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

FORM 10-Q

(Mark One)

☑ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended March 31, 2013

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)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☑ No ☐

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

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

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

The number of shares of common stock outstanding as of May 1, 2013:

Class A Common Stock par value $0.01 per share	60,404,852
Class B Common Stock par value $0.01 per share	11,784,408

AMC NETWORKS INC. AND SUBSIDIARIES

FORM 10-Q

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	March 31, 2013	December 31, 2012
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 554,948	$ 610,970
Accounts receivable, trade (less allowance for doubtful accounts of $1,304 and $1,378)	316,304	299,792
Amounts due from related parties, net	6,346	7,686
Current portion of program rights, net	328,451	289,644
Prepaid expenses and other current assets	26,832	17,032
Deferred tax asset, net	124,196	121,403
Total current assets	1,357,077	1,346,527
Property and equipment, net of accumulated depreciation of $152,901 and $147,084	69,358	70,890
Program rights, net	709,134	751,119
Amounts due from related parties, net	2,324	3,193
Deferred carriage fees, net	63,273	64,095
Intangible assets, net	228,661	241,183
Goodwill	78,660	79,305
Other assets	59,836	62,543
Total assets	$ 2,568,323	$ 2,618,855
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities:		
Accounts payable	$ 55,871	$ 59,077
Accrued liabilities:		
Interest	21,948	28,250
Employee related costs	41,699	75,620
Income taxes payable	35,837	116,740
Other accrued expenses	39,587	21,488
Amounts due to related parties, net	1,121	1,110
Program rights obligations	190,357	157,584
Deferred litigation settlement proceeds	307,960	307,944
Deferred revenue	40,676	53,116
Current portion of capital lease obligations	1,596	1,558
Total current liabilities	736,652	822,487
Program rights obligations	359,254	390,715
Long-term debt	2,153,997	2,153,315
Capital lease obligations	13,690	14,104
Deferred tax liability, net	63,611	29,141
Other liabilities	66,394	91,445
Total liabilities	3,393,598	3,501,207
Commitments and contingencies		
Stockholders' deficiency:		
Class A Common Stock, $0.01 par value, 360,000,000 shares authorized, 61,278,811 and 61,247,043 shares issued and 60,414,936 and 60,591,030 shares outstanding, respectively	613	612
Class B Common Stock, $0.01 par value, 90,000,000 shares authorized, 11,784,408 shares issued and outstanding	118	118
Preferred stock, $0.01 par value, 45,000,000 shares authorized; none issued	—	—
Paid-in capital	42,798	36,454
Accumulated deficit	(831,907)	(893,424)
Treasury stock, at cost (863,875 and 656,013 shares Class A Common Stock, respectively)	(29,616)	(17,666)
Accumulated other comprehensive loss	(7,281)	(8,446)
Total stockholders' deficiency	(825,275)	(882,352)
Total liabilities and stockholders' deficiency	$ 2,568,323	$ 2,618,855

See accompanying notes to consolidated financial statements.

AMC NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Three Months Ended March 31, 2013 and 2012
(In thousands, except per share amounts)
(unaudited)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Revenues, net (including revenues, net from related parties of $8,141 and $8,073, respectively)	$ 381,961	$ 326,239
Operating expenses:		
Technical and operating (excluding depreciation and amortization shown below and including charges from related parties of $155 and $0, respectively)	136,679	104,930
Selling, general and administrative (including charges from related parties of $794 and $1,996, respectively)	99,453	99,222
Restructuring credit	—	(3)
Depreciation and amortization	18,345	25,051
	254,477	229,200
Operating income	127,484	97,039
Other income (expense):		
Interest expense	(29,369)	(29,797)
Interest income	253	105
Write-off of deferred financing costs	—	(312)
Miscellaneous, net	(202)	12
	(29,318)	(29,992)
Income from continuing operations before income taxes	98,166	67,047
Income tax expense	(36,649)	(23,970)
Income from continuing operations	61,517	43,077
Income from discontinued operations, net of income taxes	—	104
Net income	$ 61,517	$ 43,181
Basic net income per share:		
Income from continuing operations	$ 0.86	$ 0.62
Income from discontinued operations	$ —	$ —
Net income	$ 0.86	$ 0.62
Diluted net income per share:		
Income from continuing operations	$ 0.85	$ 0.60
Income from discontinued operations	$ —	$ —
Net income	$ 0.85	$ 0.60
Weighted average common shares:		
Basic weighted average common shares	71,290	69,871
Diluted weighted average common shares	72,547	72,130

See accompanying notes to consolidated financial statements.

AMC NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Three Months Ended March 31, 2013 and 2012
(Dollars in thousands)
(unaudited)

	Three Months Ended March 31,	
	2013	2012
Net income	$ 61,517	$ 43,181
Other comprehensive income (loss):		
Unrealized gain (loss) on interest rate swaps	1,852	(820)
Other comprehensive income (loss), before income taxes	1,852	(820)
Income tax (expense) benefit	(687)	303
Other comprehensive income (loss), net of income taxes	1,165	(517)
Comprehensive income	$ 62,682	$ 42,664

See accompanying notes to consolidated financial statements.

AMC NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended March 31, 2013 and 2012
(Dollars in thousands)
(unaudited)

	Three Months Ended March 31,	
	2013	**2012**
Cash flows from operating activities:		
Income from continuing operations	$ 61,517	$ 43,077
Adjustments to reconcile income from continuing operations to net cash (used in)provided by operating activities:		
Depreciation and amortization	18,345	25,051
Share-based compensation expense related to equity classified awards	4,337	3,583
Amortization and write-off of program rights	98,382	67,442
Amortization of deferred carriage fees	2,710	2,184
Unrealized gain on derivative contracts, net	(718)	—
Amortization and write-off of deferred financing costs and discounts on indebtedness	1,819	2,505
(Recovery of) provision for doubtful accounts	(8)	105
Deferred income taxes	31,229	18,806
Excess tax benefits from share-based compensation arrangements	(1,333)	—
Other, net	(657)	—
Changes in assets and liabilities:		
Accounts receivable, trade	(16,504)	1,327
Amounts due from/to related parties, net	1,354	(3,922)
Prepaid expenses and other assets	(8,088)	6,705
Program rights and obligations, net	(93,892)	(58,687)
Income taxes payable	(80,903)	1,670
Deferred revenue and deferred litigation settlement proceeds	(12,424)	1,635
Deferred carriage fees and deferred carriage fees payable, net	(214)	(148)
Accounts payable, accrued expenses and other liabilities	(42,781)	(34,370)
Net cash (used in) provided by operating activities	(37,829)	76,963
Cash flows from investing activities:		
Capital expenditures	(8,003)	(2,838)
Proceeds from insurance settlement	657	—
Net cash used in investing activities	(7,346)	(2,838)
Cash flows from financing activities:		
Repayment of long-term debt	—	(51,488)
Payments for financing costs	(530)	(40)
Purchase of treasury stock	(11,950)	(15,937)
Proceeds from stock option exercises	675	1,828
Excess tax benefits from share-based compensation arrangements	1,333	—
Principal payments on capital lease obligations	(375)	(290)
Net cash used in financing activities	(10,847)	(65,927)
Net (decrease) increase in cash and cash equivalents from continuing operations	(56,022)	8,198
Cash flows from discontinued operations:		
Net cash provided by operating activities	—	148
Net increase in cash and cash equivalents from discontinued operations	—	148
Cash and cash equivalents at beginning of period	610,970	215,836
Cash and cash equivalents at end of period	$ 554,948	$ 224,182

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 collectively with its subsidiaries (the "Company") own and operate entertainment businesses and assets. The Company is comprised of two reportable segments:

- *National Networks:* Principally includes four nationally distributed programming networks: AMC, WE tv, IFC and Sundance Channel. These programming networks are distributed throughout the United States ("U.S.") via cable and other multichannel video programming distribution platforms, including direct broadcast satellite ("DBS") and platforms operated by telecommunications providers (we refer collectively to these cable and other multichannel video programming distributors as "multichannel video programming distributors" or "distributors"); and

- *International and Other:* Principally includes AMC/Sundance Channel Global, the Company's international programming business; IFC Films, the Company's independent film distribution business; AMC Networks Broadcasting & Technology, the Company's network technical services business, which primarily services the programming networks of the Company; and various developing online content distribution initiatives. AMC and Sundance Channel are distributed in Canada, Sundance Channel is also distributed throughout Europe and Asia and WE tv is distributed throughout Asia. The International and Other reportable segment also includes VOOM HD Holdings LLC ("VOOM HD"), which the Company is winding down, and which continues to sell certain limited amounts of programming through program license agreements.

On June 30, 2011, Cablevision Systems Corporation (Cablevision Systems Corporation and its subsidiaries are referred to as "Cablevision") spun-off the Company (the "Distribution") and the Company became a separate public company. In connection with the Distribution, Cablevision contributed all of the membership interests of Rainbow Media Holdings LLC ("RMH") to the Company. RMH owned, directly or indirectly, the businesses included in Cablevision's Rainbow Media segment. On June 30, 2011, Cablevision effected the Distribution of all of AMC Networks' outstanding common stock to its shareholders. Both Cablevision and the Company continue to be controlled by Charles F. Dolan, certain members of his immediate family and certain family related entities (collectively the "Dolan Family").

Basis of Presentation

Principles of Consolidation

These unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and Article 10 of Regulation S-X of the Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, these unaudited consolidated financial statements do not include all the information and notes required for complete annual financial statements.

These unaudited consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2012 contained in the Company's 2012 Annual Report on Form 10-K ("2012 Form 10-K") filed with the SEC.

The consolidated financial statements as of March 31, 2013 and for the three months ended March 31, 2013 and 2012 are unaudited; however, in the opinion of management, such consolidated financial statements include all adjustments, consisting solely of normal recurring adjustments, necessary for a fair presentation of the results for the periods presented. All intercompany transactions and balances have been eliminated in consolidation.

The results of operations for the interim periods are not necessarily indicative of the results that might be expected for future interim periods or for the full year ending December 31, 2013.

Use of Estimates

The preparation of financial statements in conformity with 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 determination of ultimate revenues as it relates to accounting for amortization and assessing recoverability of owned original program rights, valuation and recoverability of long-lived assets, income taxes and contingencies and litigation matters.

(Dollars in thousands, except per share amounts)

Reclassifications

The Company reclassified the prepaid portion of program rights of $22,341 previously included in "prepaid expenses and other assets" to "program rights and obligations, net" in the consolidated statement of cash flows for the three months ended March 31, 2012 to conform to the current period presentation.

Discontinued Operations

Discontinued operations for the three months ended March 31, 2012 consists of receipts related to the sale of the Lifeskool and Sportskool video-on-demand services in September and October 2008, respectively, which were recorded under the installment sales method.

Recently Adopted Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income (ASU 2013-02). The amendments in ASU 2013-02 do not change the current requirements for reporting net income or other comprehensive income in financial statements. However, ASU 2013-02 requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under GAAP that provide additional detail about those amounts. The Company adopted ASU 2013-02 effective January 1, 2013 (see Note 12).

In July 2012, the FASB issued ASU No. 2012-02, Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment (ASU 2012-02), to allow entities to use a qualitative approach to test indefinite-lived intangible assets for impairment. ASU 2012-02 permits an entity to first perform a qualitative assessment to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. If it is concluded that this is the case, an entity is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test by comparing the fair value with the carrying amount in accordance with Subtopic 350-30. Otherwise, the quantitative impairment test is not required. The Company adopted ASU 2012-02 effective January 1, 2013. For the annual impairment test as of the end of February 2013, the Company decided to bypass the qualitative approach allowable under this guidance and performed a quantitative assessment of its indefinite-lived intangible assets (see Note 3).

Note 2. 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 stock options (including those held by directors and employees of related parties of the Company) and AMC Networks restricted shares/units (including those held by employees of related parties of the Company).

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

	Three Months Ended March 31,	
	2013	2012
Basic weighted average shares outstanding	71,290,000	69,871,000
Effect of dilution:		
Stock options	323,000	899,000
Restricted shares/units	934,000	1,360,000
Diluted weighted average shares outstanding	72,547,000	72,130,000

Approximately 80,000 and 231,000 restricted shares/units for the three months ended March 31, 2013 and 2012, respectively, have been excluded from diluted weighted average common shares outstanding since the performance criteria on these awards have not yet been satisfied in each of the respective periods. For the three months ended March 31, 2012, approximately 172,000 restricted shares/units have been excluded from diluted weighted average common shares outstanding since they would have been anti-dilutive.

(Dollars in thousands, except per share amounts)

Note 3. Goodwill and Other Intangible Assets

The carrying amount of goodwill, by reporting unit and reportable segment is as follows:

	March 31, 2013	December 31, 2012
Reporting Unit and Segment		
AMC	$ 34,251	$ 34,251
WE tv	5,214	5,214
IFC	13,582	13,582
Sundance Channel	24,417	25,062
Total National Networks	77,464	78,109
AMC Networks Broadcasting & Technology	1,196	1,196
Total International and Other	1,196	1,196
	$ 78,660	$ 79,305

The reduction of $645 in the carrying amount of goodwill for Sundance Channel is due to the realization of a tax benefit for the amortization of "second component" goodwill. 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 Sundance Channel 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.

