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 September 30, 2014
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 November 1, 2014:

Class A Common Stock par value $0.01 per share	60,625,339
Class B Common Stock par value $0.01 per share	11,484,408

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
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share amounts)
(unaudited)

	September 30, 2014	December 31, 2013
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 296,622	$ 521,951
Accounts receivable, trade (less allowance for doubtful accounts of $3,210 and $931)	483,600	378,831
Amounts due from related parties, net	3,569	4,774
Current portion of program rights, net	406,511	317,922
Prepaid expenses and other current assets	69,688	65,512
Deferred tax asset, net	33,932	15,668
Total current assets	1,293,922	1,304,658
Property and equipment, net of accumulated depreciation of $192,442 and $164,865	123,763	71,068
Program rights, net	964,432	853,516
Amounts due from related parties, net	—	2,096
Deferred carriage fees, net	49,259	44,032
Intangible assets, net	497,323	209,552
Goodwill	592,880	76,748
Other assets	141,676	75,019
Total assets	$ 3,663,255	$ 2,636,689
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities:		
Accounts payable	$ 92,183	$ 48,126
Accrued liabilities	182,795	131,290
Current portion of program rights obligations	261,783	210,190
Deferred revenue	39,354	23,429
Current portion of long-term debt	55,500	—
Current portion of capital lease obligations	2,890	1,718
Total current liabilities	634,505	414,753
Program rights obligations	484,253	449,587
Long-term debt	2,703,458	2,157,183
Capital lease obligations	28,214	12,387
Deferred tax liability, net	109,290	95,275
Other liabilities	91,558	78,755
Total liabilities	4,051,278	3,207,940
Commitments and contingencies		
Stockholders' deficiency:		
Class A Common Stock, $0.01 par value, 360,000,000 shares authorized, 61,761,278 and 61,692,561 shares issued and 60,625,339 and 60,794,114 shares outstanding, respectively	618	617
Class B Common Stock, $0.01 par value, 90,000,000 shares authorized, 11,484,408 shares issued and outstanding	115	115
Preferred stock, $0.01 par value, 45,000,000 shares authorized; none issued	—	—
Paid-in capital	92,720	64,731
Accumulated deficit	(419,504)	(602,686)
Treasury stock, at cost (1,135,939 and 898,447 shares Class A Common Stock, respectively)	(47,605)	(29,801)
Accumulated other comprehensive loss	(44,387)	(4,495)
Total AMC Networks stockholders' deficiency	(418,043)	(571,519)
Noncontrolling interests	30,020	268
Total stockholders' deficiency	(388,023)	(571,251)
Total liabilities and stockholders' deficiency	$ 3,663,255	$ 2,636,689

See accompanying notes to condensed consolidated financial statements.

AMC NETWORKS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
Three and Nine Months Ended September 30, 2014 and 2013
(In thousands, except per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues, net (including revenues, net from related parties of $6,475, $7,545, $21,689 and $23,813, respectively)	$ 519,550	$ 395,328	$ 1,566,197	$ 1,156,611
Operating expenses:				
Technical and operating (excluding depreciation and amortization shown below and including charges from related parties of $0, $14, $0 and $324 respectively)	252,556	157,054	701,771	431,389
Selling, general and administrative (including charges from related parties of $928, $510, $2,477 and $2,732, respectively)	132,851	105,952	420,097	314,383
Restructuring expense	5,619	—	6,772	—
Depreciation and amortization	18,295	9,935	50,220	46,588
Litigation settlement gain	—	—	—	(132,944)
	409,321	272,941	1,178,860	659,416
Operating income	110,229	122,387	387,337	497,195
Other income (expense):				
Interest expense	(31,665)	(29,765)	(97,360)	(86,902)
Interest income	349	177	1,008	599
Miscellaneous, net	(11,766)	(65)	(16,007)	(411)
	(43,082)	(29,653)	(112,359)	(86,714)
Income from continuing operations before income taxes	67,147	92,734	274,978	410,481
Income tax expense	(13,078)	(34,784)	(88,742)	(155,283)
Income from continuing operations	54,069	57,950	186,236	255,198
Loss from discontinued operations, net of income taxes	(966)	—	(3,448)	—
Net income including noncontrolling interests	53,103	57,950	182,788	255,198
Net loss attributable to noncontrolling interests	57	161	394	161
Net income attributable to AMC Networks' stockholders	$ 53,160	$ 58,111	$ 183,182	$ 255,359
Basic net income per share attributable to AMC Networks' stockholders:				
Income from continuing operations	$ 0.75	$ 0.81	$ 2.59	$ 3.57
Loss from discontinued operations	$ (0.01)	$ —	$ (0.04)	$ —
Net income	$ 0.74	$ 0.81	$ 2.55	$ 3.57
Diluted net income per share attributable to AMC Networks' stockholders:				
Income from continuing operations	$ 0.74	$ 0.80	$ 2.57	$ 3.51
Loss from discontinued operations	$ (0.01)	$ —	$ (0.05)	$ —
Net income	$ 0.73	$ 0.80	$ 2.52	$ 3.51
Weighted average common shares:				
Basic weighted average common shares	72,075	71,650	71,966	71,504
Diluted weighted average common shares	72,890	72,755	72,604	72,660

See accompanying notes to condensed consolidated financial statements.

AMC NETWORKS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Three and Nine Months Ended September 30, 2014 and 2013
(Dollars in thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income including noncontrolling interests	$ 53,103	$ 57,950	$ 182,788	$ 255,198
Other comprehensive income (loss):				
Foreign currency translation adjustment	(52,181)	—	(42,129)	—
Unrealized gain on interest rate swaps	1,571	1,341	3,528	5,453
Other comprehensive (loss) income, before income taxes	(50,610)	1,341	(38,601)	5,453
Income tax expense	(569)	(487)	(1,291)	(2,012)
Other comprehensive (loss) income, net of income taxes	(51,179)	854	(39,892)	3,441
Comprehensive income	1,924	58,804	142,896	258,639
Comprehensive loss attributable to noncontrolling interests	2,467	161	1,957	161
Comprehensive income attributable to AMC Networks' stockholders	$ 4,391	$ 58,965	$ 144,853	$ 258,800

See accompanying notes to condensed consolidated financial statements.

AMC NETWORKS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Nine Months Ended September 30, 2014 and 2013
(Dollars in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2014	**2013**
Cash flows from operating activities:		
Net income including noncontrolling interests	$ 182,788	$ 255,198
Loss from discontinued operations	3,448	—
Adjustments to reconcile income from continuing operations to net cash from operating activities:		
Depreciation and amortization	50,220	46,588
Share-based compensation expense related to equity classified awards	21,569	15,049
Amortization and write-off of program rights	458,176	313,140
Amortization of deferred carriage fees	8,148	7,793
Unrealized foreign currency transaction loss (gain)	14,997	(50)
Unrealized gain on derivative contracts, net	(2,417)	(2,602)
Amortization of deferred financing costs and discounts on indebtedness	6,436	5,544
Bad debt expense	2,357	1,478
Deferred income taxes	(23,926)	144,228
Excess tax benefits from share-based compensation arrangements	(5,662)	(4,920)
Other, net	(2,113)	(1,344)
Changes in assets and liabilities:		
Accounts receivable, trade	7,712	(18,523)
Amounts due from related parties, net	3,301	2,817
Prepaid expenses and other assets	600	(31,674)
Program rights and obligations, net	(510,384)	(358,129)
Income taxes payable	18,553	(112,341)
Deferred revenue	16,219	(329,358)
Deferred carriage fees and deferred carriage fees payable, net	(13,234)	(10,472)
Accounts payable, accrued expenses and other liabilities	25,042	3,517
Net cash provided by (used in) operating activities	261,830	(74,061)
Cash flows from investing activities:		
Capital expenditures	(24,340)	(18,336)
Payments for acquisitions, net of cash acquired	(1,024,427)	(2,500)
Acquisition of investments	(3,984)	—
Proceeds from insurance settlements	654	657
Net cash used in investing activities	(1,052,097)	(20,179)
Cash flows from financing activities:		
Proceeds from the issuance of long-term debt	600,000	—
Payments for financing costs	(9,266)	(542)
Deemed repurchases of restricted stock	(17,804)	(12,000)
Proceeds from stock option exercises	1,070	1,722
Excess tax benefits from share-based compensation arrangements	5,662	4,920
Principal payments on capital lease obligations	(2,707)	(1,154)
Contributions from noncontrolling interest member	835	—
Net cash provided by (used in) financing activities	577,790	(7,054)
Net decrease in cash and cash equivalents from continuing operations	(212,477)	(101,294)
Cash flows from discontinued operations:		
Net cash used in operating activities	(2,955)	—
Net decrease in cash and cash equivalents from discontinued operations	(2,955)	—
Effect of exchange rate changes on cash and cash equivalents	(9,897)	—
Cash and cash equivalents at beginning of period	521,951	610,970
Cash and cash equivalents at end of period	$ 296,622	$ 509,676

See accompanying notes to condensed 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.

As of March 31, 2014, following the Chellomedia acquisition on January 31, 2014 (see Note 2), the manner in which the President and Chief Executive Officer, who is the chief operating decision maker, evaluates performance and makes decisions about how to allocate resources changed, resulting in the reorganization of the Company's operating segments. The National Networks operating segment now includes the results of AMC and Sundance Channel in Canada and AMC Networks Broadcasting & Technology, the Company's network technical services business, which primarily services the nationally distributed programming networks of the Company. Previously, the results of these operations were included in the International and Other operating segment. The results of AMC Networks International (formerly Chellomedia and AMC/Sundance Channel Global) are included in the International and Other operating segment. Operating segment information for prior periods has been recast to reflect these changes.

The Company is comprised of two operating segments:

- *National Networks:* Principally includes four nationally distributed programming networks: AMC, WE tv, IFC and SundanceTV. 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"). AMC, IFC and SundanceTV are also distributed in Canada. The National Networks operating segment also includes AMC Networks Broadcasting & Technology.

- *International and Other:* Principally includes AMC Networks International (formerly Chellomedia and AMC/Sundance Channel Global), the Company's international programming businesses; IFC Films, the Company's independent film distribution business; AMC Networks International - DMC (formerly Chello DMC), the broadcast solutions unit of certain networks of AMC Networks International; and various developing on-line content distribution initiatives. AMC Networks International consists of a portfolio of programming networks in Europe, Latin America, the Middle East and parts of Asia and Africa.

Basis of Presentation

Principles of Consolidation

These unaudited condensed consolidated financial statements include the accounts of AMC Networks and its subsidiaries in which a controlling interest is maintained. All intercompany transactions and balances have been eliminated in consolidation.

These unaudited condensed 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 condensed consolidated financial statements do not include all the information and notes required for complete annual financial statements.

These unaudited condensed 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, 2013 contained in the Company's 2013 Annual Report on Form 10-K ("2013 Form 10-K") filed with the SEC.

The condensed consolidated financial statements as of September 30, 2014 and for the three and nine months ended September 30, 2014 and 2013 are unaudited; however, in the opinion of management, such condensed consolidated financial statements include all adjustments, consisting solely of normal recurring adjustments, necessary for a fair presentation of the results for the periods presented.

The results of operations for 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, 2014.

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 condensed consolidated financial statements include the valuation of acquisition-related assets and liabilities, the useful lives and methodologies used to amortize and assess recoverability of program rights, the estimated useful lives of intangible assets, valuation and recoverability of goodwill and intangible assets and income taxes.

Discontinued Operations

In connection with the acquisition of Chellomedia (see Note 2), management committed to a plan to dispose of the operations of Chellomedia's advertising sales unit, Atmedia. The sale was completed in September 2014. Accordingly, the operating results of Atmedia have been classified as discontinued operations in the condensed consolidated statements of income for the three and nine months ended September 30, 2014 (see Note 4).

Recently Issued Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity (ASU 2014-08). ASU 2014-08 defines a discontinued operation as a disposal of a component or group of components that is disposed of or is classified as held for sale and “represents a strategic shift that has (or will have) a major effect on an entity’s operations and financial results.” The standard states that a strategic shift could include a disposal of (i) a major geographical area of operations, (ii) a major line of business, (iii) a major equity method investment, or (iv) other major parts of an entity. Although “major” is not defined, the standard provides examples of when a disposal qualifies as a discontinued operation. An entity is required to present in the statement of cash flows or disclose in a note either (i) total operating and investing cash flows for discontinued operations, or (ii) depreciation, amortization, capital expenditures, and significant operating and investing noncash items related to discontinued operations. Additional disclosures are required when an entity retains significant continuing involvement with a discontinued operation after its disposal, including the amount of cash flows to and from a discontinued operation. ASU 2014-08 is effective in the first quarter of 2015 and early adoption is permitted. The adoption of ASU 2014-08 is not expected to have a material effect on the Company's consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 provides new guidance related to how an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard requires an evaluation of (i) transfer of control, (ii) variable consideration, (iii) allocation of selling price for multiple elements, (iv) intellectual property licenses, (v) time value of money and (vi) contract costs. The standard also expands the required disclosures related to revenue and cash flows from contracts with customers to provide greater insight into both revenue that has been recognized, and revenue that is expected to be recognized in the future from existing contracts. ASU 2014-09 is effective in the first quarter of 2017 and can be adopted either retrospectively to each prior reporting period presented or as a cumulative-effect adjustment as of the date of adoption, with early application not permitted. The Company is currently determining its implementation approach and assessing the impact on the consolidated financial statements.

In June 2014, the FASB issued ASU No. 2014-12, Compensation-Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period. The ASU clarifies that entities should treat performance targets that can be met after the requisite service period of a share-based payment award as performance conditions that affect vesting. Therefore, an entity would not record compensation expense (measured as of the grant date without taking into account the effect of the performance target) related to an award for which transfer to the employee is contingent on the entity’s satisfaction of a performance target until it becomes probable that the performance target will be met. No new disclosures are required. ASU 2014-12 is effective in the first quarter of 2015 and early adoption is permitted. The adoption of ASU 2014-12 is not expected to have a material effect on the Company's consolidated financial statements.

