 31, 2018 primarily based on management's assessment of programming usefulness of certain original programming and development costs at AMC and unscripted series at WE tv, as compared to program rights write-offs of $47.7 million primarily related to certain original programming and development costs at AMC for the year ended December 31, 2017.

There may be significant changes in the level of our technical and operating expenses due to content acquisition and/or original programming costs and/or the impact of management's periodic assessment of programming usefulness. Such costs will also fluctuate with the level of amortization recorded from owned original programming in each period based on the individual-film-forecast-computation method. As additional competition for programming increases and alternate distribution technologies continue to develop in the industry, costs for content acquisition and original programming may increase.

International and Other

The increase in the International and Other segment was primarily due to an $88.0 million impact from the Levity and RLJE acquisitions. In addition, technical and operating expense increased $10.3 million at our targeted SVOD services (Shudder and Sundance Now) due to the continued investment in programming and an increase of $11.5 million at AMCNI due to the increased investment in content and other direct programming costs, partially offset by the absence of $7.0 million in costs related to AMCNI – DMC (sold in July 2017). Foreign currency translation had an unfavorable impact to the change in technical and operating expense of $4.9 million.

Selling, general and administrative expense

The components of selling, general and administrative expense primarily include sales, marketing and advertising expenses, administrative costs and costs of non-production facilities.

Selling, general and administrative expense increased $44.1 million to $657.5 million for 2018 as compared to 2017. The net change by segment was as follows:

	Years Ended December 31,			
(In thousands)	2018	2017	$ change	% change
National Networks	$ 455,935	$ 451,820	$ 4,115	0.9 %
International and Other	201,611	161,573	40,038	24.8
Inter-segment eliminations	(89)	(51)	(38)	74.5
Total	$ 657,457	$ 613,342	$ 44,115	7.2 %
Percentage of revenues, net	22.1 %	21.9 %		

National Networks

The increase in the National Networks segment selling, general and administrative expense was driven principally as a result of a $10.2 million increase in employee related costs and professional fees, partially offset by a decrease in sales and marketing related costs of $6.1 million related to timing of the promotion and marketing of original programming.

There may be significant changes in the level of our selling, general and administrative expense from quarter to quarter and year to year due to the timing of promotion and marketing of original programming series and subscriber retention marketing efforts.

International and Other

The increase in the International and Other segment was primarily due to a $41.4 million impact from the acquisitions of Levity and RLJE. In addition, increases in selling, general and administrative expense across the segment were offset by a decrease at AMCNI due to the absence of costs related to AMCNI – DMC (sold in July 2017), partially offset by an increase at IFC Films. Foreign currency translation had an unfavorable impact to the change in selling, general and administrative expense of $1.7 million.

Depreciation and amortization

Depreciation and amortization decreased $3.4 million to $91.3 million for 2018 as compared to 2017. The net change by segment was as follows:

	Years Ended December 31,			
(In thousands)	2018	2017	$ change	% change
National Networks	$ 33,728	$ 33,702	$ 26	0.1 %
International and Other	57,553	60,936	(3,383)	(5.6)
	$ 91,281	$ 94,638	$ (3,357)	(3.5)%

The decrease in depreciation and amortization expense in the International and Other segment was attributable to a decrease in amortization expense of $4.2 million due the absence of a $9.0 million charge recorded in 2017 resulting from accelerated amortization of certain identifiable intangible assets at AMCNI, partially offset by an increase in amortization expense of $6.0 million from intangible assets related to the acquisitions of Levity and RLJE. The net decrease in amortization expense was partially offset by an increase in depreciation expense of $2.2 million as a result of the property and equipment acquired in connection with the acquisitions, as well as an increase of $3.9 million related to leasehold additions, partially offset by a decrease of $5.3 million due to the absence of AMCNI – DMC (sold in July 2017). Foreign currency translation had an unfavorable impact to the change in depreciation and amortization of $0.8 million.

Impairment and related charges

In September 2018, in connection with the disposition of a business, AMCNI recognized a $4.4 million charge primarily related to program rights.

In July 2017, we completed the sale of our Amsterdam-based media logistics facility, AMCNI – DMC. In connection with the sale, we recognized an impairment charge of $17.1 million to reflect the AMCNI-DMC assets held for sale at fair value less estimated sale costs and an $11.0 million pre-tax loss on sale.

Restructuring and other related charges

Restructuring expense of $45.8 million for the year ended December 31, 2018 related to (i) a restructuring plan commenced by management in September 2018 designed to reduce the cost structure of the Company and improve the organizational design of the Company through the elimination of certain roles and the re-alignment of certain senior leaders to new or additional responsibilities and (ii) the termination of distribution in certain territories at AMCNI. The components of the 2018 restructuring charge by segment was are follows:

	2018 Restructuring Charge		
(In thousands)	Restructuring Plan	Distribution Exits	Total
National Networks	$ 17,160	$ —	$ 17,160
International and Other (a)	18,803	16,386	35,189
Inter-segment Eliminations	—	(6,502)	(6,502)
	$ 35,963	$ 9,884	$ 45,847

(a) Restructuring expense in the International and Other segment includes $9.4 million related to corporate headquarters severance charges.

Restructuring expense of $6.1 million for the year ended December 31, 2017 related to charges incurred at the International and Other segment for corporate headquarters severance costs of $2.6 million and charges incurred at AMCNI related to costs associated with the termination of distribution in certain territories of $3.5 million.

Operating Income

	Years Ended December 31,			
(In thousands)	2018	2017	$ change	% change
National Networks	$ 825,770	$ 817,566	$ 8,204	1.0 %
International and Other	(93,326)	(88,894)	(4,432)	5.0
Inter-segment Eliminations	(5,535)	(6,313)	778	(12.3)
	$ 726,909	$ 722,359	$ 4,550	0.6 %

The increase in operating income at the National Networks segment was primarily attributable to an increase in revenues of $45.7 million, partially offset by an increase in restructuring expense of $17.2 million, an increase in technical and operating expense of $16.2 million and an increase in selling, general and administrative expense of $4.1 million.

The increase in operating loss at the International and Other segment was primarily attributable to a net increase in expense of $5.3 million related to restructuring charges and impairment and other charges combined in 2018 as compared to 2017 (see discussion above) and a net operating loss of $2.8 million from Levity and RLJE. Depreciation and amortization decreased $11.6 million (excluding the impact of the acquisitions of Levity and RLJE) principally due to the accelerated amortization expense of $9.0 million recorded at AMCNI in 2017. Foreign currency translation had a favorable impact to the change in operating income of $2.7 million.

AOI

The following is a reconciliation of our consolidated operating income to consolidated AOI:

	Years Ended December 31,			
(In thousands)	2018	2017	$ change	% change
Operating income	$ 726,909	$ 722,359	$ 4,550	0.6 %
Share-based compensation expense	60,979	53,545	7,434	13.9
Depreciation and amortization	91,281	94,638	(3,357)	(3.5)
Impairment and related charges	4,486	28,148	(23,662)	(84.1)
Restructuring and other related charges	45,847	6,128	39,719	648.2
Majority owned equity investees AOI	3,043	—	3,043	n/m
Adjusted operating income	$ 932,545	$ 904,818	$ 27,727	3.1 %

AOI increased $27.7 million to $932.5 million for 2018 as compared to 2017. The net change by segment was as follows:

	Years Ended December 31,			
(In thousands)	**2018**	**2017**	**$ change**	**% change**
National Networks	$ 925,279	$ 894,912	$ 30,367	3.4 %
International and Other	19,303	16,219	3,084	19.0
Inter-segment eliminations	(12,037)	(6,313)	(5,724)	90.7
AOI	$ 932,545	$ 904,818	$ 27,727	3.1 %

National Networks AOI increased due to an increase in revenues, net of $45.7 million, partially offset by an increase in technical and operating expenses of $16.2 million resulting primarily from an increase in other direct programming costs.

International and Other AOI increased due to an increase in revenues, net of $141.1 million, partially offset by an increase in technical and operating expenses of $103.6 million, an increase in selling, general and administrative expenses (excluding stock based compensation) of $38.3 million. The acquisitions of Levity and RLJE had a favorable impact on AOI of $8.4 million (which includes an increase of $3.0 million related to the AOI of greater than majority-owned equity method investees). Foreign currency translation had a favorable impact on AOI of approximately $4.4 million.

Interest expense, net

The increase in interest expense, net of $16.5 million from 2017 to 2018 was attributable an increase in interest expense of $21.0 million primarily resulting from the issuance of our $800 million in aggregate principal amount of 4.75% Senior Notes due 2025 on July 28, 2017, partially offset by an increase in interest income of $4.5 million principally due to interest income earned in 2018 (through the date of acquisition) on term loans entered into with RLJE in October 2016 and fuboTV in April 2018, and an increase in interest earned on cash balances due to an increase in interest rates compared to the same period in 2017.

Loss on extinguishment of debt

The loss on extinguishment of debt for the year ended December 31, 2017 of $3.0 million was primarily due to the write-off of a portion of unamortized deferred financing costs following the amendment of our Term Loan A Facility in July 2017.

Miscellaneous, net

The decrease in miscellaneous, net of $11.1 million was principally the result of a $21.8 million unfavorable variance in the foreign currency remeasurement of monetary assets and liabilities that are denominated in currencies other than the underlying functional currency of the applicable entity from both foreign currency transactions as well as intercompany loans and impairment charges of $13.5 million for the partial write-down of certain of our investments. Partially offsetting such decreases are an increase of $22.1 million in gains on derivative instruments principally due to the value of derivative instruments and warrants held related to RLJE (recorded through the date of acquisition) and an increase in the value of our marketable equity securities of $4.6 million primarily driven by a gain recorded through the date of acquisition in the fair market value of RLJE common shares held of $14.1 million, partially offset by a decrease in value of one of our marketable equity securities of $9.5 million. The gains recorded related to RLJE are driven by the increase in the fair value of RLJE common stock as a result of our agreement to acquire all the outstanding shares of RLJE for a purchase price of $6.25 per share (see further discussion below under heading "Other Matters").

Income tax expense

Income tax expense was $156.3 million for the year ended December 31, 2018, representing an effective tax rate of 25%. The effective tax rate differs from the federal statutory rate of 21% due primarily to tax expense of $16.4 million for an increase in valuation allowances for foreign taxes and U.S. foreign tax credits; state and local income tax expense of $11.5 million and a tax benefit of $12.8 million for the one-time rate change on deferred tax assets and liabilities that resulted from the extension of certain television production cost deductions included in the Bipartisan Budget Act of 2018 (enacted February 9, 2018) and return to provision adjustments.

Income tax expense was $150.7 million for the year ended December 31, 2017, representing an effective tax rate of 24%. The effective tax rate differs from the federal statutory rate of 35% due primarily to tax benefit of $67.9 million which represents the one-time impact of the change in the corporate tax rate on deferred tax assets and liabilities, tax benefit from the domestic production activities deduction of $19.3 million, tax benefit from foreign subsidiary earnings indefinitely reinvested outside of the U.S. of $4.6 million, tax benefit of $2.7 million resulting from an decrease in the valuation allowance relating primarily to foreign and local taxes, tax expense of $11.0 million resulting from the one-time transition tax on undistributed foreign earnings, net of foreign taxes deemed paid, state income tax expense of $9.5 million, and tax expense of $3.3 million related to uncertain tax positions, including accrued interest.

Liquidity and Capital Resources

Overview

Our operations have historically generated positive net cash flow from operating activities. However, each of our programming businesses has substantial programming acquisition and production expenditure requirements.

Sources of cash primarily include cash flow from operations, amounts available under our revolving credit facility and access to capital markets. Although we currently believe that amounts available under our revolving credit facility will be available when and if needed, we can provide no assurance that access to such funds will not be impacted by adverse conditions in the financial markets. The obligations of the financial institutions under our revolving credit facility are several and not joint and, as a result, a funding default by one or more institutions does not need to be made up by the others. As a public company, we may have access to capital and credit markets.

The Company's Board of Directors has authorized a program to repurchase up to $1.5 billion of its outstanding shares of common stock (the "Stock Repurchase Program"). The Stock Repurchase Program has no pre-established closing date and may be suspended or discontinued at any time. For the year ended December 31, 2019, the Company repurchased 1.3 million shares of its Class A common stock at an average purchase price of $54.24 per share. As of December 31, 2019, the Company had $488.8 million available for repurchase under the Stock Repurchase Program.

Our principal uses of cash include the acquisition and production of programming, debt service, repurchases of outstanding debt and common stock, payments for income taxes and investments and acquisitions. We continue to increase our investment in original programming, the funding of which generally occurs six to nine months in advance of a program's airing. We expect this increased investment to continue in 2020.

As of December 31, 2019, our consolidated cash and cash equivalents balance includes approximately $125.3 million held by foreign subsidiaries. Most or all of the earnings of our foreign subsidiaries will continue to be permanently reinvested in foreign operations and we do not expect to incur any significant, additional taxes related to such amounts, nor have any been provided for in the current period.

We believe that a combination of cash-on-hand, cash generated from operating activities and availability under our revolving credit facility will provide sufficient liquidity to service the principal and interest payments on our indebtedness, along with our other funding and investment requirements over the next twelve months and over the longer term. However, we do not expect to generate sufficient cash from operations to repay at maturity the entirety of the then outstanding balances of our debt. As a result, we will then be dependent upon our ability to access the capital and credit markets in order to repay or refinance the outstanding balances of our indebtedness. Failure to raise significant amounts of funding to repay these obligations at maturity would adversely affect our business. In such a circumstance, we would need to take other actions including selling assets, seeking strategic investments from third parties or reducing other discretionary uses of cash. See Item 1A, "Risk Factors – Risks Related to Our Debt" in this Annual Report.

Cash Flow Discussion

The following table is a summary of cash flows provided by (used in) operations for the periods indicated:

	Years Ended December 31,		
(In thousands)	**2019**	**2018**	**2017**
Cash provided by operating activities	$ 483,748	$ 606,547	$ 385,729
Cash used in investing activities	(89,707)	(260,184)	(130,602)
Cash used in financing activities	(131,126)	(314,607)	(204,210)
Net increase in cash and cash equivalents	262,915	31,756	50,917

Operating Activities

Net cash provided by operating activities amounted to $483.7 million for the year ended December 31, 2019 as compared to $606.5 million for the year ended December 31, 2018. In 2019, net cash provided by operating activities resulted from $1.7 billion of net income before amortization of program rights, depreciation and amortization, share-based compensation and other non-cash items, which was partially offset by payments for program rights of $969.9 million, an increase in prepaid expenses and other assets of $142.3 million primarily related to an increase in production tax credits and taxes receivable, an increase in accounts receivable, trade of $43.3 million due to the timing of cash receipts, and a decrease in accounts payable, accrued liabilities and other liabilities of $28.4 million primarily as a result of lower employee related liabilities. Changes in all other assets and liabilities during the year resulted in a decrease in cash of $5.1 million.

In 2018, net cash provided by operating activities resulted from $1.6 billion of net income before amortization of program rights, depreciation and amortization, share-based compensation and other non-cash items, which was partially offset by

payments for program rights of $978.8 million. Additionally, income taxes payable decreased $17.0 million and accounts payable, accrued expenses and other liabilities increased $48.9 million primarily due to higher accruals for participation and residuals, partially offset by lower employee related liabilities at December 31, 2018 as compared to the prior year. Accounts receivable, trade, increased $52.1 million at December 31, 2018 as compared to the prior year primarily driven by higher distribution revenues as well as timing of cash receipts. Changes in all other assets and liabilities during the year resulted in a decrease in cash of $13.4 million.

In 2017, net cash provided by operating activities resulted from $1.5 billion of net income before amortization of program rights, depreciation and amortization, loss on extinguishment of debt, impairment charges and other non-cash items, which was partially offset by payments for program rights of $996.8 million. Additionally, income taxes payable decreased $22.0 million and accounts payable, accrued expenses and other liabilities increased $15.6 million primarily due to higher accrued interest and participation and residuals, partially offset by lower employee related liabilities at December 31, 2017 as compared to the prior year. Accounts receivable, trade, increased $74.6 million at December 31, 2017 as compared to the prior year primarily driven by higher distribution revenues as well as timing of cash receipts and prepaid expenses and other assets increased $60.0 million. Changes in all other assets and liabilities during the year resulted in a decrease in cash of $16.2 million.

Investing Activities

Net cash used in investing activities for the years ended December 31, 2019, 2018 and 2017 was $89.7 million, $260.2 million and $130.6 million, respectively. In 2019, net cash used in investing activities was primarily related to capital expenditures of $91.6 million, primarily related to leasehold improvements, and the purchase of investments of $3.5 million, partially offset by a return of capital from investees of $5.4 million.

In 2018, net cash used in investing activities was primarily related to capital expenditures of $89.8 million, primarily related to modernization and improvements of facilities and equipment, payments for acquisitions, net of cash acquired of $84.4 million related to Levity and RLJE, and the purchase of several minority investments, including loans to investees, of $90.1 million, partially offset by a return of capital from investees.

In 2017, net cash used in investing activities was primarily related to capital expenditures of $80.0 million, and investments of $53.0 million which included additional funding for RLJE and the purchase of several minority investments.

Financing Activities

Net cash used in financing activities amounted to $131.1 million for the year ended December 31, 2019 as compared to $314.6 million for the year ended December 31, 2018 and $204.2 million for the year ended December 31, 2017. In 2019, financing activities primarily consisted of purchases of Class A Common Stock of $70.6 million under our Stock Repurchase Program, principal payments on long-term debt of $23.0 million, taxes paid in lieu of shares issued for equity-based compensation of $23.0 million, and distributions to noncontrolling members of $15.6 million.

In 2018, financing activities primarily consisted of purchases of Class A Common Stock of $283.1 million under our Stock Repurchase Program, distributions to noncontrolling members of $14.3 million, and taxes paid in lieu of shares issued for equity-based compensation of $16.8 million.

In 2017, financing activities primarily consisted of net proceeds of $786.0 million from the issuance of the 4.75% Notes due 2025 and $750.0 million proceeds for the new Term Loan A Facility, partially offset by payments on the old Term Loan A Facility of $1.3 billion. In addition, net cash used in financing activities includes purchases of Class A Common Stock of $434.2 million under our Stock Repurchase Program, distributions to a noncontrolling member of $18.6 million, taxes paid in lieu of shares issued for equity-based compensation of $14.5 million, payments for financing costs of $10.4 million, and principal payments on capital lease obligations of $4.6 million.

Debt Financing Agreements

The Company's principal amount of long-term debt consists of:

(In thousands)	December 31, 2019	December 31, 2018
Senior Secured Credit Facility:[(a)]		
Term Loan A Facility	$ 731,250	$ 750,000
Senior Notes:		
4.75% Notes due August 2025	800,000	800,000
5.00% Notes due April 2024	1,000,000	1,000,000
4.75% Notes due December 2022	600,000	600,000
Other debt	—	2,584
Principal amount of debt	$ 3,131,250	$ 3,152,584

(a) The Company's $500 million revolving credit facility remains undrawn at December 31, 2019. Total undrawn revolver commitments are available to be drawn for general corporate purposes of the Company.

Subsequent Event - Partial Redemption of 4.75% Notes due 2022

On February 3, 2020, we announced our intention to redeem $200 million of the outstanding $600 million principal amount of our 4.75% Notes due 2022. The 4.75% Notes due 2022 will be redeemed on March 4, 2020 (the "Redemption Date") at a redemption price of 100.792% of the principal amount of the 4.75% Notes due 2022, plus accrued and unpaid interest to, but excluding, the Redemption Date.

Additional information regarding our outstanding indebtedness and the significant terms and provisions of our Senior Secured Credit Facility and our Senior Notes is discussed in Note 12 to the accompanying consolidated financial statements included in this Annual Report on Form 10-K and is incorporated herein by reference.

Contractual Obligations and Off Balance Sheet Arrangements

Contractual Obligations

Our contractual obligations as of December 31, 2019 are summarized in the following table:

	Payments due by period				
(In thousands)	Total	Year 1	Years 2 - 3	Years 4 - 5	More than 5 years
Debt obligations:					
Principal payments	$ 3,131,250	$ 56,250	$ 750,000	$ 1,525,000	$ 800,000
Interest payments (1)	609,592	140,031	271,351	160,210	38,000
Purchase obligations (2)	933,444	291,108	178,419	51,202	412,715
Operating lease obligations (3)	268,726	39,446	67,011	69,306	92,963
Finance lease obligations (3)	28,776	5,863	8,805	8,911	5,197
Total	$ 4,971,788	$ 532,698	$ 1,275,586	$ 1,814,629	$ 1,348,875

(1) Interest on variable rate debt and the variable portion of interest rate swap contracts is estimated based on a LIBOR yield curve as of December 31, 2019.

(2) Purchase obligations consist primarily of program rights obligations, participations, residuals, and transmission and marketing commitments.

(3) Operating and finance lease obligation amounts include imputed interest.

The contractual obligations table above does not include any liabilities for uncertain income tax positions due to the fact that we are unable to reasonably predict the ultimate amount or timing of any related payments in settlement of our liabilities for uncertain income tax positions. At December 31, 2019, the liability for uncertain tax positions was $18.6 million, excluding the related accrued interest liability of $4.6 million and deferred tax assets of $4.1 million. See Note 16 to the accompanying consolidated financial statements for further discussion of the Company's income taxes.

In connection with the 2018 acquisition of RLJE, the terms of the operating agreement provide the noncontrolling member with a right to put all of its noncontrolling interest to a subsidiary of the Company at the greater of the then fair market value or enterprise value of RLJE, in each case pursuant to the operating agreement and applied to the equity interest. The put

option is exercisable following the seven year anniversary of the agreement (October 31, 2025), or earlier upon a change of control. The above table does not include any future payments that would be required upon the exercise of these put rights.

In connection with the 2018 acquisition of Levity, the terms of the operating agreement provide the noncontrolling interest holders with a right to put 50% of their interests to a subsidiary of the Company on the four year anniversary of the agreement (April 20, 2022), and a right to put all of their interests to the Company on the six year anniversary of the agreement (April 20, 2024). The put rights are at fair market value. The above table does not include any future payments that would be required upon the exercise of these put rights.

In connection with the 2014 acquisition of BBC AMERICA, the terms of the agreement provide the BBC with a right to put all of its 50.1% noncontrolling interest to a subsidiary of the Company at the greater of the then fair value or the fair value of the initial equity interest at the closing date of the acquisition. The put option is exercisable on the fifteen (October 23, 2029) and twenty-five (October 23, 2039) year anniversaries of the agreement. The above table does not include any future payments that would be required upon the exercise of these put rights.

Off-Balance Sheet Arrangements

We have no material off-balance sheet arrangements (as defined in Item 303(a)(4) of Regulation S-K).

Critical Accounting Policies and Estimates

In preparing our consolidated financial statements, we are required to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. These estimates and assumptions can be subjective and complex and, consequently, actual results could differ materially from our estimates and assumptions. We base our estimates on historical experience, known or expected trends and other assumptions that we believe are reasonable under the circumstances.