The following tables summarize information relating to the Company’s identifiable intangible assets:

	March 31, 2013		
	Gross	Accumulated Amortization	Net
Amortizable intangible assets:			
Affiliation agreements and affiliate relationships	$ 840,757	$ (634,255)	$ 206,502
Advertiser relationships	74,248	(72,082)	2,166
Other amortizable intangible assets	644	(551)	93
Total amortizable intangible assets	915,649	(706,888)	208,761
Indefinite-lived intangible assets:			
Trademarks	19,900	—	19,900
Total intangible assets	$ 935,549	$ (706,888)	$ 228,661

	December 31, 2012		
	Gross	Accumulated Amortization	Net
Amortizable intangible assets:			
Affiliation agreements and affiliate relationships	$ 840,757	$ (623,621)	$ 217,136
Advertiser relationships	74,248	(70,226)	4,022
Other amortizable intangible assets	644	(519)	125
Total amortizable intangible assets	915,649	(694,366)	221,283
Indefinite-lived intangible assets:			
Trademarks	19,900	—	19,900
Total intangible assets	$ 935,549	$ (694,366)	$ 241,183

(Dollars in thousands, except per share amounts)

Aggregate amortization expense for amortizable intangible assets for the three months ended March 31, 2013 and 2012 was $12,522 and $19,777, respectively. Estimated future aggregate amortization expense for intangible assets subject to amortization for each of the next five years is as follows:

Years Ending December 31,		
2013	$	31,631
2014		9,759
2015		9,746
2016		9,746
2017		9,746

Annual Impairment Test of Goodwill and Identifiable Indefinite-Lived Intangible Assets

Based on the Company's annual impairment test for goodwill as of the end of February 2013, no impairment charge was required for any of the reporting units. The Company performed a qualitative assessment for the AMC, WE tv, IFC and AMC Networks Broadcasting and Technology reporting units, which included, but was not limited to, consideration of the historical significant excesses of the estimated fair value of each reporting unit over its respective carrying value (including allocated goodwill), macroeconomic conditions, industry and market considerations, cost factors and historical and projected cash flows. The Company performed a quantitative assessment for the Sundance Channel reporting unit. Based on the quantitative assessment, if the fair value of the Sundance Channel reporting unit decreased by 12%, the Company would be required to perform step-two of the quantitative assessment.

In assessing the recoverability of goodwill and other long-lived assets, the Company must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. These estimates and assumptions could have a significant impact on whether an impairment charge is recognized and also the magnitude of any such charge. Fair value estimates are made at a specific point in time, based on relevant information. 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. Estimates of fair value are primarily determined using discounted cash flows and comparable market transactions. These valuations are based on estimates and assumptions including projected future cash flows, discount rate and determination of appropriate market comparables and determination of whether a premium or discount should be applied to comparables. These valuations also include assumptions for renewals of affiliation agreements, the projected number of subscribers and the projected average rates per basic and viewing subscribers and growth in fixed price contractual arrangements used to determine affiliation fee revenue, access to program rights and the cost of such program rights, amount of programming time that is advertiser supported, number of advertising spots available and the sell through rates for those spots, average fee per advertising spot and operating margins, among other assumptions. If these estimates or material related assumptions change in the future, we may be required to record impairment charges related to our long-lived assets.

Based on the Company's annual impairment test for indefinite-lived intangible assets as of the end of February 2013, no impairment charge was required. The Company's indefinite-lived intangible assets relate to Sundance Channel 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 a valuation 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.

(Dollars in thousands, except per share amounts)

Note 4. Debt

Long-term debt consists of:

	March 31, 2013	December 31, 2012
Senior Secured Credit Facility: [(a)]		
Term loan A facility	$ 880,000	$ 880,000
Senior Notes		
7.75% Notes due July 2021	700,000	700,000
4.75% Notes due December 2022	600,000	600,000
Total long-term debt	2,180,000	2,180,000
Unamortized discount	(26,003)	(26,685)
Long-term debt, net	$ 2,153,997	$ 2,153,315

(a) The Company's $500,000 revolving credit facility remains undrawn at March 31, 2013. Total undrawn revolver commitments are available to be drawn for general corporate purposes of the Company.

Note 5. 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:

	Level I	Level II	Level III	Total
At March 31, 2013:				
Assets:				
Cash equivalents	$ 397,939	$ —	$ —	$ 397,939
Liabilities:				
Interest rate swap contracts	$ —	$ 19,567	$ —	$ 19,567
At December 31, 2012:				
Assets:				
Cash equivalents	$ 487,900	$ —	$ —	$ 487,900
Liabilities:				
Interest rate swap contracts	$ —	$ 22,137	$ —	$ 22,137

The Company's cash equivalents represents investment in funds that invest primarily in money market securities and 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 (discussed in Note 6) 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.

(Dollars in thousands, except per share amounts)

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:

	March 31, 2013	
	Carrying Amount	Estimated Fair Value
Debt instruments:		
Term loan A facility	$ 876,575	$ 880,440
7.75% Notes due July 2021	687,683	795,375
4.75% Notes due December 2022	589,739	601,500
	$ 2,153,997	$ 2,277,315

	December 31, 2012	
	Carrying Amount	Estimated Fair Value
Debt instruments:		
Term loan A facility	$ 876,358	$ 876,154
7.75% Notes due July 2021	687,423	801,500
4.75% Notes due December 2022	589,534	603,000
	$ 2,153,315	$ 2,280,654

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 6. Derivative Financial Instruments

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.

As of March 31, 2013, the Company had interest rate swap contracts outstanding with notional amounts aggregating $828,219, which consists of swap contracts with notional amounts of $628,219 that are designated as cash flow hedges and swap contracts with notional amounts of $200,000 that are not designated as hedging instruments. The Company's outstanding interest rate swap contracts have varying maturities ranging from September 2015 to July 2017. At March 31, 2013, the Company's interest rate swap contracts designated as cash flow hedges were highly effective, in all material respects.

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 the interest rate swap contracts is recorded in current-period earnings. Changes in fair value of interest rate swap contracts not designated as hedging instruments are recognized in earnings and included in interest expense.

(Dollars in thousands, except per share amounts)

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

	Liability Derivatives		
	Balance Sheet Location	Fair Value	
		March 31, 2013	December 31, 2012
Derivatives designated as hedging instruments:			
Interest rate swap contracts	Other liabilities	$ 11,546	$ 13,398
Derivatives not designated as hedging instruments:			
Interest rate swap contracts	Other liabilities	8,021	8,739
Total derivatives		$ 19,567	$ 22,137

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

	Amount of Gain or (Loss) Recognized in Other Comprehensive Income (“OCI”) on Derivatives (Effective Portion)		Location of Gain or (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion)(a)	
	Three Months Ended March 31,			Three Months Ended March 31,	
	2013	2012		2013	2012
Derivatives in cash flow hedging relationships:					
Interest rate swap contracts	$ (59)	$ (2,934)	Interest expense	$ 1,911	$ (2,114)

(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 three months ended March 31, 2013 and 2012.

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

	Location of Gain or (Loss) Recognized in Earnings on Derivatives	Amount of Gain or (Loss) Recognized in Earnings on Derivatives	
		Three Months Ended March 31,	
		2013	2012
Derivatives not designated as hedging relationships:			
Interest rate swap contracts	Interest expense	$ 79	$ —

Note 7. Income Taxes

For the three months ended March 31, 2013, income tax expense attributable to continuing operations was $36,649, representing an effective tax rate of 37%. The effective tax rate differs from the federal statutory rate of 35% due primarily to state income tax expense of $2,022 and tax expense of $1,060 related to uncertain tax positions, including accrued interest.

For the three months ended March 31, 2012, income tax expense attributable to continuing operations was $23,970, representing an effective tax rate of 36%. The effective tax rate differs from the federal statutory rate of 35% due primarily to state income tax expense of $1,354, tax expense of $764 related to uncertain tax positions, including accrued interest, partially offset by a tax benefit of $2,015 resulting from a decrease in the valuation allowance with regard to certain local income tax credit carry forwards.

At March 31, 2013, the Company had foreign tax credit carry forwards of approximately $19,000, expiring on various dates from 2014 through 2023. For the three months ended March 31, 2013, excess tax benefits of $1,333 relating to share-based compensation awards and $406 relating to amortization of tax deductible second component goodwill were realized as a reduction in tax liability (as determined on a 'with-and-without' approach).

For the three months ended March 31, 2013, as a result of the enactment of The American Taxpayer Relief Act of 2012, we reduced the Company's current income tax liability and net deferred asset by approximately $28,000, primarily as a result of the extension of the provision allowing a current tax deduction for certain television production costs.

Under the Company's Tax Disaffiliation Agreement with Cablevision, Cablevision is liable for all income taxes of the Company for periods prior to the Distribution except for New York City Unincorporated Business Tax. The City of New York is currently auditing the Company's Unincorporated Business Tax Returns for the years 2006 through 2008. The Internal Revenue Service is currently auditing the Company's U.S. Corporation Income Tax Return for 2011.

Note 8. Commitments

As of March 31, 2013, the Company’s contractual obligations not reflected on the Company’s consolidated balance sheet decreased approximately $64,500 to approximately $341,300 as compared to approximately $405,800 at December 31, 2012. The decrease relates primarily to future program rights obligations.

Note 9. Equity Plans

On March 12, 2013, AMC Networks granted 365,509 restricted share units to certain executive officers and employees under the AMC Networks Inc. 2011 Employee Stock Plan that vest on the third anniversary of the grant date. The vesting criteria for 80,355 of those restricted share units include the achievement of certain performance targets by the Company.

During the three months ended March 31, 2013, 495,558 shares of AMC Networks Class A common stock previously issued to employees of Cablevision and the Company vested. In connection with the employees’ satisfaction of the statutory minimum tax withholding obligations for the applicable income and other employment taxes, 201,622 of these shares, with an aggregate value of $11,950, were surrendered to the Company. These acquired shares, as well as 6,240 forfeited unvested restricted shares, have been classified as treasury stock.

Share-based compensation expense included in selling, general and administrative expense, for the three months ended March 31, 2013 and 2012 was $4,337 and $3,583, respectively.

As of March 31, 2013, there was $41,811 of total unrecognized share-based compensation cost related to Company employees who held unvested AMC Networks restricted shares/units. The unrecognized compensation cost is expected to be recognized over a weighted-average remaining period of approximately 2.3 years.

Note 10. Related Party Transactions

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 less than 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 67% of the aggregate voting power of the Company’s outstanding common stock. Members of the Dolan Family are also the controlling stockholders of both Cablevision and The Madison Square Garden Company and its subsidiaries (“MSG”).

In connection with the Distribution, the Company entered into various agreements with Cablevision, such as a distribution agreement, a tax disaffiliation agreement, a transition services agreement, an employee matters agreement and certain related party arrangements. These agreements govern certain of the Company’s relationships with Cablevision subsequent to the Distribution and provide for the allocation of employee benefits, taxes and certain other liabilities and obligations attributable to periods prior to the Distribution. These agreements also include arrangements with respect to transition services and a number of on-going commercial relationships. The distribution agreement includes an agreement that the Company and Cablevision agree to provide each other with indemnities with respect to liabilities arising out of the businesses Cablevision transferred to the Company.

The Company records revenues, net from subsidiaries of Cablevision and MSG. Revenues, net from related parties amounted to $8,141 and $8,073 for the three months ended March 31, 2013 and 2012, respectively.

In addition, the Company and its related parties routinely enter into transactions with each other in the ordinary course of business. Amounts charged to the Company, included in technical and operating expenses, pursuant to transactions with its related parties amounted to $155 and $0 for the three months ended March 31, 2013 and 2012, respectively. Amounts charged to the Company, included in selling, general and administrative expenses, pursuant to the transition services agreement and for other transactions with its related parties amounted to $794 and $1,996 for the three months ended March 31, 2013 and 2012, respectively.

As noted above, in connection with the Distribution, the Company entered into various agreements with Cablevision, including an agreement between AMC Networks and Rainbow Programming Holdings LLC, a wholly owned subsidiary of AMC Networks,(collectively, the “AMC Parties”) and CSC Holdings, LLC (“CSC Holdings”), a wholly owned subsidiary of Cablevision, with respect to the lawsuit entitled VOOM HD Holdings LLC against Echostar Satellite LLC, predecessor-in-interest to DISH Network L.L.C. (“DISH Network”) (the “VOOM Litigation Agreement”). Pursuant to the VOOM Litigation Agreement, CSC Holdings had full control over the litigation with DISH Network, the decision with respect to settlement of the litigation was to be made jointly by CSC Holdings and the AMC Parties, and CSC Holdings and the AMC Parties were to share equally in the proceeds (including in the value of any non-cash consideration) of any settlement of the litigation.

As previously disclosed in the Company's 2012 Form 10-K, CSC Holdings and the Company settled the lawsuit (the “Settlement”) on October 21, 2012. During the fourth quarter of 2012, the AMC Parties and CSC Holdings agreed that, pending a final determination of the allocation of the proceeds, the $700,000 cash proceeds of the Settlement (the “Settlement Funds”) would be distributed equally to each of the Company and Cablevision.

On April 8, 2013, Cablevision and the Company entered into an agreement (the “DISH Network Proceeds Allocation Agreement”) in which a final allocation of the proceeds of the Settlement, including the Settlement Funds, was made. The principal terms of the DISH Network Proceeds Allocation Agreement are as follows: Cablevision receives $525,000 of the Settlement Funds and the Company receives $175,000 of the Settlement Funds representing the allocation of cash and non-cash proceeds (including the portion of the DISH Network affiliation agreement attributable to the Settlement). The DISH Network Proceeds Allocation Agreement is in full and final settlement of the allocation between Cablevision and the Company of the proceeds of the Settlement.