Note 2. Acquisitions

Chellomedia

On January 31, 2014, certain subsidiaries of AMC Networks purchased substantially all of Chellomedia (a combination of certain programming and content distribution subsidiaries and assets purchased from Liberty Global plc) for a purchase price of €750 million (approximately $1.0 billion). AMC Networks funded the purchase price with cash on hand and also borrowed an additional $600 million under its Term Loan A Facility (see Note 9).

The acquisition provides AMC Networks with television channels that are distributed to more than 390 million subscribers in over 130 countries and span a wide range of programming genres, most notably movie and entertainment networks. The acquisition of Chellomedia's operating businesses include: Chello Central Europe, Chello Latin America, Chello Multicanal, Chello Zone, Chello DMC (the broadcast solutions unit), and Atmedia (the advertising sales unit). The acquisition provides the Company with the opportunity to accelerate and enhance its international expansion strategy. The Company views this international opportunity as one that has the potential to provide long-term growth and value.

The Company accounted for the acquisition of Chellomedia using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets of Chellomedia based on assessments of their estimated respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill and represents primarily the potential economic benefits that the Company believes may arise from its international expansion strategy. The goodwill associated with the Chellomedia acquisition is generally not deductible for tax purposes.

The acquisition accounting for Chellomedia as reflected in these condensed consolidated financial statements is preliminary and based on current estimates and currently available information, and is subject to revision based on final determinations of fair value and final allocations of purchase price to the identifiable assets and liabilities acquired. The primary estimated fair values that are not yet finalized relate to the valuation of noncontrolling interests acquired and income taxes.

The following table summarizes the preliminary allocation of the purchase price to the tangible and identifiable intangible assets acquired and liabilities assumed. The excess of the purchase price over those fair values was allocated to goodwill.

Consideration Transferred:	
Cash, net of cash acquired (1)	$ 996,586
Preliminary purchase price allocation:	
Accounts receivable, trade	127,808
Program rights	93,505
Prepaid expenses and other current assets	27,634
Deferred tax asset, net	21,021
Property and equipment	42,852
Intangible assets	296,300
Assets held for sale	18,603
Other assets	31,399
Accounts payable	(21,627)
Accrued liabilities	(45,833)
Program rights obligations	(31,984)
Deferred tax liability, net	(24,590)
Liabilities held for sale	(18,130)
Other liabilities	(13,996)
Noncontrolling interests acquired	(30,873)
Fair value of net assets acquired	472,089
Goodwill	524,497
	$ 996,586

(1) The cash consideration transferred includes the acquisition of an equity method investment acquired during the three months ended September 2014.

The following unaudited pro forma financial information is based on the historical condensed consolidated financial statements of AMC Networks and the historical combined financial statements of Chellomedia and is intended to provide information about how the acquisition of Chellomedia and related financing may have affected the Company's historical condensed consolidated financial statements if they had occurred as of January 1, 2013. The unaudited pro forma information has been prepared for comparative purposes only and includes adjustments for additional interest expense associated with the terms of the Company's amended and restated credit agreement (see Note 9), estimated additional depreciation and amortization expense as a result of tangible and identifiable intangible assets acquired, and the reclassification of the operating results of the Atmedia business to discontinued operations (see Note 4). The pro forma information is not necessarily indicative of the results of operations that would have been achieved had the acquisition taken place on the date indicated or that may result in the future.

	2014	2013	
	Pro Forma Financial Information for the Nine Months Ended September 30,	**Pro Forma Financial Information for the Three Months Ended September 30,**	**Pro Forma Financial Information for the Nine Months Ended September 30,**
Revenues, net	$ 1,595,324	$ 483,819	$ 1,422,047
Income from continuing operations, net of income taxes	$ 186,728	$ 57,473	$ 257,440
Net income per share, basic	$ 2.59	$ 0.80	$ 3.59
Net income per share, diluted	$ 2.57	$ 0.78	$ 3.53

Revenues, net and operating income attributable to Chellomedia of $261,104 and $28,801, respectively (excluding the discontinued operations of Chellomedia's advertising sales unit, Atmedia), are included in the condensed consolidated statement of income from the acquisition date, January 31, 2014 to September 30, 2014. Acquisition related costs of $14,128 (of which, $1,853 are included in the operating results of Chellomedia from the acquisition date to September 30, 2014) were incurred during the nine months ended September 30, 2014 and are included in selling, general and administrative expense.

Other Acquisitions

During the three months ended September 2014, a subsidiary of AMC Networks acquired the shares of a small international channel for a purchase price of €21 million (approximately $28,600). The acquisition is included in the International and Other segment and builds on the Company's international expansion strategy and the potential to provide international long-term growth and value.

The allocation of the purchase price to the acquired net assets consisted primarily of affiliate relationships intangible assets, accounts receivable and deferred tax liabilities. The estimated goodwill associated with the acquisition of $9,857 is generally not deductible for tax purposes. The allocation of the purchase price to the acquired identifiable net assets is preliminary and subject to revision.

Pro forma financial information related to the acquisition is not provided as its impact was not material to our condensed consolidated financial statements.

Note 3. Net Income per Share

The condensed 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 September 30,		Nine Months Ended September 30,	
	2014	**2013**	**2014**	**2013**
Basic weighted average common shares outstanding	72,075,000	71,650,000	71,966,000	71,504,000
Effect of dilution:				
Stock options	214,000	263,000	174,000	297,000
Restricted shares/units	601,000	842,000	464,000	859,000
Diluted weighted average common shares outstanding	72,890,000	72,755,000	72,604,000	72,660,000

Approximately 476,000 and 80,000 restricted shares/units for the three and nine months ended September 30, 2014 and September 30, 2013, respectively have been excluded from diluted weighted average common shares outstanding since the performance criteria on these awards had not yet been satisfied in each of the respective periods.

Note 4. Discontinued Operations

In connection with the acquisition of Chellomedia (see Note 2), management committed to a plan to dispose of the operations of Chellomedia's advertising sales unit, Atmedia, which was completed in September 2014.

The operating results of discontinued operations from the acquisition date, January 31, 2014 to September 30, 2014 are summarized below:

	Three Months Ended September 30, 2014	Eight Months Ended September 30, 2014
Revenues, net	$ 4,117	$ 22,288
Loss before income taxes	(947)	(2,637)
Income tax expense	(19)	(811)
Loss from discontinued operations	$ (966)	$ (3,448)

Note 5. Restructuring

The Company incurred restructuring expense primarily related to severance charges and other exit costs associated with the elimination of certain positions across the Company. The Company expects that the restructuring plan will be substantially completed during 2014 and the majority of severance will be paid in 2014.

The following table summarizes the restructuring expense recognized by operating segment:

	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
National Networks	$ 2,462	$ 2,462
International & Other	3,157	4,310
Total restructuring expense	$ 5,619	$ 6,772

The following table summarizes the accrued restructuring costs:

	Employee terminations	Other exit costs	Total
Charges incurred	$ 6,299	$ 473	$ 6,772
Payments	(464)	(265)	(729)
Total accrued restructuring	$ 5,835	$ 208	$ 6,043

Note 6. Property and Equipment

During the nine months ended September 30, 2014, the Company entered into leases relating to satellite equipment which were recorded as capital leases. At September 30, 2014, the gross amount of satellite equipment is $36,190 and the related accumulated amortization recorded under capital leases is $10,689.

Note 7. Goodwill and Other Intangible Assets

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

	National Networks	International and Other	Total
December 31, 2013	$ 76,748	$ —	$ 76,748
Additions—business acquisitions	—	534,354	534,354
Amortization of "second component" goodwill	(1,893)	—	(1,893)
Foreign currency translation	—	(16,329)	(16,329)
September 30, 2014	$ 74,855	$ 518,025	$ 592,880

The increase in the carrying amount of goodwill for the International and Other operating segment primarily relates to the acquisition of Chellomedia (see Note 2).

The reduction of $1,893 in the carrying amount of goodwill for the National Networks is due to the realization of a tax benefit for the amortization of "second component" goodwill at SundanceTV. Second component goodwill is the amount of tax deductible goodwill in excess of goodwill for financial reporting purposes. In accordance with the authoritative guidance at the time of the SundanceTV acquisition, the tax benefits associated with this excess are applied to first reduce the amount of goodwill, and then other intangible assets for financial reporting purposes, if and when such tax benefits are realized in the Company's tax returns.

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

	September 30, 2014		
	Gross	Accumulated Amortization	Net
Amortizable intangible assets:			
Affiliate and customer relationships	$ 496,045	$ (73,148)	$ 422,897
Trade names	56,338	(1,821)	54,517
Other amortizable intangible assets	644	(635)	9
Total amortizable intangible assets	553,027	(75,604)	477,423
Indefinite-lived intangible assets:			
Trademarks	19,900	—	19,900
Total intangible assets	$ 572,927	$ (75,604)	$ 497,323

	December 31, 2013		
	Gross	Accumulated Amortization	Net
Amortizable intangible assets:			
Affiliate relationships	$ 243,600	$ (53,971)	$ 189,629
Other amortizable intangible assets	644	(621)	23
Total amortizable intangible assets	244,244	(54,592)	189,652
Indefinite-lived intangible assets:			
Trademarks	19,900	—	19,900
Total intangible assets	$ 264,144	$ (54,592)	$ 209,552

Affiliate and customer relationships (with estimated useful lives between 11-25 years) and trade names (with an estimated useful life of 20 years) increased primarily as a result of the acquisition of Chellomedia (see Note 2).

Aggregate amortization expense for amortizable intangible assets for the nine months ended September 30, 2014 and 2013 was $21,807 and $29,182, respectively. Estimated aggregate amortization expense for intangible assets subject to amortization for each of the following five years is:

Years Ending December 31,		
2014	$	29,130
2015		31,883
2016		31,883
2017		31,883
2018		31,883

Annual Impairment Test of Goodwill

Based on the Company's annual impairment test for goodwill as of the end of February 2014, no impairment charge was required for any of the reporting units. The Company performed a qualitative assessment for each reporting unit. The qualitative assessment 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.

In assessing the recoverability of goodwill, 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 for goodwill impairment testing are primarily determined using discounted cash flows and comparable market transactions methods. These valuation methods 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. Projected future cash flows 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 goodwill.

Annual Impairment Test of Identifiable Indefinite-Lived Intangible Assets

Based on the Company's annual impairment test for identifiable indefinite-lived intangible assets as of the end of February 2014, no impairment charge was required. The Company's indefinite-lived intangible assets relate to SundanceTV trademarks, which were valued using a relief-from-royalty method in which the expected benefits are valued by discounting estimated royalty revenue over projected revenues covered by the trademarks. In order to evaluate the sensitivity of the fair value calculations for the Company's identifiable indefinite-lived intangible assets, the Company applied a hypothetical 20% decrease to the estimated fair value of the identifiable indefinite-lived intangible assets. This hypothetical decrease in estimated fair value would not result in an impairment.

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

Note 8. Accrued Liabilities

Accrued liabilities consist of the following:

	September 30, 2014	December 31, 2013
Interest	$ 21,938	$ 27,770
Employee related costs	87,812	88,512
Other accrued expenses	73,045	15,008
Total accrued liabilities	$ 182,795	$ 131,290

Note 9. Debt

Debt consists of:

	September 30, 2014	December 31, 2013
Senior Secured Credit Facility: [(a)]		
Term Loan A Facility	$ 1,480,000	$ 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	2,780,000	2,180,000
Unamortized discount	(21,042)	(22,817)
Long-term debt, net	2,758,958	2,157,183
Current portion of long-term debt	55,500	—
Noncurrent portion of long-term debt	$ 2,703,458	$ 2,157,183

(a) The Company's $500,000 revolving credit facility remains undrawn at September 30, 2014. Total undrawn revolver commitments are available to be drawn for general corporate purposes of the Company.

Amended and Restated Senior Secured Credit Facility

On December 16, 2013 (the "Refinancing Date"), AMC Networks and its subsidiary, AMC Network Entertainment LLC (the "Borrowers"), and certain of AMC Networks' subsidiaries, as restricted subsidiaries, entered into an amended and restated credit agreement, which amended and restated AMC Networks' prior credit agreement dated June 30, 2011 in its entirety.

The amended and restated credit agreement provides the Borrowers with senior secured credit facilities consisting of (a) an initial $880,000 term loan A that was used by AMC Networks to retire the then outstanding term loan A facility provided under the June 30, 2011 original credit agreement, plus a subsequent $600,000 term loan A (collectively, the "Term Loan A Facility") which was drawn on January 31, 2014 upon the satisfaction of certain conditions related to consummation of AMC Networks' acquisition of substantially all of Chellomedia (see Note 2), and (b) a $500,000 revolving credit facility (together with the Term Loan A Facility, collectively, the "Credit Facility"). The Term Loan A Facility matures on December 16, 2019. The revolving credit facility matures on December 16, 2018.

In connection with the subsequent $600,000 term loan A facility, AMC Networks incurred deferred financing costs of $9,266 in 2014, which is amortized to interest expense, utilizing the effective interest method.

Note 10. 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 September 30, 2014:				
Assets:				
Cash equivalents [a]	$ 38,041	$ —	$ —	$ 38,041
Foreign currency derivatives	$ —	$ 3,223	$ —	$ 3,223
Liabilities:				
Interest rate swap contracts	$ —	$ 7,550	$ —	$ 7,550
Foreign currency derivatives	$ —	$ 1,879	$ —	$ 1,879
At December 31, 2013:				
Assets:				
Cash equivalents [a]	$ 63,029	$ —	$ —	$ 63,029
Foreign currency option contracts	$ —	$ 2,577	$ —	$ 2,577
Liabilities:				
Interest rate swap contracts	$ —	$ 12,713	$ —	$ 12,713

(a) Represents the Company's investment in funds that invest primarily in money market securities.

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 and foreign currency derivatives (see Note 11 below) 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.