We believe the following critical accounting policies comprise the more significant judgments and estimates used in the preparation of our consolidated financial statements:

Program Rights

Licensed rights to programming, including feature films and episodic series, are stated at the lower of amortized cost or net realizable value. Such rights along with the related obligations are recorded at the contract value when a license agreement is executed, unless there is uncertainty with respect to either cost, acceptability or availability. If such uncertainty exists, those rights and obligations are recorded at the earlier of when the uncertainty is resolved or when the license period begins. Costs are amortized to technical and operating expense on a straight-line or accelerated basis over a period not to exceed the respective license periods. We periodically review the remaining useful lives of our licensed program rights based on several factors, including expected future revenue generation from airings on our networks and other exploitation opportunities, ratings, type and quality of program material, standards and practices and fitness for exhibition through various forms of distribution. If it is determined that film or other program rights have limited, or no, future programming usefulness, the remaining useful life of such rights is adjusted accordingly, which may result in the accelerated amortization or write-off of such costs to technical and operating expense.

Our owned original programming is produced by production companies, with the remainder produced by us. Owned original programming costs, including certain development and estimated participation and residual costs are amortized to technical and operating expense over their estimated useful lives, commencing upon the first airing, based on attributable revenue for airings to date as a percentage of total projected attributable revenue ("ultimate revenue") under the individual-film-forecast-computation method. We base our estimates of projected attributable revenue on distribution and advertising revenues historically generated from similar content in comparable markets, and projected program usage. Projected program usage is based on our current expectation of future exhibitions. We periodically review attributable revenue estimates and projected program usage and revise our assumptions if necessary, which could either accelerate or delay the timing of amortization expense or result in a write-down of the unamortized costs to fair value. For example, a program's strong performance could result in increased usage and increased attributable revenues in a particular period, resulting in accelerated amortization of costs in that period. Poor ratings may result in the reduction of attributable revenue from planned usage or the abandonment of a program, which would require a write-off of any unamortized costs. Actual attributable revenue and exhibitions may vary from our projections due to factors such as market acceptance, levels of distribution and advertising revenue, resulting in changes to our decisions regarding planned program usage. A failure to adjust for a downward change in estimates of ultimate revenues could result in the understatement of program rights amortization expense for the period. Any capitalized development costs for programs that we determine will not be produced are also written off. Historically, other than instances of write-offs associated with our decisions to abandon programming, actual ultimate revenue amounts have not significantly differed from our estimates of ultimate revenue.

Program rights write-offs of $40.9 million, $50.5 million and $49.4 million were recorded for the years ended December 31, 2019, 2018 and 2017, respectively.

Useful Lives of Affiliate Intangible Assets

The carrying amount of our intangible assets as of December 31, 2019 is $524.5 million, of which $384.0 million is comprised of affiliate relationships acquired in business combinations. Useful lives of affiliate relationships (ranging from 6 to 25 years) are initially determined based upon weighted average remaining terms of agreements in place with major distributors when purchase accounting is applied, plus an assumption for expected renewals. We periodically update our assumption for expected renewals based on recent experience and known or expected trends. We have historically been successful in renewing our major affiliation agreements and expect to renew such agreements in the future. However, if renewal trends deteriorate in the future (e.g., failure to renew, or renewals with significantly shorter terms), we may revise the remaining useful lives of affiliate intangible assets, resulting in higher amortization expense in future periods.

Goodwill

Goodwill is not amortized, but instead is tested for impairment at the reporting unit level annually as of December 1, or more frequently upon the occurrence of certain events or substantive changes in circumstances. The annual goodwill impairment test allows for the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If it is determined, on the basis of qualitative factors, that the fair value of a reporting unit is, more likely than not, less than its carrying value, the quantitative impairment test is required. In accordance with Accounting Standards Update 2017-04 *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment,* the Company recognizes goodwill impairment as the difference between the carrying amount of a reporting unit and its fair value, but not to exceed the carrying amount of goodwill.

The carrying amount of goodwill, by operating segment is as follows:

	December 31, 2019	
National Networks	$	237,103
International and Other		464,877
	$	701,980

Based on our annual impairment test for goodwill as of December 1, 2019, in response to current and expected trends across the International television broadcasting markets, we recognized an impairment charge of $98.0 million to reduce the carrying amount of our AMCNI reporting unit to its fair value. Consistent with prior assessments, fair value was determined using a combination of an income approach, using a discounted cash flow model (DCF), and a market approach. The DCF model includes significant assumptions about revenue growth rates, long-term growth rates and enterprise specific discount rates. Additionally, assumptions related to guideline company financial multiples used in the market approach decreased based on current market observations.

Recently Issued Accounting Pronouncements

The information regarding recently issued accounting pronouncements is discussed in Note 2 to the accompanying consolidated financial statements included in this Annual Report on Form 10-K and is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk.

Fair Value of Debt

Based on the level of interest rates prevailing at December 31, 2019, the fair value of our fixed rate debt of $2.43 billion was higher than its carrying value of $2.37 billion by $55.6 million. The fair value of these financial instruments is estimated based on reference to quoted market prices for these or comparable securities. A hypothetical 100 basis point decrease in interest rates prevailing at December 31, 2019 would increase the estimated fair value of our fixed rate debt by approximately $54.5 million to approximately $2.5 billion.

Managing our Interest Rate Risk

To manage interest rate risk, we enter into interest rate swap contracts from time to time to adjust the amount of total debt that is subject to variable interest rates. Such contracts effectively fix the borrowing rates on floating rate debt to limit the exposure against the risk of rising rates. We do not enter into interest rate swap contracts for speculative or trading purposes and we only enter into interest rate swap contracts with financial institutions that we believe are creditworthy counterparties. We monitor the financial institutions that are counterparties to our interest rate swap contracts and to the extent possible diversify our swap contracts among various counterparties to mitigate exposure to any single financial institution.

As of December 31, 2019, we have $3.1 billion principal amount of debt outstanding (excluding finance leases), of which $731.3 million principal amount outstanding under the Credit Facility is subject to variable interest rates. A hypothetical 100 basis point increase in interest rates prevailing at December 31, 2019 would increase our annual interest expense by approximately $7.2 million.

As of December 31, 2019, we have interest rate swap contracts outstanding with notional amounts aggregating $100.0 million that are designated as cash flow hedges. The aggregate fair values of interest rate swap contracts at December 31, 2019 was a net liability of $2.0 million. The interest rate paid on approximately 80% of our debt (excluding finance leases) as of December 31, 2019 is effectively fixed (77% being fixed rate obligations and 3% effectively fixed through utilization of these interest rate swap contracts). Cumulative unrealized losses, net of tax on the portion of floating-to-fixed interest rate swaps designated as cash flow hedges was $1.5 million and is included in accumulated other comprehensive loss.

Managing our Foreign Currency Exchange Rate Risk

We are exposed to foreign currency risk to the extent that we enter into transactions denominated in currencies other than our subsidiaries' respective functional currencies (non-functional currency risk), such as affiliation agreements, programming contracts, certain trade receivables and accounts payable (including intercompany amounts) that are denominated in a currency other than the applicable functional currency. Changes in exchange rates with respect to amounts recorded in our consolidated balance sheets related to these items will result in unrealized (based upon period-end exchange rates) or realized foreign currency transaction gains and losses upon settlement of the transactions. Moreover, to the extent that our revenue, costs and expenses are denominated in currencies other than our respective functional currencies, we will experience fluctuations in our revenue, costs and expenses solely as a result of changes in foreign currency exchange rates.

As a result of our international expansion in recent years, we expect the exposure to foreign currency fluctuations will have a more significant impact on our financial position and results of operations.

To manage foreign currency exchange rate risk, we enter into foreign currency contracts from time to time with financial institutions to limit our exposure to fluctuations in foreign currency exchange rates. We do not enter into foreign currency contracts for speculative or trading purposes.

The Company recognized $11.1 million, $(6.8) million and $15.0 million of foreign currency transaction gains (losses) for the years ended December 31, 2019, 2018 and 2017, respectively, resulting from the translation of monetary assets and liabilities that are denominated in currencies other than the underlying functional currency of the applicable entity. Unrealized foreign currency transaction gains or losses are computed based on period-end exchange rates and are non-cash in nature until such time as the amounts are settled. Such amount is included in miscellaneous, net in the consolidated statements of income.

We also are exposed to fluctuations of the U.S. dollar (our reporting currency) against the currencies of our operating subsidiaries when their respective financial statements are translated into U.S. dollars for inclusion in our consolidated financial statements. Cumulative translation adjustments are recorded in accumulated other comprehensive income (loss) as a separate component of equity. Any increase (decrease) in the value of the U.S. dollar against any foreign currency that is the functional currency of one of our operating subsidiaries will cause us to experience unrealized foreign currency translation losses (gains) with respect to amounts already invested in such foreign currencies. Accordingly, we may experience a negative impact on our comprehensive income (loss) and equity with respect to our holdings solely as a result of changes in foreign currency exchange rates.

Item 8. Financial Statements and Supplementary Data.

The Financial Statements required by this Item 8 appear beginning on page 66 of this Annual Report, and are incorporated by reference herein.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

An evaluation was carried out under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based upon that evaluation as of December 31, 2019, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective.

(b) Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting, as such term is defined under the Securities Exchange Act of 1934 Rule 13a-15(f). The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements prepared for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including the Company's Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control — Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in Internal Control — Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2019.

(c) Attestation Report of Independent Registered Public Accounting Firm

The effectiveness of the Company's internal control over financial reporting as of December 31, 2019 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their attestation report appearing on page F-1.

(d) Changes in Internal Control over Financial Reporting

During the three months ended December 31, 2019, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance.

Information relating to our directors, executive officers and corporate governance will be included in our definitive Proxy Statement for our 2020 Annual Meeting of Stockholders, which will be filed within 120 days of the year ended December 31, 2019 (the "2020 Proxy Statement"), which is incorporated herein by reference.

Item 11. Executive Compensation.

Information relating to executive compensation will be included in the 2020 Proxy Statement, which is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Information relating to the beneficial ownership of our common stock and related stockholder matters will be included in the 2020 Proxy Statement, which is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Information relating to certain relationships and related transactions and director independence will be included in the 2020 Proxy Statement, which is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

Information relating to principal accountant fees and services will be included in the 2020 Proxy Statement, which is incorporated herein by reference.

Part IV

Item 15. Exhibits and Financial Statement Schedules.

(a) Documents filed as part of the Form 10-K:

The following items are filed as part of this Annual Report:

(1) The financial statements as indicated in the index set forth on page 66.

(2) Financial statement schedule:

Schedule II—Valuation and Qualifying Accounts

Schedules other than that listed above have been omitted, since they are either not applicable, not required or the information is included elsewhere herein.

(1) Exhibits:

The exhibits listed in the accompanying Exhibit Index are filed or incorporated by reference as part of this Annual Report.

Item 16. Form 10-K Summary.

None.

INDEX TO EXHIBITS

Exhibit Number	Description of Exhibit
2.1	Agreement and Plan of Merger, dated as of July 29, 2018, by and among RLJE, the Company (solely for the purposes of Section 10.7 thereof), DEH and Merger Sub (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed July 30, 2018).
3.1(i)	Amended and Restated Certificate of Incorporation of AMC Networks Inc. (incorporated by reference to Exhibit 99.4 to the Company's Current Report on Form 8-K filed on July 1, 2011).
3.1(ii)	Amended and Restated By-Laws of AMC Networks Inc. (incorporated by reference to Exhibit 99.5 to the Company's Current Report on Form 8-K filed on July 1, 2011).
4.1	Form of Registration Rights Agreement between AMC Networks Inc. and The Charles F. Dolan Children Trusts (incorporated by reference to Exhibit 3.5 to the Company's Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
4.2	Form of Registration Rights Agreement between AMC Networks Inc. and The Dolan Family Affiliates (incorporated by reference to Exhibit 3.6 to the Company's Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
4.3	Registration Rights Agreement, dated as of June 30, 2011, among AMC Networks Inc., the subsidiary guarantors named therein, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, as representatives of the several initial purchasers (incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed on July 1, 2011).
4.4	Indenture by and among AMC Networks Inc., as Issuer, each of the guarantors party thereto and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 filed on December 10, 2012).
4.5	First Supplemental Indenture dated as of December 17, 2012, by and among AMC Networks Inc., as Issuer, each of the guarantors party thereto and U.S. Bank National Association, as Trustee, relating to the AMC Networks Inc. 4.75% Senior Notes due December 15, 2022 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 17, 2012).
4.6	Indenture dated as of March 30, 2016, by and among AMC Networks Inc., as Issuer, each of the guarantors party thereto and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 28, 2017).
4.7	First Supplemental Indenture, dated as of March 30, 2016, to the Indenture, dated as of March 30, 2016, by and among AMC Networks Inc., as Issuer, each of the guarantors party thereto and U.S. Bank National Association, as Trustee, relating to the AMC Networks Inc. 5.00% Senior Notes due April 1, 2024 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 30, 2016).
4.8	Second Supplemental Indenture, dated as of July 28, 2017 to the Indenture, dated as of March 30, 2016, among AMC Networks, as issuer, the Guarantors and U.S. Bank National Association, as Trustee, and Form of Notes (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on July 28, 2017).
10.1	Form of Tax Disaffiliation Agreement between Cablevision Systems Corporation and AMC Networks Inc. (incorporated by reference to Exhibit 10.2 to the Company's Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.2	Form of Standstill Agreement by and among AMC Networks Inc. and The Dolan Family Group (incorporated by reference to Exhibit 10.5 to the Company's Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.3	Second Amended and Restated Credit Agreement, dated as of July 28, 2017, among AMC Networks and its subsidiary, AMC Network Entertainment LLC, as the initial borrowers, certain of AMC Networks' subsidiaries, as restricted subsidiaries, JPMorgan Chase Bank, N.A., as Administrative Agent, Collateral Agent and an L/C Issuer and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 28, 2017).
10.4	AMC Networks Inc. Amended and Restated 2011 Employee Stock Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012).

10.5	AMC Networks Inc. Amended and Restated 2011 Stock Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012).
10.6	Form of Employment Agreement by and between AMC Networks Inc. and Charles F. Dolan (incorporated by reference to Exhibit 10.13 to the Company's Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.7	Amended and Restated Employment Agreement dated April 24, 2014, between AMC Networks Inc. and Joshua W. Sapan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 29, 2014).
10.8	Restricted Stock Units Agreement dated April 25, 2014, between AMC Networks Inc. and Joshua W. Sapan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 29, 2014).
10.9	Amended and Restated Employment Agreement dated October 13, 2016 by and between AMC Networks Inc. and Edward A. Carroll (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 14, 2016).
10.10	Employment Agreement dated October 12, 2018 by and between AMC Networks Inc. and Sean S. Sullivan (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on October 12, 2018).
10.11	Employment Agreement dated October 12, 2018 by and between AMC Networks Inc. and James G. Gallagher (incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed on October 12, 2018).
10.12	Form of AMC Networks Inc. Non-Employee Director Award Agreement (incorporated by reference to Exhibit 10.22 to the Company's Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.13	Form of AMC Networks Inc. Non-Employee Director Agreement (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012).
10.14	Form of Performance Restricted Stock Unit Award Agreement under the Amended and Restated 2011 Employee Stock Plan (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015).
10.15	Form of Restricted Stock Unit Award Agreement under the Amended and Restated 2011 Employee Stock Plan (incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K for the year ended December 31, 2015).
10.16	Restricted Stock Unit Agreement dated October 13, 2016, between AMC Networks Inc. and Edward A,. Carroll (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 14, 2016).
10.17	AMC Networks Inc. 2016 Employee Stock Plan (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on May 26, 2016).
10.18	AMC Networks Inc. 2016 Executive Cash Incentive Plan (incorporated by reference to Appendix B to the Company's Definitive Proxy Statement filed on April 28, 2016).
10.19	Shared Executive Space Cost Sharing Arrangement (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016).
10.20	Form of Performance Restricted Stock Unit Award Agreement under the 2016 Employee Stock Plan (incorporated by reference to Exhibit 10.21 on Form 10-K for the year ended December 31, 2017).
10.21	Form of Restricted Stock Unit Award Agreement under the 2016 Employee Stock Plan (incorporated by reference to Exhibit 10.22 on Form 10-K for the year ended December 31, 2017).
10.22	Master Services Agreement, dated February 8, 2019, by and between Rainbow Media Holdings LLC and 605 LLC (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019).
10.23	Employment Agreement dated March 8, 2019 by and between AMC Networks Inc. and Christian B. Wymbs (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019)

21	Subsidiaries of the Registrant.
23	Consent of Independent Registered Public Accounting Firm.
24	Power of Attorney (included on the signature page to this Annual Report on Form 10-K).
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMC Networks Inc.

Date: 2/26/2020

By: /s/ Sean S. Sullivan

Sean S. Sullivan

Executive Vice President and Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Joshua W. Sapan and Sean S. Sullivan, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him in his name, place and stead, in any and all capacities, to sign this report, and file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Joshua W. Sapan Joshua W. Sapan	President and Chief Executive Officer (Principal Executive Officer)	2/26/2020
/s/ Sean S. Sullivan Sean S. Sullivan	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	2/26/2020
/s/ Christian B. Wymbs Christian B. Wymbs	Executive Vice President and Chief Accounting Officer (Principal Accounting Officer)	2/26/2020
/s/ Charles F. Dolan Charles F. Dolan	Chairman of the Board of Directors	2/26/2020
/s/ William J. Bell William J. Bell	Director	2/26/2020
/s/ James L. Dolan James L. Dolan	Director	2/26/2020
/s/ Kristin A. Dolan Kristin A. Dolan	Director	2/26/2020

Name	Title	Date
/s/ Marianne Dolan Weber Marianne Dolan Weber	Director	2/26/2020
/s/ Patrick F. Dolan Patrick F. Dolan	Director	2/26/2020
/s/ Thomas C. Dolan Thomas C. Dolan	Director	2/26/2020
/s/ Jonathan F. Miller Jonathan F. Miller	Director	2/26/2020
/s/ Brian G. Sweeney Brian G. Sweeney	Director	2/26/2020
/s/ Vincent Tese Vincent Tese	Director	2/26/2020
/s/ Leonard Tow Leonard Tow	Director	2/26/2020
/s/ David E. Van Zandt David E. Van Zandt	Director	2/26/2020
/s/ Carl E. Vogel Carl E. Vogel	Director	2/26/2020
/s/ Robert C. Wright Robert C. Wright	Director	2/26/2020

AMC NETWORKS INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements as of December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
AMC Networks Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited AMC Networks Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes, and the related financial statement Schedule II referred to in Item 15 (a)(2) (collectively, the consolidated financial statements), and our report, dated February 26, 2020, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting in Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

New York, New York
February 26, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
AMC Networks Inc.:

Opinion on the consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of AMC Networks Inc. and subsidiaries (the Company) as of December 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income, stockholders' equity (deficiency), and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes, and the related financial statement Schedule II referred to in Item 15 (a)(2) (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report, dated February 26, 2020, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Changes in Accounting Principles

As discussed in Note 2 to the consolidated financial statements, the Company (i) changed its method of accounting for leases due to the adoption of ASU No. 2016-02, *Leases* (ASC 842), effective January 1, 2019, and (ii) changed its method of accounting for revenue due to the adoption of ASU No.2014-09, *Revenue from Contracts with Customers (Topic 606)*, effective January 1, 2018.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of the carrying value of goodwill in the AMC Networks International (AMCNI) reporting unit

As discussed in note 10 to the consolidated financial statements, the Company's goodwill balance for its International and Other segment was $464.9 million at December 31, 2019, which includes the AMCNI reporting unit. The Company performs goodwill impairment testing on an annual basis during the fourth quarter of each fiscal year as of December 1, and whenever events and changes in circumstances indicate that the carrying value of a reporting unit might exceed its fair value. In connection with its 2019 annual impairment test, the Company recognized a charge of $98.0 million to reduce the carrying value of the AMCNI reporting unit to its fair value.

We identified the assessment of the carrying value of goodwill in the AMCNI reporting unit as a critical audit matter. Revenue growth rates and the discount rate used by the Company to estimate the fair value of the reporting unit involved challenging auditor judgments, and have a significant effect on the Company's assessment of the carrying value of the reporting unit's goodwill.

The primary procedures we performed to address this critical audit matter included the following. We tested internal controls over the Company's goodwill impairment assessment process, including controls related to the selection of relevant assumptions used to estimate the fair value of the reporting unit, such as revenue growth rates and the discount rate. We performed sensitivity analyses over the revenue growth rates and discount rate assumptions to assess their potential impact on the Company's determination of the fair value of the reporting unit. We evaluated the Company's forecasted reporting unit revenue growth rate assumptions by comparing the assumptions to the reporting unit's historical revenue growth rates, to projected revenue growth rates for guideline companies, and to projected television broadcasting revenue growth rates published by a third-party. We compared the Company's historical revenue forecasts to actual results to assess the Company's ability to accurately forecast. We involved a valuation professional with specialized skill and knowledge who assisted in:

- evaluating the Company's discount rate, by comparing it to a discount rate range that we independently developed using publicly available market data for comparable entities; and
- evaluating the Company's estimated fair value of the reporting unit, by comparing it to a range of indicative fair values that we independently developed using the reporting unit's cash flow forecast, our independently developed discount rate range, and publicly available market multiples for comparable entities.

Assessment of the amortization of owned original program rights

As discussed in note 6 to the consolidated financial statements, the balance of the Company's owned original program rights, net as of December 31, 2019 was $548.7 million. Owned original program rights costs are amortized over their estimated useful lives, commencing upon the first airing, based on attributable revenue to-date as a percentage of total projected attributable revenue (ultimate revenues) under the individual-film-forecast-computation method. The Company bases its estimates of projected ultimate revenues primarily on distribution and advertising revenues historically generated from similar content in comparable markets, and projected program usage. Projected program usage is based on the Company's expectation of future exhibitions. The Company reviews ultimate revenue estimates and projected program usage and revises assumptions, if necessary, which could either accelerate or delay the timing of amortization expense or result in a write-down of unamortized costs to fair value.

We identified the assessment of ultimate revenues used in the amortization of owned original program rights as a critical audit matter. The assumptions used by the Company to determine ultimate revenues involved especially challenging auditor judgment as they involve subjective assessments about future distribution (subscription fee revenues and content licensing revenues) and advertising revenues. Changes in those assumptions could have a significant effect on the carrying amount of the Company's owned original program rights and associated current period program rights amortization expense.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's ultimate revenue forecasting process, including controls related to the development of assumptions used in determining projected attributable distribution revenue and attributable advertising revenue. We compared the Company's historical projections of attributable distribution and advertising revenues to actual results to assess the Company's ability to accurately project ultimate revenues. For a selection of owned original programming series, we evaluated (1) projected attributable subscription fee revenue, by comparing the Company's assumptions for projected subscribers and rates to recent actual subscriber and rate trends and terms of existing distribution agreements, (2) projected attributable content licensing revenue, by comparing expected licensing fees to contractual terms of existing agreements and recent historical trends of sales and usage based royalties, (3) projected attributable advertising revenue, by comparing the underlying pricing and ratings assumptions to recent historical trends, and (4) projected program usage by comparing historical projections to actual usage, to assess the company's ability to accurately project program usage, and compared projected program usage to historical trends.