In accordance with the Company's Related Party Transaction Approval Policy, the final allocation of the proceeds from the Settlement was approved by an independent committee of the Company's Board of Directors, as well as an independent committee of Cablevision's Board of Directors.

The $350,000 of Settlement Funds previously disbursed to the Company is included in cash and cash equivalents in the consolidated balance sheets at March 31, 2013 and December 31, 2012. Deferred litigation settlement proceeds at March 31, 2013 and December 31, 2012 of approximately $308,000, is the result of the $350,000 of Settlement Funds, less $31,000 representing the excess of the fair value of the DISH Network affiliation agreement over the contractual affiliation fees recorded to deferred revenue on October 21, 2012 and less an $11,000 receivable related to VOOM HD's previous affiliation agreement with DISH Network.

On April 9, 2013, the Company paid to Cablevision $175,000 of the Settlement Funds. Additionally, during the second quarter of 2013, the Company expects to record a litigation settlement gain of approximately $133,000, which will be included in operating income within the International and Other reportable segment, representing the deferred litigation settlement proceeds liability of approximately $308,000 recorded in the consolidated balance sheet at March 31, 2013 less the $175,000 paid to Cablevision on April 9, 2013.

(Dollars in thousands, except per share amounts)

Note 11. Cash Flows

The Company's non-cash investing and financing activities and other supplemental data were as follows:

	Three Months Ended March 31,	
	2013	**2012**
Non-Cash Investing and Financing Activities:		
Continuing Operations:		
Increase in capital lease assets	865	—
Increase in capital lease obligations and related assets	—	1,473
Capital expenditures incurred but not yet paid	815	—
Supplemental Data:		
Cash interest paid — continuing operations	34,561	43,526
Income taxes paid, net — continuing operations	83,030	1,973

Note 12. Accumulated Other Comprehensive Loss

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

	Three Months Ended March 31, 2013
Gains and Losses on Cash Flow Hedges:	
Balance as of December 31, 2012	$ (8,446)
Other comprehensive loss before reclassifications	(59)
Amounts reclassified from accumulated other comprehensive loss to interest expense	1,911
Net current-period other comprehensive income, before income taxes	1,852
Income tax expense	(687)
Net current-period other comprehensive income, net of income taxes	1,165
Balance as of March 31, 2013	$ (7,281)

Note 13. Segment Information

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

The Company generally allocates all corporate overhead costs to the Company's two reportable 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, tax, accounting, audit, treasury, risk management, 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 business segment adjusted operating cash flow (defined as operating income (loss) before depreciation and amortization, share-based compensation expense or benefit and restructuring expense or credit), a non-GAAP measure. The Company has presented the components that reconcile adjusted operating cash flow to operating income, an accepted GAAP measure and other information as to the continuing operations of the Company's reportable segments below.

(Dollars in thousands, except per share amounts)

	Three Months Ended March 31, 2013			
	National Networks	International and Other	Inter-segment eliminations	Consolidated
Revenues, net				
Advertising	$ 163,960	$ —	$ —	$ 163,960
Distribution	195,506	26,293	(3,798)	218,001
Consolidated revenues, net	$ 359,466	$ 26,293	$ (3,798)	$ 381,961
Adjusted operating cash flow (deficit)	$ 159,103	$ (9,901)	$ 964	$ 150,166
Depreciation and amortization	(14,221)	(4,124)	—	(18,345)
Share-based compensation expense	(3,448)	(889)	—	(4,337)
Operating income (loss)	$ 141,434	$ (14,914)	$ 964	$ 127,484
Capital expenditures	$ 1,473	$ 6,530	$ —	$ 8,003

	Three Months Ended March 31, 2012			
	National Networks	International and Other	Inter-segment eliminations	Consolidated
Revenues, net				
Advertising	$ 129,237	$ —	$ —	$ 129,237
Distribution	174,986	26,346	(4,330)	197,002
Consolidated revenues, net	$ 304,223	$ 26,346	$ (4,330)	$ 326,239
Adjusted operating cash flow (deficit)	$ 133,372	$ (8,207)	$ 505	$ 125,670
Depreciation and amortization	(21,305)	(3,746)	—	(25,051)
Share-based compensation expense	(2,849)	(734)	—	(3,583)
Restructuring credit	—	3	—	3
Operating income (loss)	$ 109,218	$ (12,684)	$ 505	$ 97,039
Capital expenditures	$ 443	$ 2,395	$ —	$ 2,838

Inter-segment eliminations are primarily revenues recognized by the International and Other segment for transmission revenues recognized by AMC Networks Broadcasting & Technology.

	Three Months Ended March 31,	
	2013	2012
Inter-segment revenues		
National Networks	$ (123)	$ (303)
International and Other	(3,675)	(4,027)
	$ (3,798)	$ (4,330)

Substantially all revenues and assets of the Company are attributed to or located in the U.S.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains statements that constitute forward-looking information within the meaning of the Private Securities Litigation Reform Act of 1995. In this Management's Discussion and Analysis of Financial Condition and Results of Operations 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 for programming services;
- demand for advertising inventory;
- the demand for our programming among cable and other multichannel video programming distributors and our ability to maintain and renew affiliation agreements with multichannel video programming distributors;
- the cost of, and our ability to obtain or produce, desirable programming content for our networks and film distribution businesses;
- market demand for our services internationally and for our film distribution business, and our ability to profitably provide those services;
- the security of our program rights and other electronic data;
- the loss of any of our key personnel and artistic talent;
- the highly competitive nature of the cable programming industry;
- changes in both domestic and foreign laws or regulations under which we operate;
- the outcome of litigation and other proceedings;
- general economic conditions in the areas in which we operate;
- 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;
- 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, and the additional factors described herein; and
- the factors described under Item 1A, "Risk Factors" in our 2012 Annual Report on Form 10-K (the "2012 Form 10-K"), as filed with the Securities and Exchange Commission ("SEC").

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

All dollar amounts and subscriber data included in the following Management's Discussion and Analysis of Financial Condition and Results of Operations are presented in thousands.

Introduction

Management's discussion and analysis, or MD&A, of our results of operations and financial condition is provided as a supplement to, and should be read in conjunction with, the unaudited consolidated financial statements and notes thereto included elsewhere herein and our 2012 Form 10-K to enhance the understanding of our financial condition, changes in financial condition and results of our operations. Unless the context otherwise requires, all references to "we," "us," "our," "AMC Networks" or the "Company" refer to AMC Networks Inc., together with its direct and indirect subsidiaries. Our MD&A is organized as follows:

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

Results of Operations. This section provides an analysis of our results of operations for the three months ended March 31, 2013 compared to the three months ended March 31, 2012. 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 March 31, 2013, as well as an analysis of our cash flows for the three months ended March 31, 2013 and 2012. The discussion of our financial condition and liquidity includes summaries of (i) our primary sources of liquidity and (ii) our contractual obligations that existed at March 31, 2013 and December 31, 2012.

Critical Accounting Policies and Estimates. This section provides the results of our annual impairment test of goodwill and identifiable indefinite-lived intangible assets performed as of the end of February 2013 as well as a discussion of the critical estimates inherent in assessing the recoverability of goodwill and identifiable indefinite-lived intangible assets.

Business Overview

We manage our business through the following two reportable segments:

- *National Networks:* Principally includes our four nationally distributed programming networks: AMC, WE tv, IFC and Sundance Channel. These programming networks are distributed throughout the United States via multichannel video programming distributors;

- *International and Other:* Principally includes AMC/Sundance Channel Global, our international programming business; IFC Films, our independent film distribution business; AMC Networks Broadcasting & Technology, our network technical services business, which primarily services the programming networks of the Company; and various developing online content distribution initiatives. AMC and Sundance Channel are distributed in Canada, Sundance Channel is also distributed throughout Europe and Asia and WE tv is distributed throughout Asia. The International and Other reportable segment also includes VOOM HD, which we are winding down, and which continues to sell certain limited amounts of programming through program license agreements.

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

	Three Months Ended March 31,	
	2013	2012
Revenues, net		
National Networks	$ 359,466	$ 304,223
International and Other	26,293	26,346
Inter-segment eliminations	(3,798)	(4,330)
Consolidated revenues, net	$ 381,961	$ 326,239
Operating income (loss)		
National Networks	$ 141,434	$ 109,218
International and Other	(14,914)	(12,684)
Inter-segment eliminations	964	505
Consolidated operating income	$ 127,484	$ 97,039
AOCF (deficit)		
National Networks	$ 159,103	$ 133,372
International and Other	(9,901)	(8,207)
Inter-segment eliminations	964	505
Consolidated AOCF	$ 150,166	$ 125,670

We evaluate segment performance based on several factors, of which the primary financial measure is business segment AOCF. We define AOCF, 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 and restructuring expense or credit.

We believe that AOCF is an appropriate measure for evaluating the operating performance on both a business segment and consolidated basis. AOCF 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 AOCF measures as the most important indicators of our business performance, and evaluate management's effectiveness with specific reference to these indicators. AOCF 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 AOCF 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 AOCF for the periods indicated:

	Three Months Ended March 31,	
	2013	2012
Operating income	$ 127,484	$ 97,039
Share-based compensation expense	4,337	3,583
Restructuring credit	—	(3)
Depreciation and amortization	18,345	25,051
AOCF	$ 150,166	$ 125,670

National Networks

In our National Networks segment, which accounted for 94% of our consolidated revenues for the three months ended March 31, 2013, we earn revenue principally from the distribution of our programming and the sale of advertising. Distribution revenue primarily includes affiliation fees paid by distributors to carry our programming networks and the licensing of original programming for digital, foreign and home video distribution. Affiliation fees paid by distributors represents the largest component of distribution revenue. Our affiliation fee revenues are generally based on a per subscriber fee under multi-year contracts, commonly referred to as “affiliation agreements,” which generally provide for annual affiliation rate increases. The specific affiliation 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.” The terms of certain other affiliation agreements provide that the affiliation fee revenues we earn are a fixed contractual monthly fee, which could be adjusted for acquisitions and dispositions of multichannel video programming systems by the distributor. Revenue from the licensing of original programming for digital and foreign distribution is recognized upon availability and distribution by the licensee.

Under affiliation agreements with our distributors, we have the right to sell a specified amount of national advertising time on certain of our programming networks. Our advertising revenues are more variable than affiliation fee revenues because the majority of our advertising is sold on a short-term basis, not under long-term contracts. Our advertising 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 certain 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 time, the guarantee obligation contractually expires or performance requirements become remote. Most of our advertising revenues vary based upon the popularity of our programming as measured by Nielsen. As of March 31, 2013, our national programming networks had approximately 1,000 advertisers representing companies in a broad range of sectors, including the health, insurance, food, automotive and retail industries. Our AMC, WE tv and IFC programming networks use a traditional advertising sales model, while Sundance Channel principally sells sponsorships. Beginning September 2013, we expect to transition Sundance Channel to a traditional advertising sales model.

Changes in revenue are primarily derived from changes in contractual affiliation rates charged for our services, changes in the number of subscribers, changes in the prices and level of advertising on our networks and changes in the timing of licensing fees earned from the distribution of our original programming. We seek to grow our revenues by increasing the number of viewing subscribers of the distributors that carry our services. We refer to this as our “penetration.” AMC, which is widely distributed, has a more limited ability to increase its penetration than WE tv, IFC and Sundance Channel. To the extent not already carried on more widely penetrated service tiers, WE tv, IFC and Sundance Channel, although carried by all of the larger distributors, have higher growth opportunities due to their current penetration levels with those distributors. WE tv and IFC are currently carried on either expanded basic or digital tiers, while Sundance Channel is currently carried primarily on digital tiers. Therefore, WE tv, IFC and Sundance Channel penetration rates may increase as and to the extent distributors are successful in converting their analog subscribers to digital tiers of service that include those networks. Our revenues may also increase over time through contractual rate increases stipulated in most of our affiliation agreements. In negotiating for increased or extended carriage, we have in some instances made upfront payments in exchange for additional subscribers or extended carriage, which we record as deferred carriage fees and which are amortized as a reduction to revenue over the period of the related affiliation agreements, or agreed to waive for a specified period or accept lower per subscriber fees if certain additional subscribers are provided. We also may help fund the distributors’ efforts to market our channels. 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 and the popularity (including within desirable demographic groups) of our services as measured by Nielsen. Distribution revenues in each quarter also vary based on the timing of availability of our programming to distributors.

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.

Programming expense, included in technical and operating expense, represents the largest expense of the National Networks segment and primarily consists of amortization and impairments or write-offs of programming rights, such as those for original programming, feature films and licensed series. The other components of technical and operating expense primarily include participation and residual costs, distribution and production related costs and program operating costs, 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, primarily on AMC, the majority of which have been commercially successful. These successful series have resulted in higher audience ratings for our networks. Historically, in periods when we air original programming, our ratings have increased. 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. During 2012, AMC aired five scripted original series and during 2013, AMC expects to air six scripted original series. Additionally, in 2013 we expect to increase our investment in scripted original series at certain of our other National Networks.

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 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 $326 were recorded for the three months ended March 31, 2013. There were no program rights write-offs for the three months ended March 31, 2012.