Fair value measurements are also used in nonrecurring valuations performed in connection with acquisition accounting. These nonrecurring valuations primarily include the valuation of affiliate and customer relationships intangible assets and property and equipment. With the exception of certain inputs for our weighted average cost of capital and discount rate calculations that are derived from pricing services, the inputs used in the Company's discounted cash flow analyses, such as forecasts of future cash flows, are based on assumptions. The valuation of affiliate and customer relationships is primarily based on an excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings methodology requires us to estimate the specific cash flows expected from the affiliate and customer relationships, considering such factors as estimated life of the relationships and the revenue expected to be generated over the life of such relationships. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level III of the fair value hierarchy.

Credit Facility Debt and Senior Notes

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

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

	September 30, 2014	
	Carrying Amount	**Estimated Fair Value**
Debt instruments:		
Term Loan A Facility	$ 1,478,572	$ 1,468,900
7.75% Notes due July 2021	689,361	763,000
4.75% Notes due December 2022	591,025	592,500
	$ 2,758,958	$ 2,824,400

	December 31, 2013	
	Carrying Amount	**Estimated Fair Value**
Debt instruments:		
Term Loan A Facility	$ 878,315	$ 876,700
7.75% Notes due July 2021	688,497	787,500
4.75% Notes due December 2022	590,371	571,500
	$ 2,157,183	$ 2,235,700

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 11. Derivative Financial Instruments

Interest Rate Risk

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

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

The Company assesses, both at the hedge's inception and on an ongoing basis, hedge effectiveness based on the overall changes in the fair value of the interest rate swap contracts. Hedge effectiveness of the interest rate swap contracts is based on a hypothetical derivative methodology. Any ineffective portion of 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.

As of September 30, 2014, the Company had interest rate swap contracts outstanding with notional amounts aggregating $551,094, which consists of interest rate swap contracts with notional amounts of $351,094 that are designated as cash flow hedges and interest rate 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 September 30, 2014, the Company's interest rate swap contracts designated as cash flow hedges were highly effective, in all material respects.

Foreign Currency Exchange Rate Risk

Historically, the Company's exposure to foreign currency fluctuations has been limited to certain trade receivables from the distribution of our programming in certain territories outside of the U.S. that are denominated in a foreign currency. Following the Chellomedia acquisition, we are exposed to foreign currency risk to the extent that we enter into transactions denominated in currencies other than our or our subsidiaries' respective functional currencies (non-funcional currency risk), such as affiliation agreements, programming contracts, certain accounts payable and trade receivables (including intercompany amounts) that are denominated in a currency other than the applicable functional currency.

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

During 2013, in order to mitigate the foreign currency exchange rate risk in fluctuations in the euro denominated purchase price of Chellomedia, the Company purchased euros and entered into foreign currency option contracts. At December 31, 2013, cash and cash equivalents included €250,000 and prepaid expenses and other current assets included $2,577 representing the fair value of foreign currency option contracts with notional amounts aggregating €125,000. Prior to their expiration, and in connection with the purchase of Chellomedia on January 31, 2014, the Company settled these foreign currency option contracts with the counterparties resulting in a realized loss of $1,754 included in miscellaneous, net in the condensed consolidated statement of income for the nine months ended September 30, 2014.

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

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

	Balance Sheet Location	September 30, 2014	December 31, 2013
Derivatives designated as hedging instruments:			
Liabilities:			
Interest rate swap contracts	Accrued liabilities	$ 1,565	$ —
Interest rate swap contracts	Other liabilities	1,615	7,136
Derivatives not designated as hedging instruments:			
Assets:			
Foreign currency option contracts	Prepaid expenses and other current assets	—	2,577
Foreign currency derivatives	Prepaid expenses and other current assets	1,125	—
Foreign currency derivatives	Other assets	2,098	—
Liabilities:			
Interest rate swap contracts	Other liabilities	4,370	5,577
Foreign currency derivatives	Accrued liabilities	644	—
Foreign currency derivatives	Other liabilities	1,235	—

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 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 September 30,			Three Months Ended September 30,	
	2014	2013		2014	2013
Derivatives in cash flow hedging relationships:					
Interest rate swap contracts	$ 185	$ (509)	Interest expense	$ (1,386)	$ (1,850)

(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 September 30, 2014 and 2013.

	Amount of Gain or (Loss) Recognized in 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)	
	Nine Months Ended September 30,			Nine Months Ended September 30,	
	2014	2013		2014	2013
Derivatives in cash flow hedging relationships:					
Interest rate swap contracts	$ (451)	$ (221)	Interest expense	$ (3,979)	$ (5,674)

(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 nine months ended September 30, 2014 and 2013.

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		Amount of Gain or (Loss) Recognized in Earnings on Derivatives	
		Three Months Ended September 30,		Nine Months Ended September 30,	
		2014	2013	2014	2013
Derivatives not designated as hedging relationships:					
Interest rate swap contracts	Interest expense	$ 247	$ (847)	$ (777)	$ 663
Foreign currency option contracts	Miscellaneous, net	—	—	(1,754)	—
Foreign currency derivatives	Miscellaneous, net	683	—	415	—
Total		$ 930	$ (847)	$ (2,116)	$ 663

Note 12. Leases

Capital Leases

Future minimum capital lease payments as of September 30, 2014 are as follows:

2014	$	1,540
2015		6,165
2016		6,165
2017		6,165
2018		6,165
Thereafter		23,208
Total minimum lease payments		49,408
Less amount representing interest (at 9.3%-12%)		(18,304)
Present value of net minimum future capital lease payments		31,104
Less principal portion of current installments		(2,890)
Long-term portion of obligations under capital leases	$	28,214

Note 13. Income Taxes

For the three and nine months ended September 30, 2014, income tax expense attributable to continuing operations was $13,078 and $88,742, respectively, representing an effective tax rate of 20% and 32%, respectively. The effective tax rate differs from the federal statutory rate of 35% due to state and local income tax expense of $872 and $4,675, tax benefit from foreign subsidiary earnings indefinitely reinvested outside of the U.S. of $3,176 and $10,367, tax benefit of $5,709 and tax expense of $715 relating to uncertain tax positions (including accrued interest), tax benefit from the domestic production activities deduction of $2,990 and $8,414, tax expense of $1,930 and $5,089 resulting from an increase in the valuation allowances for foreign and local taxes partially offset by a decrease in the valuation allowance for foreign tax credits and tax benefit of $1,350 and tax expense of $802 for the effect of acquisition costs and other items for the three and nine months ended September 30, 2014. The tax benefit relating to reductions in uncertain tax positions is primarily due to an audit settlement and a re-evaluation of certain prior year positions. We believe it is reasonably possible that there will be additional changes and/or settlements relating to existing uncertain tax positions within the next twelve months, however, such amounts are not expected to be significant.

For the three and nine months ended September 30, 2013, income tax expense attributable to continuing operations was $34,784 and $155,283, respectively, representing an effective tax rate of 37% and 38%, respectively. The effective tax rate differs from the federal statutory rate of 35% due primarily to state income tax expense of $1,083 and $7,792, tax expense resulting from an increase in the valuation allowance with regard to foreign tax credit carry forwards of $1,784 and $4,172 and tax expense of $11,204 and $11,237 relating to uncertain tax positions, including accrued interest, for the three and nine months ended September 30, 2013, respectively.

At September 30, 2014, the Company had foreign tax credit carry forwards of approximately $33,000, expiring on various dates from 2014 through 2024. For the nine months ended September 30, 2014, excess tax benefits of $5,662 relating to share-based compensation awards and $1,200 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).

Under the Company's Tax Disaffiliation Agreement with Cablevision Systems Corporation ("Cablevision"), Cablevision is liable for all income taxes of the Company for periods prior to the spin-off from Cablevision except for New York City Unincorporated Business Tax. In September 2014, the Company settled a New York City Unincorporated Business tax audit for the year 2008 for $1,381, including accrued interest. The City of New York is currently auditing the Company's Unincorporated Business Tax Return for years 2009 through 2013 and the Company’s General Corporation Tax Return for years 2011 and 2012. The state of New York is currently auditing the Company’s General Business Corporation Franchise Tax Return for years 2011 and 2012. The Internal Revenue Service is currently auditing the Company's U.S. Corporation Income Tax Return for 2011.

Note 14. Commitments

As of September 30, 2014, the Company’s contractual obligations not reflected on the Company’s condensed consolidated balance sheet increased approximately $158,952 to approximately $488,191 as compared to approximately $329,239 at December 31, 2013. The increase relates primarily to purchase obligations in connection with the acquisition of Chellomedia, including approximately $59,193 and $75,532 for program rights and transmission obligations, respectively.

Note 15. Equity Plans

On March 7, 2014, AMC Networks granted 472,445 restricted stock units to certain executive officers and employees under the AMC Networks Inc. Amended and Restated 2011 Employee Stock Plan. 403,940 of such restricted stock units vest on the third anniversary of the grant date and 68,505 of such restricted stock units vest in equal annual installments over a three-year period. The vesting criteria for 121,944 restricted stock units include the achievement of certain performance targets by the Company.

On April 25, 2014, AMC Networks granted 353,757 restricted stock units to an executive officer under the AMC Networks Inc. Amended and Restated 2011 Employee Stock Plan which vest on December 31, 2020 and include the achievement of certain performance targets by the Company.

On June 10, 2014, AMC Networks granted 23,634 restricted stock units under the Amended and Restated 2011 Non-Employee Director Plan to non-employee directors that vested on the date of grant.

During the nine months ended September 30, 2014, 566,328 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, 230,989 of these shares, with an aggregate value of $17,804, were surrendered to the Company. These acquired shares, as well as 6,503 forfeited unvested restricted shares, have been classified as treasury stock.

Share-based compensation expense included in selling, general and administrative expense, for the three and nine months ended September 30, 2014 was $7,730 and $21,569, respectively and $5,108 and $15,049 for the three and nine months ended September 30, 2013, respectively.

As of September 30, 2014, there was $64,298 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 3.5 years.

Note 16. 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 66% 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 spin off from Cablevision in 2011, the Company entered into various agreements with Cablevision, and certain related party arrangements. These agreements govern certain of the Company's relationships with Cablevision subsequent to the spin-off and provide for the allocation of employee benefits, taxes and certain other liabilities and obligations attributable to periods prior to the spin-off as well as 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 $6,475 and $7,545 for the three months ended September 30, 2014 and 2013, respectively. Revenues, net from related parties amounted to $21,689 and $23,813 for the nine months ended September 30, 2014 and 2013, 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 $14 and $324 for the three and nine months ended September 30, 2013, respectively; there were no amounts charged for the three and nine months ended September 30, 2014, respectively. Amounts charged to the Company, included in selling, general and administrative expenses, pursuant to transactions with its related parties amounted to $928 and $510 for the three months ended September 30, 2014 and 2013, respectively. Selling, general and administrative expenses with its related parties amounted to $2,477 and $2,732 for the nine months ended September 30, 2014 and 2013, respectively.

As more fully described in our 2013 Form 10-K, DISH Network L.L.C. ("DISH Network"), VOOM HD Holdings LLC ("VOOM HD") and CSC Holdings, LLC ("CSC Holdings"), a wholly owned subsidiary of Cablevision Systems Corporation, 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 certain subsidiaries of the Company that provided for the carriage of AMC, IFC, SundanceTV and WE tv. In addition, DISH Network paid $700,000 to an account for the benefit of Cablevision and the Company ("Settlement Funds"), which

was initially distributed equally to each of the Company and Cablevision, pending a determination of the allocation of the settlement proceeds.

In April 2013, Cablevision and the Company entered into an agreement (the "DISH Networks Proceeds Allocation Agreement") whereby the Company paid to Cablevision $175,000 of the settlement proceeds. Additionally, during the second quarter of 2013, the Company recorded a litigation settlement gain of approximately $133,000, included in operating income within the International and Other segment, representing the deferred litigation settlement proceeds liability of approximately $307,944 recorded in the condensed consolidated balance sheet at December 31, 2012 less the $175,000 paid to Cablevision.

Note 17. Cash Flows

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

	Nine Months Ended September 30,	
	2014	**2013**
Non-Cash Investing and Financing Activities:		
Continuing Operations:		
Increase in capital lease obligations and related assets	9,599	865
Capital expenditures incurred but not yet paid	1,461	953
Supplemental Data:		
Cash interest paid — continuing operations	98,592	90,456
Income taxes paid, net — continuing operations	75,656	123,829

Note 18. Accumulated Other Comprehensive Income (Loss)

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

	Nine Months Ended September 30, 2014			Nine Months Ended September 30, 2013	
	Currency Translation Adjustment	**Gains (Losses) on Cash Flow Hedges**	**Accumulated Other Comprehensive Income (Loss)**	**Gains (Losses) on Cash Flow Hedges**	**Accumulated Other Comprehensive Income (Loss)**
Beginning Balance	$ —	$ (4,495)	$ (4,495)	$ (8,446)	$ (8,446)
Other comprehensive loss before reclassifications	(42,129)	(451)	(42,580)	(221)	(221)
Amounts reclassified from accumulated other comprehensive loss	—	3,979	3,979	5,674	5,674
Net current-period other comprehensive (loss) income, before income taxes	(42,129)	3,528	(38,601)	5,453	5,453
Income tax expense	—	(1,291)	(1,291)	(2,012)	(2,012)
Net current-period other comprehensive (loss) income, net of income taxes	(42,129)	2,237	(39,892)	3,441	3,441
Ending Balance	$ (42,129)	$ (2,258)	$ (44,387)	$ (5,005)	$ (5,005)

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

Note 19. Segment Information

The Company classifies its operations into two operating 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 operating segments based upon their proportionate estimated usage of services, including such costs as executive salaries and benefits, costs of maintaining corporate headquarters, facilities and common support functions (such as human resources, legal, finance, 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 operating segment adjusted operating cash flow (defined as operating income (loss) before depreciation and amortization, share-based compensation expense or benefit, restructuring expense or credit and the litigation settlement gain recorded in connection with the settlement with DISH Network). The Company does not consider the one-time litigation settlement gain with DISH Network to be indicative of its ongoing operating performance. 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.