/s/ KPMG LLP

We have served as the Company's auditor since 2011.

New York, New York
February 26, 2020

AMC NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	2019	2018
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 816,170	$ 554,886
Accounts receivable, trade (including amounts due from related parties, net, less allowance for doubtful accounts of $5,733 and $10,788)	857,143	835,977
Current portion of program rights, net	426,624	440,739
Prepaid expenses and other current assets	230,360	131,809
Total current assets	2,330,297	1,963,411
Property and equipment, net of accumulated depreciation of $347,302 and $293,918	283,752	246,262
Program rights, net	1,038,060	1,214,051
Intangible assets, net	524,531	578,907
Goodwill	701,980	798,037
Deferred tax assets, net	51,545	19,272
Operating lease right-of-use assets	170,056	—
Other assets	496,465	458,623
Total assets	$ 5,596,686	$ 5,278,563
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 94,306	$ 107,066
Accrued liabilities	251,214	264,918
Current portion of program rights obligations	304,692	343,589
Deferred revenue	63,921	55,424
Current portion of long-term debt	56,250	21,334
Current portion of lease obligations	33,959	5,090
Total current liabilities	804,342	797,421
Program rights obligations	239,813	373,249
Long-term debt, net	3,039,979	3,088,221
Lease obligations	211,047	21,427
Deferred tax liability, net	136,911	145,443
Other liabilities	163,638	208,036
Total liabilities	4,595,730	4,633,797
Commitments and contingencies		
Redeemable noncontrolling interests	309,451	299,558
Stockholders' equity:		
Class A Common Stock, $0.01 par value, 360,000 shares authorized, 63,886 and 63,255 shares issued and 44,078 and 44,749 shares outstanding, respectively	639	633
Class B Common Stock, $0.01 par value, 90,000 shares authorized 11,484 shares issued and outstanding	115	115
Preferred stock, $0.01 par value, 45,000 shares authorized; none issued	—	—
Paid-in capital	286,491	239,767
Accumulated earnings	1,609,428	1,228,942
Treasury stock, at cost (19,808 and 18,507 shares Class A Common Stock, respectively)	(1,063,181)	(992,583)
Accumulated other comprehensive loss	(167,711)	(160,194)
Total AMC Networks stockholders' equity	665,781	316,680
Non-redeemable noncontrolling interests	25,724	28,528
Total stockholders' equity	691,505	345,208
Total liabilities and stockholders' equity	$ 5,596,686	$ 5,278,563

See accompanying notes to consolidated financial statements.

AMC NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)

	2019	2018	2017
Revenues, net	$ 3,060,321	$ 2,971,929	$ 2,805,691
Operating expenses:			
Technical and operating (excluding depreciation and amortization)	1,506,985	1,445,949	1,341,076
Selling, general and administrative	679,444	657,457	613,342
Depreciation and amortization	101,098	91,281	94,638
Impairment and related charges	106,603	4,486	28,148
Restructuring and other related charges	40,914	45,847	6,128
Total operating expenses	2,435,044	2,245,020	2,083,332
Operating income	625,277	726,909	722,359
Other income (expense):			
Interest expense	(157,798)	(154,993)	(134,001)
Interest income	24,707	19,180	14,704
Loss on extinguishment of debt	—	—	(3,004)
Miscellaneous, net	(6,000)	29,177	40,320
Total other income (expense)	(139,091)	(106,636)	(81,981)
Income from operations before income taxes	486,186	620,273	640,378
Income tax expense	(78,470)	(156,306)	(150,741)
Net income including noncontrolling interests	407,716	463,967	489,637
Net income attributable to noncontrolling interests	(27,230)	(17,780)	(18,321)
Net income attributable to AMC Networks' stockholders	$ 380,486	$ 446,187	$ 471,316
Net income per share attributable to AMC Networks' stockholders:			
Basic	$ 6.77	$ 7.68	$ 7.26
Diluted	$ 6.67	$ 7.57	$ 7.18
Weighted average common shares:			
Basic	56,205	58,066	64,905
Diluted	57,037	58,947	65,625

See accompanying notes to consolidated financial statements.

AMC NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	2019	2018	2017
Net income including noncontrolling interests	$ 407,716	$ 463,967	$ 489,637
Other comprehensive income (loss):			
Foreign currency translation adjustment	(6,272)	(41,716)	76,023
Unrealized loss on interest rate swaps	(1,609)	(356)	(35)
Unrealized gain on available for sale securities	—	—	5,398
Amounts reclassified from accumulated other comprehensive loss	—	(370)	—
Other comprehensive income (loss), before income taxes	(7,881)	(42,442)	81,386
Income tax benefit (expense)	364	45	(1,974)
Other comprehensive income (loss), net of income taxes	(7,517)	(42,397)	79,412
Comprehensive income	400,199	421,570	569,049
Comprehensive income attributable to noncontrolling interests	(27,078)	(16,044)	(21,430)
Comprehensive income attributable to AMC Networks' stockholders	$ 373,121	$ 405,526	$ 547,619

See accompanying notes to consolidated financial statements.

AMC NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY)
(In thousands)

	Class A Common Stock	Class B Common Stock	Paid-in Capital	Accumulated Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total AMC Networks Stockholders' Equity (Deficiency)	Non-redeemable Noncontrolling Interests	Total Stockholders' Equity (Deficiency)
Balance, December 31, 2016	624	115	$ 142,798	$ 295,409	$ (275,230)	$ (193,798)	$ (30,082)	$ 28,438	$ (1,644)
Net income attributable to AMC Networks' stockholders	—	—	—	471,316	—	—	471,316	—	471,316
Net income attributable to non-redeemable noncontrolling interests	—	—	—	—	—	—	—	524	524
Distribution to noncontrolling member	—	—	—	—	—	—	—	(3,070)	(3,070)
Treasury stock not yet settled	—	—	(995)	—	—	—	(995)	—	(995)
Settlement of treasury stock	—	—	10,454	—	—	—	10,454	—	10,454
Other comprehensive income	—	—	—	—	—	79,412	79,412	3,109	82,521
Share-based compensation expense	—	—	53,545	—	—	—	53,545	—	53,545
Treasury stock acquired	—	—	—	—	(434,210)	—	(434,210)	—	(434,210)
Restricted stock units converted to shares	3	—	(14,499)	—	—	—	(14,496)	—	(14,496)
Balance, December 31, 2017	627	115	191,303	766,725	(709,440)	(114,386)	134,944	29,001	163,945
Net income attributable to AMC Networks' stockholders	—	—	—	446,187	—	—	446,187	—	446,187
Net income attributable to non-redeemable noncontrolling interests	—	—	—	—	—	—	—	2,756	2,756
Distributions to noncontrolling member	—	—	—	—	—	—	—	(2,847)	(2,847)
Noncontrolling interests acquired	—	—	—	—	—	—	—	1,354	1,354
Cumulative effects of adoption of accounting standards	—	—	—	16,030	—	(3,411)	12,619	—	12,619
Treasury stock not yet settled	—	—	(985)	—	—	—	(985)	—	(985)
Settlement of treasury stock	—	—	995	—	—	—	995	—	995
Other comprehensive income	—	—	—	—	—	(42,397)	(42,397)	(1,736)	(44,133)
Share-based compensation expense	—	—	60,979	—	—	—	60,979	—	60,979
Proceeds from the exercise of stock options	—	—	4,317	—	—	—	4,317	—	4,317
Treasury stock acquired	—	—	—	—	(283,143)	—	(283,143)	—	(283,143)
Restricted stock units converted to shares	6	—	(16,842)	—	—	—	(16,836)	—	(16,836)
Balance, December 31, 2018	633	115	239,767	1,228,942	(992,583)	(160,194)	316,680	28,528	345,208
Net income attributable to AMC Networks' stockholders	—	—	—	380,486	—	—	380,486	—	380,486
Net income attributable to non-redeemable noncontrolling interests	—	—	—	—	—	—	—	4,911	4,911
Distributions to noncontrolling member	—	—	—	—	—	—	—	(3,438)	(3,438)
Non-redeemable noncontrolling interests changes	—	—	—	—	—	—	—	(4,429)	(4,429)
Settlement of treasury stock	—	—	985	—	—	—	985	—	985
Other comprehensive income	—	—	—	—	—	(7,517)	(7,517)	152	(7,365)
Share-based compensation expense	—	—	64,133	—	—	—	64,133	—	64,133
Proceeds from the exercise of stock options	—	—	4,630	—	—	—	4,630	—	4,630
Treasury stock acquired	—	—	—	—	(70,598)	—	(70,598)	—	(70,598)
Restricted stock units converted to shares	6	—	(23,024)	—	—	—	(23,018)	—	(23,018)
Balance, December 31, 2019	639	115	$ 286,491	$ 1,609,428	$ (1,063,181)	$ (167,711)	$ 665,781	$ 25,724	$ 691,505

See accompanying notes to consolidated financial statements.

AMC NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	2019	2018	2017
Cash flows from operating activities:			
Net income including noncontrolling interests	$ 407,716	$ 463,967	$ 489,637
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	101,098	91,281	94,638
Impairment and related charges	106,603	4,486	17,112
Share-based compensation expense related to equity classified awards	64,133	60,979	53,545
Non-cash restructuring and other related charges	14,098	7,440	—
Amortization and write-off of program rights	974,835	961,134	954,238
Amortization of deferred carriage fees	21,587	17,342	17,605
Unrealized foreign currency transaction (gain) loss	(16,325)	2,057	(15,258)
Unrealized (gain) on derivative contracts, net	—	(43,476)	(27,233)
Amortization of deferred financing costs and discounts on indebtedness	8,007	7,715	8,436
Loss on extinguishment of debt	—	—	3,004
Bad debt expense	12,641	7,399	3,567
Deferred income taxes	(38,916)	33,367	(48,665)
Write-down of non-marketable equity securities and note receivable	20,206	—	—
Other, net	(2,832)	5,311	(11,014)
Changes in assets and liabilities:			
Accounts receivable, trade (including amounts due from related parties, net)	(43,345)	(52,106)	(74,561)
Prepaid expenses and other assets	(142,303)	(2,789)	(59,979)
Program rights and obligations, net	(969,900)	(978,763)	(996,816)
Income taxes payable	1,219	(17,006)	(21,966)
Deferred revenue	8,667	(6,392)	(11,553)
Deferred carriage fees, net	(15,033)	(4,250)	(4,617)
Accounts payable, accrued liabilities and other liabilities	(28,408)	48,851	15,609
Net cash provided by operating activities	483,748	606,547	385,729
Cash flows from investing activities:			
Capital expenditures	(91,604)	(89,802)	(80,049)
Return of capital from investees	5,380	4,088	2,447
Investments in and loans to investees	(3,483)	(90,081)	(53,000)
Payments for acquisition of a business, net of cash acquired	—	(84,389)	—
Net cash used in investing activities	(89,707)	(260,184)	(130,602)
Cash flows from financing activities:			
Proceeds from the issuance of long-term debt	1,521	289	1,536,000
Principal payments on long-term debt	(22,988)	—	(1,257,965)
Payments for financing costs	—	—	(10,405)
Deemed repurchase of restricted stock units	(23,018)	(16,836)	(14,496)
Purchase of treasury stock	(70,598)	(283,143)	(434,210)
Proceeds from stock option exercises	4,630	4,317	—
Principal payments on finance lease obligations	(5,115)	(4,938)	(4,573)
Distributions to noncontrolling interest	(15,558)	(14,296)	(18,561)
Net cash used in financing activities	(131,126)	(314,607)	(204,210)
Net increase in cash and cash equivalents from operations	262,915	31,756	50,917
Effect of exchange rate changes on cash and cash equivalents	(1,631)	(35,653)	26,477
Cash and cash equivalents at beginning of year	554,886	558,783	481,389
Cash and cash equivalents at end of year	$ 816,170	$ 554,886	$ 558,783

See accompanying notes to consolidated financial statements.

Note 1. Description of Business and Basis of Presentation

Description of Business

AMC Networks Inc. ("AMC Networks") and its subsidiaries (collectively referred to as the "Company") own and operate entertainment businesses and assets. The Company is comprised of two operating segments:

- *National Networks:* Includes activities of our five national programming networks, AMC Studios operations and AMC Broadcasting & Technology. Our national programming networks are AMC, WE tv, BBC AMERICA, IFC, and SundanceTV in the U.S.; and AMC and IFC in Canada. Our AMC Studios operation produces original programming for our programming networks and also licenses such programming worldwide. AMC Networks Broadcasting & Technology is our technical services business, which primarily services most of the national programming networks.
- *International and Other*: Includes AMCNI, the Company's international programming businesses consisting of a portfolio of channels around the world; AMC Networks SVOD consisting of the Company's targeted subscription streaming services: Acorn TV, Shudder, Sundance Now, and UMC; Levity, our production services and comedy venues business; and IFC Films, the Company's independent film distribution business.

Basis of Presentation

Principles of Consolidation

The consolidated financial statements include the accounts of AMC Networks and its subsidiaries in which a controlling voting interest is maintained or variable interest entities ("VIE's") in which the Company has determined it is the primary beneficiary. All intercompany transactions and balances have been eliminated in consolidation.

Investments in business entities in which the Company lacks control but does have the ability to exercise significant influence over operating and financial policies are accounted for using the equity method of accounting.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Significant estimates and judgments inherent in the preparation of the consolidated financial statements include the useful lives and methodologies used to amortize and assess recoverability of program rights, the estimated useful lives of intangible assets and the valuation and recoverability of goodwill and intangible assets.

Reclassifications

Certain reclassifications were made to the prior period amounts to conform to the current period presentation.

Note 2. Summary of Significant Accounting Policies

Revenue Recognition

The Company adopted ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) on January 1, 2018, using the modified retrospective method for all contracts not completed as of the date of adoption. The reported results as of and for the years ended December 31, 2019 and 2018 reflect the application of the new standard, while the reported results for 2017 have not been adjusted to reflect the new standard and were prepared under prior revenue recognition accounting guidance.

The Company primarily earns revenue from the distribution of its programming services, including licensing of its programming and other content, and advertising. Revenue is recognized when, or as, performance obligations under the terms of a contract are satisfied, which generally occurs when, or as, control of the promised products or services is transferred to customers. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products or services to a customer. The Company’s revenue recognition policies associated with each major source of revenue from contracts with customers are described in Note 3 Revenue Recognition.

Adoption of Lease Standard

The Company adopted ASU No. 2016-02, Leases (Topic 842) on January 1, 2019, using the modified retrospective approach and effective date method. In addition, the Company elected the package of practical expedients, permitted under the transition guidance within the new standard, which among other things, allowed for the carry forward of the historical classification of leases. The adoption of the new standard resulted in additional net lease assets of $180.0 million (which is net

of the historical deferred rent liability balance of $57.0 million) and lease liabilities of $237.0 million, respectively, as of January 1, 2019. The new standard did not materially impact our consolidated net income or cash flows. See Note 15 for further discussion regarding leases.

Technical and Operating Expenses

Costs of revenues, including but not limited to programming expense, primarily consisting of amortization or write-offs of programming rights, such as those for original programming, feature films and licensed series, participation and residual costs, distribution and production related costs and program delivery costs, such as transmission, encryption, hosting and formatting are classified as technical and operating expenses in the consolidated statements of income.

Advertising and Distribution Expenses

Advertising costs are charged to expense when incurred and are included in selling, general and administrative expenses in the consolidated statements of income. Advertising costs were $180.3 million, $196.0 million and $200.4 million for the years ended December 31, 2019, 2018 and 2017, respectively. Marketing, distribution and general and administrative costs related to the exploitation of owned original programming are expensed as incurred and included in selling, general and administrative expenses in the consolidated statements of income.

Share-Based Compensation

The Company measures the cost of employee services received in exchange for an award of equity-based instruments based on the grant date fair value of the portion of awards that are ultimately expected to vest. The cost is recognized in earnings over the period during which an employee is required to provide service in exchange for the award using a straight-line amortization method, except for restricted stock units granted to non-employee directors which vest 100%, and are expensed, at the date of grant. Share-based compensation expense is included in selling, general and administrative expenses in the consolidated statements of income.

Foreign Currency

The reporting currency of the Company is the U.S. dollar. The functional currency of most of the Company's international subsidiaries is the local currency. Assets and liabilities, including intercompany balances for which settlement is anticipated in the foreseeable future, are translated at exchange rates in effect at the balance sheet date. Foreign currency equity balances are translated at historical rates. Revenues and expenses denominated in foreign currencies are translated at average exchange rates for the respective periods. Foreign currency translation adjustments are recorded as a component of other comprehensive income ("OCI") in the consolidated statements of stockholders' equity.

Transactions denominated in currencies other than subsidiaries' functional currencies are recorded based on exchange rates at the time such transactions arise. Changes in exchange rates with respect to amounts recorded in the consolidated balance sheets related to these items will result in unrealized foreign currency transaction gains and losses based upon period-end exchange rates. The Company also records realized foreign currency transaction gains and losses upon settlement of the transactions. The Company recognized realized and unrealized foreign currency transaction gains (losses) of $11.1 million, $(6.8) million and $15.0 million for the years ended December 31, 2019, 2018 and 2017, respectively, which are included in miscellaneous, net in the consolidated statements of income.

Cash and Cash Equivalents

The Company's cash investments are placed with money market funds and financial institutions that are investment grade as rated by Standard & Poor's and Moody's Investors Service. The Company selects money market funds that predominantly invest in marketable, direct obligations issued or guaranteed by the U.S. government or its agencies, commercial paper, fully collateralized repurchase agreements, certificates of deposit, and time deposits.

The Company considers the balance of its investment in funds that hold securities that mature within three months or less from the date the fund purchases these securities to be cash equivalents. The carrying amount of cash and cash equivalents either approximates fair value due to the short-term maturity of these instruments or are at fair value.

Accounts Receivable, Trade

The Company periodically assesses the adequacy of valuation allowances for uncollectible accounts receivable by evaluating the collectability of outstanding receivables and general factors such as length of time individual receivables are past due, historical collection experience, and the economic and competitive environment. As of December 31, 2019 and 2018, the Company had $273.0 million and $182.1 million, respectively, of accounts receivable contractually due in excess of one-year, which are included in other assets in the consolidated balance sheets.

Program Rights

Rights to programming, including feature films and episodic series, acquired under license agreements are stated at the lower of unamortized cost or net realizable value. Such licensed rights along with the related obligations are recorded at the contract value when a license agreement is executed, unless there is uncertainty with respect to either cost, acceptability or availability. If such uncertainty exists, those rights and obligations are recorded at the earlier of when the uncertainty is resolved or the license period begins. Costs are amortized to technical and operating expense on a straight-line or accelerated basis over a period not to exceed the respective license periods.

Owned original programming costs, including estimated participation and residual costs, qualifying for capitalization as program rights are amortized to technical and operating expense over their estimated useful lives, commencing upon the first airing, based on attributable revenue for airings to date as a percentage of total projected attributable revenue, or ultimate revenue (individual-film-forecast-computation method). Projected attributable revenue is based on previously generated revenues for similar content in established markets, primarily consisting of distribution and advertising revenues, and projected program usage. Projected program usage is based on the Company's current expectation of future exhibitions taking into account historical usage of similar content. Projected attributable revenue can change based upon programming market acceptance, levels of distribution and advertising revenue and decisions regarding planned program usage. These calculations require management to make assumptions and to apply judgment regarding revenue and planned usage. Accordingly, the Company periodically reviews revenue estimates and planned usage and revises its assumptions if necessary, which could impact the timing of amortization expense or result in a write-down to fair value. Any capitalized development costs for programs that the Company determines will not be produced are written off.

The Company periodically reviews the programming usefulness of its licensed and owned original program rights based on several factors, including expected future revenue generation from airings on the Company's networks and other exploitation opportunities, ratings, type and quality of program material, standards and practices, and fitness for exhibition through various forms of distribution. If it is determined that film or other program rights have limited, or no, future programming usefulness, the useful life is updated, which generally results in a write-off of the unamortized cost to technical and operating expense in the consolidated statements of income. See Note 6 for further discussion regarding program rights write-offs.

Investments

Investments in equity securities (excluding equity method investments) with readily determinable fair values are accounted for at fair value. The Company applies the measurement alternative to fair value for equity securities without readily determinable far values, which is to record the investments at cost, less impairment, if any, and subsequently adjust for observable price changes of identical or similar investments of the same issuer. All gains and losses related to equity securities are recorded in earnings as a component of miscellaneous, net, in the consolidated statements of income.

Investments in which the Company has the ability to exercise significant influence but does not control and is not the primary beneficiary are equity method investments. Significant influence typically exists if the Company has a 20% to 50% ownership interest in a venture unless persuasive evidence to the contrary exists. Under this method of accounting, the Company records its proportionate share of the net earnings or losses of equity method investees and a corresponding increase or decrease to the investment balances. Cash payments to equity method investees such as additional investments, loans and advances and expenses incurred on behalf of investees as well as payments from equity method investees such as dividends, distributions and repayments of loans and advances are recorded as adjustments to investment balances. The Company applies the cumulative earnings approach for determining the cash flow presentation of cash distributions received from equity method investees. Distributions received are included in the consolidated statements of cash flows as operating activities, unless the cumulative distributions exceed the Company's portion of the cumulative equity in the net earnings of the equity method investment, in which case the excess distributions are deemed to be returns of the investment and are classified as investing activities in the consolidated statements of cash flows. The Company evaluates its equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable. See Note 8 for further discussion regarding investments.

Long-Lived Assets and Amortizable Intangible Assets

Property and equipment are carried at cost. Equipment under finance leases is recorded at the present value of the total minimum lease payments. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets or, with respect to equipment under finance leases and leasehold improvements, amortized over the shorter of the lease term or the assets' useful lives and reported in depreciation and amortization in the consolidated statements of income.

Amortizable intangible assets established in connection with business combinations primarily consist of affiliate and customer relationships, advertiser relationships and tradenames. Amortizable intangible assets are amortized on a straight-line basis over their respective estimated useful lives.

The Company reviews its long-lived assets (property and equipment, and amortizable intangible assets) for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the expected cash flows, undiscounted and without interest, is less than the carrying amount of the asset, an impairment loss is recognized as the amount by which the carrying amount of the asset exceeds its fair value.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill

Goodwill and identifiable intangible assets that have indefinite useful lives are not amortized, but instead are tested annually for impairment and upon the occurrence of certain events or substantive changes in circumstances.

The annual goodwill impairment test allows for the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. An entity may choose to perform the qualitative assessment on none, some or all of its reporting units or an entity may bypass the qualitative assessment for any reporting unit and proceed directly to step one of the quantitative impairment test. If it is determined, on the basis of qualitative factors, that the fair value of a reporting unit is, more likely than not, less than its carrying value, the quantitative impairment test is required. The quantitative impairment test calculates any goodwill impairment as the difference between the carrying amount of a reporting unit and its fair value, but not to exceed the carrying amount of goodwill. See Note 10 for further discussion regarding goodwill impairment.

