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

FORM 10-Q

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

For the quarterly period ended March 31, 2020
or

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

For the transition period from to
Commission File Number: 1-35106

AMC Networks Inc.

(Exact name of registrant as specified in its charter)

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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, a smaller reporting company or an emerging growth company (as defined in Exchange Act Rule 12b-2).

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

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

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

The number of shares of common stock outstanding as of April 24, 2020:

Class A Common Stock par value $0.01 per share	40,556,233
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
(in thousands, except per share amounts)
(unaudited)

	March 31, 2020	December 31, 2019
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 704,129	$ 816,170
Accounts receivable, trade (less allowance for doubtful accounts of $8,610 and $5,733)	826,022	857,143
Current portion of program rights, net	17,059	426,624
Prepaid expenses and other current assets	195,191	230,360
Total current assets	1,742,401	2,330,297
Property and equipment, net of accumulated depreciation of $352,655 and $347,302	289,519	283,752
Program rights, net	1,381,950	1,038,060
Intangible assets, net	507,136	524,531
Goodwill	686,835	701,980
Deferred tax asset, net	50,813	51,545
Operating lease right-of-use asset	168,503	170,056
Other assets	489,265	496,465
Total assets	$ 5,316,422	$ 5,596,686
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 104,126	$ 94,306
Accrued liabilities	239,584	251,214
Current portion of program rights obligations	283,239	304,692
Deferred revenue	73,334	63,921
Current portion of long-term debt	70,625	56,250
Current portion of lease obligations	33,857	33,959
Total current liabilities	804,765	804,342
Program rights obligations	210,173	239,813
Long-term debt	2,824,470	3,039,979
Lease obligations	219,709	211,047
Deferred tax liability, net	151,033	136,911
Other liabilities	156,909	163,638
Total liabilities	4,367,059	4,595,730
Commitments and contingencies		
Redeemable noncontrolling interests	311,967	309,451
Stockholders' equity:		
Class A Common Stock, $0.01 par value, 360,000 shares authorized, 64,347 and 63,886 shares issued and 41,244 and 44,078 shares outstanding, respectively	643	639
Class B Common Stock, $0.01 par value, 90,000 shares authorized, 11,484 shares issued and outstanding	115	115
Preferred stock, $0.01 par value, 45,000 shares authorized; none issued	—	—
Paid-in capital	282,153	286,491
Accumulated earnings	1,676,139	1,609,428
Treasury stock, at cost (23,102 and 19,808 shares Class A Common Stock, respectively)	(1,149,138)	(1,063,181)
Accumulated other comprehensive loss	(196,364)	(167,711)
Total AMC Networks stockholders' equity	613,548	665,781
Non-redeemable noncontrolling interests	23,848	25,724
Total stockholders' equity	637,396	691,505
Total liabilities and stockholders' equity	$ 5,316,422	$ 5,596,686

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2020	**2019**
Revenues, net	$ 734,375	$ 784,221
Operating expenses:		
Technical and operating (excluding depreciation and amortization)	344,060	340,148
Selling, general and administrative	184,649	172,512
Depreciation and amortization	26,730	24,056
Restructuring and other related charges	5,966	2,642
Total operating expenses	561,405	539,358
Operating income	172,970	244,863
Other income (expense):		
Interest expense	(37,564)	(39,645)
Interest income	4,555	4,200
Loss on extinguishment of debt	(2,908)	—
Miscellaneous, net	(29,939)	(12,785)
Total other (expense) income	(65,856)	(48,230)
Income from operations before income taxes	107,114	196,633
Income tax expense	(33,588)	(46,476)
Net income including noncontrolling interests	73,526	150,157
Net income attributable to noncontrolling interests	(4,859)	(6,760)
Net income attributable to AMC Networks' stockholders	$ 68,667	$ 143,397
Net income per share attributable to AMC Networks' stockholders:		
Basic	$ 1.24	$ 2.53
Diluted	$ 1.22	$ 2.48
Weighted average common shares:		
Basic	55,477	56,588
Diluted	56,061	57,725

See accompanying notes to condensed consolidated financial statements.

AMC NETWORKS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2020	**2019**
Net income including noncontrolling interests	$ 73,526	$ 150,157
Other comprehensive income (loss):		
Foreign currency translation adjustment	(27,121)	(5,762)
Unrealized loss on interest rate swaps	(1,997)	(639)
Other comprehensive loss, before income taxes	(29,118)	(6,401)
Income tax benefit	465	149
Other comprehensive loss, net of income taxes	(28,653)	(6,252)
Comprehensive income	44,873	143,905
Comprehensive income attributable to noncontrolling interests	(3,698)	(6,722)
Comprehensive income attributable to AMC Networks' stockholders	$ 41,175	$ 137,183

See accompanying notes to condensed consolidated financial statements.