As of March 31, 2014, following the Chellomedia acquisition on January 31, 2014 (see Note 2), the manner in which the President and Chief Executive Officer, who is the chief operating decision maker, evaluates performance and makes decisions about how to allocate resources changed, resulting in the reorganization of the Company's operating segments. The National Networks operating segment now includes the results of AMC and Sundance Channel in Canada and AMC Networks Broadcasting & Technology, the Company's network technical services business, which primarily services the nationally distributed programming networks of the Company. Previously, the results of these operations were included in the International and Other operating segment. The results of AMC Networks International are included in the International and Other operating segment. Operating segment information for prior periods has been recast to reflect these changes.

	Three Months Ended September 30, 2014			
	National Networks	International and Other	Inter-segment eliminations	Consolidated
Revenues, net				
Advertising	$ 137,993	$ 15,991	$ —	$ 153,984
Distribution	259,422	106,721	(577)	365,566
Consolidated revenues, net	$ 397,415	$ 122,712	$ (577)	$ 519,550
Adjusted operating cash flow	$ 128,582	$ 12,875	$ 416	$ 141,873
Depreciation and amortization	(5,205)	(13,090)	—	(18,295)
Share-based compensation expense	(5,661)	(2,069)	—	(7,730)
Restructuring expense	$ (2,462)	$ (3,157)	$ —	$ (5,619)
Operating income (loss)	$ 115,254	$ (5,441)	$ 416	$ 110,229

	Three Months Ended September 30, 2013			
	National Networks	International and Other	Inter-segment eliminations	Consolidated
Revenues, net				
Advertising	$ 146,467	$ —	$ —	$ 146,467
Distribution	234,680	14,183	(2)	248,861
Consolidated revenues, net	$ 381,147	$ 14,183	$ (2)	$ 395,328
Adjusted operating cash flow (deficit)	$ 150,387	$ (14,006)	$ 1,049	$ 137,430
Depreciation and amortization	(6,635)	(3,300)	—	(9,935)
Share-based compensation expense	(4,463)	(645)	—	(5,108)
Operating income (loss)	$ 139,289	$ (17,951)	$ 1,049	$ 122,387

	Nine Months Ended September 30, 2014			
	National Networks	International and Other	Inter-segment eliminations	Consolidated
Revenues, net				
Advertising	$ 509,733	$ 40,481	$ —	$ 550,214
Distribution	734,366	283,409	(1,792)	1,015,983
Consolidated revenues, net	$ 1,244,099	$ 323,890	$ (1,792)	$ 1,566,197
Adjusted operating cash flow	$ 443,246	$ 21,363	$ 1,289	$ 465,898
Depreciation and amortization	(15,158)	(35,062)	—	(50,220)
Share-based compensation expense	(16,450)	(5,119)	—	(21,569)
Restructuring expense	$ (2,462)	$ (4,310)	$ —	$ (6,772)
Operating income (loss)	$ 409,176	$ (23,128)	$ 1,289	$ 387,337
Capital expenditures	$ 7,744	$ 16,596	$ —	$ 24,340

	Nine Months Ended September 30, 2013			
	National Networks	International and Other	Inter-segment eliminations	Consolidated
Revenues, net				
Advertising	$ 457,670	$ —	$ —	$ 457,670
Distribution	661,142	37,994	(195)	698,941
Consolidated revenues, net	$ 1,118,812	$ 37,994	$ (195)	$ 1,156,611
Adjusted operating cash flow (deficit)	$ 466,176	$ (43,376)	$ 3,088	$ 425,888
Depreciation and amortization	(37,111)	(9,477)	—	(46,588)
Share-based compensation expense	(13,198)	(1,851)	—	(15,049)
Litigation settlement gain	$ —	$ 132,944	$ —	$ 132,944
Operating income	$ 415,867	$ 78,240	$ 3,088	$ 497,195
Capital expenditures	$ 6,978	$ 11,358	$ —	$ 18,336

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Inter-segment revenues				
National Networks	$ (407)	$ —	$ (1,397)	$ (80)
International and Other	(170)	(2)	(395)	(115)
	$ (577)	$ (2)	$ (1,792)	$ (195)

The table below summarizes revenue based on customer location:

	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
Revenue		
United States	$ 399,597	$ 1,232,357
Europe	89,088	252,724
Other	30,865	81,116
	$ 519,550	$ 1,566,197

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

	September 30, 2014
Property and Equipment, net	
United States	$ 70,126
Europe	33,913
Other	19,724
	$ 123,763

Prior to the acquisition of Chellomedia, substantially all revenues and assets of the Company were attributed to or located in the U.S.

Note 20. Other Matters

In October 2014, the Company, through a wholly-owned subsidiary, AMC New Video Holdings LLC ("AMC New Video") entered into a membership interest purchase agreement (the "Purchase Agreement") with BBC Worldwide Americas, Inc. ("BBCWA"). In connection with the closing of the transactions contemplated by the Purchase Agreement, AMC New Video acquired 49.9% of the limited liability company interests of New Video Channel America, L.L.C. ("New Video"), that owns the cable channel BBC AMERICA (the "Transaction"), for a purchase price of $200,000 (the "Purchase Price"). The Company funded the Purchase Price with cash on hand and a $40,000 promissory note payable in six months from the closing date. The Purchase Price is subject to working capital and other adjustments. In addition to the Purchase Agreement, AMC New Video entered into a Second Amended and Restated Limited Liability Company Agreement with BBCWA and one of its affiliates (the "Joint Venture Agreement") that sets forth certain rights and obligations of the parties, including certain put rights. The Company has operational control of New Video and the BBC AMERICA channel. The joint venture's results will be consolidated in the financial results of AMC Networks from the date of closing.

Note 21. Condensed Consolidating Financial Statements

Long-term debt of AMC Networks includes $700,000 of 7.75% senior notes due July 2021 and $600,000 of 4.75% senior notes due December 2022. All outstanding senior notes issued by AMC Networks are guaranteed on a senior unsecured basis by certain of its existing and future domestic restricted subsidiaries (the “Guarantor Subsidiaries”). All Guarantor Subsidiaries are owned 100% by AMC Networks. The outstanding notes are fully and unconditionally guaranteed by the Guarantor Subsidiaries on a joint and several basis.

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

Basis of Presentation

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

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

Condensed Consolidating Balance Sheet
September 30, 2014

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 4,698	$ 217,434	$ 74,490	$ —	$ 296,622
Accounts receivable, trade (less allowance for doubtful accounts)	—	359,812	123,788	—	483,600
Amounts due from related parties, net	—	3,569	—	—	3,569
Current portion of program rights, net	—	351,022	55,489	—	406,511
Prepaid expenses, other current assets and intercompany receivable	31,406	67,255	10,906	(39,879)	69,688
Deferred tax asset, net	30,004	—	3,928	—	33,932
Total current assets	66,108	999,092	268,601	(39,879)	1,293,922
Property and equipment, net of accumulated depreciation	—	70,421	53,342	—	123,763
Investment in affiliates	1,748,405	911,639	—	(2,660,044)	—
Program rights, net	—	917,398	47,034	—	964,432
Long-term intercompany receivable	651,405	115,876	—	(767,281)	—
Deferred carriage fees, net	—	47,025	2,234	—	49,259
Intangible assets, net	—	202,229	295,094	—	497,323
Goodwill	—	74,855	518,025	—	592,880
Other assets	28,393	65,940	47,343	—	141,676
Total assets	$ 2,494,311	$ 3,404,475	$ 1,231,673	$ (3,467,204)	$ 3,663,255
LIABILITIES AND STOCKHOLDERS’ DEFICIENCY					
Current Liabilities:					
Accounts payable	$ 298	$ 64,822	$ 27,063	$ —	$ 92,183
Accrued liabilities and intercompany payable	33,523	134,989	54,162	(39,879)	182,795
Current portion of program rights obligations	—	228,687	33,096	—	261,783
Deferred revenue	—	35,647	3,707	—	39,354
Current portion of long-term debt	55,500	—	—	—	55,500
Current portion of capital lease obligations	—	2,185	705	—	2,890
Total current liabilities	89,321	466,330	118,733	(39,879)	634,505
Program rights obligations	—	481,993	2,260	—	484,253
Long-term debt	2,703,458	—	—	—	2,703,458
Capital lease obligations	—	12,522	15,692	—	28,214
Deferred tax liability, net	88,515	—	20,775	—	109,290
Other liabilities and intercompany payable	31,081	699,710	128,048	(767,281)	91,558
Total liabilities	2,912,375	1,660,555	285,508	(807,160)	4,051,278
Commitments and contingencies					
Stockholders’ deficiency:					
AMC Networks stockholders’ (deficiency) equity	(418,064)	1,744,957	915,108	(2,660,044)	(418,043)
Total AMC Networks stockholders’ (deficiency) equity	(418,064)	1,744,957	915,108	(2,660,044)	(418,043)
Noncontrolling interests	—	(1,037)	31,057	—	30,020
Total Stockholders' (deficiency) equity	(418,064)	1,743,920	946,165	(2,660,044)	(388,023)
Total liabilities and stockholders’ (deficiency) equity	$ 2,494,311	$ 3,404,475	$ 1,231,673	$ (3,467,204)	$ 3,663,255

Condensed Consolidating Statement of Income
Three Months Ended September 30, 2014

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenues, net	$ —	$ 420,227	$ 99,323	$ —	$ 519,550
Operating expenses:					
Technical and operating	—	196,783	55,773	—	252,556
Selling, general and administrative	—	104,176	28,675	—	132,851
Restructuring expense	—	4,746	873	—	5,619
Depreciation and amortization	—	9,045	9,250	—	18,295
	—	314,750	94,571	—	409,321
Operating income	—	105,477	4,752	—	110,229
Other income (expense):					
Interest expense, net	(17,512)	(11,904)	(1,900)	—	(31,316)
Share of affiliates income	151,603	(1,538)	—	(150,065)	—
Miscellaneous, net	(57,230)	50,264	(4,800)	—	(11,766)
	76,861	36,822	(6,700)	(150,065)	(43,082)
Income (loss) from continuing operations before income taxes	76,861	142,299	(1,948)	(150,065)	67,147
Income tax (expense) benefit	(23,701)	8,853	1,770	—	(13,078)
Income (loss) from continuing operations	53,160	151,152	(178)	(150,065)	54,069
Loss from discontinued operations, net of income taxes	—	—	(966)	—	(966)
Net income (loss) including noncontrolling interest	53,160	151,152	(1,144)	(150,065)	53,103
Net (income) loss attributable to noncontrolling interests	—	451	(394)	—	57
Net income (loss) attributable to AMC Networks' stockholders	$ 53,160	$ 151,603	$ (1,538)	$ (150,065)	$ 53,160

Condensed Consolidating Statement of Income
Nine Months Ended September 30, 2014

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenues, net	$ —	$ 1,293,088	$ 273,109	$ —	$ 1,566,197
Operating expenses:					
Technical and operating	—	553,755	148,016	—	701,771
Selling, general and administrative	—	345,516	74,571	10	420,097
Restructuring expense	—	4,746	2,026	—	6,772
Depreciation and amortization	—	25,765	24,455	—	50,220
	—	929,782	249,068	10	1,178,860
Operating income	—	363,306	24,041	(10)	387,337
Other income (expense):					
Interest expense, net	(59,697)	(32,489)	(4,166)	—	(96,352)
Share of affiliates income	390,479	4,532	—	(395,011)	—
Miscellaneous, net	(55,388)	49,930	(10,559)	10	(16,007)
	275,394	21,973	(14,725)	(395,001)	(112,359)
Income from continuing operations before income taxes	275,394	385,279	9,316	(395,011)	274,978
Income tax (expense) benefit	(92,212)	3,895	(425)	—	(88,742)
Income from continuing operations	183,182	389,174	8,891	(395,011)	186,236
Loss from discontinued operations, net of income taxes	—	—	(3,448)	—	(3,448)
Net income including noncontrolling interest	183,182	389,174	5,443	(395,011)	182,788
Net (income) loss attributable to noncontrolling interests	—	1,305	(911)	—	394
Net income attributable to AMC Networks' stockholders	$ 183,182	$ 390,479	$ 4,532	$ (395,011)	$ 183,182

Condensed Consolidating Statement of Comprehensive Income
Three Months Ended September 30, 2014

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net income (loss) including non controlling interest	$ 53,160	$ 151,152	$ (1,144)	$ (150,065)	$ 53,103
Other comprehensive income (loss):					
Foreign currency translation adjustment	(57,503)	(61,207)	5,322	61,207	(52,181)
Unrealized gain on interest rate swaps	1,571	—	—	—	1,571
Other comprehensive income (loss), before income taxes	(55,932)	(61,207)	5,322	61,207	(50,610)
Income tax expense	(569)	—	—	—	(569)
Other comprehensive (loss) income, net of income taxes	(56,501)	(61,207)	5,322	61,207	(51,179)
Comprehensive (loss) income	(3,341)	89,945	4,178	(88,858)	1,924
Comprehensive loss attributable to noncontrolling interests	—	451	2,016	—	2,467
Comprehensive (loss) income attributable to AMC Networks' stockholders	$ (3,341)	$ 90,396	$ 6,194	$ (88,858)	$ 4,391

Condensed Consolidating Statement of Comprehensive Income
Nine Months Ended September 30, 2014

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net income (loss) including non controlling interest	$ 183,182	$ 389,174	$ 5,443	$ (395,011)	$ 182,788
Other comprehensive income (loss):					
Foreign currency translation adjustment	(42,129)	(45,833)	—	45,833	(42,129)
Unrealized gain on interest rate swaps	3,528	—	—	—	3,528
Other comprehensive income (loss), before income taxes	(38,601)	(45,833)	—	45,833	(38,601)
Income tax expense	(1,291)	—	—	—	(1,291)
Other comprehensive (loss) income, net of income taxes	(39,892)	(45,833)	—	45,833	(39,892)
Comprehensive income	143,290	343,341	5,443	(349,178)	142,896
Comprehensive loss attributable to noncontrolling interests	—	1,305	652	—	1,957
Comprehensive income attributable to AMC Networks' stockholders	$ 143,290	$ 344,646	$ 6,095	$ (349,178)	$ 144,853