Indefinite-Lived Intangible Assets

Indefinite-lived intangible assets established in connection with business combinations consist of trademarks. The impairment test for identifiable indefinite-lived intangible assets consists of a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Deferred Carriage Fees

Deferred carriage fees, included in other assets in the consolidated balance sheets, represent amounts principally paid to multichannel video programming distributors to obtain additional subscribers and/or guarantee carriage of certain programming services and are amortized as a reduction of revenue over the period of the related affiliation arrangement (up to 10 years).

Derivative Financial Instruments

The Company's derivative financial instruments are recorded as either assets or liabilities in the consolidated balance sheet based on their fair values. The Company's embedded derivative financial instruments which are clearly and closely related to the host contracts are not accounted for on a stand-alone basis. Changes in the fair values are reported in earnings or other comprehensive income depending on the use of the derivative and whether it qualifies for hedge accounting. Derivative instruments are designated and accounted for as either a hedge of a recognized asset or liability (fair value hedge) or a hedge of a forecasted transaction (cash flow hedge). For derivatives not designated as hedges, changes in fair values are recognized in earnings and included in interest expense, for interest rate swap contracts and miscellaneous, net, for foreign currency and other derivative contracts. For derivatives designated as effective cash flow hedges, changes in fair values are recognized in other comprehensive income (loss). Changes in fair values related to fair value hedges as well as the ineffective portion of cash flow hedges are recognized in earnings. Changes in the fair value of the underlying hedged item of a fair value hedge are also recognized in earnings. See Note 14 for a further discussion of the Company's derivative financial instruments.

Income Taxes

The Company's provision for income taxes is based on current period income, changes in deferred tax assets and liabilities and estimates with regard to the liability for unrecognized tax benefits resulting from uncertain tax positions. Deferred tax assets are evaluated quarterly for expected future realization and reduced by a valuation allowance to the extent management believes it is more likely than not that a portion will not be realized. The Company provides deferred taxes for the outside basis difference for its investment in partnerships and uses the deferral method to recognize the income tax benefit from investment tax credits. Global low taxed intangible income (“GILTI”) tax is treated as a period expense. Interest and penalties, if any, associated with uncertain tax positions are included in income tax expense.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the contingency can be reasonably estimated. See Note 17 for further discussion regarding commitments and contingencies.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and trade accounts receivable. Cash is invested in money market funds and bank time deposits. The Company monitors the financial institutions and money market funds where it invests its cash and cash equivalents with diversification among counterparties to mitigate exposure to any single financial institution. The Company's emphasis is primarily on safety of principal and liquidity and secondarily on maximizing the yield on its investments. As of December 31, 2019, two customers accounted for 16% and 10%, respectively, of the combined balances of consolidated accounts receivable, trade and receivables due in excess of one-year (included in other assets). As of December 31, 2018, two customers accounted for 13% and 12%, respectively, of the combined balances of consolidated accounts receivable, trade and receivables due in excess of one-year.

Redeemable Noncontrolling Interests

Noncontrolling interest with redemption features, such as put options, that are not solely within the Company's control are considered redeemable noncontrolling interests. Redeemable noncontrolling interests are considered to be temporary equity and are reported in the mezzanine section between total liabilities and stockholders' equity in the Company's consolidated balance sheet at the greater of their initial carrying amount, increased or decreased for contributions, distributions and the noncontrolling interest's share of net income or loss, or redemption value.

Net Income per Share

The consolidated statements of income present basic and diluted net income per share ("EPS"). Basic EPS is based upon net income divided by the weighted-average number of common shares outstanding during the period. Diluted EPS reflects the dilutive effects of AMC Networks outstanding equity-based awards.

The following is a reconciliation between basic and diluted weighted average shares outstanding:

	Years Ended December 31,		
(In thousands)	**2019**	**2018**	**2017**
Basic weighted average shares outstanding	56,205	58,066	64,905
Effect of dilution:			
Stock options	14	15	1
Restricted stock units	818	866	719
Diluted weighted average shares outstanding	57,037	58,947	65,625

Common Stock of AMC Networks

Each holder of AMC Networks Class A Common Stock has one vote per share while holders of AMC Networks Class B Common Stock have ten votes per share. AMC Networks Class B shares can be converted to AMC Networks Class A Common Stock at any time with a conversion ratio of one AMC Networks Class A common share for one AMC Networks Class B common share. The AMC Networks Class A stockholders are entitled to elect 25% of the Company's Board of Directors. AMC Networks Class B stockholders have the right to elect the remaining members of the Company's Board of Directors. In addition, AMC Networks Class B stockholders are parties to an agreement which has the effect of causing the voting power of these AMC Networks Class B stockholders to be cast as a block.

Stock Repurchase Program

The Company's Board of Directors has authorized a program to repurchase up to $1.5 billion of its outstanding shares of common stock (the "Stock Repurchase Program"). The Stock Repurchase Program has no pre-established closing date and may be suspended or discontinued at any time. For the year ended December 31, 2019, the Company repurchased 1.3 million shares of its Class A common stock at an average purchase price of $54.24 per share. As of December 31, 2019, the Company has $488.8 million available for repurchase under the Stock Repurchase Program.

	Shares Outstanding	
(In thousands)	**Class A Common Stock**	**Class B Common Stock**
Balance at December 31, 2016	57,079	11,484
Share repurchases	(7,790)	—
Employee and non-employee director stock transactions*	312	—
Balance at December 31, 2017	49,601	11,484
Share repurchases	(5,386)	—
Employee and non-employee director stock transactions*	534	—
Balance at December 31, 2018	44,749	11,484
Share repurchases	(1,302)	—
Employee and non-employee director stock transactions*	631	—
Balance at December 31, 2019	44,078	11,484

*Reflects common stock activity in connection with restricted stock units and stock options granted to employees, as well as in connection with the fulfillment of employees' statutory tax withholding obligations for applicable income and other employment taxes and forfeited employee restricted stock units.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 changes the impairment model for most financial assets and certain other instruments, including trade and other receivables, held-to-maturity debt securities and loans, and requires entities to use a new forward-looking "expected loss" model that would generally result in the earlier recognition of allowances for losses. This ASU is effective for the first quarter of 2020. Adoption of the standard will be applied using a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of the effective date to align our credit loss methodology with the new standard. The Company does not expect the adoption of this standard to have a material effect on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820)*. ASU 2018-13 changes the disclosure requirements for fair value measurements and is effective for the first quarter of 2020. ASU 2018-13 changes disclosure requirements related to transfers between Level I and II assets, as well as several aspects surrounding the valuation process and unrealized gains and losses related to Level III assets. The adoption of the modified disclosure requirements will not have a material impact on the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract*. ASU 2018-15 amends current guidance to align the accounting for costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing costs associated with developing or obtaining internal-use software. Capitalized implementation costs must be expensed over the term of the hosting arrangement and presented in the same line item in the income statement as the fees associated with the hosting element (service) of the arrangement. The changes in this standard are effective for the first quarter of 2020. The Company does not expect the adoption of this standard to have a material effect on its consolidated financial statements.

In March 2019, the FASB issued ASU No. 2019-02, *Improvements to Accounting for Costs of Films and License Agreements for Program Materials*. ASU 2019-02 aligns the accounting for production costs of episodic television series with the accounting for production costs of films. In addition, ASU 2019-02 modifies certain aspects of the capitalization, impairment, presentation and disclosure requirements in Accounting Standards Codification (“ASC”) 926-20 and the impairment, presentation and disclosure requirements in ASC 920-350. The changes in this standard are effective for the first quarter of 2020. The Company will adopt the updated accounting guidance prospectively in the first quarter of 2020. Following adoption, the Company will present all program rights, including capitalized costs of acquired programming rights, as noncurrent assets in the consolidated balance sheet. The Company does not expect the adoption of this standard to have a material effect on its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes.* ASU 2019-12 removes certain exceptions to the general principles in Topic 740 - Income Taxes. These changes are effective for first quarter of 2021 with early adoption permitted. The Company is currently evaluating the impact the adoption will have on its consolidated financial statements.

Note 3. Revenue Recognition

Revenue is recognized when, or as, performance obligations under the terms of a contract are satisfied, which generally occurs when, or as, control of the promised products or services is transferred to customers. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products or services to a customer ("transaction price"). To the extent the transaction price includes variable consideration, the Company estimates the amount of variable consideration that should be included in the transaction price utilizing the most likely amount to which the Company expects to be entitled. Variable consideration is included in the transaction price if, in the Company’s judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the Company’s anticipated performance and all information that is reasonably available. Amounts collected on behalf of others (including taxes), where the Company is an agent, are excluded from revenue.

When determining the transaction price of a contract, an adjustment is made if payment from a customer occurs either significantly before or significantly after performance, resulting in a significant financing component. Applying a practical expedient in the guidance, the Company does not assess whether a significant financing component exists if the period between when the Company performs its obligations under the contract and when the customer pays is one year or less.

Contracts with customers may contain multiple performance obligations. For such arrangements, the transaction price is allocated to each performance obligation based on the estimated relative standalone selling prices of the promised products or services underlying each performance obligation. The Company determines standalone selling prices based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price considering available information such as market conditions and internal pricing guidelines related to the performance obligations.

Contracts may be modified to account for changes in contract specifications and requirements. Contract modifications exist when the modification either creates new or changes existing enforceable rights and obligations. The effect of a contract modification on the transaction price and measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

The Company primarily earns revenue from the distribution of its programming services, including licensing of its programming and other content, and advertising. The Company’s revenue recognition policies summarizing the nature, amount, timing and uncertainty associated with each major source of revenue from contracts with customers are described below.

Distribution

The majority of the Company’s distribution revenues relate to sales-based and usage-based royalties which are recognized on the later of (i) when the subsequent sale or usage occurs and (ii) when the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied or partially satisfied. Occasionally, the Company incurs costs to obtain a distribution contract and these costs are amortized over the period of the related distribution contract as a reduction of revenue.

Subscription fee revenue: Subscription fees are earned from cable and other multichannel video programming distribution platforms, including direct broadcast satellite ("DBS"), platforms operated by telecommunications providers and virtual multichannel video programming distributors (collectively "distributors"), for the rights to use the Company's network programming under multi-year contracts, commonly referred to as "affiliation agreements." The Company's performance obligation under affiliation agreements is a license of functional intellectual property that is satisfied as the Company provides its programming over the term of the agreement. The transaction price is represented by subscription fees that are generally based upon (i) contractual rates applied to the number of the distributor's subscribers who receive or can receive our programming ("rate-per-subscriber"), or (ii) fixed contractual monthly fees ("fixed fee").

For rate-per-subscriber agreements, the Company applies the sales-based or usage-based royalty guidance, and accordingly, recognizes revenue in the period of the distributor’s usage, based on the subscription fee earned during the period.

Fixed fee affiliation agreements are generally billed in monthly installments, and such amounts may vary over the term of the contract. In cases where the invoice amount corresponds directly with the value to the affiliate of the performance to-date, the Company recognizes revenue based on the invoiced amount. In cases where changes in fees during the contract term do not correspond directly to the value of the performance to-date (for example, if the fees vary over the contract term due to a significant financing or credit risk component), the Company recognizes the total amount of fixed transaction price over the contract period using a time-based (e.g., straight-line) measure of progress.

Certain of the Company’s fixed fee affiliation agreements contain guaranteed minimum fees that are recoupable during the term of the agreement, and variable fees based on rates-per-subscriber after the guaranteed minimum is recouped. The

Company recognizes revenue for the fixed consideration over the minimum guarantee period and recognizes variable fees only when cumulative consideration exceeds the minimum guarantee.

Subscription revenue from AMC Networks SVOD services, consisting of the Company's targeted subscription streaming services: Acorn TV, Shudder, Sundance Now, and UMC, is recognized as the streaming service is provided to customers.

Content licensing revenue: The Company licenses its original programming content to certain distributors, including under subscription video on-demand ("SVOD"), pay-per-view ("PPV") and electronic sell-through ("EST") arrangements. Under these arrangements, our performance obligation is a license to functional intellectual property that provides the distributor the right to use our programming as it exists at a point in time. The satisfaction of the Company's performance obligation, and related recognition of revenue, occurs when the content is delivered to the licensee and the license period has begun. The Company's performance obligation in a content license arrangement pertains to each distinct unit of content, which is generally each season of an episodic series or a film. The Company typically delivers all episodes of a season for a series concurrently and the licensee's rights to exploit the content is the same across all of the episodes.

For SVOD arrangements, the Company adjusts the transaction price for the time value of money in cases where license fees are paid over several years. SVOD licensing revenue is recognized at the later of the beginning of the license period, or when we provide the programming to the distributor. The Company recognizes a contract asset for the difference between the revenue recognized and the amount we are permitted to invoice.

For PPV and EST license fee arrangements, the Company applies the sales-based or usage-based royalty guidance and recognizes revenue in the period of end-customer purchases, based on the fees earned during the period.

The Company also licenses trademarks, logos, brands, derivative character copyrights, etc. under multi-year arrangements. Under these arrangements, the Company may receive a non-refundable minimum guarantee that is recoupable against a volume-based royalty throughout the term of the agreement. The performance obligation is a license of symbolic intellectual property that provides the customer with a right to access the intellectual property. The Company adjusts the transaction price for the time value of money in cases where license fees are paid over several years. The Company recognizes revenue for the minimum guarantee on a straight-line basis over the term of the agreement, and recognizes variable fees only when cumulative consideration exceeds the minimum guarantee.

For production services arrangements, the Company recognizes revenue based on the percentage of cost incurred to total estimated cost of the contract.

The Company's payment terms vary by the type and location of customer. Generally, payment terms are 30-45 days after revenue is earned. In certain limited circumstances, agreements with customers have payment terms in excess of one-year after satisfaction of the performance obligation.

Advertising

The Company generates revenues from the sale of advertising time on its networks. In such arrangements, the Company generally promises to air a certain number of commercials (spots) and to generate guaranteed viewer ratings for an audience demographic (impressions) over a period that generally does not exceed one year. The promise to deliver impressions by airing spots represents the Company's performance obligation. Advertising revenues are recognized as commercials are aired, to the extent that guaranteed viewer ratings are achieved. A contract liability is recognized to the extent the guaranteed viewer ratings are not met, and is subsequently recognized as revenue either when the Company provides the required additional advertising or the guarantee obligation contractually expires, which is generally within one year. Generally, payment terms are 30 days after revenue is earned.

Transaction Price Allocated to Future Performance Obligations

The guidance requires disclosure of the aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied as of December 31, 2019. However, the guidance does not apply to sales-based or usage-based royalty arrangements and also provides certain practical expedients that allow companies to omit this disclosure requirement for (i) contracts with an original expected length of one year or less, (ii) contracts for which revenue is recognized at the amount to which the Company has the right to invoice for services performed and (iii) variable consideration related to a wholly unsatisfied performance obligation.

As of December 31, 2019, other than contracts for which the Company has applied the practical expedients, the aggregate amount of transaction price allocated to remaining performance obligations was not material to our consolidated revenues.

Contract Balances from Contracts with Customers

The timing of revenue recognition, billings and cash collections results in billed receivables, contract assets and contract liabilities in the consolidated balance sheet.

For certain types of contracts with customers, the Company may recognize revenue in advance of the contractual right to invoice the customer, resulting in an amount recorded to contract assets. Once the Company has an unconditional right to consideration under a contract, the contract assets are reclassified to account receivables.

When consideration is received, or such consideration is unconditionally due, from a customer prior to transferring goods or services to the customer under the terms of a contract, a contract liability is recorded. Contract liabilities are recognized as revenue when, or as, control of the products or services is transferred to the customer and all revenue recognition criteria have been met. The primary source of the Company's contract liabilities relates to advertising sales arrangements and content licensing arrangements. As noted above, the Company's programming networks generally guarantee viewer ratings for its programming. If these guaranteed viewer ratings are not met, the Company is required to provide additional advertising units to the advertiser. For these types of arrangements, a portion of the related revenue is deferred if the guaranteed ratings are not met, representing a contract liability, and is subsequently recognized either when the Company provides the required additional advertising time or the guarantee obligation contractually expires. In certain content licensing arrangements, payment may be received in advance of a distributor's ability to exhibit a program. Such payments are recorded as a contract liability and subsequently recognized when the program becomes available for exhibition.

The following table provides information about receivables, contract assets, and contract liabilities from contracts with customers.

(In thousands)	December 31, 2019	December 31, 2018
Balances from contracts with customers:		
Accounts receivable (including long-term, included in Other assets)	$ 1,121,834	$ 1,018,105
Contract assets, short-term (included in Other current assets)	7,283	9,131
Contract assets, long-term (included in Other assets)	9,964	8,136
Contract liabilities (Deferred revenue)	63,921	55,424

(a) Revenue recognized for the twelve months ended December 31, 2019 relating to the contract liability at December 31, 2018 was $50.2 million.

Note 4. Impairment and Related Charges

In 2019, the Company incurred impairment charges of $106.6 million, consisting of $98.0 million related to goodwill impairment associated with the AMCNI reporting unit, and $8.6 million related to impairments of intangibles and property and equipment associated with the sale of a subsidiary.

In connection with the preparation of the fourth quarter financial information, the Company performed its annual goodwill impairment test and concluded that the estimated fair value of the AMCNI reporting unit declined to less than its carrying amount. As a result, the Company recognized an impairment charge of $98.0 million for the year ended December 31, 2019, reflecting a partial write-down of the goodwill associated with the AMCNI reporting unit.

In 2018, AMCNI recognized a $4.5 million charge, primarily related to program rights, in connection with the disposition of a business.

In 2017, the Company completed the sale of its Amsterdam-based media logistics business, AMCNI – DMC. In connection with the sale, the Company recognized a pre-tax loss of $11.0 million and an impairment charge of $17.1 million to reflect the AMCNI – DMC assets held for sale at fair value less estimated sale costs, which are included in impairment and related charges in the consolidated statement of income for the year ended December 31, 2017.

Note 5. Restructuring and Other Related Charges

Restructuring and other related charges of $40.9 million for the year ended December 31, 2019 related to the management restructuring, which commenced in the third quarter of 2019, and the AMC Networks SVOD organization restructuring, which commenced in the second quarter of 2019. In connection with each of these restructuring initiatives, a number of roles were eliminated to address redundancy at the management level and improve the effectiveness of management while reducing the cost structure of the Company.

In connection with restructuring initiative related to the management team, the Company incurred restructuring charges for severance and other personnel related costs of $26.0 million, of which $13.5 million was attributable to the National

Networks segment and $12.5 million was attributable to the International and Other segment. The Company expects additional restructuring charges in the first quarter of 2020.

In connection with the AMC Networks SVOD restructuring, management made certain organization changes within the owned subscription streaming services businesses. The restructuring combined the owned subscription streaming services under one management team. As a result, the Company incurred restructuring charges of $1.9 million related to severance and other personnel related costs.

In connection with the organization changes in the AMC Networks SVOD business, the Company implemented changes to its strategy for owned subscription streaming services, including programming that will no longer be made available. As a result, the Company incurred other charges of $13.0 million related to the write-off of programming associated with the reorganization and change in strategy.

During the third quarter of 2018, management commenced a restructuring initiative designed to reduce the cost structure of the Company. The restructuring was intended to improve the organizational design of the Company through the elimination of certain roles, a reduction in the grade of certain roles, an increase in the span of responsibilities of certain senior managers, and the re-alignment of certain senior leaders to new or additional responsibilities. This restructuring resulted in a $36.0 million charge for the year ended December 31, 2018 primarily related to severance.

During the fourth quarter of 2018, AMCNI completed a portfolio rationalization review that resulted in the termination of distribution in certain territories, resulting in a $9.9 million charge.

During 2017, the Company incurred restructuring expense related to corporate headquarters severance costs and charges incurred at AMCNI related to costs associated with the termination of distribution in certain territories.

The following table summarizes the restructuring and other related charges recognized by operating segment:

	Years Ended December 31,		
(In thousands)	**2019**	**2018**	**2017**
National Networks	$ 13,453	$ 17,160	$ (53)
International and Other	28,084	35,189	6,181
Inter-segment Eliminations	(623)	(6,502)	—
Total restructuring and other related charges	$ 40,914	$ 45,847	$ 6,128

The following table summarizes the restructuring and other related charges recognized for the three years:

	Years Ended December 31,		
(In thousands)	**2019**	**2018**	**2017**
Restructuring charges	$ 27,897	$ 45,847	$ 6,128
Other related charges	13,017	—	—
Total restructuring and other related charges	$ 40,914	$ 45,847	$ 6,128

The following table summarizes the accrued restructuring and other related costs:

(In thousands)	Severance and Employee-Related Costs	Other Exit Costs	Total
Balance at December 31, 2017	$ 1,212	$ 24	$ 1,236
Charges	35,965	9,882	45,847
Other	(137)	(745)	(882)
Cash payments	(3,257)	(297)	(3,554)
Non-cash adjustments	—	(7,440)	(7,440)
Currency translation	(9)	(9)	(18)
Balance at December 31, 2018	33,774	1,415	35,189
Charges	26,132	1,765	27,897
Other	(612)	(1,480)	(2,092)
Cash payments	(31,897)	(414)	(32,311)
Non-cash adjustments	—	(1,081)	(1,081)
Currency translation	10	16	26
Balance at December 31, 2019	$ 27,407	$ 221	$ 27,628

Accrued restructuring and other related costs of $27.6 million are included in accrued liabilities in the consolidated balance sheet at December 31, 2019.

Note 6. Program Rights and Obligations

Program Rights

Owned original program rights, net is comprised of $334.5 million of completed programming and $214.2 million of in-production programming at December 31, 2019 and is included as a component of long-term program rights, net in the consolidated balance sheet. The Company estimates that approximately 87% of unamortized owned original programming costs, as of December 31, 2019, will be amortized within the next three years. The Company expects to amortize approximately $173.2 million of unamortized owned original programming costs during the next twelve months. Program rights write-offs of $40.9 million, $50.5 million and $49.4 million were recorded for the years ended December 31, 2019, 2018 and 2017, respectively.

Program Rights Obligations

Amounts payable subsequent to December 31, 2019 related to program rights obligations included in the consolidated balance sheet are as follows:

(In thousands) Years Ending December 31,	
2020	$ 304,692
2021	125,189
2022	70,803
2023	26,500
2024	15,678
Thereafter	1,643
	$ 544,505

Note 7. Business Combinations

RLJ Entertainment

On July 29, 2018, the Company, Digital Entertainment Holdings LLC, a wholly-owned subsidiary of the Company ("DEH"), and River Merger Sub Inc., a wholly-owned subsidiary of DEH ("Merger Sub"), and RLJE entered into an Agreement and Plan of Merger (the "Merger Agreement") pursuant to which the Company agreed to acquire all of the outstanding shares of RLJE not owned by the Company or entities affiliated with Robert L. Johnson. The Merger Agreement provided, upon the

terms and subject to the conditions set forth therein, for the merger of Merger Sub with and into RLJE, with RLJE continuing as the surviving corporation and a subsidiary of DEH (the "Merger").

DEH and RLJE were parties to a Credit and Guaranty Agreement entered into on October 14, 2016 pursuant to which DEH provided term loans to RLJE (the "RLJE Term Loans"). In connection with the RLJE Credit and Guaranty Agreement, DEH received Class A, Class B and Class C warrants to purchase at least 20 million shares of RLJE's common stock, at a price of $3.00 per share (the "RLJE Warrants").