AMC NETWORKS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

	Class A Common Stock	Class B Common Stock	Paid-in Capital	Accumulated Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	AMC Networks Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
December 31, 2019	$ 639	$ 115	$ 286,491	$ 1,609,428	$ (1,063,181)	$ (167,711)	$ 665,781	$ 25,724	$ 691,505
Net income attributable to AMC Networks' stockholders	—	—	—	68,667	—	—	68,667	—	68,667
Net loss attributable to non-redeemable noncontrolling interests	—	—	—	—	—	—	—	(267)	(267)
Adoption of ASU 2016-13, credit losses	—	—	—	(1,956)	—	—	(1,956)	—	(1,956)
Distributions to noncontrolling member	—	—	—	—	—	—	—	(448)	(448)
Treasury stock not yet settled	—	—	(10,988)	—	—	—	(10,988)	—	(10,988)
Other comprehensive loss	—	—	—	—	—	(28,653)	(28,653)	(1,161)	(29,814)
Share-based compensation expense	—	—	15,512	—	—	—	15,512	—	15,512
Treasury stock acquired	—	—	—	—	(85,957)	—	(85,957)	—	(85,957)
Restricted stock units converted to shares	4	—	(8,862)	—	—	—	(8,858)	—	(8,858)
Balance, March 31, 2020	$ 643	$ 115	$ 282,153	$ 1,676,139	$ (1,149,138)	$ (196,364)	$ 613,548	$ 23,848	$ 637,396

	Class A Common Stock	Class B Common Stock	Paid-in Capital	Accumulated Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	AMC Networks Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
December 31, 2018	$ 633	$ 115	$ 239,767	$ 1,228,942	$ (992,583)	$ (160,194)	$ 316,680	$ 28,528	$ 345,208
Net income attributable to AMC Networks' stockholders	—	—	—	143,397	—	—	143,397	—	143,397
Net income attributable to non-redeemable noncontrolling interests	—	—	—	—	—	—	—	942	942
Distributions to noncontrolling member	—	—	—	—	—	—	—	(361)	(361)
Settlement of treasury stock	—	—	985	—	—	—	985	—	985
Other comprehensive income	—	—	—	—	—	(6,252)	(6,252)	38	(6,214)
Proceeds from the exercise of stock options	—	—	4,630	—	—	—	4,630	—	4,630
Share-based compensation expense	—	—	19,899	—	—	—	19,899	—	19,899
Treasury stock acquired	—	—	—	—	(991)	—	(991)	—	(991)
Restricted stock units converted to shares	1	—	(22,959)	—	—	—	(22,958)	—	(22,958)
Balance, March 31, 2019	$ 634	$ 115	$ 242,322	$ 1,372,339	$ (993,574)	$ (166,446)	$ 455,390	$ 29,147	$ 484,537

See accompanying notes to consolidated financial statements.

AMC NETWORKS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Cash flows from operating activities:		
Net income including noncontrolling interests	$ 73,526	$ 150,157
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	26,730	24,056
Share-based compensation expense related to equity classified awards	15,512	19,899
Non-cash restructuring and other related charges	3,928	1,171
Amortization and write-off of program rights	223,982	205,275
Amortization of deferred carriage fees	6,783	2,710
Unrealized foreign currency transaction loss (gain)	7,848	(4,501)
Amortization of deferred financing costs and discounts on indebtedness	1,918	1,954
Loss on extinguishment of debt	2,908	—
Bad debt expense	1,211	2,353
Deferred income taxes	15,900	(8,858)
Write-down of non-marketable equity securities and note receivable	20,000	17,741
Other, net	1,044	1,142
Changes in assets and liabilities:		
Accounts receivable, trade (including amounts due from related parties, net)	27,178	(1,429)
Prepaid expenses and other assets	17,532	(26,233)
Program rights and obligations, net	(221,627)	(190,651)
Income taxes payable	369	40,114
Deferred revenue	9,522	(4,200)
Deferred carriage fees, net	(15,484)	(422)
Accounts payable, accrued liabilities and other liabilities	(20,372)	(58,591)
Net cash provided by operating activities	198,408	171,687
Cash flows from investing activities:		
Capital expenditures	(12,916)	(22,053)
Return of capital from investees	—	3,908
Principal payment received on loan to investee	1,250	—
Proceeds from sale of investments	10,000	—
Net cash used in investing activities	(1,666)	(18,145)
Cash flows from financing activities:		
Proceeds from the issuance of long-term debt	5,000	2,521
Principal payments on long-term debt	(209,375)	(3,238)
Deemed repurchases of restricted stock units	(8,858)	(22,959)
Purchase of treasury stock	(85,957)	(991)
Proceeds from stock option exercises	—	4,630
Principal payments on finance lease obligations	(781)	(1,309)
Distributions to noncontrolling interests	(3,081)	(5,629)
Net cash used in financing activities	(303,052)	(26,975)
Net increase (decrease) in cash and cash equivalents from operations	(106,310)	126,567
Effect of exchange rate changes on cash and cash equivalents	(5,731)	2,229
Cash and cash equivalents at beginning of period	816,170	554,886
Cash and cash equivalents at end of period	$ 704,129	$ 683,682