Condensed Consolidating Statement of Cash Flows
Nine Months Ended September 30, 2014

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net cash provided by operating activities	166,339	292,623	25,668	(222,800)	261,830
Cash flows from investing activities:					
Capital expenditures	(1,426)	(16,144)	(6,770)	—	(24,340)
Payments for acquisitions, net of cash acquired	—	—	(1,024,427)	—	(1,024,427)
Acquisition of investments	—	(3,482)	(502)	—	(3,984)
(Increase) decrease to investment in affiliates	(43,581)	(133,386)	—	176,967	—
Proceeds from insurance settlements	—	654	—	—	654
Net cash (used in) provided by investing activities	(45,007)	(152,358)	(1,031,699)	176,967	(1,052,097)
Cash flows from financing activities:					
Proceeds from the issuance of long-term debt	600,000	—	—	—	600,000
Payments for financing costs	(9,266)	—	—	—	(9,266)
Deemed repurchases of restricted stock	(17,804)	—	—	—	(17,804)
Proceeds from stock option exercises	1,070	—	—	—	1,070
Excess tax benefits from share-based compensation arrangements	5,662	—	—	—	5,662
Principal payments on capital lease obligations	—	(1,382)	(1,325)	—	(2,707)
Long-term intercompany debt	(651,405)	651,405	—	—	—
Cash contributions from member	—	(1,046,413)	1,046,413	—	—
Contributions from noncontrolling interest member	—	—	835	—	835
Net cash (used in) provided by financing activities	(71,743)	(396,390)	1,045,923	—	577,790
Net increase in cash and cash equivalents from continuing operations	49,589	(256,125)	39,892	(45,833)	(212,477)
Cash flows from discontinued operations:					
Net cash used in operating activities	—	—	(2,955)	—	(2,955)
Net decrease in cash and cash equivalents from discontinued operations	—	—	(2,955)	—	(2,955)
Effect of exchange rate changes on cash and cash equivalents	(45,833)	(45,833)	35,936	45,833	(9,897)
Cash and cash equivalents at beginning of period	942	519,392	1,617	—	521,951
Cash and cash equivalents at end of period	$ 4,698	$ 217,434	$ 74,490	$ —	$ 296,622

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 our programming networks and our programming;
- 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 independent film distribution businesses;
- market demand for our services internationally and for our independent 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;
- economic and business conditions and industry trends in the countries in which we operate;
- fluctuations in currency exchange rates and interest rates;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the U.S. or in the countries in which we operate;
- our substantial debt and high leverage;
- reduced access to capital markets or significant increases in costs to borrow;
- the level of our expenses;
- the level of our capital expenditures;
- future acquisitions and dispositions of assets;
- our ability to successfully acquire new businesses and, if acquired, to integrate, and implement our plan with respect to businesses we acquire;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire;
- changes in the nature of key strategic relationships with partners and joint ventures;
- the outcome of litigation and other proceedings;
- whether pending uncompleted transactions 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;
- events that are outside our control, such as political unrest in international markets, terrorist attacks, natural disasters and other similar events; and

- the factors described under Item 1A, “Risk Factors” in our 2013 Annual Report on Form 10-K (the "2013 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 condensed consolidated financial statements and notes thereto included elsewhere herein and our 2013 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 subsidiaries. MD&A is organized as follows:

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

Consolidated Results of Operations. This section provides an analysis of our results of operations for the three and nine months ended September 30, 2014 compared to the three and nine months ended September 30, 2013. Our discussion is presented on both a consolidated and operating segment basis. Our two operating segments are: (i) National Networks and (ii) International and Other. (See "Business Overview" section for discussion of the change in components of our operating segments).

Liquidity and Capital Resources. This section provides a discussion of our financial condition as of September 30, 2014, as well as an analysis of our cash flows for the nine months ended September 30, 2014 and 2013. 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 September 30, 2014 and December 31, 2013.

Critical Accounting Policies and Estimates. This section provides (i) an update, if any, to our significant accounting policies or critical accounting estimates since December 31, 2013 and (ii) the results of our annual impairment test of goodwill and identifiable indefinite-lived intangible assets performed as of the end of February 2014, including a discussion of the critical estimates inherent in assessing the recoverability of goodwill and identifiable indefinite-lived intangible assets.

Business Overview

As of March 31, 2014, following the Chellomedia acquisition on January 31, 2014, the manner in which the President and Chief Executive Officer, who is the chief operating decision maker, evaluates performance and makes decisions about how to allocate resources changed, resulting in the reorganization of the Company's operating segments. The National Networks operating segment now includes the results of AMC and Sundance Channel in Canada and AMC Networks Broadcasting & Technology, the Company's network technical services business, which primarily services the nationally distributed programming networks of the Company. Previously, the results of these operations were included in the International and Other operating segment. The results of AMC Networks International (formerly Chellomedia and AMC/Sundance Channel Global) are included in the International and Other operating segment. Operating segment information for prior periods has been recast to reflect these changes.

We manage our business through the following two operating segments:

- *National Networks:* Principally includes four nationally distributed programming networks: AMC, WE tv, IFC and SundanceTV. 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”). AMC, IFC and SundanceTV are also distributed in Canada. The National Networks operating segment also includes AMC Networks Broadcasting & Technology, the National Networks' technical services business, which primarily services the nationally distributed programming networks of the Company.

- *International and Other:* Principally includes AMC Networks International (formerly Chellomedia and AMC/Sundance Channel Global), the Company’s international programming businesses; IFC Films, the Company’s independent film distribution business; AMC Networks International - DMC (formerly Chello DMC), the broadcast solutions unit of certain networks of AMC Networks International; and various developing on-line content distribution initiatives. AMC Networks International consists of a portfolio of programming networks in Europe, Latin America, the Middle East and parts of Asia and Africa.

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 September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues, net				
National Networks	$ 397,415	$ 381,147	$ 1,244,099	$ 1,118,812
International and Other	122,712	14,183	323,890	37,994
Inter-segment eliminations	(577)	(2)	(1,792)	(195)
Consolidated revenues, net	$ 519,550	$ 395,328	$ 1,566,197	$ 1,156,611
Operating income (loss)				
National Networks	$ 115,254	$ 139,289	$ 409,176	$ 415,867
International and Other (a)	(5,441)	(17,951)	(23,128)	78,240
Inter-segment eliminations	416	1,049	1,289	3,088
Consolidated operating income	$ 110,229	$ 122,387	$ 387,337	$ 497,195
AOCF (deficit)				
National Networks	$ 128,582	$ 150,387	$ 443,246	$ 466,176
International and Other	12,875	(14,006)	21,363	(43,376)
Inter-segment eliminations	416	1,049	1,289	3,088
Consolidated AOCF	$ 141,873	$ 137,430	$ 465,898	$ 425,888

(a) The nine months ended September 30, 2013 amount includes the litigation settlement gain recorded in connection with the settlement with DISH Network. See DISH Network discussion below.

We evaluate segment performance based on several factors, of which the primary financial measure is operating 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, restructuring expense or credit and the litigation settlement gain recorded in connection with the settlement with DISH Network. We do not consider the one-time litigation settlement gain with DISH Network to be indicative of our ongoing operating performance.

We believe that AOCF is an appropriate measure for evaluating the operating performance on both an operating 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 September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Operating income	$ 110,229	$ 122,387	$ 387,337	$ 497,195
Share-based compensation expense	7,730	5,108	21,569	15,049
Restructuring expense	5,619	—	6,772	—
Depreciation and amortization	18,295	9,935	50,220	46,588
Litigation settlement gain	—	—	—	(132,944)
AOCF	$ 141,873	$ 137,430	$ 465,898	$ 425,888

Items Impacting Comparability

Acquisition of Chellomedia

On January 31, 2014, certain subsidiaries of AMC Networks purchased substantially all of Chellomedia, the international content division of Liberty Global plc, for a purchase price of €750 million (approximately $1.0 billion). AMC Networks funded the purchase price with cash on hand and additional indebtedness of $600 million (see "Amended and Restated Credit Facility" discussion below).

The acquisition provides AMC Networks with television channels that are distributed to more than 390 million subscribers in over 130 countries and span a wide range of programming genres, most notably movie and entertainment networks. The acquisition of Chellomedia's operating businesses include: Chello Central Europe, Chello Latin America, Chello Multicanal, Chello Zone, Chello DMC (the broadcast solutions unit), and Atmedia (the advertising sales unit). The acquisition provides us with the opportunity to accelerate and enhance our international expansion strategy. We view this international opportunity as one that has the potential to provide long-term growth and value. This acquisition has been included in our operating results since the acquisition date (see Note 2 to the accompanying condensed consolidated financial statements). As part of our integration efforts, the operating businesses of Chellomedia have been rebranded and are now included in AMC Networks International and referred to as AMC Networks International - Central Europe (formerly Chello Central Europe), AMC Networks International - Latin America (formerly Chello Latin America), AMC Networks International - Iberia (formerly Chello Multicanal), AMC Networks International - Zone (formerly Chello Zone), and AMC Networks International - DMC (formerly Chello DMC).

The comparability of our results of operations between the three and nine months ended September 30, 2014 and the three and nine months ended September 30, 2013 have been impacted by this acquisition.

DISH Network

As more fully described in our 2013 Form 10-K, DISH Network L.L.C. (“DISH Network”), VOOM HD Holdings LLC (“VOOM HD”) and CSC Holdings, LLC (“CSC Holdings”), a wholly owned subsidiary of Cablevision Systems Corporation, 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 certain subsidiaries of the Company that provided for the carriage of AMC, IFC, SundanceTV and WE tv. In addition, DISH Network paid $700,000 to an account for the benefit of Cablevision and the Company (“Settlement Funds”), which was initially distributed equally to each of the Company and Cablevision, pending a determination of the allocation of the settlement proceeds.

In April 2013, Cablevision and the Company entered into an agreement (the “DISH Networks Proceeds Allocation Agreement”) whereby the Company paid to Cablevision $175,000 of the settlement proceeds. Additionally, during the second quarter of 2013, the Company recorded a litigation settlement gain of approximately $133,000, included in operating income within the International and Other segment, representing the deferred litigation settlement proceeds liability of approximately $308,000 recorded in the condensed consolidated balance sheet at December 31, 2012 less the $175,000 paid to Cablevision.

National Networks

In our National Networks segment, which accounted for 79% of our consolidated revenues for the nine months ended September 30, 2014, 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 or distribution by the licensee.

Under affiliation agreements with our distributors, we have the right to sell a specified amount of national advertising time on our programming networks. Our advertising revenues are more variable than 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. Additionally, in these advertising sales arrangements, our programming networks generally guarantee specified viewer ratings for their programming. If these guaranteed viewer ratings are not met, we are generally required to provide additional advertising units to the advertiser at no charge. For these types of arrangements, a portion of the related revenue is deferred if the guaranteed 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 Media Research ("Nielsen"). Our national programming networks have advertisers representing companies in a broad range of sectors, including the health, automotive, food, insurance, and entertainment industries. All of our National Networks distributed throughout the U.S., including SundanceTV beginning in September 2013, use a traditional advertising sales model. Prior to September 2013, SundanceTV principally sold sponsorships.

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 availability, amount and 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 throughout the U.S., has a more limited ability to increase its penetration than WE tv, IFC and SundanceTV. To the extent not already carried on more widely penetrated service tiers, WE tv, IFC and SundanceTV, although carried by all of the larger U.S. 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 SundanceTV is currently carried primarily on digital tiers. 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 agreed in some instances to make 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. We also seek to increase our revenues by expanding the opportunities for distribution of our programming through digital, foreign and home video services.

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, as well as participation and residual costs. The other components of technical and operating expense primarily include distribution and production related costs and program operating costs, such as origination, transmission, uplinking and encryption.

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

Most original series require us to make up-front investments, which are often significant amounts. Not all of our programming efforts are commercially successful, which could result in a write-off of program rights. If it is determined that programming rights have 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 $9,030 and $2,594 were recorded for the three months ended September 30, 2014 and 2013, respectively, and program rights write-offs of $16,523 and $9,283 were recorded for the nine months ended September 30, 2014 and 2013, respectively.

International and Other

Our International and Other segment primarily includes the operations of AMC Networks International and IFC Films.

In our International and Other segment, which accounted for 21% of our consolidated revenues for the nine months ended September 30, 2014, we earn revenue principally from the international distribution of programming and to a lesser extent, the sale of advertising. Distribution revenue primarily includes affiliation fees paid by distributors to carry our programming networks. Affiliation fees paid by distributors represents the largest component of distribution revenue. Our affiliation fee revenues are generally based on either a per subscriber fee or a fixed contractual monthly fee, under multi-year contracts, commonly referred to as "affiliation agreements," which may provide for annual affiliation rate increases. For the nine months ended September 30, 2014, distribution revenues represented 88% of the revenues of the International and Other segment. Most of these revenues are derived primarily from Europe and to a lesser extent, Latin America, the Middle East and parts of Asia and Africa. The International and Other segment also includes IFC Films, our independent film distribution business where revenues are derived principally from theatrical, digital and licensing distribution.

Programming and program operating costs, included in technical and operating expense, represents the largest expense of the International and Other segment and primarily consists of amortization of acquired content, costs of dubbing and sub-titling of programs and participation costs. Program operating costs include costs such as origination, transmission, uplinking and encryption.

We view our international expansion as an important long-term strategy. We may experience an adverse impact to the International and Other segment's operating results and cash flows in periods of increased international investment by the Company. 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. See also the risk factors described under Item 1A, "Risk Factors - We face risks from doing business internationally." in our 2013 Form 10-K.

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.