On June 20, 2017, DEH exercised a portion of its RLJE Class A warrants at $3.00 per share and was issued 1.7 million shares of RLJE common stock in exchange for the cancellation of $5 million of the RLJE Term Loans. As of December 31, 2017, the balance of the RLJE Term Loans was $68 million, consisting of a $13 million Tranche A term loan and a $55 million Tranche B term loan.

On October 1, 2018, DEH fully exercised the remainder of its Class A warrants at $3.00 per share and was issued 3.3 million shares of RLJE common stock in exchange for the cancellation of $10.0 million of Tranche B of the RLJE Term Loans. On October 1, 2018, DEH also partially exercised its Class B warrant at $3.00 per share and was issued 3.4 million shares of RLJE common stock in exchange for the cancellation of $10.1 million of Tranche B of the RLJE Term Loans. As a result of the warrant exercises, the Company obtained a 51% controlling interest in RLJE and recognized a net gain of $2.6 million relating to the step-up to fair value of the Company's previously held equity interest in RLJE, which is included in miscellaneous, net in the consolidated statement of income for the year ended December 31, 2018.

On October 30, 2018, DEH fully exercised the remainder of its Class B warrants at $3.00 per share and was issued 6.6 million shares of RLJE common stock in exchange for the cancellation of $19.9 million of Tranche B of the RLJE Term Loans. On October 30, 2018, DEH also fully exercised its Class C warrants at $3.00 per share and was issued 5.0 million shares of RLJE common stock in exchange for the cancellation of $15.0 million of Tranche B of the RLJE Term Loans. As a result of the warrant exercises, the full amount of Tranche B of the RLJE Term Loans was canceled.

On October 31, 2018, the Company completed the acquisition of RLJE pursuant to the terms of the Merger Agreement. At the Effective Time, Merger Sub merged with and into RLJE, with RLJE continuing as the surviving corporation and a wholly owned subsidiary of DEH. The Merger Agreement was approved by the common stockholders of RLJE at a special meeting held earlier on October 31, 2018. The total cash purchase price paid by the Company to acquire the RLJE securities not previously owned by the Company or entities affiliated with Mr. Johnson was $52.2 million.

Following the Effective Time, DEH was renamed "RLJ Entertainment Holdings LLC" ("RLJE Holdings"). RLJE Holdings is a majority owned subsidiary of the Company, with a minority stake of 17% held by affiliates of Mr. Johnson. The Company has entered into arrangements with Mr. Johnson related to the governance of RLJE Holdings and RLJE following the Merger.

The Company accounted for the acquisition of RLJE using the acquisition method of accounting. The acquisition method of accounting requires, among other things, that the assets acquired and liabilities assumed in a business combination be measured at their estimated respective fair values as of the closing date of the acquisition. Goodwill recognized in connection with this transaction represents primarily the potential economic benefits that the Company believes may arise from the acquisition. The goodwill associated with the RLJE acquisition is generally not deductible for tax purposes.

In connection with the acquisition of RLJE, the terms of the operating agreement provide the noncontrolling member with a right to put all of its noncontrolling interest to a subsidiary of the Company at the greater of the then fair value or the fair value of the initial equity interest at the closing date of the acquisition. The put option is exercisable following the seventh anniversary of the agreement, or earlier upon a change of control.

The following table summarizes the valuation of the tangible and identifiable intangible assets acquired and liabilities assumed as of October 1, 2018, the date the Company obtained a controlling interest (in thousands).

Fair value of consideration transferred	$	41,513
Fair value of previously held interest		130,890
Fair value of redeemable noncontrolling interest		103,359
	$	275,762
Allocation to net assets acquired:		
Cash		3,360
Accounts receivable		16,316
Prepaid expenses and other current assets		963
Programming rights		69,775
Property and equipment		2,841
Other assets (equity method investments)		38,800
Intangible assets		126,600
Accounts payable		(12,008)
Accrued liabilities		(42,935)
Debt		(25,187)
		178,525
Goodwill		97,237
	$	275,762

Levity Entertainment Group LLC

On April 20, 2018, the Company acquired a 57% controlling interest in Levity Entertainment Group LLC ("Levity"), a production services and comedy venues company, for a total purchase price of $48.4 million. The purchase price consisted of a $35.0 million payment for the outstanding Class B Common Units of Levity and the acquisition of Series L Preferred Units for $13.4 million. The Company has entered into arrangements with the noncontrolling members related to the governance of Levity following the Merger. The Company views this acquisition as complementary to its business and programming content strategy.

The Company accounted for the acquisition of Levity using the acquisition method of accounting. The acquisition method of accounting requires, among other things, that the assets acquired and liabilities assumed in a business combination be measured at their estimated respective fair values as of the closing date of the acquisition. Goodwill recognized in connection with this transaction represents primarily the potential economic benefits that the Company believes may arise from the acquisition. The goodwill associated with the Levity acquisition is generally deductible for tax purposes.

In connection with the acquisition of Levity, the terms of the operating agreement provide the noncontrolling interest holders with a right to put 50% of their interests to a subsidiary of the Company on the four year anniversary of the agreement and a right to put all of their interests to the Company on the six year anniversary of the agreement. The put rights are at fair market value.

The following table summarizes the valuation of the tangible and identifiable intangible assets acquired and liabilities assumed (in thousands).

Cash paid for controlling interest	$	48,350
Redeemable noncontrolling interest		30,573
	$	78,923
Allocation to net assets acquired:		
Cash		13,471
Other current assets		17,251
Property and equipment		20,663
Intangible assets		46,413
Other noncurrent assets		3,306
Current liabilities		(23,647)
Noncurrent liabilities		(21,394)
Noncontrolling interests acquired		(1,354)
Fair value of net assets acquired		54,709
Goodwill		24,214
	$	78,923

Unaudited Pro forma financial information

The following unaudited pro forma financial information is based on (i) the historical financial statements of AMC Networks, (ii) the historical financial statements of RLJE and (iii) the historical financial statements of Levity and is intended to provide information about how the acquisitions may have affected the Company's historical consolidated financial statements if they had occurred as of January 1, 2017. The unaudited pro forma information has been prepared for comparative purposes only and includes adjustments for estimated additional depreciation and amortization expense as a result of tangible and identifiable intangible assets acquired. The pro forma information is not necessarily indicative of the results of operations that would have been achieved had the acquisition taken place on the date indicated or that may result in the future.

	Pro forma Financial Information for the Year Ended December 31,			
(In thousands, except per share data)	**2018**		**2017**	
Revenues, net	$	3,087	$	3,033
Income from operations, net of income taxes	$	426	$	459
Net income per share, basic	$	7.34	$	7.06
Net income per share, diluted	$	7.23	$	6.99

Revenues, net and operating loss attributable to business acquisitions of $134.9 million and $2.8 million, respectively are included in the consolidated statement of income from their respective acquisition dates to December 31, 2018. For the year ended December 31, 2018, the Company incurred acquisition related costs of $7.3 million which are included in selling, general and administrative expense in the consolidated statement of income.

Note 8. Investments

Equity Method Investments

Equity method investments were $69.1 million and $90.9 million at December 31, 2019 and 2018, respectively, and are included in Other assets in the consolidated balance sheets. In December 2019, one of the Company's equity method investments had a call option exercised to purchase the Company's interest in the joint venture. The call price of $20.0 million is equal to the Company's initial investment. The Company reclassified its investment in the joint venture to other receivables (current and noncurrent) as of December 31, 2019. In September 2018, the Company recognized an impairment charge of $3.5 million related to the partial write-down of an equity method investment, which is included in miscellaneous, net in the consolidated statement of income.

Marketable Equity Securities

The Company classifies publicly traded investments with readily determinable fair values that are not accounted for under the equity method as marketable equity securities. Marketable equity securities are recorded at cost and adjusted to fair value at each reporting period. The changes in fair value between measurement dates are recorded in realized and unrealized gains (losses) on equity securities, included in miscellaneous, net in the consolidated statements of income.

During 2019, the Company purchased an additional interest in one of its marketable equity securities of $3.5 million. Investments in marketable equity securities were $4.4 million at December 31, 2019 and $1.2 million at December 31, 2018 and are included in Other assets in the consolidated balance sheets.

Non-marketable Equity Securities

The Company classifies investments without readily determinable fair values that are not accounted for under the equity method as non-marketable equity securities. The accounting guidance requires non-marketable equity securities to be recorded at cost and adjusted to fair value at each reporting period. However, the guidance allows for a measurement alternative, which is to record the investments at cost, less impairment, if any, and subsequently adjust for observable price changes of identical or similar investments of the same issuer. The Company applies this measurement alternative to its non-marketable equity securities. When an observable event occurs, the Company estimates the fair values of its non-marketable equity securities based on Level 2 inputs that are derived from observable price changes of similar securities adjusted for insignificant differences in rights and obligations. The changes in value are recorded in realized and unrealized gains (losses) on equity securities, included in miscellaneous, net in the consolidated statements of income.

In 2018, the Company made an investment in fuboTV Inc. of $25.0 million, and provided a senior secured term loan to fuboTV Inc. of $25.0 million with a maturity date of April 6, 2023.

The Company recognized impairment charges of $20.2 million and $10.0 million for the years ended December 31, 2019 and 2018, respectively, related to the partial write-down of certain non-marketable equity securities, included in miscellaneous, net in the consolidated statements of income.

Investments in non-marketable equity securities were $61.8 million at December 31, 2019 and $71.8 million at December 31, 2018 and are included in Other assets in the consolidated balance sheets.

Note 9. Property and Equipment

Property and equipment (including equipment under capital leases) consists of the following:

	December 31,		
(In thousands)	**2019**	**2018**	**Estimated Useful Lives**
Program, service and test equipment	$ 296,680	$ 250,328	5 years
Satellite equipment	46,871	46,368	Term of lease
Furniture and fixtures	29,811	29,421	3 to 8 years
Transmission equipment	76,604	58,710	5 years
Leasehold improvements	181,088	155,353	Term of lease
Property and equipment	631,054	540,180	
Accumulated depreciation and amortization	(347,302)	(293,918)	
Property and equipment, net	$ 283,752	$ 246,262	

Depreciation and amortization expense on property and equipment (including capital leases) amounted to $54.9 million, $48.3 million and $47.6 million, for the years ended December 31, 2019, 2018 and 2017, respectively.

At December 31, 2019 and 2018, the gross amount of equipment and related accumulated amortization recorded under finance leases were as follows:

	December 31,	
(In thousands)	**2019**	**2018**
Satellite equipment	$ 46,871	$ 46,368
Less accumulated amortization	(31,158)	(26,808)
	$ 15,713	$ 19,560

Note 10. Goodwill and Other Intangible Assets

The carrying amount of goodwill, by operating segment is as follows:

(In thousands)	National Networks	International and Other	Total
December 31, 2017	$ 239,759	$ 455,399	$ 695,158
Additions	—	123,865	$ 123,865
Amortization of "second component" goodwill	(1,328)	—	(1,328)
Foreign currency translation	—	(19,658)	(19,658)
December 31, 2018	238,431	559,606	798,037
Impairment charge	—	(97,996)	(97,996)
Purchase accounting adjustments	—	(2,414)	(2,414)
Amortization of "second component" goodwill	(1,328)	—	(1,328)
Foreign currency translation	—	5,681	5,681
December 31, 2019	$ 237,103	$ 464,877	$ 701,980

As of December 31, 2019, the accumulated impairment charges totaled $98.0 million.

The increase in the carrying amount of goodwill in 2018 for the International and Other segment relates to the acquisitions of RLJE and Levity (see Note 7).

The reduction of $1.3 million in the carrying amount of goodwill for the National Networks is due to the realization of a tax benefit for the amortization of "second component" goodwill at SundanceTV. Second component goodwill is the amount of tax deductible goodwill in excess of goodwill for financial reporting purposes. In accordance with the authoritative guidance at the time of the SundanceTV acquisition, the tax benefits associated with this excess are applied to first reduce the amount of goodwill, and then other intangible assets for financial reporting purposes, if and when such tax benefits are realized in the Company's tax returns.

Annual Impairment Test of Goodwill

Goodwill

Goodwill is not amortized, but instead is tested for impairment at the reporting unit level annually as of December 1, or more frequently upon the occurrence of certain events or substantive changes in circumstances. The annual goodwill impairment test allows for the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If it is determined, on the basis of qualitative factors, that the fair value of a reporting unit is, more likely than not, less than its carrying value, the quantitative impairment test is required. In accordance with Accounting Standards Update 2017-04 *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, the Company recognizes goodwill impairment as the difference between the carrying amount of a reporting unit and its fair value, but not to exceed the carrying amount of goodwill.

We performed a quantitative assessment for our International Programming Networks reporting unit. The fair value was determined using a combination of an income approach, using a discounted cash flow model (DCF), and a market comparables approach. The DCF model includes significant assumptions about revenue growth rates, long-term growth rates and enterprise specific discount rates. Additionally, the market comparables approach is determined using guideline company financial multiples. Given the uncertainty in determining assumptions underlying the DCF approach, actual results may differ from those used in the valuations.

Based on the valuations performed, in response to current and expected trends across the International television broadcasting markets, the fair value of the Company's AMCNI reporting unit declined to less than its carrying amount. As a result, the Company recognized an impairment charge of $98.0 million related to the AMCNI reporting unit.

No impairment charge was required for any of the Company's other reporting units.

The determination of fair value of the Company's AMCNI reporting unit represents a Level 3 fair value measurement in the fair value hierarchy due to its use of internal projections and unobservable measurement inputs. Changes in significant judgments and estimates could significantly impact the concluded fair value of the reporting unit or the valuation of intangible assets. Changes to assumptions that would decrease the fair value of the reporting unit would result in corresponding increases to the impairment of goodwill at the reporting unit.

The following table summarizes information relating to the Company's identifiable intangible assets:

(In thousands)	December 31, 2019			
	Gross	Accumulated Amortization	Net	Estimated Useful Lives
Amortizable intangible assets:				
Affiliate and customer relationships	$ 616,197	$ (232,193)	$ 384,004	6 to 25 years
Advertiser relationships	46,282	(21,820)	24,462	11 years
Trade names	113,075	(17,997)	95,078	3 to 20 years
Other amortizable intangible assets	2,798	(1,711)	1,087	5 to 11 years
Total amortizable intangible assets	778,352	(273,721)	504,631	
Indefinite-lived intangible assets:				
Trademarks	19,900	—	19,900	
Total intangible assets	$ 798,252	$ (273,721)	$ 524,531	

(In thousands)	December 31, 2018		
	Gross	Accumulated Amortization	Net
Amortizable intangible assets:			
Affiliate and customer relationships	$ 620,771	$ (198,500)	$ 422,271
Advertiser relationships	46,282	(17,613)	28,669
Trade names	118,772	(17,971)	100,801
Other amortizable intangible assets	13,643	(6,377)	7,266
Total amortizable intangible assets	799,468	(240,461)	559,007
Indefinite-lived intangible assets:			
Trademarks	19,900	—	19,900
Total intangible assets	$ 819,368	$ (240,461)	$ 578,907

Aggregate amortization expense for amortizable intangible assets for the years ended December 31, 2019, 2018 and 2017 was $46.2 million, $43.0 million and $47.1 million, respectively. Estimated aggregate amortization expense for intangible assets subject to amortization for each of the following five years is:

(In thousands) Years Ending December 31,	
2020	$ 47,016
2021	46,579
2022	45,937
2023	45,502
2024	45,432

Impairment Test of Identifiable Indefinite-Lived Intangible Assets

Based on the Company's 2019 annual impairment test for identifiable indefinite-lived intangible assets, no impairment charge was required. The Company's indefinite-lived intangible assets relate to SundanceTV trademarks, which were valued using a relief-from-royalty method in which the expected benefits are valued by discounting estimated royalty revenue over projected revenues covered by the trademarks. In order to evaluate the sensitivity of the fair value calculations for the Company's identifiable indefinite-lived intangible assets, the Company applied a hypothetical 20% decrease to the estimated fair value of the identifiable indefinite-lived intangible assets. This hypothetical decrease in estimated fair value would not result in an impairment.

Significant judgments inherent in estimating the fair value of indefinite-lived intangible assets include the selection of appropriate discount and royalty rates, estimating the amount and timing of estimated future cash flows and identification of appropriate continuing growth rate assumptions. The discount rates used in the analysis are intended to reflect the risk inherent in the projected future cash flows generated by the respective intangible assets.

Note 11. Accrued Liabilities

Accrued liabilities consist of the following:

(In thousands)	December 31, 2019	December 31, 2018
Employee related costs	$ 89,753	$ 100,729
Participations and residuals	70,682	70,955
Interest	29,767	30,018
Other accrued expenses	61,012	63,216
Total accrued liabilities	$ 251,214	$ 264,918

Note 12. Long-term Debt

The Company's long-term debt consists of:

(In thousands)	December 31, 2019	December 31, 2018
Senior Secured Credit Facility:		
Term Loan A Facility	$ 731,250	$ 750,000
Senior Notes:		
4.75% Notes due August 2025	800,000	800,000
5.00% Notes due April 2024	1,000,000	1,000,000
4.75% Notes due December 2022	600,000	600,000
Other debt	—	2,584
Total long-term debt	3,131,250	3,152,584
Unamortized discount	(24,351)	(29,181)
Unamortized deferred financing costs	(10,670)	(13,848)
Long-term debt, net	3,096,229	3,109,555
Current portion of long-term debt	56,250	21,334
Noncurrent portion of long-term debt	$ 3,039,979	$ 3,088,221

Amended and Restated Senior Secured Credit Facility

On July 28, 2017, AMC Networks entered into a Second Amended and Restated Credit Agreement (the "Credit Agreement") among AMC Networks and its subsidiary, AMC Network Entertainment LLC, as the Initial Borrowers, certain of AMC Networks' subsidiaries, as restricted subsidiaries, JPMorgan Chase Bank, N.A., as Administrative Agent, Collateral Agent and an L/C Issuer, Bank of America, as an L/C Issuer, and the lenders party thereto. The Credit Agreement amends and restates AMC Networks' prior credit agreement dated December 16, 2013 in its entirety. The Credit Agreement provides the Initial Borrowers with senior secured credit facilities consisting of (a) a $750 million Term Loan A (the "Term Loan A Facility") after giving effect to the approximate $400 million payment from the proceeds of the 4.75% Notes due 2025 described below and (b) a $500 million revolving credit facility (the "Revolving Facility") that was not drawn upon initially. Under the Credit Agreement, the maturity date of the Term Loan A Facility was extended to July 28, 2023 and the maturity date of the Revolving Facility was extended to July 28, 2022.

Borrowings under the Credit Agreement bear interest at a floating rate, which at the option of the Initial Borrowers may be either (a) a base rate plus an additional rate ranging from 0.25% to 1.25% per annum (determined based on a cash flow ratio) (the "Base Rate"), or (b) a Eurodollar rate plus an additional rate ranging from 1.25% to 2.25% per annum (determined based on a cash flow ratio) (the "Eurodollar Rate"), provided that for the six month period following the closing date, the additional rate used in calculating both floating rates was (i) 0.50% per annum for borrowings bearing the Base Rate, and (ii) 1.50% per annum for borrowings bearing the Eurodollar Rate.

The Credit Agreement requires the Initial Borrowers to pay a commitment fee of between 0.25% and 0.50% (determined based on a cash flow ratio) in respect of the average daily unused commitments under the Revolving Facility. The Initial Borrowers also are required to pay customary letter of credit fees, as well as fronting fees, to banks that issue letters of credit pursuant to the Credit Agreement.

All obligations under the Credit Agreement are guaranteed by certain of the Initial Borrowers' existing and future domestic restricted subsidiaries in accordance with the Credit Agreement. All obligations under the Credit Agreement, including the guarantees of those obligations, are secured by certain assets of the Initial Borrowers and certain of their subsidiaries (collectively, the "Loan Parties").

The Credit Agreement contains certain affirmative and negative covenants applicable to the Loan Parties. These include restrictions on the Loan Parties' ability to incur indebtedness, make investments, place liens on assets, dispose of assets, enter into certain affiliate transactions and make certain restricted payments, including restrictions on AMC Networks' ability to pay dividends on and to repurchase its common stock. The Credit Agreement also requires the Initial Borrowers to comply with the following financial covenants: (i) a maximum ratio of net debt to annual operating cash flow (each defined in the Credit Agreement) of 6.00:1 initially and decreasing in steps down to 5.00:1 on and after January 1, 2022, subject to increase if AMC Networks consummates any leveraging acquisition; and (ii) a minimum ratio of annual operating cash flow to annual total interest expense (as defined in the Credit Agreement) of 2.50:1.

The revolving credit facility was not drawn upon at December 31, 2019. The total undrawn revolver commitment is available to be drawn for our general corporate purposes.

AMC Networks was in compliance with all of its financial covenants under the Credit Facility as of December 31, 2019.

For the year ended December 31, 2017, in connection with the issuance of the 4.75% Notes due 2025 and the amendment to the Credit Agreement, AMC Networks incurred a loss on extinguishment of debt of $3.0 million for the write-off of a portion of unamortized deferred financing costs, and incurred financing costs of $10.4 million, of which $9.4 million were deferred and are being amortized, using the effective interest method, to interest expense over the term of the related borrowing, and $1.0 million were expensed when incurred.

4.75% Notes due 2025

On July 28, 2017, AMC Networks issued, and certain of AMC Networks' subsidiaries (hereinafter, the "Guarantors") guaranteed $800 million aggregate principal amount of senior notes due August 1, 2025 (the "4.75% Notes due 2025") in a registered public offering. The 4.75% Notes due 2025 were issued net of a $14.0 million underwriting discount. AMC Networks used approximately $400 million of the net proceeds to repay loans under AMC Networks' Term Loan A Facility and to pay fees and expenses related to the issuance. The remaining proceeds are for general corporate purposes. The 4.75% Notes due 2025 were issued pursuant to an indenture, dated as of March 30, 2016, as amended by the Second Supplemental Indenture, dated as of July 28, 2017.

The 4.75% Notes due 2025 bear interest at a rate of 4.75% per annum and mature on August 1, 2025. Interest is payable semiannually on February 1 and August 1 of each year, commencing on February 1, 2018. The 4.75% Notes due 2025 are AMC Networks' general senior unsecured obligations and rank equally with all of AMC Networks' and the Guarantors' existing and future unsecured and unsubordinated indebtedness, but are effectively subordinated to all of AMC Networks' and the guarantors' existing and future secured indebtedness, including all borrowings and guarantees under the Credit Agreement referred to above, to the extent of the assets securing that indebtedness. The 4.75% Notes due 2025 are subject to redemption on the terms set forth in the Second Supplemental Indenture.

The 4.75% Notes due 2025 may be redeemed, at AMC Networks' option, in whole or in part, at any time on or after August 1, 2021, at a redemption price equal to 102.375% of the principal amount thereof (plus accrued and unpaid interest thereon, if any, to the date of such redemption), declining annually to 100% of the principal amount thereof (plus accrued and unpaid interest thereon, if any, to the date of such redemption) beginning on August 1, 2023.