International and Other

Our International and Other segment primarily includes the operations of AMC/Sundance Channel Global, IFC Films, and AMC Networks Broadcasting & Technology. This reportable segment also includes VOOM HD.

VOOM HD historically offered a suite of channels, produced exclusively in HD and marketed for distribution to DBS and other multichannel video programming distributors. Through 2008, VOOM was available in the U.S. only on the cable television systems of Cablevision and on the satellite delivered programming of DISH Network. VOOM HD, which we are winding down, continues to sell certain limited amounts of programming through program license agreements.

Although we view our international expansion as an important long-term strategy, our international operations are currently expected to represent only a small percentage of our projected overall financial results over the next five years. However, international expansion could provide a benefit to our financial results if we are able to grow this portion of our business faster than expected. Similar to our domestic businesses, the most significant business challenges we expect to encounter in our international business include programming competition (from both foreign and domestic programmers), limited channel capacity on distributors' platforms, the growth of subscribers on those platforms and economic pressures on affiliation fees. Other significant business challenges unique to international expansion 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 and a limited physical presence in each territory.

DISH Network

As previously described in our 2012 Form 10-K, DISH Network L.L.C. ("DISH Network"), VOOM HD and Cablevision Systems Corporation ("Cablevision") entered into a confidential settlement agreement on October 21, 2012 (the "Settlement Agreement") to settle the litigation between VOOM HD and DISH Network. In connection with the Settlement Agreement, DISH Network entered into a long-term affiliation agreement with the Company that provided for the carriage of AMC, IFC, Sundance Channel and WE tv. In addition, DISH Network paid $700,000 to an account for the benefit of Cablevision and the Company ("Settlement Funds"). During the fourth quarter of 2012, AMC Networks and Rainbow Programming Holdings LLC, a wholly owned subsidiary of AMC Networks (collectively, the "AMC Parties") and CSC Holdings, LLC ("CSC Holdings"), a wholly owned subsidiary of Cablevision, agreed that, pending a final determination of the allocation of the proceeds, the Settlement Funds would be distributed equally to each of the Company and Cablevision.

On April 8, 2013, Cablevision and the Company entered into an agreement (the "DISH Network Proceeds Allocation Agreement") in which a final allocation of the proceeds of the Settlement, including the Settlement Funds, was made. The principal terms of the DISH Network Proceeds Allocation Agreement are as follows: Cablevision receives $525,000 of the Settlement Funds and the Company receives $175,000 of the Settlement Funds representing the allocation of cash and non-cash proceeds (including the portion of the DISH Network affiliation agreement attributable to the Settlement). The DISH Network Proceeds Allocation Agreement is in full and final settlement of the allocation between Cablevision and the Company of the proceeds of the Settlement.

In accordance with the Company's Related Party Transaction Approval Policy, the final allocation of the proceeds from the Settlement was approved by an independent committee of the Company's Board of Directors, as well as an independent committee of Cablevision's Board of Directors.

The $350,000 of Settlement Funds previously disbursed to the Company is included in cash and cash equivalents in the consolidated balance sheets at March 31, 2013 and December 31, 2012. Deferred litigation settlement proceeds at March 31, 2013 and December 31, 2012 of approximately $308,000, is the result of the $350,000 of Settlement Funds, less $31,000 representing the excess of the fair value of the DISH Network affiliation agreement over the contractual affiliation fees recorded to deferred revenue on October 21, 2012 and less an $11,000 receivable related to VOOM HD's previous affiliation agreement with DISH Network.

On April 9, 2013, the Company paid to Cablevision $175,000 of the Settlement Funds. Additionally, during the second quarter of 2013, the Company expects to record a litigation settlement gain of approximately $133,000, which will be included in operating income within the International and Other reportable segment, representing the deferred litigation settlement proceeds liability of approximately $308,000 recorded in the consolidated balance sheet at March 31, 2013 less the $175,000 paid to Cablevision on April 9, 2013.

Corporate Expenses

We allocate corporate overhead to each segment based upon their 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.

Additional 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. We have experienced some of the effects of the economic downturn. Continuation of events such as these may adversely impact our results of operations, cash flows and financial position.

Consolidated Results of Operations

Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012

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

	Three Months Ended March 31,					
	2013		2012			
	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 381,961	100.0 %	$ 326,239	100.0 %	$ 55,722	17.1 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	136,679	35.8	104,930	32.2	31,749	30.3
Selling, general and administrative	99,453	26.0	99,222	30.4	231	0.2
Restructuring credit	—	—	(3)	—	3	(100.0)
Depreciation and amortization	18,345	4.8	25,051	7.7	(6,706)	(26.8)
Total operating expenses	254,477	66.6	229,200	70.3	25,277	11.0
Operating income	127,484	33.4	97,039	29.7	30,445	31.4
Other income (expense):						
Interest expense, net	(29,116)	(7.6)	(29,692)	(9.1)	576	(1.9)
Write-off of deferred financing costs	—	—	(312)	(0.1)	312	—
Miscellaneous, net	(202)	(0.1)	12	—	(214)	n/m
Total other income (expense)	(29,318)	(7.7)	(29,992)	(9.2)	674	(2.2)
Income from continuing operations before income taxes	98,166	25.7	67,047	20.6	31,119	46.4
Income tax expense	(36,649)	(9.6)	(23,970)	(7.3)	(12,679)	52.9
Income from continuing operations	61,517	16.1	43,077	13.2	18,440	42.8
Income from discontinued operations, net of income taxes	—	—	104	—	(104)	(100.0)
Net Income	$ 61,517	16.1 %	$ 43,181	13.2 %	$ 18,336	42.5 %

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

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	$ change	% change
Operating income	$ 127,484	$ 97,039	$ 30,445	31.4 %
Share-based compensation expense	4,337	3,583	754	21.0
Restructuring credit	—	(3)	3	(100.0)
Depreciation and amortization	18,345	25,051	(6,706)	(26.8)
Consolidated AOCF	$ 150,166	$ 125,670	$ 24,496	19.5 %

National Networks Segment Results

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

	Three Months Ended March 31,					
	2013		2012			
	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 359,466	100.0%	$ 304,223	100.0%	$ 55,243	18.2 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	119,870	33.3	90,084	29.6	29,786	33.1
Selling, general and administrative	83,941	23.4	83,616	27.5	325	0.4
Depreciation and amortization	14,221	4.0	21,305	7.0	(7,084)	(33.3)
Operating income	$ 141,434	39.3%	$ 109,218	35.9%	$ 32,216	29.5 %
Share-based compensation expense	3,448	1.0%	2,849	0.9%	599	21.0 %
Depreciation and amortization	14,221	4.0%	21,305	7.0%	(7,084)	(33.3)%
AOCF	$ 159,103	44.3%	$ 133,372	43.8%	$ 25,731	19.3 %

International and Other Segment Results

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

	Three Months Ended March 31,					
	2013		2012			
	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 26,293	100.0 %	$ 26,346	100.0 %	$ (53)	(0.2)%
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	21,521	81.9	19,595	74.4	1,926	9.8
Selling, general and administrative	15,562	59.2	15,692	59.6	(130)	(0.8)
Restructuring credit	—	—	(3)	—	3	(100.0)
Depreciation and amortization	4,124	15.7	3,746	14.2	378	10.1
Operating loss	$ (14,914)	(56.7)%	$ (12,684)	(48.1)%	$ (2,230)	17.6 %
Share-based compensation expense	889	3.4 %	734	2.8 %	155	21.1 %
Restructuring credit	—	— %	(3)	— %	3	(100.0)%
Depreciation and amortization	4,124	15.7 %	3,746	14.2 %	378	10.1 %
AOCF deficit	$ (9,901)	(37.7)%	$ (8,207)	(31.2)%	$ (1,694)	20.6 %

Revenues, net

Revenues, net increased $55,722 to $381,961 for the three months ended March 31, 2013 as compared to the three months ended March 31, 2012. The net change by segment was as follows:

	Three Months Ended March 31,					
	2013	% of total	2012	% of total	$ change	% change
National Networks	$ 359,466	94.1 %	$ 304,223	93.3 %	$ 55,243	18.2 %
International and Other	26,293	6.9	26,346	8.1	(53)	(0.2)
Inter-segment eliminations	(3,798)	(1.0)	(4,330)	(1.3)	532	(12.3)
Consolidated revenues, net	$ 381,961	100.0 %	$ 326,239	100.0 %	$ 55,722	17.1 %

National Networks

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

	Three Months Ended March 31,					
	2013	% of total	2012	% of total	$ change	% change
Advertising	$ 163,960	45.6%	$ 129,237	42.5%	$ 34,723	26.9%
Distribution	195,506	54.4	174,986	57.5	20,520	11.7
	$ 359,466	100.0%	$ 304,223	100.0%	$ 55,243	18.2%

- Advertising revenues increased $34,723 primarily at AMC resulting from higher pricing per unit sold due to an increased demand for our programming, led by *The Walking Dead*. The increase in advertising revenues at AMC for the three months ended March 31, 2013 as compared to the same period in 2012 is not necessarily indicative of what we expect for the remainder of 2013; and

- Distribution revenues increased $20,520 due to an increase of $14,431 principally from digital, licensing and home video distribution revenues derived from our original programming, primarily at AMC and IFC. In addition, affiliation fee revenues increased due to an increase in rates and subscribers, partially offset by a decrease due to revenue not recognized for the three months ended March 31, 2013 with respect to an expired affiliation agreement, the renewal of which is in active negotiation. As previously discussed, distribution 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 March 31, 2013, December 31, 2012 and March 31, 2012:

	Estimated Domestic Subscribers		
National Programming Networks:	March 31, 2013	December 31, 2012	March 31, 2012
AMC (1)	98,700	98,900	96,400
WE tv (1)	81,800	81,500	76,600
IFC (1)	70,300	69,600	66,300
Sundance Channel (2)	50,300	50,200	42,400

(1) Estimated U.S. subscribers as measured by Nielsen.
(2) Subscriber counts are based on internal management reports and represent viewing subscribers.

International and Other

The decrease in International and Other revenues, net is attributable to the following:

	Three Months Ended March 31,					
	2013	% of total	2012	% of total	$ change	% change
Advertising	$ —	—%	$ —	—%	$ —	— %
Distribution	26,293	100.0	26,346	100.0	(53)	(0.2)
	$ 26,293	100.0%	$ 26,346	100.0%	$ (53)	(0.2)%

Distribution revenues decreased primarily due to a net decrease of $2,339 in revenue at IFC Films primarily due to lower performance for theatrical titles and lower licensing revenue. This decrease was partially offset by increased foreign affiliation fee revenues of $2,191 from our international distribution of AMC in Canada and from our expanded distribution of Sundance Channel and WE tv channels in Europe and Asia.

Technical and operating expense (excluding depreciation and amortization)

The components of technical and operating expense primarily include the amortization and impairments or 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 operating costs, such as origination, transmission, uplinking and encryption.

Technical and operating expense (excluding depreciation and amortization) increased $31,749 to $136,679 for the three months ended March 31, 2013 as compared to the three months ended March 31, 2012. The net change by segment was as follows:

	Three Months Ended March 31,			
	2013	2012	$ change	% change
National Networks	$ 119,870	$ 90,084	$ 29,786	33.1 %
International and Other	21,521	19,595	1,926	9.8
Inter-segment eliminations	(4,712)	(4,749)	37	(0.8)
Total	$ 136,679	$ 104,930	$ 31,749	30.3 %
Percentage of revenues, net	35.8%	32.2%		

National Networks

The increase in the National Networks segment is attributable to increased amortization of program rights of $26,925 primarily at AMC, and an increase of $2,861 for programming related costs. 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 revenues derived from owned original programming in each period. 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. As we continue to increase our investment in original programming, we expect the amortization of program rights to increase in 2013 over the prior year comparable period.

International and Other

The increase in the International and Other segment is primarily due to; (i) an increase at AMC/Sundance Channel Global of $1,352 primarily related to programming related costs, (ii) an increase of $702 primarily related to higher content acquisition costs at IFC Films and (iii) an increase of $602 in programming expenses for our developing businesses. These increases were partially offset by a decrease in programming costs at VOOM HD of $515.

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 facilities.

Selling, general and administrative expenses increased $231 to $99,453 for the three months ended March 31, 2013, as compared to the three months ended March 31, 2012. The net change by segment was as follows:

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	$ change	% change
National Networks	$ 83,941	$ 83,616	$ 325	0.4 %
International and Other	15,562	15,692	(130)	(0.8)
Inter-segment eliminations	(50)	(86)	36	(41.9)
Total	$ 99,453	$ 99,222	$ 231	0.2 %
Percentage of revenues, net	26.0%	30.4%		

National Networks

The increase in the National Networks segment is primarily attributable to increased advertising sales related expenses, partially offset by a decrease in marketing expenses. 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 decrease in the International and Other segment (excluding VOOM HD) is primarily attributable to lower selling, marketing and advertising costs of $344, primarily at IFC Films and lower administrative related expenses of $698 primarily related to insurance settlement proceeds at AMC Networks Broadcasting & Technology. Selling, general and administrative expenses related to VOOM HD were $2,105 for the three months ended March 31, 2013, an increase of $912 as compared to the three months ended March 31, 2012, due to higher legal fees and other related costs and expenses in connection with the determination of the allocation of settlement proceeds from the DISH Network contract dispute.