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

Consolidated Results of Operations

Three Months Ended September 30, 2014 Compared to Three Months Ended September 30, 2013

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

	Three Months Ended September 30,					
	2014		2013			
	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 519,550	100.0 %	$ 395,328	100.0 %	$ 124,222	31.4 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	252,556	48.6	157,054	39.7	95,502	60.8
Selling, general and administrative	132,851	25.6	105,952	26.8	26,899	25.4
Restructuring expense	5,619	1.1	—	—	5,619	n/m
Depreciation and amortization	18,295	3.5	9,935	2.5	8,360	84.1
Total operating expenses	409,321	78.8	272,941	69.0	136,380	50.0
Operating income	110,229	21.2	122,387	31.0	(12,158)	(9.9)
Other income (expense):						
Interest expense, net	(31,316)	(6.0)	(29,588)	(7.5)	(1,728)	5.8
Miscellaneous, net	(11,766)	(2.3)	(65)	—	(11,701)	n/m
Total other income (expense)	(43,082)	(8.3)	(29,653)	(7.5)	(13,429)	45.3
Income from continuing operations before income taxes	67,147	12.9	92,734	23.5	(25,587)	(27.6)
Income tax expense	(13,078)	(2.5)	(34,784)	(8.8)	21,706	(62.4)
Income from continuing operations	54,069	10.4	57,950	14.7	(3,881)	(6.7)
Loss from discontinued operations, net of income taxes	(966)	(0.2)	—	—	(966)	n/m
Net income including noncontrolling interests	53,103	10.2 %	57,950	14.7 %	(4,847)	(8.4)%
Net loss attributable to noncontrolling interests	57	— %	161	— %	(104)	n/m
Net income attributable to AMC Networks' stockholders	$ 53,160	10.2 %	$ 58,111	14.7 %	$ (4,951)	(8.5)%

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

	Three Months Ended September 30,			
	2014	2013	$ change	% change
Operating income	$ 110,229	$ 122,387	$ (12,158)	(9.9)%
Share-based compensation expense	7,730	5,108	2,622	51.3
Restructuring expense	5,619	—	5,619	n/m
Depreciation and amortization	18,295	9,935	8,360	84.1
Consolidated AOCF	$ 141,873	$ 137,430	$ 4,443	3.2 %

National Networks Segment Results

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

	Three Months Ended September 30,					
	2014		2013			
	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 397,415	100.0%	$ 381,147	100.0%	$ 16,268	4.3 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	185,122	46.6	143,117	37.5	42,005	29.4
Selling, general and administrative	89,372	22.5	92,106	24.2	(2,734)	(3.0)
Restructuring expense	2,462	0.6	—	—	2,462	n/m
Depreciation and amortization	5,205	1.3	6,635	1.7	(1,430)	(21.6)
Operating income	$ 115,254	29.0%	$ 139,289	36.5%	$ (24,035)	(17.3)
Share-based compensation expense	5,661	1.4%	4,463	1.2%	1,198	26.8
Depreciation and amortization	5,205	1.3%	6,635	1.7%	(1,430)	(21.6)
Restructuring expense	2,462	0.6%	—	—%	2,462	n/m
AOCF	$ 128,582	32.4%	$ 150,387	39.5%	$ (21,805)	(14.5)%

International and Other Segment Results

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

	Three Months Ended September 30,					
	2014		2013			
	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 122,712	100.0 %	$ 14,183	100.0 %	$ 108,529	765.2 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	68,411	55.7	14,989	105.7	53,422	356.4
Selling, general and administrative	43,495	35.4	13,845	97.6	29,650	214.2
Restructuring expense	3,157	2.6	—	—	3,157	n/m
Depreciation and amortization	13,090	10.7	3,300	23.3	9,790	296.7
Operating loss	$ (5,441)	(4.4)%	$ (17,951)	(126.6)%	$ 12,510	(69.7)
Share-based compensation expense	2,069	1.7 %	645	4.5 %	1,424	220.8
Depreciation and amortization	13,090	10.7 %	3,300	23.3 %	9,790	296.7
Restructuring expense	3,157	2.6 %	—	— %	3,157	n/m
AOCF (deficit)	$ 12,875	10.5 %	$ (14,006)	(98.8)%	$ 26,881	(191.9)%

Revenues, net

Revenues, net increased $124,222 to $519,550 for the three months ended September 30, 2014 as compared to the three months ended September 30, 2013. The net change by segment was as follows:

	Three Months Ended September 30,					
	2014	% of total	2013	% of total	$ change	% change
National Networks	$ 397,415	76.5 %	$ 381,147	96.4 %	$ 16,268	4.3%
International and Other	122,712	23.6	14,183	3.6	108,529	765.2
Inter-segment eliminations	(577)	(0.1)	(2)	—	(575)	n/m
Consolidated revenues, net	$ 519,550	100.0 %	$ 395,328	100.0 %	$ 124,222	31.4%

National Networks

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

	Three Months Ended September 30,					
	2014	% of total	2013	% of total	$ change	% change
Advertising	$ 137,993	34.7%	$ 146,467	38.4%	$ (8,474)	(5.8)%
Distribution	259,422	65.3	234,680	61.6	24,742	10.5
	$ 397,415	100.0%	$ 381,147	100.0%	$ 16,268	4.3 %

- Advertising revenues decreased $8,474 due to a decrease at AMC, partially offset by an increase at SundanceTV, IFC and WE tv. The decrease at AMC was due to the airing of a fewer number of scripted original programming series, including the absence of *Breaking Bad*, during the three months ended September 30, 2014 as compared to the same period in the prior year. As previously discussed, most of our advertising revenues vary based on the timing of our original programming series and the popularity of our programming as measured by Nielsen. Due to these factors, we expect advertising revenues to vary from quarter to quarter.

- Distribution revenues increased $24,742 due to an increase of $13,490 principally from licensing distribution revenues derived from our original programming, primarily at AMC and SundanceTV. In addition, affiliation fee revenues increased due to an overall increase in rates during the three months ended September 30, 2014 as compared to the same period in 2013. Distribution revenues may 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 September 30, 2014, June 30, 2014 and September 30, 2013:

	Estimated Domestic Subscribers (1)		
National Programming Networks:	September 30, 2014	June 30, 2014	September 30, 2013
AMC	95,600	96,600	99,000
WE tv	85,300	85,800	84,800
IFC	73,000	73,000	70,900
SundanceTV	56,700	57,100	57,000

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

The increase in estimated subscribers for the period ended September 30, 2014 as compared to September 30, 2013 reflects the repositioning of WE tv and IFC with certain operators to more widely distributed tiers of service. Additionally, the number of reported subscribers may be impacted by changes in the Nielsen sample and does not necessarily correlate to changes in the Company's viewing subscribers.

International and Other

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

	Three Months Ended September 30,					
	2014	% of total	2013	% of total	$ change	% change
Advertising	$ 15,991	13.0%	$ —	—%	$ 15,991	n/m
Distribution	106,721	87.0	14,183	100.0	92,538	652.5
	$ 122,712	100.0%	$ 14,183	100.0%	$ 108,529	765.2%

Advertising and distribution revenues increased at AMC Networks International due to the acquisition of Chellomedia. Distribution revenues also increased $11,203 at IFC Films principally due to an increase in theatrical and participation revenues primarily driven by the performance of the theatrical release of the film, *Boyhood.*

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 $95,502 to $252,556 for the three months ended September 30, 2014 as compared to the three months ended September 30, 2013. The net change by segment was as follows:

	Three Months Ended September 30,			
	2014	2013	$ change	% change
National Networks	$ 185,122	$ 143,117	$ 42,005	29.4 %
International and Other	68,411	14,989	53,422	356.4
Inter-segment eliminations	(977)	(1,052)	75	(7.1)
Total	$ 252,556	$ 157,054	$ 95,502	60.8 %
Percentage of revenues, net	48.6%	39.7%		

National Networks

The increase in the National Networks segment was attributable to increased program rights amortization expense of $24,000 and an increase of $18,005 for other direct programming related costs including participation, residuals and development costs. The increase in program rights amortization expense is due to our increased investment in owned scripted original series. Program rights amortization expense for the three months ended September 30, 2014 includes write-offs of $8,877 based on management's assessment of programming usefulness of certain unscripted series, primarily at AMC. Program rights amortization expense for the three months ended September 30, 2013 included write-offs of $2,594 primarily based on management's assessment of programming usefulness of certain pilot 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 these costs are amortized based on the film-forecast-computation method. As additional competition for programming increases and alternate distribution technologies continue to develop in the industry, costs for content acquisition and original programming may increase.

International and Other

The increase in the International and Other segment was due to an increase in program rights amortization expense of $29,017 and an increase of $24,405 for other direct programming related costs, including the costs of origination and transmission, primarily at AMC Networks International due to the acquisition of Chellomedia.

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 expense increased $26,899 to $132,851 for the three months ended September 30, 2014, as compared to the three months ended September 30, 2013. The net change by segment was as follows:

	Three Months Ended September 30,			
	2014	2013	$ change	% change
National Networks	$ 89,372	$ 92,106	$ (2,734)	(3.0)%
International and Other	43,495	13,845	29,650	214.2
Inter-segment eliminations	(16)	1	(17)	n/m
Total	$ 132,851	$ 105,952	$ 26,899	25.4 %
Percentage of revenues, net	25.6%	26.8%		

National Networks

The decrease in the National Networks segment was primarily attributable to net decrease in marketing related expenses of $6,670 primarily at AMC due to a lower number of original programming series, partially offset by increased affiliate sales and advertising sales expenses of $1,485, increased administrative and corporate allocations of $1,735 and increased share-based compensation expense and expenses relating to long-term incentive compensation of $1,372. There may be significant changes in the level of our selling, general and administrative expense from quarter to quarter and year to year due to the timing of promotion and marketing of original programming series and subscriber retention marketing efforts.

International and Other

The increase in the International and Other segment was primarily due to an increase in selling and administrative expense of $19,569 at AMC Networks International principally due to the acquisition of Chellomedia, increased marketing and selling expenses of $7,742 at IFC Films primarily for the exploitation of *Boyhood,* and increased share-based compensation expense and expenses related to long-term incentive compensation of $2,077.

Restructuring expense

The restructuring expense of $2,462 in the National Networks segment and $3,157 in the International and Other segment primarily represents severance charges incurred related to employee terminations associated with the elimination of certain positions across the Company.

Depreciation and amortization

Depreciation and amortization increased $8,360 to $18,295 for the three months ended September 30, 2014, as compared to the three months ended September 30, 2013. The net change by segment was as follows:

	Three Months Ended September 30,			
	2014	2013	$ change	% change
National Networks	$ 5,205	$ 6,635	$ (1,430)	(21.6)%
International and Other	13,090	3,300	9,790	296.7
	$ 18,295	$ 9,935	$ 8,360	84.1 %

The decrease in depreciation and amortization expense in the National Networks segment was primarily attributable to a decrease in amortization expense of $1,700 principally at AMC as certain intangible assets became fully amortized in the third quarter of 2013.

The increase in depreciation and amortization expense in the International and Other segment was primarily attributable to amortization expense of $5,579 related to the amortization of identifiable intangible assets and depreciation expense of $3,663 related to property and equipment primarily acquired in connection with the Chellomedia acquisition.

AOCF

AOCF increased $4,443 for the three months ended September 30, 2014 as compared to the three months ended September 30, 2013. The net change by segment was as follows:

	Three Months Ended September 30,			
	2014	2013	$ change	% change
National Networks	$ 128,582	$ 150,387	$ (21,805)	(14.5)%
International and Other	12,875	(14,006)	26,881	(191.9)
Inter-segment eliminations	416	1,049	(633)	(60.3)
AOCF	$ 141,873	$ 137,430	$ 4,443	3.2 %

National Networks AOCF decreased due to an increase in revenues, net of $16,268 and a decrease in selling, general and administrative expenses of $3,932, offset by an increase in technical and operating expenses of $42,005 resulting primarily from an increase in 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 decreased primarily due to an increase in revenues, net of $108,529, partially offset by an increase in technical and operating expenses of $53,422 and an increase in selling, general and administrative expenses of $28,226 due principally to the inclusion of the results of Chellomedia following the acquisition.

Interest expense, net

The increase in interest expense, net of $1,728 for the three months ended September 30, 2014 as compared to the three months ended September 30, 2013 was attributable to the following:

Higher average debt balances	$ 2,815
Change in fair value of interest rate swap contracts	(1,560)
Increase in interest income	(563)
Increase in capital leases	969
Other	67
	$ 1,728

Miscellaneous, net

The increase in miscellaneous, net of $11,701 for the three months ended September 30, 2014 as compared to the three months ended September 30, 2013 is primarily the result of net foreign currency unrealized transaction losses from the translation of monetary assets and liabilities that are denominated in currencies other than the underlying functional currency of the applicable entity.

Income tax expense

For the three months ended September 30, 2014, income tax expense attributable to continuing operations was $13,078 representing an effective tax rate of 20%. The effective tax rate differs from the federal statutory rate of 35% due to state and local income tax expense of $872, tax benefit from foreign subsidiary earnings indefinitely reinvested outside of the U.S. of $3,176, tax benefit of $5,709 relating to uncertain tax positions (including accrued interest), tax benefit from the domestic production activities deduction of $2,990, tax expense of $1,930 resulting from an increase in the valuation allowances for foreign and local taxes, partially offset by a decrease in the valuation allowance for foreign tax credits and tax benefit of $1,350 for the effect of acquisition costs and other items for the three months ended September 30, 2014. The tax benefit relating to reductions in uncertain tax positions is primarily due to an audit settlement and a re-evaluation of certain prior year positions.

For the three months ended September 30, 2013, income tax expense attributable to continuing operations was $34,784, 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 $1,083, tax expense resulting from an increase in the valuation allowance with regard to certain local income tax credit carry forwards of $1,784, and tax expense related to uncertain tax positions, including accrued interest, of $11,204.