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

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

Basis of Presentation

Principles of Consolidation

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

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

Unaudited Interim Financial Statements

These condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and Article 10 of Regulation S-X of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the Company's consolidated financial statements and notes thereto for the year ended December 31, 2019 contained in the Company's Annual Report on Form 10-K ("2019 Form 10-K") filed with the SEC. The condensed consolidated financial statements presented in this Quarterly Report on Form 10-Q are unaudited; however, in the opinion of management, such financial statements reflect all adjustments, consisting solely of normal recurring adjustments, necessary for a fair presentation of the results for the interim 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, 2020.

Risks and Uncertainties

In March 2020, the World Health Organization characterized the novel coronavirus ("COVID-19") a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The rapid spread of the pandemic and the continuously evolving responses to combat it have had an increasingly negative impact on the global economy.

The impact of COVID-19 and measures to prevent its spread are affecting our businesses in a number of ways. Beginning in mid-March, the Company experienced adverse advertising sales impacts and suspended content production, which has led to delays in the creation and availability of some of its television programming. Operationally, nearly all Company employees are working remotely, and the Company has restricted business travel. If significant portions of our workforce, including key personnel, are unable to work effectively because of illness, government actions or other restrictions in connection with the COVID-19 pandemic, the impact of the pandemic on our businesses could be exacerbated.

The Company has evaluated and continues to evaluate the potential impact of the COVID-19 pandemic on its consolidated financial statements, including the impairment of goodwill and indefinite-lived intangible assets and the fair value and collectibility of receivables. The ultimate impact of the COVID-19 pandemic, including the extent of any adverse impact on our business, results of operations and financial condition, will depend on, among other things, the duration and spread of the pandemic, the impact of governmental regulations that have been, and may continue to be, imposed in response to the pandemic, the effectiveness of actions taken to contain or mitigate the outbreak, and global economic conditions. Although the effect of the pandemic may not be fully reflected in the Company’s business until future periods, the Company believes that the adverse impact of the COVID-19 pandemic will be material to its results of operations. The Company does not expect the

COVID-19 pandemic and its related economic impact to affect its liquidity position or its ongoing ability to meet the covenants in its debt instruments.

Use of Estimates

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

Recently Adopted Accounting Standards

Effective January 1, 2020, the Company adopted Financial Accounting Standard Board (the “FASB”) Accounting Standards Update (“ASU”) 2016-13, *Measurement of Credit Losses on Financial Instruments*, which changed the impairment model for most financial assets and certain other instruments, including trade and other receivables, held-to-maturity debt securities and loans, and requires entities to use a new forward-looking "expected loss" model that would generally result in the earlier recognition of allowances for losses. The Company adopted the standard using the modified retrospective approach and recorded a decrease to opening retained earnings of $2.0 million, after taxes, for the cumulative-effect of the adoption.

Effective January 1, 2020, the Company adopted FASB ASU No. 2018-13, *Fair Value Measurement (Topic 820)*. The standard changed the disclosure requirements related to transfers between Level I and II assets, as well as several aspects surrounding the valuation process and unrealized gains and losses related to Level III assets. The adoption of the standard did not have any effect on the Company's consolidated financial statements.

Effective January 1, 2020, the Company adopted FASB ASU No. 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract*. The standard amended prior guidance to align the accounting for costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing costs associated with developing or obtaining internal-use software. Capitalized implementation costs must be expensed over the term of the hosting arrangement and presented in the same line item in the income statement as the fees associated with the hosting element (service) of the arrangement. The adoption of the standard did not have a material effect on the Company's consolidated financial statements.

Effective January 1, 2020, the Company adopted FASB ASU No. 2019-02, *Improvements to Accounting for Costs of Films and License Agreements for Program Materials.* The standard aligns the accounting for production costs of episodic television series with the accounting for production costs of films. In addition, the standard modifies certain aspects of the capitalization, impairment, presentation and disclosure requirements in Accounting Standards Codification (“ASC”) 926-20 and the impairment, presentation and disclosure requirements in ASC 920-350. The Company adopted the standard on a prospective basis. See Note 5 for further information.