Depreciation and amortization

Depreciation and amortization decreased $6,706 to $18,345 for the three months ended March 31, 2013, as compared to the three months ended March 31, 2012. The net change by segment was as follows:

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	$ change	% change
National Networks	$ 14,221	$ 21,305	$ (7,084)	(33.3)%
International and Other	4,124	3,746	378	10.1
	$ 18,345	$ 25,051	$ (6,706)	(26.8)%

The decrease in depreciation and amortization expense in the National Networks segment is primarily attributable to a decrease in amortization expense at Sundance Channel and at AMC as certain intangible assets became fully amortized in the second and third quarters of 2012.

AOCF

AOCF increased $24,496 for the three months ended March 31, 2013 as compared to the three months ended March 31, 2012. The net change by segment was as follows:

	Three Months Ended March 31,			
	2013	2012	$ change	% change
National Networks	$ 159,103	$ 133,372	$ 25,731	19.3%
International and Other	(9,901)	(8,207)	(1,694)	20.6
Inter-segment eliminations	964	505	459	90.9
AOCF	$ 150,166	$ 125,670	$ 24,496	19.5%

National Networks AOCF increased due to an increase in revenues, net of $55,243 partially offset by an increase in technical and operating expenses of $29,786 resulting primarily from an increase in amortization of program rights expense. As a result of the factors discussed above impacting the variability in revenues and operating expenses, we expect AOCF to vary from quarter to quarter.

International and Other AOCF deficit increased due primarily to an increase in programming costs at AMC/Sundance Channel Global.

Interest expense, net

The decrease in interest expense, net of $576 for the three months ended March 31, 2013 as compared to the three months ended March 31, 2012 was attributable to the following:

Decrease in average outstanding debt balances	$ (124)
Interest rate swap contracts	(281)
Increase in interest income	(148)
Other	(23)
	$ (576)

Income tax expense

For the three months ended March 31, 2013, income tax expense attributable to continuing operations was $36,649, representing an effective tax rate of 37%. The effective tax rate differs from the federal statutory rate of 35% due primarily to state income tax expense of $2,022 and tax expense of $1,060 related to uncertain tax positions, including accrued interest. We expect our effective tax rate to be approximately 38% in future periods.

In addition, income taxes paid, net increased by $81,057 to $83,030 for the three months ended March 31, 2013 as compared to the three months ended March 31, 2012 as a result of the preliminary allocation of the VOOM HD settlement proceeds. As a result of the final allocation of the VOOM HD settlement proceeds on April 8, 2013, we expect remaining tax payments for 2013 to be reduced by approximately $60,000.

For the three months ended March 31, 2012, income tax expense attributable to continuing operations was $23,970, representing an effective tax rate of 36%. The effective tax rate differs from the federal statutory rate of 35% due primarily to state income tax expense of $1,354, tax expense of $764 related to uncertain tax positions, including accrued interest, partially offset by a tax benefit of $2,015 resulting from a decrease in the valuation allowance with regard to certain local income tax credit carry forwards.

Liquidity and Capital Resources

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 other sources of capital such as the public bond markets.

Our principal uses of cash include the acquisition and production of programming, our debt service, voluntary prepayments of debt and payments for income taxes. 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 2013. Historically, our businesses have not required significant capital expenditures. However, as we continue to invest in infrastructure, we expect that our capital expenditures during 2013 will be higher than 2012.

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.

Our level of debt could have important consequences on our business including, but not limited to, increasing our vulnerability to general adverse economic and industry conditions, limiting the availability of our cash flow to fund future programming investments, capital expenditures, working capital, business activities and other general corporate requirements and limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate.

In addition, economic or market disruptions could lead to lower demand for our services, such as lower levels of advertising. These events would adversely impact our results of operations, cash flows and financial position.

Our revolving credit facility remains undrawn at March 31, 2013. Total undrawn revolver commitments are available to be drawn for our general corporate purposes.

We may request an increase in the term loan A facility and/or revolving credit facility by an aggregate amount not exceeding the greater of $400,000 and an amount, which after giving effect to such increase, would not cause the ratio of senior secured debt to annual operating cash flow, as defined in the credit facility, to exceed 4.75:1. As of March 31, 2013, the Company does not have any commitments for an incremental facility.

AMC Networks was in compliance with all of its debt covenants as of March 31, 2013.

Cash Flow Discussion

The following table is a summary of cash flows (used in) provided by continuing operations and discontinued operations for the three months ended March 31:

	2013	2012
Continuing operations:		
Cash flow (used in) provided by operating activities	$ (37,829)	$ 76,963
Cash flow used in investing activities	(7,346)	(2,838)
Cash flow used in financing activities	(10,847)	(65,927)
Net (decrease) increase in cash from continuing operations	(56,022)	8,198
Discontinued operations:		
Net increase in cash from discontinued operations	$ —	$ 148

Continuing Operations

Operating Activities

Net cash (used in) provided by operating activities amounted to $(37,829) for the three months ended March 31, 2013 as compared to $76,963 for the three months ended March 31, 2012. The March 31, 2013 net cash used in operating activities resulted from $215,623 of net income before depreciation and amortization, amortization of program rights and other non-cash items which was more than offset by payments for program rights of $93,892, a decrease in income taxes payable of $80,903, a decrease in accounts payable, accrued expenses and other liabilities of $42,781, an increase in accounts receivable, trade of $16,504, a net decrease in deferred revenue and deferred litigation settlement proceeds of $12,424 as well as a net decrease in other net liabilities of $6,948.

Cash flows from operating activities for the three months ended March 31, 2013 is not necessarily indicative of what we expect for the remainder of 2013 due to various factors, including the timing of our cash investments in our original programming, the timing of income tax payments and the allocation of the DISH Network settlement proceeds (See “DISH Network” discussed above).

Net cash provided by operating activities for the three months ended March 31, 2012 resulted from $162,753 of net income before depreciation and amortization and other non-cash items and a decrease in prepaid expenses and other assets of $6,705 as well as a net decrease in other net assets of $562, partially offset by a decrease in cash resulting from payments for program rights of $58,687 and a decrease in accounts payable, accrued expenses and other liabilities of $34,370.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2013 and 2012 was $7,346 and $2,838, respectively, which consisted primarily of capital expenditures of $8,003 and $2,838 for the three months ended March 31, 2013 and 2012, respectively. Capital expenditures for the three months ended March 31, 2013 are primarily for the purchase of information technology hardware and software.

Financing Activities

Net cash used in financing activities amounted to $10,847 for the three months ended March 31, 2013 as compared to $65,927 for the three months ended March 31, 2012. For the three months ended March 31, 2013, financing activities consisted of treasury stock acquired from the acquisition of restricted shares of $11,950, payments for financing costs of $530 and principal payments on capital leases of $375, partially offset by proceeds from stock option exercises of $675 and the excess tax benefits from share-based compensation arrangements of $1,333.

Net cash used in financing activities amounted to $65,927 for the three months ended March 31, 2012. For the three months ended March 31, 2012, financing activities consisted of repayments of credit facility debt of $51,488, treasury stock acquired from acquisition of restricted shares of $15,937, principal payments on capital leases of $290 and payments for financing costs of $40, partially offset by proceeds from stock option exercises of $1,828.

Contractual Obligations

As of March 31, 2013, our contractual obligations not reflected on the consolidated balance sheet decreased approximately $64,500 to approximately $341,300 as compared to approximately $405,800 at December 31, 2012. The decrease relates primarily to future program rights obligations.

Critical Accounting Policies and Estimates

We describe our significant accounting policies in Note 2 of the Notes to the Company's Consolidated Financial Statements included in our 2012 Form 10-K. We discuss our critical accounting estimates in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in the same 2012 Form 10-K. There have been no significant changes in our significant accounting policies or critical accounting estimates since December 31, 2012.

The following discussion has been included to provide the results of our annual impairment test of goodwill and identifiable indefinite-lived intangible assets performed as of the end of February 2013 as well as a discussion of the critical estimates inherent in assessing the recoverability of goodwill and identifiable indefinite-lived intangible assets.

Annual Impairment Test of Goodwill and Identifiable Indefinite-Lived Intangible Assets

Based on our annual impairment test for goodwill as of the end of February 2013, no impairment charge was required for any of the reporting units. We performed a qualitative assessment for the AMC, WE tv, IFC and AMC Networks Broadcasting and Technology reporting units, which included, but was not limited to, consideration of the historical significant excesses of the estimated fair value of each reporting unit over its respective carrying value (including allocated goodwill), macroeconomic conditions, industry and market considerations, cost factors and historical and projected cash flows. We performed a quantitative assessment for the Sundance Channel reporting unit. Based on the quantitative assessment, if the fair value of the Sundance Channel reporting unit decreased by 12%, we would be required to perform step-two of the quantitative assessment.

In assessing the recoverability of goodwill and other long-lived assets, we must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. These estimates and assumptions could have a significant impact on whether an impairment charge is recognized and also the magnitude of any such charge. Fair value estimates are made at a specific point in time, based on relevant information. 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. Estimates of fair value are primarily determined using discounted cash flows and comparable market transactions. These valuations are based on estimates and assumptions including projected future cash flows, discount rate and determination of appropriate market comparables and determination of whether a premium or discount should be applied to comparables. These valuations also include assumptions for renewals of affiliation agreements, the projected number of subscribers and the projected average rates per basic and viewing subscribers and growth in fixed price contractual arrangements used to determine affiliation fee revenue, access to program rights and the cost of such program rights, amount of programming time that is advertiser supported, number of advertising spots available and the sell through rates for those spots, average fee per advertising spot and operating margins, among other assumptions. If these estimates or material related assumptions change in the future, we may be required to record impairment charges related to our long-lived assets.

Based on our annual impairment test for indefinite-lived intangible assets as of the end of February 2013, no impairment charge was required. Our indefinite-lived intangible assets relate to Sundance Channel 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 our identifiable indefinite-lived intangible assets, we 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 a valuation 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

All dollar amounts included in the following discussion under this Item 3 are presented in thousands.

Fair Value of Debt

Based on the level of interest rates prevailing at March 31, 2013, the fair value of our fixed rate debt of $1,396,875 was more than its carrying value of $1,277,422 by $119,453. 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 March 31, 2013 would increase the estimated fair value of our fixed rate debt by approximately $64,600 to approximately $1,461,500.

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 credit worthy 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 March 31, 2013, we had $2,153,997 of debt outstanding (excluding capital leases), of which $876,575 is outstanding under the credit facility and is subject to variable interest rates (before consideration of the interest rate swaps contracts described below).

As of March 31, 2013, we had interest rate swap contracts outstanding with notional amounts aggregating $828,219. The aggregate fair value of interest rate swap contracts at March 31, 2013 was a liability of $19,567 (included in other liabilities). As a result of these transactions, the interest rate paid on approximately 98% of the Company’s debt (excluding capital leases) as of March 31, 2013 is effectively fixed (59% being fixed rate obligations and 39% effectively fixed through utilization of these interest rate swap contracts). Accumulated other comprehensive loss consists of $7,281 of cumulative unrealized losses, net of tax, on the portion of floating-to-fixed interest rate swap contracts designated as cash flow hedges. At March 31, 2013, our interest rate swap contracts designated as cash flow hedges were highly effective, in all material respects.

A hypothetical 100 basis point increase in interest rates prevailing at March 31, 2013 would not have a material impact on our annual interest expense.

Item 4. Controls and Procedures.

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 March 31, 2013, the Company’s Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

There were no changes in the Company’s internal control over financial reporting during the quarter ended March 31, 2013, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Since our 2012 Form 10-K, there have been no material developments in legal proceedings in which we are involved. See Note 11, Commitments and Contingencies to the consolidated financial statements included in our 2012 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Set forth below is information concerning acquisitions of AMC Networks Class A Common Stock by the Company during the three months ended March 31, 2013.

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January 1, 2013 to January 31, 2013	—	$ —	N/A	N/A
February 1, 2013 to February 28, 2013	—	$ —	N/A	N/A
March 1, 2013 to March 31, 2013	201,622	$ 59.27	N/A	N/A
Total	201,622	$ 59.27	N/A	

During the first quarter of 2013, certain restricted shares of AMC Networks Class A common stock previously issued to employees of Cablevision and the Company vested. In connection with the employees' satisfaction of the statutory minimum tax withholding obligations for the applicable income and other employment taxes, 201,622 shares, with an aggregate value of approximately $12.0 million, were surrendered to the Company. The 201,622 acquired shares have been classified as treasury stock.

The table above does not include any shares received in connection with forfeitures of awards pursuant to the Company's employee stock plan.

Item 6. Exhibits.

(a) Index to Exhibits.

10.1	Employment Agreement 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 March 18, 2013).
10.2	Employment Agreement 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 March 18, 2013).
10.3	Employment Agreement 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 April 24, 2013).
10.4	Form of Performance Award Agreement under the Amended and Restated 2011 Cash Incentive Plan.
10.5	Form of Restricted Stock Units Award Agreement under the Amended and Restated 2011 Employee Stock Plan.
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.

** Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise are not subject to liability under those sections.

SIGNATURES

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

AMC Networks Inc.

Date: May 9, 2013

By: /s/ Sean S. Sullivan

Sean S. Sullivan

Executive Vice President and Chief Financial Officer

PERFORMANCE AWARD AGREEMENT

[Full Name of Employee]

[Date]

Dear [First Name]:

Pursuant to the Amended and Restated 2011 Cash Incentive Plan (the "Plan") of AMC Networks Inc. (the "Company"), you have been selected by the Compensation Committee of the Board of Directors of the Company to receive a contingent cash award (the "Award") effective as of March 12, 2013 (the "Effective Date").