Consolidated Results of Operations

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013

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

	Nine Months Ended September 30,					
	2014		2013			
	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 1,566,197	100.0 %	$ 1,156,611	100.0 %	$ 409,586	35.4 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	701,771	44.8	431,389	37.3	270,382	62.7
Selling, general and administrative	420,097	26.8	314,383	27.2	105,714	33.6
Restructuring expense	6,772	0.4	—	—	6,772	n/m
Depreciation and amortization	50,220	3.2	46,588	4.0	3,632	7.8
Litigation settlement gain	—	n/m	(132,944)	n/m	132,944	(100.0)
Total operating expenses	1,178,860	75.3	659,416	57.0	519,444	78.8
Operating income	387,337	24.7	497,195	43.0	(109,858)	(22.1)
Other income (expense):						
Interest expense, net	(96,352)	(6.2)	(86,303)	(7.5)	(10,049)	11.6
Miscellaneous, net	(16,007)	(1.0)	(411)	—	(15,596)	3,794.6
Total other income (expense)	(112,359)	(7.2)	(86,714)	(7.5)	(25,645)	29.6
Income from continuing operations before income taxes	274,978	17.6	410,481	35.5	(135,503)	(33.0)
Income tax expense	(88,742)	(5.7)	(155,283)	(13.4)	66,541	(42.9)
Income from continuing operations	186,236	11.9	255,198	22.1	(68,962)	(27.0)
Loss from discontinued operations, net of income taxes	(3,448)	(0.2)	—	—	(3,448)	n/m
Net income including noncontrolling interests	182,788	11.7 %	255,198	22.1 %	(72,410)	(28.4)%
Net loss attributable to noncontrolling interests	394	— %	161	— %	233	n/m
Net income attributable to AMC Networks' stockholders	$ 183,182	11.7 %	$ 255,359	22.1 %	$ (72,177)	(28.3)%

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

	Nine Months Ended September 30,			
	2014	2013	$ change	% change
Operating income	$ 387,337	$ 497,195	$ (109,858)	(22.1)%
Share-based compensation expense	21,569	15,049	6,520	43.3
Restructuring expense	6,772	—	6,772	n/m
Depreciation and amortization	50,220	46,588	3,632	7.8
Litigation settlement gain	—	(132,944)	132,944	(100.0)
Consolidated AOCF	$ 465,898	$ 425,888	$ 40,010	9.4 %

National Networks Segment Results

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

	Nine Months Ended September 30,					
	2014		2013			
	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 1,244,099	100.0%	$ 1,118,812	100.0%	$ 125,287	11.2 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	516,925	41.6	390,135	34.9	126,790	32.5
Selling, general and administrative	300,378	24.1	275,699	24.6	24,679	9.0
Restructuring expense	2,462	0.2	—	—	2,462	n/m
Depreciation and amortization	15,158	1.2	37,111	3.3	(21,953)	(59.2)
Operating income	$ 409,176	32.9%	$ 415,867	37.2%	$ (6,691)	(1.6)%
Share-based compensation expense	16,450	1.3%	13,198	1.2%	3,252	24.6 %
Depreciation and amortization	15,158	1.2%	37,111	3.3%	(21,953)	(59.2)%
Restructuring expense	2,462	0.2%	—	—%	2,462	n/m
AOCF	$ 443,246	35.6%	$ 466,176	41.7%	$ (22,930)	(4.9)%

International and Other Segment Results

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

	Nine Months Ended September 30,					
	2014		2013			
	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 323,890	100.0 %	$ 37,994	100.0 %	$ 285,896	752.5 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	187,882	58.0	44,533	117.2	143,349	321.9
Selling, general and administrative	119,764	37.0	38,688	101.8	81,076	209.6
Restructuring expense	4,310	1.3	—	—	4,310	n/m
Depreciation and amortization	35,062	10.8	9,477	24.9	25,585	270.0
Litigation settlement gain	—	—	(132,944)	(349.9)	132,944	(100.0)
Operating (loss) income	$ (23,128)	(7.1)%	$ 78,240	205.9 %	$ (101,368)	(129.6)%
Share-based compensation expense	5,119	1.6 %	1,851	4.9 %	3,268	176.6 %
Depreciation and amortization	35,062	10.8 %	9,477	24.9 %	25,585	270.0 %
Litigation settlement gain	—	— %	(132,944)	(349.9)%	132,944	(100.0)%
Restructuring expense	4,310	1.3 %	—	— %	4,310	n/m
AOCF (deficit)	$ 21,363	6.6 %	$ (43,376)	(114.2)%	$ 64,739	(149.3)%

Revenues, net

Revenues, net increased $409,586 to $1,566,197 for the nine months ended September 30, 2014 as compared to the nine months ended September 30, 2013. The net change by segment was as follows:

	Nine Months Ended September 30,					
	2014	% of total	2013	% of total	$ change	% change
National Networks	$ 1,244,099	79.4 %	$ 1,118,812	96.7 %	$ 125,287	11.2%
International and Other	323,890	20.7	37,994	3.3	285,896	752.5
Inter-segment eliminations	(1,792)	(0.1)	(195)	—	(1,597)	819.0
Consolidated revenues, net	$ 1,566,197	100.0 %	$ 1,156,611	100.0 %	$ 409,586	35.4%

National Networks

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

	Nine Months Ended September 30,					
	2014	% of total	2013	% of total	$ change	% change
Advertising	$ 509,733	41.0%	$ 457,670	40.9%	$ 52,063	11.4%
Distribution	734,366	59.0	661,142	59.1	73,224	11.1
	$ 1,244,099	100.0%	$ 1,118,812	100.0%	$ 125,287	11.2%

- Advertising revenues increased $52,063 across all networks primarily at AMC resulting from higher pricing per unit sold due to an increased demand for our programming by advertisers, led by *The Walking Dead,* and at SundanceTV, IFC and WE tv. Prior to September 2013, SundanceTV principally sold sponsorships, but since then it migrated to a traditional advertising sales model. As previously discussed, most of our advertising revenues vary based on the timing of our original programming series and the popularity of our programming as measured by Nielsen. Due to these factors, we expect advertising revenues to vary from quarter to quarter.

- Distribution revenues increased $73,224 due to an increase of $45,236 principally from licensing and home video distribution revenues derived from our original programming, primarily at AMC and SundanceTV. In addition, affiliation fee revenues increased across all networks due to an overall increase in viewing subscribers during the nine months ended September 30, 2014 as compared to the same period in 2013. Additionally, distribution revenues may 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.

International and Other

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

	Nine Months Ended September 30,					
	2014	% of total	2013	% of total	$ change	% change
Advertising	$ 40,481	12.5%	$ —	—%	$ 40,481	n/m
Distribution	283,409	87.5	37,994	100.0	245,415	645.9
	$ 323,890	100.0%	$ 37,994	100.0%	$ 285,896	752.5%

Advertising and distribution revenues increased at AMC Networks International due to the inclusion of the results of Chellomedia from the date of acquisition of January 31, 2014. Distribution revenues also increased $18,740 at IFC Films principally due to an increase in theatrical revenues primarily driven by the performance of *Boyhood*.

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 $270,382 to $701,771 for the nine months ended September 30, 2014 as compared to the nine months ended September 30, 2013. The net change by segment was as follows:

	Nine Months Ended September 30,			
	2014	2013	$ change	% change
National Networks	$ 516,925	$ 390,135	$ 126,790	32.5 %
International and Other	187,882	44,533	143,349	321.9
Inter-segment eliminations	(3,036)	(3,279)	243	(7.4)
Total	$ 701,771	$ 431,389	$ 270,382	62.7 %
Percentage of revenues, net	44.8%	37.3%		

National Networks

The increase in the National Networks segment was attributable to increased program rights amortization expense of $89,190 and an increase of $37,600 for other direct programming related costs including participation, residuals and development costs. The increase in program rights amortization expense is due to our increased investment in owned scripted original series primarily at AMC, WE tv, and SundanceTV. Program rights amortization expense for the nine months ended September 30, 2014 includes write-offs of $16,319 primarily at AMC related to unscripted series and certain pilots based on management's decision to focus on scripted programming. Program rights amortization expense for the nine months ended September 30, 2013 included write-offs of $9,283 based on management's assessment of programming usefulness primarily at SundanceTV as it prepared its programming schedule for transition to a traditional advertising model in September 2013 and to a lesser extent at IFC and AMC related to the assessment of programming usefulness of certain pilot 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 these costs are amortized based on the film-forecast-computation method. As additional competition for programming increases and alternate distribution technologies continue to develop in the industry, costs for content acquisition and original programming may increase. As we continue to increase our investment in original programming, we expect program rights expense to continue to increase for the full year of 2014 over the prior year comparable period.

International and Other

The increase in the International and Other segment was primarily due to increased program rights amortization expense of $54,607 and an increase of $88,742 for other direct programming related costs, including the cost of origination and transmission, principally due to the impact of the acquisition of Chellomedia from the date of acquisition, January 31, 2014.

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 expense increased $105,714 to $420,097 for the nine months ended September 30, 2014, as compared to the nine months ended September 30, 2013. The net change by segment was as follows:

	Nine Months Ended September 30,			
	2014	2013	$ change	% change
National Networks	$ 300,378	$ 275,699	$ 24,679	9.0%
International and Other	119,764	38,688	81,076	209.6
Inter-segment eliminations	(45)	(4)	(41)	1,025.0
Total	$ 420,097	$ 314,383	$ 105,714	33.6%
Percentage of revenues, net	26.8%	27.2%		

National Networks

The increase in the National Networks segment was primarily attributable to increased marketing and advertising sales related expenses of $11,337 primarily at WE tv for original programming series, increased general and administration expenses of $4,190 primarily due to an increase in professional fees, increased corporate allocations of $4,254 and increased share-based compensation expense and expenses relating to long-term incentive compensation of $4,163. There may be significant changes in the level of our selling, general and administrative expense from quarter to quarter and year to year due to the timing of promotion and marketing of original programming series and subscriber retention marketing efforts.

International and Other

The increase in the International and Other segment was primarily due to an increase at AMC Networks International of $71,011 due to the inclusion of the results of Chellomedia from the acquisition date of January 31, 2014, including increased acquisition related professional fees incurred of $13,659 primarily due to the acquisition and integration of Chellomedia, an increase in marketing and selling expenses of $5,360 at IFC Films principally due to the exploitation of *Boyhood*, and increased share-based compensation expense and expenses relating to long-term incentive compensation of $5,352, partially offset by a decrease in legal fees and other related costs and expenses of $2,255 compared to the same period in 2013 in connection with the DISH Network contract dispute.

Restructuring expense

The restructuring expense of $2,462 in the National Networks segment and $4,310 in the International and Other segment primarily represents severance charges incurred related to employee terminations associated with the elimination of certain positions across the Company.

Depreciation and amortization

Depreciation and amortization increased $3,632 to $50,220 for the nine months ended September 30, 2014, as compared to the nine months ended September 30, 2013. The net change by segment was as follows:

	Nine Months Ended September 30,			
	2014	2013	$ change	% change
National Networks	$ 15,158	$ 37,111	$ (21,953)	(59.2)%
International and Other	35,062	9,477	25,585	270.0
	$ 50,220	$ 46,588	$ 3,632	7.8 %

The decrease in depreciation and amortization expense in the National Networks segment was primarily attributable to a decrease in amortization expense of $21,859 principally at AMC as certain intangible assets became fully amortized in the third quarter of 2013.

The increase in depreciation and amortization expense in the International and Other segment was primarily attributable to amortization expense of $14,485 related to the amortization of identifiable intangible assets and depreciation expense of $9,953 related to property and equipment acquired primarily in connection with the Chellomedia acquisition.

Litigation settlement gain

Litigation settlement gain relates to the final allocation of the proceeds from the settlement of litigation with DISH Network (see "DISH Network" discussion above). The deferred litigation settlement proceeds liability of approximately $308,000 recorded in the condensed consolidated balance sheet at December 31, 2012 less the $175,000 paid to Cablevision on April 9, 2013 resulted in a gain of $132,944 for the nine months ended September 30, 2013 included in the International and Other segment.

AOCF

AOCF increased $40,010 for the nine months ended September 30, 2014 as compared to the nine months ended September 30, 2013. The net change by segment was as follows:

	Nine Months Ended September 30,			
	2014	2013	$ change	% change
National Networks	$ 443,246	$ 466,176	$ (22,930)	(4.9)%
International and Other	21,363	(43,376)	64,739	(149.3)
Inter-segment eliminations	1,289	3,088	(1,799)	(58.3)
AOCF	$ 465,898	$ 425,888	$ 40,010	9.4 %

National Networks AOCF decreased due to an increase in revenues, net of $125,287 offset by an increase in technical and operating expenses of $126,790 resulting primarily from an increase in program rights expense and an increase in selling, general and administrative expenses of $21,427. 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 increased primarily due to an increase in revenues, net of $285,896, partially offset by an increase in technical and operating expenses of $143,349 and an increase in selling, general and administrative expenses of $77,808 due principally to the inclusion of the results of the Chellomedia acquisition from the acquisition date.

Interest expense, net

The increase in interest expense, net of $10,049 for the nine months ended September 30, 2014 as compared to the nine months ended September 30, 2013 was attributable to the following:

Higher average debt balances	$ 10,006
Change in fair value of interest rate swap contracts	(256)
Increase in interest income	(800)
Increase in capital leases	964
Other	135
	$ 10,049

Miscellaneous, net

The increase in miscellaneous, net expense of $15,596 for the nine months ended September 30, 2014 as compared to the nine months ended September 30, 2013 is primarily the result of $13,701 of net foreign currency unrealized transaction losses principally from the translation of monetary assets and liabilities that are denominated in currencies other than the underlying functional currency of the applicable entity, and a realized loss of $1,755 on derivative contracts primarily related to foreign currency option contracts which prior to their expiration, and in connection with the purchase of Chellomedia on January 31, 2014, were settled with the counterparties.