In addition to the optional redemption of the 4.75% Notes due 2025 described above, at any time prior to August 1, 2020, AMC Networks may redeem up to 35% of the aggregate principal amount of the 4.75% Notes due 2025 at a redemption price equal to 104.750% of the principal amount thereof, plus accrued and unpaid interest and additional interest, if any, using the net proceeds of certain equity offerings.

Finally, at any time prior to August 1, 2021, AMC Networks may redeem the 4.75% Notes due 2025, at its option in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus the "Applicable Premium" calculated as described in the Second Supplemental Indenture at the rate of T+50 basis points, and accrued and unpaid interest thereon, if any, to, but excluding, the redemption date.

The indenture governing the 4.75% Notes due 2025 contains certain affirmative and negative covenants applicable to AMC Networks and its restricted subsidiaries including restrictions on their ability to incur additional indebtedness, consummate certain assets sales, make investments in entities that are not restricted subsidiaries, create liens on their assets, enter into certain affiliate transactions and make certain restricted payments, including restrictions on AMC Networks' ability to pay dividends on, or repurchase, its common stock.

5.00% Notes due 2024

On March 30, 2016, the Company issued $1.0 billion in aggregate principal amount of 5.00% senior notes due 2024 (the "5.00% Notes due 2024"), net of an issuance discount of $17.5 million. AMC Networks used $703 million of the net proceeds of this offering to make a cash tender ("Tender Offer") for its outstanding 7.75% Notes due 2021 (the "7.75% Notes"). In addition, $45.6 million of the proceeds from the issuance of the 5.00% Notes due 2024 was used for the redemption of the 7.75% Notes not tendered. The remaining proceeds are for general corporate purposes. The 5.00% Notes due 2024 were issued pursuant to an indenture dated as of March 30, 2016.

In connection with the issuance of the 5.00% Notes due 2024, AMC Networks incurred deferred financing costs of $2.1 million, which are being amortized, using the effective interest method, to interest expense over the term of the 5.00% Notes due 2024.

Interest on the 5.00% Notes due 2024 is payable semi-annually in arrears on April 1 and October 1 of each year.

The 5.00% Notes due 2024 may be redeemed, in whole or in part, at any time on or after April 1, 2020, at a redemption price equal to 102.5% of the principal amount thereof (plus accrued and unpaid interest thereon, if any, to the date of such redemption), declining annually to 100% of the principal amount thereof (plus accrued and unpaid interest thereon, if any, to the date of such redemption) beginning on April 1, 2022.

The 5.00% Notes due 2024 are guaranteed on a senior unsecured basis by the Guarantors, in accordance with the indenture governing the 5.00% Notes due 2024. The guarantees under the 5.00% Notes due 2024 are full and unconditional and joint and several.

The indenture governing the 5.00% Notes due 2024 contains certain affirmative and negative covenants applicable to AMC Networks and its restricted subsidiaries including restrictions on their ability to incur additional indebtedness, consummate certain assets sales, make investments in entities that are not restricted subsidiaries, create liens on their assets, enter into certain affiliate transactions and make certain restricted payments, including restrictions on AMC Networks' ability to pay dividends on, or repurchase, its common stock.

4.75% Senior Notes due 2022

On December 17, 2012, AMC Networks issued $600 million in aggregate principal amount of its 4.75% senior notes, net of an issuance discount of $10.5 million, due December 15, 2022 (the "4.75% Notes due 2022"). AMC Networks used the net proceeds of this offering to repay the outstanding amount under its term loan B facility of approximately $587.6 million, with the remaining proceeds used for general corporate purposes. The 4.75% Notes due 2022 were issued pursuant to an indenture, and first supplemental indenture, each dated as of December 17, 2012.

In connection with the issuance of the 4.75% Notes due 2022, AMC Networks incurred deferred financing costs of $1.5 million, which are being amortized, using the effective interest method, to interest expense over the term of the 4.75% Notes due 2022.

Interest on the 4.75% Notes due 2022 accrues at the rate of 4.75% per annum and is payable semi-annually in arrears on June 15 and December 15 of each year.

The 4.75% Notes due 2022 may be redeemed, in whole or in part, at a redemption price equal to 100.792% of the principal amount thereof (plus accrued and unpaid interest thereon, if any, to the date of such redemption), declining annually to 100% of the principal amount thereof (plus accrued and unpaid interest thereon, if any, to the date of such redemption) beginning on December 15, 2020.

The 4.75% Notes due 2022 are guaranteed on a senior unsecured basis by the Guarantors, in accordance with the indenture governing the 4.75% Notes due 2022. The guarantees under the 4.75% Notes due 2022 are full and unconditional and joint and several.

The indenture governing the 4.75% Notes due 2022 contains certain affirmative and negative covenants applicable to AMC Networks and its restricted subsidiaries including restrictions on their ability to incur additional indebtedness, consummate certain assets sales, make investments in entities that are not restricted subsidiaries, create liens on their assets, enter into certain affiliate transactions and make certain restricted payments, including restrictions on AMC Networks' ability to pay dividends on, or repurchase, its common stock.

Summary of Debt Maturities

Total amounts payable by the Company under its various debt obligations outstanding as of December 31, 2019 are as follows:

(In thousands) **Years Ending December 31,**		
2020	$	56,250
2021		75,000
2022		675,000
2023		525,000
2024		1,000,000
Thereafter		800,000

Other Debt

As a result of the acquisition of Levity, the Company has two lines of credit totaling $5 million. The lines of credit bear interest at the greater of 3.5% or the prime rate and mature on March 22, 2020. There were no outstanding borrowings on either line of credit as of December 31, 2019.

Subsequent Event - Partial Redemption of 4.75% Notes due 2022

On February 3, 2020 the Company announced its intention to redeem $200 million of the outstanding $600 million principal amount of its 4.75% Notes due 2022. The 4.75% Notes due 2022 will be redeemed on March 4, 2020 (the "Redemption Date") at a redemption price of 100.792% of the principal amount of the 4.75% Notes due 2022, plus accrued and unpaid interest to, but excluding, the Redemption Date.

Note 13. Fair Value Measurement

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

- Level I—Quoted prices for identical instruments in active markets.
- Level II—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level III—Instruments whose significant value drivers are unobservable.

The following table presents for each of these hierarchy levels, the Company's financial assets and liabilities that are measured at fair value on a recurring basis at December 31, 2019 and December 31, 2018:

(In thousands)	Level I	Level II	Level III	Total
At December 31, 2019:				
Assets:				
Cash equivalents	$ 191,214	$ —	$ —	$ 191,214
Marketable securities	4,448	—	—	4,448
Foreign currency derivatives	—	1,884	—	1,884
Liabilities:				
Interest rate swap contracts	—	1,966	—	1,966
Foreign currency derivatives	—	1,888	—	1,888
At December 31, 2018:				
Assets:				
Cash equivalents	$ 68,498	$ —	$ —	$ 68,498
Marketable securities	1,173	—	—	1,173
Foreign currency derivatives	—	3,509	—	3,509
Liabilities:				
Interest rate swap contracts	—	356	—	356
Foreign currency derivatives	—	3,121	—	3,121

The Company's cash equivalents and marketable securities are classified within Level I of the fair value hierarchy because they are valued using quoted market prices.

The Company's interest rate swap contracts and foreign currency derivatives are classified within Level II of the fair value hierarchy and their fair values are determined based on a market approach valuation technique that uses readily observable market parameters and the consideration of counterparty risk.

At December 31, 2019, the Company does not have any other assets or liabilities measured at fair value on a recurring basis that would be considered Level III.

Fair value measurements are also used in nonrecurring valuations performed in connection with acquisition accounting. These nonrecurring valuations primarily include the valuation of affiliate and customer relationships intangible assets, advertiser relationship intangible assets and property and equipment. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level III of the fair value hierarchy.

Credit Facility Debt and Senior Notes

The fair values of each of the Company's debt instruments are based on quoted market prices for the same or similar issues or on the current rates offered to the Company for instruments of the same remaining maturities.

The carrying values and estimated fair values of the Company's financial instruments, excluding those that are carried at fair value in the consolidated balance sheets are summarized as follows:

	December 31, 2019	
(In thousands)	Carrying Amount	Estimated Fair Value
Debt instruments:		
Term Loan A Facility	$ 723,560	$ 724,303
4.75% Notes due August 2025	788,247	803,000
5.00% Notes due April 2024	988,609	1,020,000
4.75% Notes due December 2022	595,813	605,250
Other debt	—	—
	$ 3,096,229	$ 3,152,553

	December 31, 2018	
(In thousands)	**Carrying Amount**	**Estimated Fair Value**
Debt instruments:		
Term Loan A facility	$ 739,710	$ 738,750
4.75% Notes due August 2025	786,458	720,000
5.00% Notes due April 2024	986,275	947,500
4.75% Notes due December 2022	594,528	580,500
Other debt	2,584	2,584
	$ 3,109,555	$ 2,989,334

Fair value estimates related to the Company's debt instruments presented above are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgments and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Note 14. Derivative Financial Instruments

Interest Rate Risk

To manage interest rate risk, the Company enters into interest rate swap contracts to adjust the amount of total debt that is subject to variable interest rates. Such contracts effectively fix the borrowing rates on floating rate debt to limit the exposure against the risk of rising interest rates. The Company does not enter into interest rate swap contracts for speculative or trading purposes and it has only entered into interest rate swap contracts with financial institutions that it believes are creditworthy counterparties. The Company monitors the financial institutions that are counterparties to its interest rate swap contracts and to the extent possible diversifies its swap contracts among various counterparties to mitigate exposure to any single financial institution.

The Company's risk management objective and strategy with respect to interest rate swap contracts is to protect the Company against adverse fluctuations in interest rates by reducing its exposure to variability in cash flows relating to interest payments on a portion of its outstanding debt. The Company is meeting its objective by hedging the risk of changes in its cash flows (interest payments) attributable to changes in the LIBOR index rate, the designated benchmark interest rate being hedged (the "hedged risk"), on an amount of the Company's debt principal equal to the then-outstanding swap notional. The forecasted interest payments are deemed to be probable of occurring.

The Company assesses, both at the hedge's inception and on an ongoing basis, hedge effectiveness based on the overall changes in the fair value of the interest rate swap contracts. Hedge effectiveness of the interest rate swap contracts is based on a hypothetical derivative methodology. Any ineffective portion of an interest rate swap contract which is designated as a hedging instrument is recorded in current-period earnings. Changes in fair value of interest rate swap contracts not designated as hedging instruments are also recognized in earnings and included in interest expense.

As of December 31, 2019, the Company had interest rate swap contracts outstanding with notional amounts aggregating $100.0 million that are designated as cash flow hedges. The Company's outstanding interest rate swap contracts mature in December 2021.

Foreign Currency Exchange Rate Risk

We are exposed to foreign currency risk to the extent that we enter into transactions denominated in currencies other than our subsidiaries' respective functional currencies (non-functional currency risk), such as affiliation agreements, programming contracts, certain trade receivables and accounts payable (including intercompany amounts) that are denominated in a currency other than the applicable functional currency.

To manage foreign currency exchange rate risk, the Company may enter into foreign currency contracts from time to time with financial institutions to limit the exposure to fluctuations in foreign currency exchange rates. The Company does not enter into foreign currency contracts for speculative or trading purposes.

In certain circumstances, the Company enters into contracts that are settled in currencies other than the functional or local currencies of the contracting parties. Accordingly, these contracts consist of the underlying operational contract and an embedded foreign currency derivative element. Hedge accounting is not applied to the embedded foreign currency derivative element and changes in their fair values are included in miscellaneous, net in the consolidated statement of income.

Other Derivatives

During 2018, the Company exercised RLJE Warrants (See Note 7). In addition, the interest on the RLJE Term Loans to be paid in shares of RLJE common stock (prior to the acquisition) is an embedded derivative. Both the RLJE Warrants and the embedded derivative for the future interest to be paid in shares of RLJE common stock were remeasured at the end of each period with changes in fair value recorded in the consolidated statement of income.

For the years ended December 31, 2018 and 2017, the Company recorded a gain of $30.2 million and $20.2 million, respectively, related to the RLJE Warrants which is included in miscellaneous, net in the consolidated statement of income.

The fair values of the Company's derivative financial instruments included in the consolidated balance sheets are as follows:

(In thousands)	Balance Sheet Location	December 31, 2019	December 31, 2018
Derivatives designated as hedging instruments:			
Liabilities:			
Interest rate swap contracts	Accrued liabilities	$ 1,966	$ 356
Derivatives not designated as hedging instruments:			
Assets:			
Foreign currency derivatives	Prepaid expenses and other current assets	$ 891	$ 1,452
Foreign currency derivatives	Other assets	993	2,057
Liabilities:			
Foreign currency derivatives	Accrued liabilities	$ 687	$ 700
Foreign currency derivatives	Other liabilities	1,202	2,421

The amount of the gains and losses related to the Company's derivative financial instruments designated as hedging instruments are as follows:

(In thousands)	Gain or (Loss) on Derivatives Recognized in OCI — Years Ended December 31, 2019	Gain or (Loss) on Derivatives Recognized in OCI — Years Ended December 31, 2018	Location of Gain or (Loss) in Earnings	Gain or (Loss) Reclassified from Accumulated OCI into Earnings (a) — Years Ended December 31, 2019	Gain or (Loss) Reclassified from Accumulated OCI into Earnings (a) — Years Ended December 31, 2018
Derivatives in cash flow hedging relationships:					
Interest rate swap contracts	$ (1,609)	$ (356)	Interest expense	$ 295	$ —

(a) There were no gains or losses recognized in earnings related to any ineffective portion of the hedging relationship or related to any amount excluded from the assessment of hedge effectiveness for the years ended December 31, 2019 and 2018.

The amount of the gains and losses related to the Company's derivative financial instruments not designated as hedging instruments are as follows:

(In thousands)	Location of Gain (Loss) Recognized in Earnings on Derivatives	Amount of Gain (Loss) Recognized in Earnings on Derivatives — Years Ended December 31, 2019	2018	2017
Interest rate swap contracts	Interest expense	$ —	$ (1,444)	$ 3
Foreign currency derivatives	Miscellaneous, net	301	1,279	(2,958)
Other derivatives	Miscellaneous, net	—	42,092	24,223
Total		$ 301	$ 41,927	$ 21,268

Note 15. Leases

Certain subsidiaries of the Company lease office space and equipment under long-term non-cancelable lease agreements which expire at various dates through 2034. Leases with an initial term of 12 months or less are not recorded on the balance sheet, instead the lease expense is recorded on a straight-line basis over the lease term. For lease agreements entered into, we combine lease and non-lease components. Some leases include options to extend the lease term or terminate the lease prior to the end of the lease term. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

The leases generally provide for fixed annual rentals plus certain other costs or credits. Some leases include rental payments based on a percentage of revenue over contractual levels or based on an index or rate. Our lease agreements do not include any material residual value guarantees or material restrictive covenants.

The following table summarizes the leases included in the consolidated balance sheets as follows:

(In thousands)	Balance Sheet Location		December 31, 2019
Assets			
Operating	Operating lease right-of-use assets	$	170,056
Finance	Property and equipment, net		15,713
Total lease assets		$	185,769
Liabilities			
Current:			
Operating	Current portion of lease obligations	$	30,171
Finance	Current portion of lease obligations		3,788
			33,959
Noncurrent:			
Operating	Lease obligations		193,570
Finance	Lease obligations		17,477
			211,047
Total lease liabilities		$	245,006

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the lease commencement date. Upon transition to ASC Topic 842, the Company used the incremental borrowing rate on January 1, 2019 for all operating leases that commenced prior to that date.

The following table summarizes the lease costs included in the consolidated statement of income:

(In thousands)	Income Statement Location		December 31, 2019
Operating lease costs	SG&A expenses	$	33,184
Finance lease costs:			
Amortization of leased assets	Depreciation and amortization		2,472
Interest on lease liabilities	Net interest expense		2,513
Short term lease costs	SG&A expenses		3,309
Variable lease costs	SG&A expenses		1,068
Total net lease costs		$	42,546

The following table summarizes the maturity of lease liabilities for operating and finance leases:

(In thousands)	Operating Leases	Finance Leases	Total
2020	$ 39,446	$ 5,863	$ 45,309
2021	32,681	4,389	37,070
2022	34,330	4,416	38,746
2023	34,915	4,442	39,357
2024	34,391	4,469	38,860
Thereafter	92,963	5,197	98,160
Total lease payments	268,726	28,776	297,502
Less: Interest	44,990	7,506	52,496
Present value of lease liabilities	$ 223,736	$ 21,270	$ 245,006

The following table summarizes the weighted average remaining lease term and discount rate for operating and finance leases:

	December 31, 2019
Weighted average remaining lease term (years):	
Operating leases	7.7
Finance leases	5.9
Weighted average discount rate:	
Operating leases	4.8 %
Finance leases	10.5 %

The following table summarizes the supplemental cash paid for amounts in the measurement of lease liabilities:

	December 31, 2019
Operating cash flows from operating leases	$ 26,758
Financing cash flows from finance leases	$ 5,115

Rent expense for the years ended December 31, 2019, 2018 and 2017 amounted to $38.8 million, $38.0 million and $31.7 million, respectively.

Note 16. Income Taxes

Income (loss) from continuing operations before income taxes consists of the following components:

	Years Ended December 31,		
(In thousands)	2019	2018	2017
Domestic	$ 529,451	$ 587,346	$ 618,955
Foreign	(43,265)	32,927	21,423
Total	$ 486,186	$ 620,273	$ 640,378

Income tax expense attributable to continuing operations consists of the following components:

	Years Ended December 31,		
(In thousands)	**2019**	**2018**	**2017**
Current expense:			
Federal	$ 81,459	$ 80,360	$ 162,639
State	12,657	13,663	14,301
Foreign	24,608	25,001	17,382
	118,724	119,024	194,322
Deferred expense (benefit):			
Federal	(2,216)	34,636	(38,416)
State	(98)	3,627	(2,436)
Foreign	(36,602)	(4,896)	(7,813)
	(38,916)	33,367	(48,665)
Tax expense (benefit) relating to uncertain tax positions, including accrued interest	(1,338)	3,915	5,084
Income tax expense	$ 78,470	$ 156,306	$ 150,741

A reconciliation of the federal statutory income tax rate to the effective income tax rate is as follows:

	Years Ended December 31,		
(In thousands)	**2019**	**2018**	**2017**
U.S. federal statutory income tax rate	21 %	21 %	35 %
State and local income taxes, net of federal benefit	2	2	2
Effect of foreign operations	2	—	(1)
Effect of rate changes on deferred taxes (a)	—	(2)	(11)
Transition tax, net of foreign taxes deemed paid	—	—	2
Nontaxable income attributable to noncontrolling interests	(1)	(1)	(1)
Changes in the valuation allowance (b)	(4)	3	—
Domestic production activity deduction	—	—	(3)
Tax expense relating to uncertain tax positions, including accrued interest, net of deferred tax benefits	—	—	1
Deferral of investment tax credit benefit (c)	(2)		
Other	(2)	2	—
Effective income tax rate	16 %	25 %	24 %

(a) The benefits related to effects of rate changes in the years ended December 31, 2018 and 2017, primarily relate to the one-time impact of the change in the corporate tax rate on deferred tax assets and liabilities as enacted by the Tax Cuts and Jobs Act (enacted December 22, 2017) and the one-time rate change on deferred tax assets and liabilities that resulted from the extension of certain television production cost deductions included in the Bipartisan Budget Act of 2018 (enacted February 9, 2018) and return to provision adjustments.

(b) In the year ended December 31, 2019, the decrease in valuation allowance relates primarily to the expected utilization of foreign net operating loss carryforwards resulting from the reorganization of intellectual property amongst the Company's international subsidiaries. In the year ended December 31, 2018, the increase in valuation allowance relates primarily to a change in judgement related to U.S. foreign tax credits.

(c) In the year ended December 31, 2019, the deferral of investment tax credit benefit relates to the income tax benefit recognized from investment tax credits recorded using the deferral method of accounting.

The tax effects of temporary differences that give rise to significant components of deferred tax assets or liabilities at December 31, 2019 and 2018 are as follows:

	December 31,	
(In thousands)	**2019**	**2018**
Deferred Tax Asset (Liability)		
NOLs and tax credit carry forwards	$ 103,407	$ 123,487
Compensation and benefit plans	27,835	29,294
Allowance for doubtful accounts	428	981
Fixed assets and intangible assets	37,893	24,150
Accrued interest expense	7,202	8,832
Other liabilities	27,276	24,594
Deferred tax asset	204,041	211,338
Valuation allowance	(59,584)	(95,185)
Net deferred tax asset	144,457	116,153
Prepaid liabilities	(530)	(514)
Fixed assets and intangible assets	(93,300)	(90,960)
Investments in partnerships	(105,062)	(121,156)
Other assets	(30,931)	(29,694)
Deferred tax liability	(229,823)	(242,324)
Total net deferred tax liability	$ (85,366)	$ (126,171)

At December 31, 2019, the Company had investment tax credit carry forwards of approximately $33.7 million, expiring on various dates from 2031 through 2034 and foreign tax credit carry forwards of approximately $28.9 million, expiring on various dates from 2020 through 2029, which have been reduced by a valuation allowance of $28.1 million as it is more likely than not that these carry forwards will not be realized. The Company had net operating loss carry forwards of approximately $466.7 million, related primarily to federal and state net operating losses acquired as a result of the purchase of the outstanding shares of RLJE of approximately $158.5 million and to net operating loss carryforwards of our foreign subsidiaries. The deferred tax asset related to the federal and state net operating loss carryforward of approximately $27.8 million has expiration dates ranging from 2022 through 2037 and has been reduced by a valuation allowance of approximately $9.9 million that was recorded through goodwill as part of purchase accounting. Although the foreign net operating loss carry forward periods range from 5 years to unlimited, the related deferred tax assets of approximately $45.2 million for these carry forwards have been reduced by a valuation allowance of approximately $20.2 million as it is more likely than not that these carry forwards will not be realized. The remainder of the valuation allowance at December 31, 2019 relates primarily to deferred tax assets attributable to temporary differences of certain foreign subsidiaries for which it is more likely than not that these deferred tax assets will not be realized.

For the year ended December 31, 2019, $1.3 million relating to amortization of tax deductible second component goodwill was realized as a reduction in tax liability (as determined on a 'with-and-without' approach).

At December 31, 2019, the liability for uncertain tax positions was $18.6 million, excluding the related accrued interest liability of $4.6 million and deferred tax assets of $4.1 million. All of such unrecognized tax benefits, if recognized, would reduce the Company's income tax expense and effective tax rate.

A reconciliation of the beginning to ending amount of the liability for uncertain tax positions (excluding related accrued interest and deferred tax benefit) is as follows:

(In thousands)		
Balance at December 31, 2018	$	23,169
Increases related to current year tax positions		2,043
Increases related to prior year tax positions		4,880
Decreases related to prior year tax positions		(6,324)
Decreases due to settlements/payments		(4,809)
Decreases due to lapse of statute		(371)
Balance at December 31, 2019	$	18,588

Interest expense (net of the related deferred tax benefit) of $1.0 million was recognized during the year ended December 31, 2019 and is included in income tax expense in the consolidated statement of income. At December 31, 2019 and 2018, the liability for uncertain tax positions and related accrued interest noted above are included in other liabilities in the consolidated balance sheets.