Capitalized terms used, but not defined, in this agreement (this "Agreement") have the meanings given to them in the Plan. The Award is subject to the terms and conditions set forth below:

1. *Amount and Payment of Award*. In accordance with the terms of this Performance Award Agreement, the target amount of your contingent Award is $___________________ (the "Target Award"), which may be increased or decreased to the extent the performance objectives set forth on Annex 1 hereto (the "Objectives") have been attained in respect of the period from January 1, 2013 through December 31, 2015 (the "Performance Period"). The Award, calculated in accordance with Annex 1 attached hereto, will become payable to you upon the date on which the Committee (as defined in Section 11 below) determines the Company's performance against the Objectives (the "Award Date") provided, that you have remained in the continuous employ of the Company or one of the AMC Subsidiaries from the Effective Date through the Award Date.

2. *Termination of Employment*. If, on or prior to the Award Date, your continuous employment by the Company or one of the AMC Subsidiaries ends for any reason, other than as a result of your death, then you will automatically forfeit all of your rights and interest in the Award regardless of whether the Objectives are attained.

3. *Death*. If, prior to the end of the Performance Period, your employment with the Company or any of the AMC Subsidiaries is terminated as a result of your death then your estate will receive, promptly (and in any event within 30 days) following the date of such termination, payment of the Target Award prorated for the number of completed months of your employment during the Performance Period prior to such termination. If after the end of the Performance Period but prior to the Award Date, your employment with the Company or any of the AMC Subsidiaries is terminated as a result of your death then your estate will receive, on the date payment is made to active eligible employees of the Company, the Award, if any, to which you would have been entitled on the Award Date had your employment not been so terminated.

4. *Going Private Transaction or Change in Control*.

a. Going Private Transaction. Notwithstanding anything to the contrary contained in this Agreement, if at any time a Going Private Transaction (as defined below) occurs and immediately prior to such transaction you are employed by the Company or one of the AMC Subsidiaries, the Target Award shall become payable to you whether or not the Objectives have been attained at the earliest of (i) January 1, 2016, (ii) the date of your death or (iii) the date subsequent to the Going Private Transaction on which your employment with the Company, the Surviving Entity or one of the AMC Subsidiaries is terminated (A) by the Company, the Surviving Entity or one of the AMC Subsidiaries other than for Cause (as defined below) or (B) by you for Good Reason (as defined below), provided, in each case, that you remain in the continuous employ of the Company, the Surviving Entity or one of the AMC Subsidiaries from the Effective Date through such date. Notwithstanding the foregoing, if you become entitled to payment of the Target Award by virtue of a termination in accordance with (iii)(A) or (iii)(B) of this Section 4(a) and are determined by the Company to be a "specified employee" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A of the IRC"), the Target Award shall be paid to you on the earlier of: (i) January 1, 2016, (ii) the date that is six months from your date of employment termination and (iii) any other date on which such payment or any portion thereof would be a permissible distribution under Section 409A of the IRC. In the event of such a determination, the Company shall promptly following the date of your employment termination set aside such amount for your benefit in a "rabbi trust" that satisfies the requirements of Revenue Procedure 92-64, and on a monthly basis shall deposit into such trust interest in arrears (compounded quarterly at the rate provided below) until such time as such amount, together with all accrued interest thereon, is paid to you in full pursuant to the previous sentence; provided, that no payment will be made to such rabbi trust if it would be contrary to law or cause you to incur additional tax under Section 409A of the IRC. The initial interest rate shall be the average of the one-year LIBOR fixed rate equivalent for the ten business days prior to the date of your employment termination.

b. Change in Control. Notwithstanding anything to the contrary contained in this Agreement but subject to the subsections of this Section 4(b), if at any time a Change of Control (as defined below) of the Company occurs and immediately prior to such transaction you are employed by the Company or one of the AMC Subsidiaries, you will be entitled to the payment of the Target Award whether or not the Objectives have been attained.

i. If the actual Change of Control:

(A) is a permissible distribution event under Section 409A of the IRC or payment of the Award promptly upon such event is otherwise permissible under Section 409A of the IRC (including, for the avoidance of doubt, by reason of the inapplicability of Section 409A of the IRC to the Award), then the Target Award shall be paid to you by the Company promptly following the Change of Control; or

(B) is not a permissible distribution event under Section 409A of the IRC and payment of the Award promptly upon such event is not otherwise permissible under Section 409A of the IRC, then the Target Award shall be paid to you by the Company (together with interest thereon pursuant to Section 4(b)(ii) below) on the earliest to occur of:

(1) any subsequent date on which you are no longer employed by the Company, the Surviving Entity or any of the AMC Subsidiaries for any reason other than termination of your employment by one of such entities for Cause (provided that if you are determined by the Company to be a "specified employee" within the meaning of Section 409A of the IRC, six months from such date);

(2) any other date on which such payment or any portion thereof would be a permissible distribution under Section 409A of the IRC; or

(3) January 1, 2016.

ii. Upon any Change of Control, to the extent any amounts are due to be paid to you at a later date pursuant to Section 4(b)(i)(B) above, the Company shall promptly following the Change of Control set aside such amount for your benefit in a "rabbi trust" that satisfies the requirements of Revenue Procedure 92-64, and on a monthly basis shall deposit into such trust interest in arrears (compounded quarterly at the rate provided below) until such time as such amount, together with all accrued interest thereon, is paid to you in full pursuant to Section 4(b)(i)(B) above); provided, that no payment will be made to such rabbi trust if it would be contrary to law or cause you to incur additional tax under Section 409A of the IRC. The initial interest rate shall be the average of the one-year LIBOR fixed rate equivalent for the ten business days prior to the date of the Change of Control and shall adjust annually based on the average of such rate for the ten business days prior to each anniversary of the Change of Control.

If and to the extent that any payment under this Section 4 is determined by the Company to constitute "non-qualified deferred compensation" subject to Section 409A of the IRC and is payable to you by reason of your termination of employment, then such payment shall be made to you only upon a "separation from service" as defined for purposes of Section 409A of the IRC under applicable regulations.

5. *Definitions.* For purposes of this Agreement:

"Cause" means, your (i) commission of an act of fraud, embezzlement, misappropriation, willful misconduct, gross negligence or breach of fiduciary duty against the Company or an Affiliate thereof, or (ii) commission of any act or omission that results in a conviction, plea of no contest, plea of *nolo contendere*, or imposition of unadjudicated probation for any crime involving moral turpitude or any felony.

"Change of Control" means the acquisition, in a transaction or a series of related transactions, by any person or group, other than Charles F. Dolan or members of the immediate family of Charles F. Dolan or trusts for the benefit of Charles F. Dolan or his immediate family (or an entity or entities controlled by any of them) or any employee benefit plan sponsored or maintained by the Company, of the power to direct the management of the Company or substantially all its assets (as constituted immediately prior to such transaction or transactions).

"Going Private Transaction" means a transaction involving the purchase of Company securities described in Rule 13e-3 to the Securities and Exchange Act of 1934.

"Good Reason" means: (a) without your express written consent any reduction in your base salary or target bonus opportunity, or any material impairment or material adverse change in your working conditions (as the same may from time to time have been improved or, with your written consent, otherwise altered, in each case, after the Effective Date) at any time after or within ninety (90) days prior to the Going Private Transaction including, without limitation, any material reduction of your other compensation, executive perquisites or other employee benefits (measured, where applicable, by level or participation or percentage of award under any plans of the Company), or material impairment or material adverse change of your level of responsibility, authority, autonomy or title, or to your scope of duties; (b) any failure by the Company to comply with any of the provisions of this Agreement, other than an insubstantial or inadvertent failure remedied by the Company promptly after receipt of notice thereof given by you; (c) the Company's requiring you to be based at any office or location more than thirty-five (35) miles from your location immediately prior to the Going Private Transaction except for travel reasonably required in the performance of your responsibilities; or (d) any failure by the Company to obtain the assumption and agreement to perform this Agreement by a successor.

"Surviving Entity" means the entity that owns, directly or indirectly, after consummation of any transaction, substantially all the assets of the Company as constituted immediately prior to consummation of such transaction. If any such entity is at least majority-owned, directly or indirectly, by any entity (a "*parent entity*") which has shares of common stock (or partnership units) traded on a national stock exchange or the over-the-counter market, as reported on NASDAQ, then such parent entity shall be deemed to be the Surviving Entity, provided that if there shall be more than one such parent entity, the parent entity closest to ownership of substantially all the assets of the Company shall be deemed to be the Surviving Entity.

6. *Termination*. Except for a right which has accrued to receive a payment on account of the Award, this Agreement shall automatically terminate and be of no further force and effect on the Award Date.

7. *Transfer Restrictions*. You may not transfer, assign, pledge or otherwise encumber the Award other than to the extent provided in the Plan.

8. *Unfunded Obligation*. The Plan will at all times be unfunded and, except as set forth in Section 4(b) of this Agreement, no provision will at any time be made with respect to segregating any assets of the Company or any of its Affiliates for payment of any benefits under the Plan, including, without limitation, those covered by this Agreement. Your right or that of your estate to receive payments under this Agreement shall be an unsecured claim against the general assets of the Company, including any rabbi trust established pursuant to Section 4(b). Neither you nor your estate shall have any rights in or against any specific assets of the Company other than the assets held by the rabbi trust established pursuant to Section 4(b).

9. *Tax Representations and Tax Withholding*. You hereby acknowledge that you have reviewed with your own tax advisors the federal, state and local tax consequences of receiving the Award. You hereby represent to the Company that you are relying solely on such advisors and not on any statements or representations of the Company, its Affiliates or any of their respective agents. If, in connection with the Award, the Company is required to withhold any amounts by reason of any federal, state or local tax, such withholding shall be effected in accordance with Section 8 of the Plan.

10. *Right of Offset.* You hereby agree that if the Company shall owe you any amount that does not constitute "non-qualified deferred compensation" pursuant to Section 409A of the IRC (the "Company-Owed Amount") under this Agreement, then the Company shall have the right to offset against the Company-Owed Amount, to the maximum extent permitted by law, any amounts that you may owe to the Company or the AMC Subsidiaries of whatever nature.

11. *The Committee*. For purposes of this Agreement, the term "Committee" means the Compensation Committee of the Board of Directors of the Company or any replacement committee established under, and as more fully defined in, the Plan.

12. *Committee Discretion*. The Committee has full discretion with respect to any actions to be taken or determinations to be made in connection with this Agreement, and its determinations shall be final, binding and conclusive.

13. *Amendment*. The Committee reserves the right at any time and from time to time to amend or revise the terms and conditions set forth in this Agreement, except that the Committee may not make any such amendment or revision in a manner unfavorable to you (other than if immaterial) without your consent. Any amendment of this Agreement shall be in writing and signed by an authorized member of the Committee or a person or persons designated by the Committee.

14. *Award Subject to the Plan*. The Award and all other amounts payable hereunder are subject to the Plan.

15. *Entire Agreement*. Except for any employment agreement between you and the Company or any of its Affiliates in effect as of the date of the grant hereof (as such employment agreement may be modified, renewed or replaced), this Agreement and the Plan constitute the entire understanding and agreement of you and the Company with respect to the Award covered hereby and supersede all prior understandings and agreements. In the event of a conflict among the documents with respect to the terms and conditions of the Award covered hereby, the documents will be accorded the following order of authority: the terms and conditions of the Plan will have highest authority followed by the terms and conditions of your employment agreement, if any, followed by the terms and conditions of this Agreement.

16. *Successors and Assigns*. The terms and conditions of this Agreement shall be binding upon, and shall inure to the benefit of, the Company and its successors and assigns.

17. *Governing Law*. This Agreement shall be deemed to be made under, and in all respects be interpreted, construed and governed by and in accordance with, the laws of the State of New York without regard to conflict of law principles.

18. *Jurisdiction and Venue*. You irrevocably submit to the jurisdiction of the courts of the State of New York and the Federal courts of the United States located in the Southern District and Eastern District of the State of New York in respect of the interpretation and enforcement of the provisions of this Agreement and the Plan, and hereby waive, and agree not to assert, as a defense that you are not subject thereto or that the venue thereof may not be appropriate. You agree that the mailing of process or other papers in connection with any action or proceeding in any manner permitted by law shall be valid and sufficient service.

19. *Waiver*. No waiver by the Company at any time of any breach by you of, or compliance with, any term or condition of this Agreement or the Plan to be performed by you shall be deemed a waiver of the same, any similar or any dissimilar term or condition at the same or at any prior or subsequent time.

20. *Severability*. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any term or condition hereof shall not affect the validity or enforceability of the other terms and conditions set forth herein.

21. *Exclusion from Compensation Calculation*. By acceptance of this Agreement, you shall be considered in agreement that the Award shall be considered special incentive compensation and will be exempt from inclusion as “wages” or “salary” in pension, retirement, life insurance and other employee benefits arrangements of the Company and its Affiliates, except as determined otherwise by the Company. In addition, each of your beneficiaries shall be deemed to be in agreement that the Award shall be exempt from inclusion in “wages” or “salary” for purposes of calculating benefits of any life insurance coverage sponsored by the Company or any of its Affiliates.