Income tax expense

For the nine months ended September 30, 2014, income tax expense attributable to continuing operations was $88,742 representing an effective tax rate of 32%. The effective tax rate differs from the federal statutory rate of 35% due to state and local income tax expense of $4,675, tax benefit from foreign subsidiary earnings indefinitely reinvested outside of the U.S. of $10,367, tax expense of $715 relating to uncertain tax positions (including accrued interest), tax benefit from the domestic production activities deduction of $8,414, tax expense of $5,089 resulting from an increase in the valuation allowances for foreign and local taxes, partially offset by a decrease in the valuation allowance for foreign tax credits and tax expense of $802 for the effect of acquisition costs and other items for the nine months ended September 30, 2014. We expect our effective tax rate to be approximately 33% for the current year.

Income taxes paid, net decreased by $48,173 to $75,656 for the nine months ended September 30, 2014 as compared to the nine months ended September 30, 2013. Such decrease was a result of the VOOM HD settlement agreement, as discussed in our 2013 Form 10-K, which increased tax payments in the first quarter of 2013 by approximately $81,000.

For the nine months ended September 30, 2013, income tax expense attributable to continuing operations was $155,283, representing an effective tax rate of 38%. The effective tax rate differs from the federal statutory rate of 35% due primarily to state income tax expense of $7,792, tax expense resulting from an increase in the valuation allowance with regard to certain foreign and local income tax credit carry forwards of $4,172, and tax expense related to uncertain tax positions, including accrued interest, of $11,237.

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 (as described below) 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. On December 10, 2012, we filed a Registration Statement on Form S-3 ("Shelf Registration") with the SEC in which we registered debt securities.

Our principal uses of cash include the acquisition and production of programming, investments and acquisitions, debt service and payments for income taxes. Our principal use of cash in 2014 related to the acquisition of Chellomedia. 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 2014. Historically, our businesses have not required significant capital expenditures; however, we have invested in our infrastructure as a stand-alone public company. As of September 30, 2014, our consolidated cash and cash equivalents balance includes approximately $72,633 held by foreign subsidiaries, some of which have earnings that have not been subject to U.S. tax. Repatriation of earnings not previously subject to U.S. tax would generally require us to accrue and pay U.S. taxes on such amount. However, we intend to either permanently reinvest these funds or repatriate them in a tax-free manner.

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. For information relating to our outstanding debt obligations, refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Debt Financing Agreements" of our 2013 Form 10-K.

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 of $500,000 remains undrawn at September 30, 2014. Total undrawn revolver commitments are available to be drawn for our general corporate purposes.

AMC Networks was in compliance with all of its debt covenants as of September 30, 2014.

Cash Flow Discussion

The following table is a summary of cash flows provided by (used in) continuing operations and discontinued operations for the nine months ended September 30:

	2014	2013
Continuing operations:		
Cash flow provided by (used in) operating activities	$ 261,830	$ (74,061)
Cash flow used in investing activities	(1,052,097)	(20,179)
Cash flow provided by (used in) financing activities	577,790	(7,054)
Net decrease in cash from continuing operations	(212,477)	(101,294)
Discontinued operations:		
Net decrease in cash flow from discontinued operations	$ (2,955)	$ —

Continuing Operations

Operating Activities

Net cash provided by (used in) operating activities amounted to $261,830 for the nine months ended September 30, 2014 as compared to $(74,061) for the nine months ended September 30, 2013. The September 30, 2014 net cash provided by operating activities resulted from $714,021 of net income before amortization of program rights, deferred taxes, depreciation and amortization, and other non-cash items and an increase of $58,193 resulting from the change in other assets and liabilities, partially offset by payments for program rights of $510,384.

Cash flows from operating activities for the nine months ended September 30, 2014 is not necessarily indicative of what we expect for the remainder of 2014 due to various factors, including the timing of our cash investments in our original programming and the timing of income tax payments.

Net cash (used in) provided by operating activities for the nine months ended September 30, 2013 resulted from $780,102 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 $358,129, a net decrease in deferred revenue and deferred litigation settlement proceeds of $329,358 primarily due to the final allocation of the Settlement Funds (see "DISH Network" discussed above), a decrease in income taxes payable of $112,341 an increase in prepaid expenses and other assets of $31,674, an increase in accounts receivable, trade of $18,523, as well as a net decrease in other net liabilities of $4,138.

Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2014 and 2013 was $1,052,097 and $20,179, respectively, which primarily related to the payment for the acquisition of Chellomedia and a small international channel, net of cash acquired of $1,024,427 for the nine months ended September 30, 2014 and capital expenditures of $24,340 and $18,336 for the nine months ended September 30, 2014 and 2013, respectively.

Financing Activities

Net cash provided by (used in) financing activities amounted to $577,790 for the nine months ended September 30, 2014 as compared to $(7,054) for the nine months ended September 30, 2013. For the nine months ended September 30, 2014, financing activities consisted of proceeds from the issuance of long-term debt of $600,000, which was used to fund a portion of the Chellomedia purchase price, the excess tax benefits from share-based compensation arrangements of $5,662 and proceeds from stock option exercises of $1,070, partially offset by treasury stock acquired from the acquisition of restricted shares of $17,804, payments for financing costs of $9,266 and principal payments on capital leases of $2,707.

Net cash used in financing activities amounted to $7,054 for the nine months ended September 30, 2013. For the nine months ended September 30, 2013, financing activities consisted of treasury stock acquired from the acquisition of restricted shares of $12,000, principal payments on capital leases of $1,154 and payments for financing costs of $542 partially offset by proceeds from stock option exercises of $1,722 and the excess tax benefits from share-based compensation arrangements of $4,920.

Discontinued Operations

The net effect of discontinued operations on cash and cash equivalents amounted to a cash outflow of $2,955 for the nine months ended September 30, 2014.

Contractual Obligations

As of September 30, 2014, our contractual obligations not reflected on the condensed consolidated balance sheet increased approximately $158,952 to approximately $488,191 as compared to approximately $329,239 at December 31, 2013. The increase relates primarily to purchase obligations at Chellomedia, including approximately $59,193 and $75,532 for program rights and transmission obligations, respectively.

Critical Accounting Policies and Estimates

We describe our significant accounting policies in Note 2 to the Company's Consolidated Financial Statements included in our 2013 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 2013 Form 10-K. Other than the acquisition method of accounting discussed below, there have been no significant changes in our significant accounting policies or critical accounting estimates since December 31, 2013.

Acquisition Method of Accounting

We account for acquired businesses using the acquisition method of accounting which requires that the assets acquired and liabilities assumed be recorded at the date of the acquisition at their respective estimated fair values. The excess purchase price over fair value is recorded as goodwill. In determining estimated fair values, we are required to make estimates and assumptions that affect the recorded amounts, including, but not limited to, expected future cash flows, discount rates, remaining useful lives of long-lived assets, useful lives of identified intangible assets, replacement or reproduction costs of property and equipment and the amounts to be recovered in future periods from acquired net operating losses and other deferred tax assets. Our estimates in this area impact, among other items, the amount of depreciation and amortization, impairment charges in certain instances if the asset becomes impaired, and income tax expense or benefit that we report. Our estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain.

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

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 2014 as well as a discussion of the critical estimates inherent in assessing the recoverability of goodwill and identifiable indefinite-lived intangible assets.

Based on our annual impairment test for goodwill as of the end of February 2014, no impairment charge was required for any of the reporting units. The Company performed a qualitative assessment for each reporting unit. The qualitative assessment 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.

In assessing the recoverability of goodwill, 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 for goodwill impairment testing are primarily determined using discounted cash flows and comparable market transactions methods. These valuation methods 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. Projected future cash flows 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 goodwill.

Based on the Company's annual impairment test for identifiable indefinite-lived intangible assets as of the end of February 2014, no impairment charge was required. The Company's indefinite-lived intangible assets relate to SundanceTV trademarks, which were valued using a relief-from-royalty method in which the expected benefits are valued by discounting estimated royalty revenue over projected revenues covered by the trademarks. In order to evaluate the sensitivity of the fair value calculations for the Company's identifiable indefinite-lived intangible assets, the Company applied a hypothetical 20% decrease to the estimated fair value of the identifiable indefinite-lived intangible assets. This hypothetical decrease in estimated fair value would not result in an impairment.

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

Recently Issued Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity (ASU 2014-08). ASU 2014-08 defines a discontinued operation as a disposal of a component or group of components that is disposed of or is classified as held for sale and "represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results." The standard states that a strategic shift could include a disposal of (i) a major geographical area of operations, (ii) a major line of business, (iii) a major equity method investment, or (iv) other major parts of an entity. Although "major" is not defined, the standard provides examples of when a disposal qualifies as a discontinued operation. An entity is required to present in the statement of cash flows or disclose in a note either (i) total operating and investing cash flows for discontinued operations, or (ii) depreciation, amortization, capital expenditures, and significant operating and investing noncash items related to discontinued operations. Additional disclosures are required when an entity retains significant continuing involvement with a discontinued operation after its disposal, including the amount of cash flows to and from a discontinued operation. ASU 2014-08 is effective in the first quarter of 2015 and early adoption is permitted. The adoption of ASU 2014-08 is not expected to have a material effect on our consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 provides new guidance related to how an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard requires an evaluation of (i) transfer of control, (ii) variable consideration, (iii) allocation of selling price for multiple elements, (iv) intellectual property licenses, (v) time value of money and (vi) contract costs. The standard also expands the required disclosures related to revenue and cash flows from contracts with customers to provide greater insight into both revenue that has been recognized, and revenue that is expected to be recognized in the future from existing contracts. ASU 2014-09 is effective in the first quarter of 2017 and can be adopted either retrospectively to each prior reporting period presented or as a cumulative-effect adjustment as of the date of adoption, with early application not permitted. We are currently determining its implementation approach and assessing the impact on the consolidated financial statements.

In June 2014, the FASB issued ASU No. 2014-12, Compensation-Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period. The ASU clarifies that entities should treat performance targets that can be met after the requisite service period of a share-based payment award as performance conditions that affect vesting. Therefore, an entity would not record compensation expense (measured as of the grant date without taking into account the effect of the performance target) related to an award for which transfer to the employee is contingent on the entity's satisfaction of a performance target until it becomes probable that the performance target will be met. No new disclosures are required. ASU 2014-12 is effective in the first quarter of 2015 and early adoption is permitted. The adoption of ASU 2014-12 is not expected to have a material effect on our consolidated financial statements.

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 September 30, 2014, the fair value of our fixed rate debt of $1,355,500 was more than its carrying value of $1,280,386 by $75,114. 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 September 30, 2014 would increase the estimated fair value of our fixed rate debt by approximately $54,500 to approximately $1,410,000.

Managing our Interest Rate Risk

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

As of September 30, 2014, we had $2,758,958 of debt outstanding (excluding capital leases), of which $1,478,572 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 September 30, 2014, we had interest rate swap contracts outstanding with notional amounts aggregating $551,094. The aggregate fair value of interest rate swap contracts at September 30, 2014 was a liability of $7,550 (consisting of $1,565 included in accrued liabilities and $5,985 in other liabilities). As a result of these transactions, the interest rate paid on approximately 66% of the Company's debt (excluding capital leases) as of September 30, 2014 is effectively fixed (46% being fixed rate obligations and 20% effectively fixed through utilization of these interest rate swap contracts). Accumulated other comprehensive income (loss) consists of $(2,258) of cumulative unrealized losses, net of tax, on the portion of floating-to-fixed interest rate swap contracts designated as cash flow hedges. At September 30, 2014, 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 September 30, 2014 would not have a material impact on our annual interest expense.

Managing our Foreign Currency Exchange Rate Risk

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

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

As of December 31, 2013, cash and cash equivalents included €250,000 and prepaid expenses and other current assets included $2,577 representing the fair value of foreign currency option contracts with notional amounts aggregating €125,000. Prior to their expiration, and in connection with the purchase of Chellomedia on January 31, 2014, the Company settled these foreign currency option contracts with the counterparties resulting in a realized loss of $1,754 for the nine months ended September 30, 2014. Such amount is included in miscellaneous, net in the condensed consolidated statement of income.

The Company recognized $14,270 of foreign currency transaction losses, net for the nine months ended September 30, 2014, which is resulting from the translation of monetary assets and liabilities that are denominated in currencies other than the underlying functional currency of the applicable entity. Unrealized foreign currency transaction gains or losses are computed based on period-end exchange rates and are non-cash in nature until such time as the amounts are settled. Such amount is included in miscellaneous, net in the condensed consolidated statement of income.

For periods subsequent to the acquisition of Chellomeda, we expect the exposure to foreign currency fluctuations will have a more significant impact on our financial position and results of operations.

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

Item 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 September 30, 2014, 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

On January 31, 2014, the Company acquired Chellomedia (see Note 2 to the accompanying condensed consolidated financial statements). We are currently integrating policies, processes, people, technology and operations for the combined company. Management will continue to evaluate our internal control over financial reporting as we execute integration activities. During the quarter ended September 30, 2014, except as noted above, there were no changes in the Company's internal control over financial reporting, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Since our 2013 Form 10-K, there have been no material developments in legal proceedings in which we are involved. See Note 12, Commitments and Contingencies to the consolidated financial statements included in our 2013 Form 10-K.

Item 6. Exhibits.

(a) Index to Exhibits.

10.1	Amended and Restated Employment Agreement dated April 24, 2014, between AMC Networks Inc. and Joshua W. Sapan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 29, 2014).
10.2	Restricted Stock Units Agreement dated April 25, 2014, between AMC Networks Inc. and Joshua W. Sapan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 29, 2014).
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

SIGNATURES

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

AMC Networks Inc.

Date: November 6, 2014

By: /s/ Sean S. Sullivan

Sean S. Sullivan

Executive Vice President and Chief Financial Officer

Exhibit 31.1

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: November 6, 2014

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: November 6, 2014

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 September 30, 2014 (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:	November 6, 2014	By:	/s/ Joshua W. Sapan
			Joshua W. Sapan
			President and Chief Executive Officer
Date:	November 6, 2014	By:	/s/ Sean S. Sullivan
			Sean S. Sullivan
			Executive Vice President and Chief Financial Officer