The Company is currently being audited by the State and City of New York and various other states or jurisdictions, with most of the periods under examination relating to tax years 2013 and forward.

Note 17. Commitments and Contingencies

Commitments

	Payments due by period									
(In thousands)		Total		Year 1		Years 2 - 3		Years 4 - 5		More than 5 years
Purchase obligations (1)	$	933,444	$	291,108	$	178,419	$	51,202	$	412,715
Total	$	933,444	$	291,108	$	178,419	$	51,202	$	412,715

(1) Purchase obligations consist primarily of program rights obligations, participations, residuals, and transmission and marketing commitments.

Legal Matters

On December 17, 2013, Frank Darabont ("Darabont"), Ferenc, Inc., Darkwoods Productions, Inc., and Creative Artists Agency, LLC (together, the "2013 Plaintiffs"), filed a complaint in New York Supreme Court in connection with Darabont's rendering services as a writer, director and producer of the television series entitled *The Walking Dead* and the agreement between the parties related thereto. The Plaintiffs asserted claims for breach of contract, breach of the covenant of good faith and fair dealing, for an accounting and for declaratory relief. On August 19, 2015, Plaintiffs filed their First Amended Complaint (the "Amended Complaint"), in which they retracted their claims for wrongful termination and failure to apply production tax credits in calculating Plaintiffs' contingent compensation. Plaintiffs also added a claim that Darabont is entitled to a larger share, on a percentage basis, of contingent compensation than he is currently being accorded. On September 26, 2016, Plaintiffs filed their note of issue and certificate of readiness for trial, which included a claim for damages of no less than $280 million. The parties each filed motions for summary judgment. Oral arguments of the summary judgment motions took place on September 15, 2017. On April 19, 2018, the Court granted the Company’s motion for leave to submit supplemental summary judgment briefing. A hearing on the supplemental summary judgment submissions was held on June 13, 2018. On December 10, 2018, the Court denied Plaintiffs' motion for partial summary judgment and granted in part Defendants' motion for summary judgment, dismissing four of Plaintiffs' causes of action. The Company believes that the remaining claims are without merit, denies the allegations and continues to defend the case vigorously. At this time, no determination can be made as to the ultimate outcome of this litigation or the potential liability, if any, on the part of the Company.

On January 18, 2018, the 2013 Plaintiffs filed a second action in New York Supreme Court in connection with Darabont’s services on *The Walking Dead* television series and agreements between the parties related thereto. The claims in the action allegedly arise from Plaintiffs' audit of their participation statements covering the accounting period from inception of *The Walking Dead* through September 30, 2014. Plaintiffs seek no less than $20 million in damages on claims for breach of contract, breach of the covenant of good faith and fair dealing, and declaratory relief. The Company filed an Answer to the Complaint on April 16, 2018. On August 30, 2018, Plaintiff's filed an Amended Complaint, and on September 19, 2018, the Company answered. The parties have agreed to consolidate this action for a joint trial with the action Plaintiffs filed in the New York Supreme Court on December 17, 2013. Following the conclusion of discovery, the Company filed a motion for summary

judgment seeking the dismissal of the second action which is expected to be fully briefed by March 2, 2020. Pending the outcome of the Company’s motion for summary judgment, the trial is scheduled to begin on June 1, 2020. The Company believes that the asserted claims are without merit, denies the allegations and will defend the case vigorously. At this time, no determination can be made as to the ultimate outcome of this litigation or the potential liability, if any, on the part of the Company.

On August 14, 2017, Robert Kirkman, Robert Kirkman, LLC, Glen Mazzara, 44 Strong Productions, Inc., David Alpert, Circle of Confusion Productions, LLC, New Circle of Confusion Productions, Inc., Gale Anne Hurd, and Valhalla Entertainment, Inc. f/k/a Valhalla Motion Pictures, Inc. (together, the "California Plaintiffs") filed a complaint in California Superior Court in connection with California Plaintiffs’ rendering of services as writers and producers of the television series entitled *The Walking Dead*, as well as *Fear the Walking Dead* and/or *Talking Dead*, and the agreements between the parties related thereto (the "California Action"). The California Plaintiffs asserted that the Company has been improperly underpaying the California Plaintiffs under their contracts with the Company and they assert claims for breach of contract, breach of the covenant of good faith and fair dealing, inducing breach of contract, and liability for violation of Cal. Bus. & Prof. Code § 17200. On August 15, 2017, two of the California Plaintiffs, Gale Anne Hurd and David Alpert (and their associated loan-out companies), along with Charles Eglee and his loan-out company, United Bongo Drum, Inc., filed a complaint in New York Supreme Court alleging nearly identical claims as the California Action (the "New York Action"). Hurd, Alpert, and Eglee filed the New York Action in connection with their contract claims involving *The Walking Dead* because their agreements contained exclusive New York jurisdiction provisions. On October 23, 2017, the parties stipulated to discontinuing the New York Action without prejudice and consolidating all of the claims in the California Action. The California Plaintiffs seek compensatory and punitive damages and restitution. The Company filed an Answer on April 30, 2018 and believes that the asserted claims are without merit and will vigorously defend against them. On August 8, 2019, the judge in the California Action ordered a trial to resolve certain issues of contract interpretation only. Such trial commenced on February 10, 2020 and is expected to conclude on March 9 and 10, 2020. At this time, no determination can be made as to the ultimate outcome of this litigation or the potential liability, if any, on the part of the Company.

The Company is party to various lawsuits and claims in the ordinary course of business, including the matters described above. Although the outcome of these matters cannot be predicted with certainty and while the impact of these matters on the Company's results of operations in any particular subsequent reporting period could be material, management does not believe that the resolution of these matters will have a material adverse effect on the financial position of the Company or the ability of the Company to meet its financial obligations as they become due.

Note 18. Redeemable Noncontrolling Interests

In connection with the 2018 acquisition of RLJE, the terms of the operating agreement provide the noncontrolling member with a right to put all of its noncontrolling interest to a subsidiary of the Company at the greater of the then fair market value or enterprise value of RLJE, in each case pursuant to the operating agreement and applied to the equity interest. The put option is exercisable following the seventh anniversary of the agreement, or earlier upon a change of control.

In connection with the 2018 acquisition of Levity, the terms of the operating agreement provide the noncontrolling interest holders with a right to put 50% of their interests to a subsidiary of the Company on the fourth anniversary of the agreement and a right to put all of their interests to the Company on the sixth anniversary of the agreement. The put rights are at fair market value.

In 2014, the Company, through a wholly-owned subsidiary, acquired 49.9% of the limited liability company interests of New Video Channel America L.L.C, that owns the cable channel BBC AMERICA. In connection with acquisition, the terms of the agreement provide the BBC with a right to put all of its 50.1% noncontrolling interest to a subsidiary of the Company at the greater of the then fair value or the fair value of the initial equity interest at the closing date of the agreement. The put option is exercisable on the fifteenth and twenty-fifth anniversary of the joint venture agreement.

Because exercise of these put rights is outside the Company's control, the noncontrolling interest in each entity is presented as redeemable noncontrolling interest outside of stockholders' equity on the Company's consolidated balance sheet. The activity reflected within redeemable noncontrolling interests for the years ended December 31, 2019 and 2018 is presented below.

(In thousands)	Redeemable Noncontrolling Interest
December 31, 2017	$ 218,604
Net earnings	15,026
Distributions	(11,450)
Additions from acquisitions	77,378
December 31, 2018	299,558
Net earnings	22,320
Distributions	(12,120)
Other	(307)
December 31, 2019	$ 309,451

Note 19. Equity and Long-Term Incentive Plans

On June 8, 2016, the Company's shareholders approved the AMC Networks Inc. 2016 Employee Stock Plan (the "2016 Employee Stock Plan") and the AMC Networks Inc. 2016 Executive Cash Incentive Plan (the "2016 Cash Incentive Plan"). On June 5, 2012, the Company's shareholders approved the AMC Networks Inc. 2011 Stock Plan for Non-Employee Directors (the "2011 Non-Employee Director Plan").

Equity Plans

The 2016 Employee Stock Plan provides for the grants of incentive stock options, non-qualified stock options, stock appreciation rights, restricted shares, restricted stock units and other equity-based awards (collectively, "awards"). Under the 2016 Employee Stock Plan, the Company may grant awards for up to 6,000,000 shares of AMC Networks Class A Common Stock (subject to certain adjustments). Equity-based awards granted under the 2016 Employee Stock Plan must be granted with an exercise price of not less than the fair market value of a share of AMC Networks Class A Common Stock on the date of grant and must expire no later than 10 years from the date of grant. The terms and conditions of awards granted under the 2016 Employee Stock Plan, including vesting and exercisability, are determined by the Compensation Committee of the Board of Directors ("Compensation Committee") and may include terms or conditions based upon performance criteria.

Awards issued to employees under the 2016 Employee Stock Plan will settle in shares of the Company's Class A Common Stock (either from treasury or with newly issued shares), or, at the option of the Compensation Committee, in cash. As of December 31, 2019, there are 1,727,879 share awards available for future grant under the 2016 Employee Stock Plan. For the purpose of calculating the remaining shares available for issuance under the 2016 Employee Stock Plan, awards containing performance criteria are excluded based on the maximum potential performance target that can be achieved.

Under the 2011 Non-Employee Director Plan, the Company is authorized to grant non-qualified stock options, restricted stock units, restricted shares, stock appreciation rights and other equity-based awards. The Company may grant awards for up to 465,000 shares of AMC Networks Class A Common Stock (subject to certain adjustments). Stock options under the 2011 Non-Employee Director Plan must be granted with an exercise price of not less than the fair market value of a share of AMC Networks Class A Common Stock on the date of grant and must expire no later than 10 years from the date of grant. The terms and conditions of awards granted under the 2011 Non-Employee Director Plan, including vesting and exercisability, are determined by the Compensation Committee. Unless otherwise provided in an applicable award agreement, stock options granted under this plan will be fully vested and exercisable, and restricted stock units granted under this plan will be fully vested, upon the date of grant and will settle in shares of the Company's Class A Common Stock (either from treasury or with newly issued shares), or, at the option of the Compensation Committee, in cash, on the first business day after ninety days from the date the director's service on the Board of Directors ceases or, if earlier, upon the director's death. As of December 31, 2019, there are 121,345 shares available for future grant under the 2011 Non-Employee Director Plan.

Restricted Stock Unit Activity

The following table summarizes activity relating to Company employees who held AMC Networks restricted stock units for the year ended December 31, 2019:

	Number of Restricted Stock Units	Number of Performance Restricted Stock Units	Weighted Average Fair Value Per Stock Unit at Date of Grant
Unvested award balance, December 31, 2017	1,120,041	1,816,147	$ 62.53
Granted	587,471	887,807	$ 52.76
Released/Vested	(531,655)	(227,852)	$ 66.58
Canceled/Forfeited	(294,380)	(91,335)	$ 59.80
Unvested award balance, December 31, 2018	881,477	2,384,767	$ 57.49
Granted	371,673	582,282	$ 61.69
Released/Vested	(410,865)	(519,531)	$ 60.74
Canceled/Forfeited	(81,854)	(77,617)	$ 55.85
Unvested award balance, December 31, 2019	760,431	2,369,901	$ 57.89

All restricted stock units granted vest ratably over a three or four year period.

The target number of PRSUs granted represents the right to receive a corresponding number of shares, subject to adjustment based on the performance of the Company against target performance criteria for a three year period. The number of shares issuable at the end of the applicable measurement period ranges from 0% to 200% of the target PRSU award.

The following table summarizes activity relating to Non-employee Directors who held AMC Networks restricted stock units for the year ended December 31, 2019:

	Number of Restricted Stock Units	Weighted Average Fair Value Per Stock Unit at Date of Grant
Vested award balance, December 31, 2017	187,446	$ 53.20
Granted	32,210	$ 61.38
Released/Vested	—	$ —
Vested award balance, December 31, 2018	219,656	$ 54.40
Granted	34,678	$ 54.42
Released/Vested	(4,566)	$ 55.90
Vested award balance, December 31, 2019	249,768	$ 54.38

Stock Option Award Activity

The following table summarizes activity relating to employees of the Company who held unvested AMC Networks stock options for the year ended December 31, 2019:

	Shares Under Option			
	Time Vesting Options	Weighted Average Exercise Price Per Share	Weighted Average Contractual Term (in years)	Aggregate Intrinsic Value(a)
Balance, December 31, 2017	388,385	$ 48.26	8.79	$ 2,260
Exercised	(89,462)	$ —		
Balance, December 31, 2018	298,923	$ 48.26	7.79	$ 1,979
Exercised	(95,962)			
Balance, December 31, 2019	202,961	$ 48.26	6.79	$ —
Options exercisable at December 31, 2019	202,961	$ 48.26	6.79	$ —
Options expected to vest in the future	—	$ —	—	$ —

(a) The aggregate intrinsic value is calculated as the difference between (i) the exercise price of the underlying award and (ii) the quoted price of AMC Networks Class A Common Stock on the reporting date, as indicated.

Share-based Compensation Expense

The Company recorded share-based compensation expense of $64.1 million, $61.0 million and $53.5 million, reduced for forfeitures, for the years ended December 31, 2019, 2018 and 2017, respectively. Forfeitures are estimated based on historical experience. To the extent actual results of forfeitures differ from those estimates, such amounts are recorded as an adjustment in the period the estimates are revised.

Share-based compensation expense is recognized in the consolidated statements of income as part of selling, general and administrative expenses. As of December 31, 2019, there was $70.7 million of total unrecognized share-based compensation costs related to Company employees who held unvested AMC Networks restricted stock units and options. The unrecognized compensation cost is expected to be recognized over a weighted-average remaining period of approximately 1.93 years. There were no costs related to share-based compensation that were capitalized.

The Company receives income tax deductions related to restricted stock units, stock options or other equity awards granted to its employees by the Company. The Company uses the 'with-and-without' approach to determine the recognition and measurement of excess tax benefits and deficiencies.

Cash flows resulting from excess tax benefits and deficiencies are classified along with other income tax cash flows as an operating activity. Excess tax benefits are realized tax benefits from tax deductions for options exercised and restricted shares issued, in excess of the deferred tax asset attributable to stock compensation costs for such awards. Excess tax deficiencies are realized deficiencies from tax deductions being less than the deferred tax asset. Excess tax benefits of $0.1 million were recorded for the year ended December 31, 2019 and excess tax deficiencies of $2.0 million, and $2.2 million were recorded for the years ended December 31, 2018 and 2017, respectively.

Long-Term Incentive Plans

Under the terms of the 2016 Cash Incentive Plan, the Company is authorized to grant a cash or equity based award to certain employees. The terms and conditions of such awards are determined by the Compensation Committee of the Company's Board of Directors, may include the achievement of certain performance criteria and may extend for a period not to exceed ten years. Beginning in 2016, the Company has granted long-term incentive awards in the form of PRSUs whereas cash awards were issued in prior years.

In connection with the long-term incentive awards outstanding, the Company recorded expense of $1.3 million and $7.5 million for the years ended December 31, 2018 and 2017 respectively.

Note 20. Benefit Plans

Certain employees of the Company participate in the AMC Networks 401(k) Savings Plan (the "401(k) Plan"), a qualified defined contribution plan, and the AMC Networks Excess Savings Plan (the "Excess Savings Plan"), a non-qualified deferred compensation plan. Under the 401(k) Plan, participating Company employees may contribute into their plan accounts a percentage of their eligible pay on a before-tax basis as well as a percentage of their eligible pay on an after-tax basis. The Company makes matching contributions on behalf of participating employees in accordance with the terms of the 401(k) Plan. In addition to the matching contribution, the Company may make a discretionary year-end contribution to employee 401(k) Plan and Excess Savings Plan accounts, subject to certain conditions.

Total expense related to all benefit plans was $8.3 million, $5.9 million and $9.1 million for the years ended December 31, 2019, 2018 and 2017, respectively. The Company does not provide postretirement benefits for any of its employees.

Note 21. Related Party Transactions

On June 30, 2011, Cablevision spun off the Company (the "Distribution") and the Company became an independent public company. At the time of the Distribution, both Cablevision and AMC Networks were controlled by Charles F. Dolan, certain members of his immediate family and certain family related entities (collectively the "Dolan Family").

Members of the Dolan Family, for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended, including trusts for the benefit of the Dolan Family, collectively beneficially own all of the Company's outstanding Class B Common Stock and own approximately 2% of the Company's outstanding Class A Common Stock. Such shares of the Company's Class A Common Stock and Class B Common Stock, collectively, represent approximately 73% of the aggregate voting power of the Company's outstanding common stock. Members of the Dolan Family are also the controlling stockholders of The Madison Square Garden Company ("MSG") and MSG Networks Inc. ("MSG Networks").

The Company provides services to and receives services from MSG and MSG Networks.

Revenues, net

AMC Networks Broadcasting & Technology has entered into agreements with MSG Networks to provide various transponder, technical and support services through 2020. Revenues, net from related parties amounted to $4.8 million, $5.6 million and $6.2 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Selling, General and Administrative

Amounts charged to the Company, included in selling, general and administrative expenses, pursuant to a transition services agreement and for other transactions with its related parties amounted to $1.0 million, $1.6 million and $1.5 million for the years ended December 31, 2019, 2018 and 2017, respectively.

In 2016, AMC Networks entered into an arrangement with the Dolan Family Office, LLC ("DFO"), MSG and MSG Networks providing for the sharing of certain expenses associated with executive office space which will be available to Charles F. Dolan (the Executive Chairman and a director of the Company and a director of MSG and MSG Networks), James L. Dolan (the Executive Chairman and a director of MSG and MSG Networks and a director of the Company), and the DFO which is controlled by Charles F. Dolan. The Company's share of initial set-up costs and office expenses is not material.

Note 22. Cash Flows

During 2019, 2018 and 2017, the Company's non-cash investing and financing activities and other supplemental data were as follows:

	Years Ended December 31,		
(In thousands)	**2019**	**2018**	**2017**
Non-Cash Investing and Financing Activities:			
Treasury stock not yet settled	—	985	995
Exercise of RLJE Warrants	—	20,086	5,001
Capital expenditures incurred but not yet paid	6,270	5,081	5,889
Supplemental Data:			
Cash interest paid	151,501	147,710	110,650
Income taxes paid, net	139,994	138,433	219,425

Note 23. Accumulated Other Comprehensive Loss

The following table details the components of accumulated other comprehensive loss:

	Year Ended December 31, 2019			
(In thousands)	**Currency Translation Adjustment**	**Gains (Losses) on Cash Flow Hedges**	**Gains (Losses) on Available for Sale Investments**	**Accumulated Other Comprehensive Loss**
Beginning Balance	$ (159,920)	$ (274)	$ —	$ (160,194)
Net current-period other comprehensive (loss), before income taxes	(6,272)	(1,609)	—	(7,881)
Income tax expense (benefit)	(11)	375	—	364
Net current-period other comprehensive (loss), net of income taxes	(6,283)	(1,234)	—	(7,517)
Ending Balance	$ (166,203)	$ (1,508)	$ —	$ (167,711)

	Year Ended December 31, 2018			
(In thousands)	**Currency Translation Adjustment**	**Gains (Losses) on Cash Flow Hedges**	**Gains (Losses) on Available for Sale Investments**	**Accumulated Other Comprehensive Loss**
Beginning Balance	$ (118,166)	$ 369	$ 3,411	(114,386)
Other comprehensive income before reclassifications	(41,716)	(356)	—	(42,072)
Amounts reclassified from accumulated other comprehensive loss [(a)]	—	(370)	—	(370)
Net current-period other comprehensive income (loss), before income taxes	(41,716)	(726)	—	(42,442)
Income tax expense (benefit)	(38)	83	—	45
Net current-period other comprehensive income (loss), net of income taxes	(41,754)	(643)	—	(42,397)
Cumulative effect of adoption of accounting standard [(a)]	—	—	(3,411)	(3,411)
Ending Balance	$ (159,920)	$ (274)	$ —	$ (160,194)

[(a)] Effective January 1, 2018, upon adoption of ASU 2016-01, unrealized gains and losses on equity investments with readily determinable fair values are recorded in miscellaneous expense, net. The Company recorded a transition adjustment to reclassify prior period amounts in other comprehensive income to retained earnings.

Amounts reclassified to net earnings for gains and losses on cash flow hedges designated as hedging instruments are included in interest expense in the consolidated statements of income.

Note 24. Segment Information

The Company classifies its operations into two operating segments: National Networks and International and Other. These operating segments represent strategic business units that are managed separately.

The Company generally allocates all corporate overhead costs within operating expenses to the Company's two operating segments based upon their proportionate estimated usage of services, including such costs as executive salaries and benefits, costs of maintaining corporate headquarters, facilities and common support functions (such as human resources, legal, finance, strategic planning and information technology) as well as sales support functions and creative and production services.

The Company evaluates segment performance based on several factors, of which the primary financial measure is operating segment adjusted operating income ("AOI"), a non-GAAP measure. The Company defines AOI as operating income (loss) before depreciation and amortization, share-based compensation expense or benefit, impairment and related charges (including gains or losses on sales or dispositions of businesses), restructuring and other related charges and including the Company’s proportionate share of adjusted operating income (loss) from majority-owned equity method investees. The Company has presented the components that reconcile adjusted operating income to operating income, an accepted GAAP measure, and other information as to the continuing operations of the Company's operating segments below.

	Year Ended December 31, 2019			
(In thousands)	**National Networks**	**International and Other**	**Inter-segment eliminations**	**Consolidated**
Revenues, net				
Advertising	$ 904,253	$ 89,659	$ (79)	$ 993,833
Distribution	1,464,791	644,484	(42,787)	2,066,488
Consolidated revenues, net	$ 2,369,044	$ 734,143	$ (42,866)	$ 3,060,321
Operating income (loss)	$ 804,422	$ (170,039)	$ (9,106)	$ 625,277
Share-based compensation expense	52,977	11,156	—	64,133
Depreciation and amortization	32,674	68,424	—	101,098
Impairment and related charges	—	106,603	—	106,603
Restructuring and other related charges	13,453	28,084	(623)	40,914
Majority-owned equity investees AOI	—	5,965	—	5,965
Adjusted operating income	$ 903,526	$ 50,193	$ (9,729)	$ 943,990
Capital expenditures	$ 36,199	$ 55,405	$ —	$ 91,604

	Year Ended December 31, 2018			
(In thousands)	**National Networks**	**International and Other**	**Inter-segment eliminations**	**Consolidated**
Revenues, net				
Advertising	$ 944,675	$ 91,404	$ —	$ 1,036,079
Distribution	1,468,650	506,902	(39,702)	1,935,850
Consolidated revenues, net	$ 2,413,325	$ 598,306	$ (39,702)	$ 2,971,929
Operating income (loss)	$ 825,770	$ (93,326)	$ (5,535)	$ 726,909
Share-based compensation expense	48,621	12,358	—	60,979
Depreciation and amortization	33,728	57,553	—	91,281
Impairment and related charges	—	4,486	—	4,486
Restructuring and other related charges	17,160	35,189	(6,502)	45,847
Majority-owned equity investees AOI	$ —	3,043	$ —	3,043
Adjusted operating income	$ 925,279	$ 19,303	$ (12,037)	$ 932,545
Capital expenditures	$ 16,316	$ 73,486	$ —	$ 89,802

	Year Ended December 31, 2017			
(In thousands)	**National Networks**	**International and Other**	**Inter-segment eliminations**	**Consolidated**
Revenues, net				
Advertising	$ 959,551	$ 89,894	$ —	$ 1,049,445
Distribution	1,408,064	367,288	(19,106)	1,756,246
Consolidated revenues, net	$ 2,367,615	$ 457,182	$ (19,106)	$ 2,805,691
Operating income (loss)	$ 817,566	$ (88,894)	$ (6,313)	$ 722,359
Share-based compensation expense	43,697	9,848	—	53,545
Depreciation and amortization	33,702	60,936	—	94,638
Impairment and related charges	—	28,148	—	28,148
Restructuring and other related charges	(53)	6,181	—	6,128
Adjusted operating income	$ 894,912	$ 16,219	$ (6,313)	$ 904,818
Capital expenditures	$ 25,333	$ 54,716	$ —	$ 80,049

Inter-segment eliminations are primarily licensing revenues recognized between the National Networks and International and Other segments as well as revenues recognized by AMC Networks Broadcasting & Technology for transmission revenues recognized from the International and Other operating segment.