22. *No Right to Continued Employment*. Nothing contained in this Agreement or the Plan shall be construed to confer on you any right to continue in the employ of the Company or any Affiliate, or derogate from the right of the Company or any Affiliate, as applicable, to retire, request the resignation of, or discharge you, at any time, with or without cause.

22. *AMC Subsidiaries.* For purposes of this Agreement, “AMC Subsidiary” shall mean the direct and indirect subsidiaries of the Company (or, in the case of a Going Private Transaction or Change in Control, the direct or indirect subsidiaries of the Surviving Entity).

23. *Section 409A.* It is the Company’s intent that payments under this Agreement be exempt from, or comply with, the requirements of Section 409A of the IRC, and that this Agreement be administered and interpreted accordingly. If and to the extent that any payment or benefit under this Agreement, or any plan or arrangement of the Company or its affiliates, is determined by the Company to constitute “non-qualified deferred compensation” subject to Section 409A of the IRC and is payable to you by reason of your termination of employment, then (a) such payment or benefit shall be made or provided to you only upon a “separation from service” as defined for purposes of Section 409A of the IRC under applicable regulations and (b) if you are a “specified employee” (within the meaning of Section 409A of the IRC and as determined by the Company), such payment or benefit shall not be made or provided before the date that is six months after the date of your separation from service (or your earlier death). Any amount not paid in respect of the six month period specified in the preceding sentence will be paid to you, together with interest on such delayed amount at the rate equal to the average of the one-year LIBOR fixed rate equivalent for the ten business days prior to the date of your separation from service (or your earlier death), in a lump sum after the expiration of such six month period. The Committee will determine the Company’s performance against the Objectives under Section 1 hereof during the calendar year immediately following the Performance Period. This Section 23 will also apply to all previous awards granted to you pursuant to the Plan. Each payment under this Agreement will be treated as a separate payment under Section 409A of the IRC.

24. *Headings*. The headings in this Agreement are for purposes of convenience only and are not intended to define or limit the construction of the terms and conditions of this Agreement.

25. *Effective Date*. Upon execution by you, this Agreement shall be effective from and as of the Effective Date.

26. *Signatures*. Execution of this Agreement by the Company may be in the form of an electronic or similar signature, and such signature shall be treated as an original signature for all purposes.

AMC NETWORKS INC.

By: ____
Joshua Sapan

President and CEO

By your signature, you (i) acknowledge that a complete copy of the Plan and an executed original of this Agreement have been made available to you and (ii) agree to all of the terms and conditions set forth in the Plan and this Agreement.

____
Name:

Annex 1

AMC Networks Performance Objectives
($ in thousands)

[TBD]

RESTRICTED STOCK UNITS AGREEMENT

[Full Name of Employee]

[Date]

Dear [First Name]:

Pursuant to the AMC Networks Inc. Amended and Restated 2011 Employee Stock Plan (the "Plan"), you have been selected by the Compensation Committee of the Board of Directors (as more fully described in Section 11, the "Committee") of AMC Networks Inc. (the "Company"), effective as of March 12, 2013 (the "Grant Date"), to receive [____] restricted stock units ("Units"). The Units are granted subject to the terms and conditions set forth below and in the Plan.

Capitalized terms used but not defined in this agreement (this "Agreement") have the meanings given to them in the Plan. The Units are subject to the terms and conditions set forth below:

1. *Awards.* Each Unit shall represent an unfunded, unsecured promise by the Company to deliver to you one share of the Company's Class A Common Stock, par value $.01 per share ("Share"), on the Delivery Date. In accordance with Section 10(b) of the Plan, in the discretion of the Committee, in lieu of all or any portion of the Shares otherwise deliverable in respect of your Units, the Company may deliver a cash amount equal to the number of such Shares multiplied by the Fair Market Value of a Share on the date when Shares would otherwise have been issued, as determined by the Committee.

2. *Vesting.* Subject to Sections 3 and 4, none of your Units will vest and you will forfeit all of them if you do not remain continuously employed with the Company or one of the AMC Subsidiaries from the Grant Date through the third anniversary of the Grant Date (the "Vesting Date"), provided the performance criteria set forth in Annex 2 attached hereto (the "Performance Criteria") have been satisfied as of the Vesting Date, as determined by the Committee.

3. *Vesting in the Event of Death.* If your employment is terminated as a result of your death, all of the Units will vest as of the termination date without regard to satisfaction of the Performance Criteria.

4. *Change of Control/Going Private Transaction.* As set forth in Annex 1 attached hereto, your entitlement to the Units may be affected in the event of a Change of Control of the Company or a going-private transaction (each as defined in Annex 1 attached hereto).

5. *Transfer Restrictions.* You may not transfer, assign, pledge or otherwise encumber the Units, other than to the extent provided in the Plan.

6. *Right to Vote and Receive Dividends.* You shall not be deemed to be the holder of Shares, and shall not have any of the rights of a stockholder with respect to any Units, unless and until the Company shall have issued and delivered Shares to you and your name shall have been entered as a stockholder of record on the books of the Company. Pursuant to Section 10(c) of the Plan, all ordinary (as determined by the Committee in its sole discretion) cash dividends that would have been paid upon any Shares underlying your Units had such Shares been issued will be retained by the Company for your account until your Units vest and such dividends will be paid to you (without interest) on the Delivery Date to the extent that your Units vest.

7. *Tax Representations and Tax Withholding*. You hereby acknowledge that you have reviewed with your own tax advisors the federal, state and local tax consequences of receiving the Units. You hereby represent to the Company that you are relying solely on such advisors and not on any statements or representations of the Company, its Affiliates or any of their respective agents. If, in connection with the Units, the Company is required to withhold any amounts by reason of any federal, state or local tax, such withholding shall be effected in accordance with Section 16 of the Plan.

8. *Section 409A.* It is the Company's intent that payments under this Agreement shall comply with Section 409A of the Internal Revenue Code ("Section 409A") to the extent applicable, and that the Agreement be administered accordingly. Notwithstanding anything to the contrary contained in this Agreement or any employment agreement you have entered into with the Company, to the extent that any payment or benefit under this Agreement, or any other plan or arrangement of the Company or its affiliates, is determined by the Company to constitute "non-qualified deferred compensation" subject to Section 409A and is payable to you by reason of your termination of employment, then (a) such payment or benefit shall be made or provided to you only upon a "separation from service" as defined for purposes of Section 409A under applicable regulations and (b) if you are a "specified employee" (within the meaning of Section 409A and as determined by the Company), such payment or benefit shall not be made or provided before the date that is six months after the date of your separation from service (or your earlier death). Each payment under this Agreement will be treated as a separate payment under Section 409A of the IRC.

9. *Delivery.* Subject to Sections 8, 10 and 13 and except as otherwise provided in this Agreement, the Shares will be delivered in respect of vested Units (if any) on the first to occur of the following events (i) to you on or promptly after the Vesting Date (but in no case more than 15 days after such date), (ii) in the event of your death to your estate after your death and during the calendar year in which your death occurs (or such later date as may be permitted under Section 409A) and (iii) in the event of any other termination of your employment (including pursuant to the provisions of Annex 1), to you on the ninetieth (90^{th}) day following your termination of employment (the "Delivery Date"). Unless otherwise determined by the Committee, delivery of the Shares at the Delivery Date will be by book-entry credit to an account in your name that the Company has established at a custody agent (the "custodian"). The Company's transfer agent, Wells Fargo Bank, N.A., shall act as the custodian of the Shares; however, the Company may in its sole discretion appoint another custodian to replace Wells Fargo Bank, N.A. On the Delivery Date, if you have complied with your obligations under this Agreement and provided that your tax obligations with respect to the vested Units are appropriately satisfied, we will instruct the custodian to electronically transfer your Shares to a brokerage or other account on your behalf (or make such other arrangements for the delivery of the Shares to you as we reasonably determine).

10. *Right of Offset*. You hereby agree that the Company shall have the right to offset against its obligation to deliver shares of Class A Common Stock, cash or other property under this Agreement to the extent that it does not constitute "non-qualified deferred compensation" pursuant to Section 409A, any outstanding amounts of whatever nature that you then owe to the Company or any of the AMC Subsidiaries.

11. *The Committee*. For purposes of this Agreement, the term "Committee" means the Compensation Committee of the Board of Directors of the Company or any replacement committee established under, and as more fully defined in, the Plan.

12. *Committee Discretion*. The Committee has full discretion with respect to any actions to be taken or determinations to be made in connection with this Agreement, and its determinations shall be final, binding and conclusive.

13. *Amendment.* The Committee reserves the right at any time to amend the terms and conditions set forth in this Agreement, except that the Committee shall not make any amendment or revision in a manner unfavorable to you (other than if immaterial), without your consent. No consent shall be required for amendments made pursuant to Section 12 of the Plan, except that, for purposes of Section 19 of the Plan, Section 4 and Annex 1 of this Agreement are deemed to be "terms of an Award Agreement expressly refer[ring] to an Adjustment Event." Any amendment of this Agreement shall be in writing and signed by an authorized member of the Committee or a person or persons designated by the Committee.

14. *Units Subject to the Plan.* The Units covered by this Agreement are subject to the Plan.

15. *AMC Subsidiaries.* For purposes of this Agreement, "AMC Subsidiaries" shall mean the direct or indirect subsidiaries of the Company (or, in the case of a going private transaction or Change in Control, the direct or indirect subsidiaries of the Surviving Entity).

16. *Entire Agreement.* Except for any employment agreement between you and the Company or any of its Affiliates in effect as of the date of the grant hereof (as such employment agreement may be modified, renewed or replaced), this Agreement and the Plan constitute the entire understanding and agreement of you and the Company with respect to the Units covered hereby and supersede all prior understandings and agreements. Except as provided in Sections 8 and 15, in the event of a conflict among the documents with respect to the terms and conditions of the Units covered hereby, the documents will be accorded the following order of authority: the terms and conditions of the Plan will have highest authority followed by the terms and conditions of your employment agreement, if any, followed by the terms and conditions of this Agreement.

17. *Successors and Assigns.* The terms and conditions of this Agreement shall be binding upon, and shall inure to the benefit of, the Company and its successors and assigns.

18. *Governing Law.* This Agreement shall be deemed to be made under, and in all respects be interpreted, construed and governed by and in accordance with, the laws of the State of New York.

19. *Jurisdiction and Venue.* You irrevocably submit to the jurisdiction of the courts of the State of New York and the Federal courts of the United States located in the Southern District and Eastern District of the State of New York in respect of the interpretation and enforcement of the provisions of this Agreement, and hereby waive, and agree not to assert, as a defense that you are not subject thereto or that the venue thereof may not be appropriate. You agree that the mailing of process or other papers in connection with any action or proceeding in any manner permitted by law shall be valid and sufficient service.

20. *Waiver*. No waiver by the Company at any time of any breach by you of, or compliance with, any term or condition of this Agreement or the Plan to be performed by you shall be deemed a waiver of the same, any similar or any dissimilar term or condition at the same or at any prior or subsequent time.

21. *Severability*. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any term or condition hereof shall not affect the validity or enforceability of the other terms and conditions set forth herein.

22. *Exclusion from Compensation Calculation*. By acceptance of this Agreement, you shall be deemed to be in agreement that the Units covered hereby shall be considered special incentive compensation and will be exempt from inclusion as “wages” or “salary” in pension, retirement, life insurance and other employee benefits arrangements of the Company and its Affiliates, except as determined otherwise by the Company. In addition, each of your beneficiaries shall be deemed to be in agreement that all such shares be exempt from inclusion in “wages” or “salary” for purposes of calculating benefits of any life insurance coverage sponsored by the Company or any of its Affiliates.

23. *No Right to Continued Employment*. Nothing contained in this Agreement or the Plan shall be construed to confer on you any right to continue in the employ of the Company or any Affiliate, or derogate from the right of the Company or any Affiliate, as applicable, to retire, request the resignation of, or discharge you, at any time, with or without cause.

24. *Restrictive Covenants*. You agreed to be bound by the restrictive covenants set forth in Annex 3.

25. *Headings.* The headings in this Agreement are for purposes of convenience only and are not intended to define or limit the construction of the terms and conditions of this Agreement.

26. *Effective Date.* Upon execution by you, this Agreement shall be effective from and as of the Grant Date.

27. *Signatures*. Execution of this Agreement by the Company and/or you may be in the form of an electronic, manual or similar signature, and such signature shall be treated as an original signature for all purposes.

AMC NETWORKS INC.

By: ____

Name: Joshua Sapan

Title: President and CEO

By your electronic signature, you (i) acknowledge that a complete copy of the Plan and this Agreement have been made available to you and (ii) agree to all of the terms and conditions set forth in the Plan and this Agreement.

Annex 1
to
<u>Restricted Stock Units Agreement</u>

In the event of a “Change of Control” of the Company or a “going private transaction,” as defined below, your entitlement to Units shall be as follows:

1. If the Company or the Surviving Entity, as defined below, has shares of common stock (or partnership units) traded on a national stock exchange or on the over-the-counter market as reported on NASDAQ, the Committee shall, no later than the effective date of the transaction which results in a Change of Control or going private transaction, deem the Performance Criteria to be satisfied and either (A) convert your unvested Units into an amount of cash equal to (i) the number of your unvested Units multiplied by (ii) the “offer price per share,” the “acquisition price per share” or the “merger price per share,” each as defined below, whichever of such amounts is applicable or (B) arrange to have the Surviving Entity grant to you an award of restricted stock units (or partnership units) for shares of the Surviving Entity on the same terms and with a value equivalent to your unvested Units which will, in the good faith determination of the Committee, provide you with an equivalent profit potential.

2. If the Company or the Surviving Entity does not have shares of common stock (or partnership units) traded on a national stock exchange or on the over-the-counter market as reported on NASDAQ, the Committee shall deem the Performance Criteria to be satisfied and convert your unvested Units into an amount of cash equal to the amount calculated as per Paragraph 1(A) above.

3. Provided that you remain continuously employed with the Company, the Surviving Entity or one of the AMC Subsidiaries, any cash award provided for in Paragraph 1(A) or 2 shall become payable to you (or your estate), and any substitute restricted stock unit award of the Surviving Entity provided in Paragraph 1(B) will vest, at the earlier of (a) the date on which your Units would otherwise have vested had they continued in effect, (b) the date of your death or (c) the date on which your employment with the Company, the Surviving Entity or one of the AMC Subsidiaries is terminated (i) by the Company, the Surviving Entity or one of the AMC Subsidiaries other than for Cause, (ii) by you for “good reason,” as defined below, or (iii) by you for any reason at least six (6) months, but not more than nine (9) months after the effective date of the Change of Control or going private transaction; provided that clause (iii) herein shall not apply in the event that your rights in the Units are converted into a right to receive an amount of cash in accordance with Paragraph 1(A). The amount payable in cash shall be payable together with interest from the effective date of the Change of Control or going private transaction until the date of payment at (a) the weighted average cost of capital of the Company immediately prior to the effectiveness of the Change of Control or going private transaction, or (b) if the Company (or the Surviving Entity) sets aside the funds in a trust or other funding arrangement, the actual earnings of such trust or other funding arrangement.

4. As used herein,

"*Acquisition price per share*" shall mean the greater of (i) the highest price per share stated on the Schedule 13D or any amendment thereto filed by the holder of twenty percent (20%) or more of the Company's voting power which gives rise to the Change of Control or going private transaction, and (ii) the highest fair market value per share of common stock during the ninety-day period ending on the date of such Change of Control or going private transaction.

"*Cause*" means your (i) commission of an act of fraud, embezzlement, misappropriation, willful misconduct, gross negligence or breach of fiduciary duty against the Company or any of its Affiliates, or (ii) commission of any act or omission that results in a conviction, plea of no contest, plea of *nolo contendere*, or imposition of unadjudicated probation for any crime involving moral turpitude or any felony.

"*Change of Control*" means the acquisition, in a transaction or a series of related transactions, by any person or group, other than Charles F. Dolan or members of the immediate family of Charles F. Dolan or trusts for the benefit of Charles F. Dolan or his immediate family (or an entity or entities controlled by any of them) or any employee benefit plan sponsored or maintained by the Company, of the power to direct the management of the Company or substantially all its assets (as constituted immediately prior to such transaction or transactions).

"*Going private transaction*" means a transaction involving the purchase of Company securities described in Rule 13e-3 to the Securities and Exchange Act of 1934.

"*Good reason*" means

a. without your express written consent any reduction in your base salary or target bonus opportunity, or any material impairment or material adverse change in your working conditions (as the same may from time to time have been improved or, with your written consent, otherwise altered, in each case, after the Grant Date) at any time after or within ninety (90) days prior to the Change of Control including, without limitation, any material reduction of your other compensation, executive perquisites or other employee benefits (measured, where applicable, by level or participation or percentage of award under any plans of the Company), or material impairment or material adverse change of your level of responsibility, authority, autonomy or title, or to your scope of duties;

b. any failure by the Company to comply with any of the provisions of this Agreement, other than an insubstantial or inadvertent failure remedied by the Company promptly after receipt of notice thereof given by you;

c. the Company's requiring you to be based at any office or location more than thirty-five (35) miles from your location immediately prior to such event except for travel reasonably required in the performance of your responsibilities; or

d. any failure by the Company to obtain the assumption and agreement to perform this Agreement by a successor as contemplated by Paragraph 1.

"*Merger price per share*" shall mean, in the case of a merger, consolidation, sale, exchange or other disposition of assets that results in a Change of Control or going private transaction (a "*Merger*"), the greater of (i) the fixed or formula price for the acquisition of shares of common stock occurring pursuant to the Merger, and (ii) the highest fair market value per share of common stock during the ninety-day period ending on the date of such Change of Control or going private transaction. Any securities or property which are part or all of the consideration paid for shares of common stock pursuant to the Merger shall be valued in determining the merger price per share at the higher of (A) the valuation placed on such securities or property by the Company, person or other entity which is a party with the Company to the Merger, or (B) the valuation placed on such securities or property by the Committee.

"*Offer price per share*" shall mean, in the case of a tender offer or exchange offer which results in a Change of Control or going private transaction (an "Offer"), the greater of (i) the highest price per share of common stock paid pursuant to the Offer, or (ii) the highest fair market value per share of common stock during the ninety-day period ending on the date of a Change of Control or going private transaction. Any securities or property which are part or all of the consideration paid for shares of common stock in the Offer shall be valued in determining the Offer Price per Share at the higher of (A) the valuation placed on such securities or property by the Company, person or other entity making such offer or (B) the valuation placed on such securities or property by the Committee.

"*Surviving Entity*" means the entity that owns, directly or indirectly, after consummation of any transaction, substantially all the assets of the Company as constituted immediately prior to consummation of such transaction. If any such entity is at least majority-owned, directly or indirectly, by any entity (a "parent entity") which has shares of common stock (or partnership units) traded on a national stock exchange or the over-the-counter market, as reported on NASDAQ, then such parent entity shall be deemed to be the Surviving Entity, provided that if there shall be more than one such parent entity, the parent entity closest to ownership of substantially all the assets of the Company shall be deemed to be the Surviving Entity. If in connection with any transaction, a Change of Control or going private transaction occurs and no entity shall own, after consummation of such transaction, substantially all the assets of the Company as constituted immediately prior to consummation of such transaction, then, notwithstanding any other provision of this Paragraph 4 to the contrary, there shall not be deemed to be a Surviving Entity so that the provisions of Paragraph 1(B) shall not be applicable.

Annex 2
to
<u>Restricted Stock Units Agreement</u>

[TBD]

Annex 3
to
<u>Restricted Stock Units Agreement</u>

RESTRICTIVE COVENANTS

You agree to comply with the following covenants.

1. CONFIDENTIALITY

You agree to retain in strict confidence and not divulge, disseminate, copy or disclose to any third party any Confidential Information, other than for legitimate business purposes of the Company and its subsidiaries. As used herein, “Confidential Information” means any non-public information that is material or of a confidential, proprietary, commercially sensitive or personal nature of, or regarding, the Company or its Affiliates or any current or former director, officer or member of senior management of any of the foregoing (collectively “Covered Parties”). The term Confidential Information includes information in written, digital, oral or any other format and includes, but is not limited to (i) information designated or treated as confidential; (ii) budgets, plans, forecasts or other financial or accounting data; (iii) subscriber, customer, fan, vendor or shareholder lists or data; (iv) technical or strategic information regarding the Covered Parties’ cable, data, telephone, programming, advertising, film production, motion picture exhibition, newspaper, multichannel video data and distribution services or other businesses; (v) advertising, business, sales or marketing tactics and strategies; (vi) policies, practices, procedures or techniques; (vii) trade secrets or other intellectual property; (viii) information, theories or strategies relating to litigation, arbitration, mediation, investigations or matters relating to governmental authorities; (ix) terms of agreements with third parties and third party trade secrets; (x) information regarding employees, agents, consultants, advisors or representatives, including their compensation or other human resources policies and procedures; and (xi) any other information the disclosure of which may have an adverse effect on the Covered Parties’ business reputation, operations or competitive position, reputation or standing in the community.

If disclosed, Confidential Information or Other Information could have an adverse effect on the Company’s standing in the community, its business reputation, operations or competitive position or the standing, reputation, operations or competitive position of any of its affiliates subsidiaries, officers, directors, employees, teams, players, coaches, consultants or agents or any of the Covered Parties.

Notwithstanding the foregoing, the obligations of this section, other than with respect to subscriber information, shall not apply to Confidential Information which is:

a) already in the public domain;

b) disclosed to you by a third party with the right to disclose it in good faith; or

c) specifically exempted in writing by the Company from the applicability of this Agreement.

Notwithstanding anything elsewhere in this Agreement, you are authorized to make any disclosure required of you by any federal, state and local laws or judicial, arbitral or governmental agency proceedings, after providing the Company with prior written notice and an opportunity to respond prior to such disclosure. In addition, this Agreement in no way restricts or prevents you from providing truthful testimony concerning the Company to judicial, administrative, regulatory or other governmental authorities.

2. NON-DISPARAGEMENT

You agree, for yourself and others acting on your behalf, that you (and they) have not disparaged and will not disparage, make negative statements about or act in any manner which is intended to or does damage to the good will of, or the business or personal reputations of the Company or any of its incumbent or former officers, directors, agents, consultants, employees, successors and assigns or any of the Covered Parties.

3. COMPANY PROPERTY

In addition, you agree that the Company is the owner of all rights, title and interest in and to all documents, tapes, videos, designs, plans, formulas, models, processes, computer programs,

inventions (whether patentable or not), schematics, music, lyrics and other technical, business, financial, advertising, sales, marketing, programming, customer or product development concepts, plans, forecasts, strategies, information and materials (in any medium whatsoever) developed or prepared by you or with your cooperation during the course of your employment by the Company (the “Materials”). The Company will have the sole and exclusive authority to use the Materials in any manner that it deems appropriate, in perpetuity, without additional payment to you.

4. FURTHER COOPERATION

Following the date of termination of your employment with the Company (the “Expiration Date”), you will no longer provide any regular services to the Company or represent yourself as a Company agent. If, however, the Company so requests, you agree to cooperate fully with the Company in connection with any matter with which you were involved prior to the Expiration Date, or in any litigation or administrative proceedings or appeals (including any preparation therefore) where the Company believes that your personal knowledge, attendance and participation could be beneficial to the Company or its Affiliates. This cooperation includes, without limitation, participation on behalf of the Company or its Affiliates in any litigation or administrative proceeding brought by any former or existing employee, team, player, coach, guest, representative, agent or vendor of the Company or its Affiliates.

The Company will provide you with reasonable notice in connection with any cooperation it requires in accordance with this section and will take reasonable steps to schedule your cooperation in any such matters so as not to materially interfere with your other professional and personal commitments. The Company will reimburse you for any reasonable out-of-pocket expenses you reasonably incur in connection with the cooperation you provide hereunder as soon as practicable after you present appropriate documentation evidencing such expenses. You agree to provide the Company with an estimate of such expense before you incur the same.

5. NON-HIRE OR SOLICIT

You agree not to hire, seek to hire, or cause any person or entity to hire or seek to hire (without the prior written consent of the Company), directly or indirectly (whether for your own interest or any other person or entity's interest) any then current employee of the Company, or any of its Affiliates, until the first anniversary of the date of your termination of employment with the Company. This restriction does not apply to any employee who was discharged by the Company. In addition, this restriction will not prevent you from providing references.

6. ACKNOWLEDGMENTS

You acknowledge that the restrictions contained in this Annex 3, in light of the nature of the Company's business and your position and responsibilities, are reasonable and necessary to protect the legitimate interests of the Company. You acknowledge that the Company has no adequate remedy at law and would be irreparably harmed if you breach or threaten to breach the provisions of this Annex 3, and therefore agree that the Company shall be entitled to injunctive relief, to prevent any breach or threatened breach of any of those provisions and to specific performance of the terms of each of such provisions in addition to any other legal or equitable remedy it may have. You further agree that you will not, in any equity proceeding relating to the enforcement of the provisions of this Annex 3, raise the defense that the Company has an adequate remedy at law. Nothing in this Annex 3 shall be construed as prohibiting the Company from pursuing any other remedies at law or in equity that it may have or any other rights that it may have under any other agreement. If it is determined that any of the provisions of this Annex 3 or any part thereof, is unenforceable because of the duration or scope (geographic or otherwise) of such provision, it is the intention of the parties that the duration or scope of such provision, as the case may be, shall be reduced so that such provision becomes enforceable and, in its reduced form, such provision shall then be enforceable and shall be enforced.

7. SURVIVAL

The provisions of this Annex 3 shall survive any termination of your employment by the Company or the expiration of the Agreement.

8. CLAWBACK

If you breach any of the covenants in this Annex 3, then the Company will be entitled to (i) seek injunctive relief in accordance with Section 6 of this Annex 3 or (ii) exercise its right to receive, and you will be obligated to immediately repay to the Company upon demand therefor, the gross (pre-tax) amount of (i) the fair market value of any Shares deliverable in respect of the Units granted under this Agreement (based on the closing price of the Shares on the Delivery Date or the most immediately preceding trading day) and (ii) any cash payable in respect of the Units granted under this Agreement.

I, Joshua W. Sapan, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 period 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: May 9, 2013

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 quarterly report on Form 10-Q 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 period 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:	May 9, 2013	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' Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 (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:	May 9, 2013	By:	/s/ Joshua W. Sapan
			Joshua W. Sapan
			President and Chief Executive Officer
Date:	May 9, 2013	By:	/s/ Sean S. Sullivan
			Sean S. Sullivan
			Executive Vice President and Chief Financial Officer