(In thousands)	Years Ended December 31, 2019	2018	2017
Inter-segment revenues			
National Networks	$ (32,762)	$ (33,600)	$ (17,634)
International and Other	(10,104)	(6,102)	(1,472)
	$ (42,866)	$ (39,702)	$ (19,106)

One customer within the National Networks segment accounted for approximately 10% revenues, net for the years ended December 31, 2019 and 2018, respectively, and 11% of consolidated revenues, net for the year ended December 31, 2017.

The table below summarizes revenue based on customer location:

(In thousands)	Years Ended December 31, 2019	2018	2017
Revenue			
United States	$ 2,511,686	$ 2,389,624	$ 2,244,057
Europe	382,888	394,235	369,815
Other	165,747	188,070	191,819
	$ 3,060,321	$ 2,971,929	$ 2,805,691

The table below summarizes property and equipment based on asset location:

(In thousands)	Years Ended December 31, 2019	2018
Property and equipment, net		
United States	$ 244,175	$ 202,833
Europe	25,925	27,218
Other	13,652	16,211
	$ 283,752	$ 246,262

Note 25. Condensed Consolidating Financial Statements

Debt of AMC Networks includes $600.0 million of 4.75% Notes due December 2022 and $1.0 billion of 5.00% Notes due April 2024 and $800.0 million of 4.75% Notes due August 2025. All outstanding senior notes issued by AMC Networks are guaranteed on a senior unsecured basis by certain of its existing and future domestic restricted subsidiaries (the "Guarantor Subsidiaries"). All Guarantor Subsidiaries are owned 100% by AMC Networks. The outstanding notes are fully and unconditionally guaranteed by the Guarantor Subsidiaries on a joint and several basis.

Set forth below are condensed consolidating financial statements presenting the financial position, results of operations, comprehensive income, and cash flows of (i) the Parent Company, (ii) the Guarantor Subsidiaries on a combined basis (as such guarantees are joint and several), (iii) the direct and indirect non-guarantor subsidiaries of the Parent Company (the "Non-Guarantor Subsidiaries") on a combined basis and (iv) reclassifications and eliminations necessary to arrive at the information for the Company on a consolidated basis.

Basis of Presentation

In presenting the condensed consolidating financial statements, the equity method of accounting has been applied to (i) the Parent Company's interests in the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries, and (ii) the Guarantor Subsidiaries' interests in the Non-Guarantor Subsidiaries, even though all such subsidiaries meet the requirements to be consolidated under GAAP. All intercompany balances and transactions between the Parent Company, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries have been eliminated, as shown in the column "Eliminations."

The accounting basis in all subsidiaries, including goodwill and identified intangible assets, have been allocated to the applicable subsidiaries.

Condensed Consolidating Balance Sheet

December 31, 2019

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 169	$ 574,771	$ 241,230	$ —	$ 816,170
Accounts receivable, trade (including amounts due from related parties, net, less allowance for doubtful accounts)	—	588,715	268,428	—	857,143
Current portion of program rights, net	—	270,909	156,385	(670)	426,624
Prepaid expenses, other current assets and intercompany receivable	30,359	257,022	(8,359)	(48,662)	230,360
Total current assets	30,528	1,691,417	657,684	(49,332)	2,330,297
Property and equipment, net	—	217,971	65,781	—	283,752
Investment in affiliates	3,910,121	1,612,507	—	(5,522,628)	—
Program rights, net	—	800,294	238,985	(1,219)	1,038,060
Long-term intercompany notes receivable	—	—	28	(28)	—
Operating lease right-of-use assets	94,263	19,000	56,793	—	170,056
Intangible assets, net	—	151,538	372,993	—	524,531
Goodwill	—	63,954	638,026	—	701,980
Deferred tax asset, net	(66)	—	51,611	—	51,545
Other assets	46,330	179,601	268,908	1,626	496,465
Total assets	$ 4,081,176	$ 4,736,282	$ 2,350,809	$ (5,571,581)	$ 5,596,686
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable	$ 49	$ 31,103	$ 63,154	$ —	$ 94,306
Accrued liabilities and intercompany payable	29,770	152,680	117,426	(48,662)	251,214
Current portion of program rights obligations	—	241,673	63,019	—	304,692
Deferred revenue	—	37,775	26,409	(263)	63,921
Current portion of long-term debt	56,250	—	—	—	56,250
Current portion of capital lease obligations	14,012	6,796	13,151	—	33,959
Total current liabilities	100,081	470,027	283,159	(48,925)	804,342
Program rights obligations	—	223,775	16,038	—	239,813
Long-term debt, net	3,039,979	—	—	—	3,039,979
Capital lease obligations	115,243	18,131	77,673	—	211,047
Deferred tax liability, net	134,899	—	2,012	—	136,911
Other liabilities and intercompany notes payable	25,193	119,418	19,055	(28)	163,638
Total liabilities	3,415,395	831,351	397,937	(48,953)	4,595,730
Commitments and contingencies					
Redeemable noncontrolling interests	—	(5,190)	314,641	—	309,451
Stockholders' equity:					
AMC Networks stockholders' equity	665,781	3,910,121	1,612,507	(5,522,628)	665,781
Non-redeemable noncontrolling interests	—	—	25,724	—	25,724
Total stockholders' equity	665,781	3,910,121	1,638,231	(5,522,628)	691,505
Total liabilities and stockholders' equity	$ 4,081,176	$ 4,736,282	$ 2,350,809	$ (5,571,581)	$ 5,596,686

Condensed Consolidating Balance Sheet

December 31, 2018

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 121	$ 368,151	$ 186,614	$ —	$ 554,886
Accounts receivable, trade (including amounts due from related parties, net, less allowance for doubtful accounts)	16	600,121	235,840	—	835,977
Current portion of program rights, net	—	292,002	148,955	(218)	440,739
Prepaid expenses, other current assets and intercompany receivable	6,543	158,936	23,549	(57,219)	131,809
Total current assets	6,680	1,419,210	594,958	(57,437)	1,963,411
Property and equipment, net	—	175,040	71,222	—	246,262
Investment in affiliates	3,656,003	1,655,083	—	(5,311,086)	—
Program rights, net	—	969,802	245,862	(1,613)	1,214,051
Long-term intercompany notes receivable	—	—	190	(190)	—
Intangible assets, net	—	161,417	417,490	—	578,907
Goodwill	—	65,282	732,755	—	798,037
Deferred tax asset, net	—	—	19,272	—	19,272
Other assets	—	165,717	292,906	—	458,623
Total assets	$ 3,662,683	$ 4,611,551	$ 2,374,655	$ (5,370,326)	$ 5,278,563
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable	$ —	$ 34,630	$ 72,436	$ —	$ 107,066
Accrued liabilities and intercompany payable	35,189	173,836	114,943	(59,050)	264,918
Current portion of program rights obligations	—	259,414	84,175	—	343,589
Deferred revenue	—	34,608	20,816	—	55,424
Current portion of long-term debt	18,750	—	2,584	—	21,334
Current portion of capital lease obligations	—	2,941	2,149	—	5,090
Total current liabilities	53,939	505,429	297,103	(59,050)	797,421
Program rights obligations	—	349,814	23,435	—	373,249
Long-term debt, net	3,088,221	—	—	—	3,088,221
Capital lease obligations	—	1,420	20,007	—	21,427
Deferred tax liability, net	140,474	—	4,969	—	145,443
Other liabilities and intercompany notes payable	63,369	98,885	45,972	(190)	208,036
Total liabilities	3,346,003	955,548	391,486	(59,240)	4,633,797
Commitments and contingencies					
Redeemable noncontrolling interests	—	—	299,558	—	299,558
Stockholders' deficiency:					
AMC Networks stockholders' equity	316,680	3,656,003	1,655,083	(5,311,086)	316,680
Non-redeemable noncontrolling interests	—	—	28,528	—	28,528
Total stockholders' equity	316,680	3,656,003	1,683,611	(5,311,086)	345,208
Total liabilities and stockholders' equity	$ 3,662,683	$ 4,611,551	$ 2,374,655	$ (5,370,326)	$ 5,278,563

Condensed Consolidating Statement of Income
Year Ended December 31, 2019

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenues, net	$ —	$ 2,122,212	$ 954,534	$ (16,425)	$ 3,060,321
Operating expenses:					
Technical and operating (excluding depreciation and amortization)	—	939,507	572,733	(5,255)	1,506,985
Selling, general and administrative	19	429,732	260,433	(10,740)	679,444
Depreciation and amortization	—	49,794	51,304	—	101,098
Impairment and related charges	—	—	106,603	—	106,603
Restructuring and other related charges	—	35,507	5,407	—	40,914
Total operating expenses	19	1,454,540	996,480	(15,995)	2,435,044
Operating income	(19)	667,672	(41,946)	(430)	625,277
Other income (expense):					
Interest expense, net	(154,718)	14,078	7,549	—	(133,091)
Share of affiliates' income (loss)	623,278	(49,205)	—	(574,073)	—
Miscellaneous, net	(525)	749	(6,654)	430	(6,000)
Total other income (expense)	468,035	(34,378)	895	(573,643)	(139,091)
Income from operations before income taxes	468,016	633,294	(41,051)	(574,073)	486,186
Income tax expense	(87,531)	(10,016)	19,077	—	(78,470)
Net income including noncontrolling interests	380,485	623,278	(21,974)	(574,073)	407,716
Net income attributable to noncontrolling interests	—	—	(27,230)	—	(27,230)
Net income attributable to AMC Networks' stockholders	$ 380,485	$ 623,278	$ (49,204)	$ (574,073)	$ 380,486

Condensed Consolidating Statement of Income
Year Ended December 31, 2018

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenues, net	$ —	$ 2,166,686	$ 820,532	$ (15,289)	$ 2,971,929
Operating expenses:					
Technical and operating (excluding depreciation and amortization)	—	956,272	493,751	(4,074)	1,445,949
Selling, general and administrative	—	450,880	216,608	(10,031)	657,457
Depreciation and amortization	—	45,204	46,077	—	91,281
Impairment and related charges	—	—	4,486		4,486
Restructuring and other related charges	—	29,277	16,570	—	45,847
Total operating expenses	—	1,481,633	777,492	(14,105)	2,245,020
Operating income	—	685,053	43,040	(1,184)	726,909
Other income (expense):					
Interest expense, net	(151,751)	28,460	(12,522)	—	(135,813)
Share of affiliates' income (loss)	734,472	32,874	—	(767,346)	—
Miscellaneous, net	(151)	(1,876)	30,020	1,184	29,177
Total other income (expense)	582,570	59,458	17,498	(766,162)	(106,636)
Income from operations before income taxes	582,570	744,511	60,538	(767,346)	620,273
Income tax (expense) benefit	(136,383)	(10,039)	(9,884)	—	(156,306)
Net income including noncontrolling interests	446,187	734,472	50,654	(767,346)	463,967
Net income attributable to noncontrolling interests	—	—	(17,780)	—	(17,780)
Net income attributable to AMC Networks' stockholders	$ 446,187	$ 734,472	$ 32,874	$ (767,346)	$ 446,187

Condensed Consolidating Statement of Comprehensive Income

Year Ended December 31, 2019

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net income including noncontrolling interest	$ 380,485	$ 623,278	$ (21,974)	$ (574,073)	$ 407,716
Other comprehensive income (loss):					
Foreign currency translation adjustment	(6,272)	—	(6,272)	6,272	(6,272)
Unrealized loss on interest rate swaps	(1,609)	—	—	—	(1,609)
Amounts reclassified from accumulated other comprehensive loss	—	—	—	—	—
Other comprehensive (loss) income, before income taxes	(7,881)	—	(6,272)	6,272	(7,881)
Income tax expense	364	—	—	—	364
Other comprehensive (loss) income, net of income taxes	(7,517)	—	(6,272)	6,272	(7,517)
Comprehensive income (loss)	372,968	623,278	(28,246)	(567,801)	400,199
Comprehensive income attributable to noncontrolling interests	—	—	(27,078)	—	(27,078)
Comprehensive income (loss) attributable to AMC Networks' stockholders	$ 372,968	$ 623,278	$ (55,324)	$ (567,801)	$ 373,121

Condensed Consolidating Statement of Comprehensive Income

Year Ended December 31, 2018

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net income (loss) including noncontrolling interest	$ 446,187	$ 734,472	$ 50,654	$ (767,346)	$ 463,967
Other comprehensive income (loss):					
Foreign currency translation adjustment	(41,716)	—	(41,716)	41,716	(41,716)
Unrealized loss on interest rate swaps	(356)	—	—	—	(356)
Unrealized gain on available for sale securities	—	—	—	—	—
Amounts reclassified from accumulated other comprehensive loss	(370)	—	—	—	(370)
Other comprehensive income, before income taxes	(42,442)	—	(41,716)	41,716	(42,442)
Income tax expense	45	—	—	—	45
Other comprehensive income, net of income taxes	(42,397)	—	(41,716)	41,716	(42,397)
Comprehensive income	403,790	734,472	8,938	(725,630)	421,570
Comprehensive income attributable to noncontrolling interests	—	—	(16,044)	—	(16,044)
Comprehensive income attributable to AMC Networks' stockholders	$ 403,790	$ 734,472	$ (7,106)	$ (725,630)	$ 405,526

Condensed Consolidating Statement of Cash Flows

Year Ended December 31, 2019

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net cash provided by operating activities	$ 365,846	$ 69,276	$ 639,239	$ (590,613)	$ 483,748
Cash flows from investing activities:					
Capital expenditures	—	(81,486)	(10,118)	—	(91,604)
Return of capital from investees	—	1,354	4,026	—	5,380
Investments in and loans to investees	—	—	(3,483)	—	(3,483)
(Increase) decrease to investment in affiliates	(283,060)	15,149	—	267,911	—
Net cash (used in) provided by investing activities	(283,060)	(64,983)	(9,575)	267,911	(89,707)
Cash flows from financing activities:					
Proceeds from the issuance of long-term debt	—	—	1,521	—	1,521
Principal payments on long-term debt	(18,750) 0	— 0	(4,238) 0	—	(22,988)
Deemed repurchases of restricted stock/units	(23,019)	—	1	—	(23,018)
Purchase of treasury stock	(70,598)	—	—	—	(70,598)
Proceeds from stock option exercises	4,630	—	—	—	4,630
Principal payments on finance lease obligations	—	(2,985)	(2,130)	—	(5,115)
Distributions to noncontrolling interest	—	—	(15,558)	—	(15,558)
Net cash used in financing activities	(107,737)	(2,985)	(20,404)	—	(131,126)
Net (decrease) increase in cash and cash equivalents from operations	(24,951)	1,308	609,260	(322,702)	262,915
Effect of exchange rate changes on cash and cash equivalents	24,999	205,312	(554,644)	322,702	(1,631)
Cash and cash equivalents at beginning of period	121	368,151	186,614	—	554,886
Cash and cash equivalents at end of period	$ 169	$ 574,771	$ 241,230	$ —	$ 816,170

Condensed Consolidating Statement of Cash Flows

Year Ended December 31, 2018

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net cash provided by (used in) operating activities	$ 503,796	$ 1,351,256	$ (476,129)	$ (772,376)	$ 606,547
Cash flows from investing activities:					
Capital expenditures	—	(74,710)	(15,092)	—	(89,802)
Return of capital from investees	—	—	4,088	—	4,088
Payments for acquisitions, net of cash acquired		(675)	(83,714)	—	(84,389)
Investments in and loans to investees	—	—	(90,081)	—	(90,081)
(Increase) decrease to investment in affiliates	(215,862)	(2,646,335)	1,813,007	1,049,190	—
Net cash (used in) provided by investing activities	(215,862)	(2,721,720)	1,628,208	1,049,190	(260,184)
Cash flows from financing activities:					
Proceeds from the issuance of long-term debt	289	—	—	—	289
Deemed repurchases of restricted stock/units	(16,836)	—	—	—	(16,836)
Purchase of treasury stock	(283,143)	—	—	—	(283,143)
Proceeds from stock option exercises	4,317	—	—	—	4,317
Principal payments on capital lease obligations	—	(3,000)	(1,938)	—	(4,938)
Distributions to noncontrolling interest	—	—	(14,296)	—	(14,296)
Net cash used in financing activities	(295,373)	(3,000)	(16,234)	—	(314,607)
Net increase (decrease) in cash and cash equivalents from operations	(7,439)	(1,373,464)	1,135,845	276,814	31,756
Effect of exchange rate changes on cash and cash equivalents	7,240	1,350,367	(1,116,446)	(276,814)	(35,653)
Cash and cash equivalents at beginning of period	320	391,248	167,215	—	558,783
Cash and cash equivalents at end of period	$ 121	$ 368,151	$ 186,614	$ —	$ 554,886

Note 26. Interim Financial Information (Unaudited)

The following is a summary of the Company's selected quarterly financial data for the years ended December 31, 2019 and 2018:

(In thousands)	For the three months ended,				
2019:	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	2019
Revenues, net	$ 784,221	$ 772,299	$ 718,597	785,204	$ 3,060,321
Operating expenses	(539,358)	(602,042)	(550,159)	(743,485)	(2,435,044)
Operating income	$ 244,863	$ 170,257	$ 168,438	$ 41,719	$ 625,277
Net income including noncontrolling interests	$ 150,157	$ 133,985	$ 123,226	$ 348	$ 407,716
Net income (loss) attributable to AMC Networks' stockholders	$ 143,397	$ 128,743	$ 116,923	$ (8,577)	$ 380,486
Net income per share attributable to AMC Networks' stockholders:					
Basic	$ 2.53	$ 2.28	$ 2.09	$ (0.15)	$ 6.77
Diluted	$ 2.48	$ 2.25	$ 2.07	$ (0.15)	$ 6.67

(In thousands)	For the three months ended,				
2018:	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	2018
Revenues, net	$ 740,823	$ 761,385	$ 696,875	$ 772,846	$ 2,971,929
Operating expenses	(507,168)	(569,854)	(532,276)	(635,722)	(2,245,020)
Operating income	$ 233,655	$ 191,531	$ 164,599	$ 137,124	$ 726,909
Net income including noncontrolling interests	$ 160,536	$ 110,332	$ 116,660	$ 76,439	$ 463,967
Net income attributable to AMC Networks' stockholders	$ 156,870	$ 106,181	$ 111,257	$ 71,879	$ 446,187
Net income per share attributable to AMC Networks' stockholders:					
Basic	$ 2.57	$ 1.84	$ 1.96	$ 1.27	$ 7.68
Diluted	$ 2.54	$ 1.82	$ 1.93	$ 1.24	$ 7.57

AMC NETWORKS INC. AND SUBSIDIARIES

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
(Dollars in thousands)

(In thousands)	Balance at Beginning of Period	Provision for (Recovery of) Bad Debt	Deductions/ Write-Offs and Other Charges, Net	Balance at End of Period
Year Ended December 31, 2019				
Allowance for doubtful accounts	$ 10,788	$ 12,641	$ (17,696)	$ 5,733
Year Ended December 31, 2018				
Allowance for doubtful accounts	$ 9,691	$ 7,399	$ (6,302)	$ 10,788
Year Ended December 31, 2017				
Allowance for doubtful accounts	$ 6,064	$ 3,567	$ 60	$ 9,691

Exhibit 21

Material Subsidiaries of the Registrant

AMC Networks Inc.

Subsidiary	Jurisdiction of Formation	Percent Owned
AMC Network Entertainment LLC	New York	100%
AMC Networks International LLC	Delaware	100%
Chello Zone Holdings Limited	United Kingdom	100%
IFC TV LLC	Delaware	100%
Rainbow Media Holdings LLC	Delaware	100%
Rainbow Programming Holdings LLC	Delaware	100%
SundanceTV LLC	Delaware	100%
WE tv LLC	Delaware	100%

Exhibit 23

Consent of Independent Registered Public Accounting Firm

The Board of Directors
AMC Networks Inc.:

We consent to the incorporation by reference in the registration statements (No. 333-234695) on Form S-3 and (No. 333-214083) on Form S-8 of AMC Networks Inc. of our reports, dated February 26, 2020, with respect to (i) the consolidated balance sheets of AMC Networks Inc. and subsidiaries (the Company) as of December 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income, stockholders' equity (deficiency), and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes, and the related financial statement Schedule II referred to in Item 15 (a)(2), and (ii) the effectiveness of the Company's internal control over financial reporting as of December 31, 2019, which reports appear in the December 31, 2019 annual report on Form 10-K of AMC Networks Inc. Our report on the Company's consolidated financial statements refers to the Company's adoption of ASU No. 2016-02, *Leases* (ASC 842), effective January 1, 2019, and the adoption of ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), effective January 1, 2018.

/s/ KPMG LLP

New York, New York
February 26, 2019

Exhibit 31.1

I, Joshua W. Sapan, certify that:

1. I have reviewed this report on Form 10-K of AMC Networks Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: 2/26/2020

By: /s/ Joshua W. Sapan

Joshua W. Sapan
President and Chief Executive Officer

Exhibit 31.2

I, Sean S. Sullivan, certify that:

1. I have reviewed this report on Form 10-K of AMC Networks Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: 2/26/2020

By: /s/ Sean S. Sullivan

Sean S. Sullivan

Executive Vice President and Chief Financial Officer

Certifications

Pursuant to 18 U.S.C. § 1350, each of the undersigned officers of AMC Networks Inc. ("AMC Networks") hereby certifies, to such officer's knowledge, that AMC Networks' Annual Report on Form 10-K for the period ended December 31, 2019 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of AMC Networks.

Date: 2/26/2020

By: /s/ Joshua W. Sapan

Joshua W. Sapan
President and Chief Executive Officer

Date: 2/26/2020

By: /s/ Sean S. Sullivan

Sean S. Sullivan
Executive Vice President and Chief Financial Officer