Recently Issued Accounting Pronouncements

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

Note 2. Revenue Recognition

Transaction Price Allocated to Future Performance Obligations

As of March 31, 2020, other than contracts for which the Company has applied the practical expedients, the aggregate amount of transaction price allocated to future performance obligations was not material to our consolidated revenues.

Contract Balances from Contracts with Customers

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

(In thousands)	March 31, 2020	December 31, 2019
Balances from contracts with customers:		
Accounts receivable (including long-term, included in Other assets)	$ 1,109,949	$ 1,121,834
Contract assets, short-term (included in Other current assets)	7,303	7,283
Contract assets, long-term (included in Other assets)	2,877	9,964
Contract liabilities (Deferred revenue)	73,334	63,921

Revenue recognized for the three months ended March 31, 2020 relating to the contract liability at December 31, 2019 was $11.7 million.

Note 3. Net Income per Share

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

	Three Months Ended March 31,	
(In thousands)	2020	2019
Basic weighted average common shares outstanding	55,477	56,588
Effect of dilution:		
Stock options	—	33
Restricted stock units	584	1,104
Diluted weighted average common shares outstanding	56,061	57,725

Approximately 1.3 million and 1.5 million restricted stock units outstanding as of March 31, 2020 and March 31, 2019 have been excluded from diluted weighted average common shares outstanding since a performance condition for these awards was not met in each of the respective periods. As of March 31, 2020, there were 0.4 million restricted stock units that would have been anti-dilutive to the diluted weighted average common shares outstanding.

Stock Repurchase Program

The Company's Board of Directors has authorized a program to repurchase up to $1.5 billion of its outstanding shares of common stock (the "Stock Repurchase Program"). The Stock Repurchase Program has no pre-established closing date and may be suspended or discontinued at any time. For the three months ended March 31, 2020, the Company repurchased 3.3 million shares of its Class A Common Stock at an average purchase price of approximately $26.09 per share. As of March 31, 2020, the Company has $402.9 million of authorization remaining for repurchase under the Stock Repurchase Program.

Note 4. Restructuring and Other Related Charges

Restructuring and other related charges of $6.0 million for the three months ended March 31, 2020 related to restructuring costs associated with termination of distribution in certain territories as well as severance and other personnel related costs associated with previously announced restructuring activities.

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

	Three Months Ended March 31,	
(In thousands)	2020	2019
National Networks	$ 1,509	$ 303
International & Other	4,457	3,035
Inter-segment eliminations	—	(696)
Total restructuring and other related charges	$ 5,966	$ 2,642

The following table summarizes the accrued restructuring costs:

(In thousands)	Severance and employee-related costs	Other exit costs	Total
December 31, 2019	$ 27,407	$ 221	$ 27,628
Charges	3,081	2,885	5,966
Cash payments	(16,402)	(100)	(16,502)
Non-cash adjustments	(1,251)	(2,894)	(4,145)
Currency translation	—	—	—
Balance, March 31, 2020	$ 12,835	$ 112	$ 12,947

Accrued restructuring costs of $12.9 million are included in accrued liabilities in the consolidated balance sheet at March 31, 2020.

Note 5. Program Rights

Effective January 1, 2020, the Company adopted FASB ASU No. 2019-02, *Improvements to Accounting for Costs of Films and License Agreements for Program Materials*. The new guidance impacts the Company as follows:

- Allows for the classification of acquired/licensed program rights as long-term assets. Previously, the Company reported a portion of these rights in current assets. Advances for live programming rights made prior to the live event and acquired/licensed program rights with license terms of less than one-year continue to be reported in current assets.
- Aligns the capitalization of production costs for episodic television programs with the capitalization of production costs for theatrical content. Previously, theatrical content production costs could be fully capitalized while episodic television production costs were generally limited to the amount of contracted revenues.
- Introduces the concept of “predominant monetization strategy” to classify capitalized program rights for purposes of amortization and impairment as follows:
    - Individual program rights - programming value is predominantly derived from third-party revenues that are directly attributable to the specific film or television title (e.g., theatrical revenues, significant in-show advertising on the Company’s programming networks or specific content licensing revenues).
    - Group program rights - programming value is predominantly derived from third-party revenues that are not directly attributable to a specific film or television title (e.g., library of program rights for purpose of the Company’s programming networks or subscription revenue for direct-to-consumer SVOD targeted streaming services).

The determination of the predominant monetization strategy is made at commencement of production and is based on the means by which we derive third-party revenues from use of the programming. The classification of program rights as individual or group only changes if there is a significant change to the title’s monetization strategy relative to its initial assessment.

Total capitalized produced and licensed content by predominant monetization strategy is as follows:

	As of March 31, 2020		
	Predominantly Monetized Individually	Predominantly Monetized as a Group	Total
Owned original program rights, net:			
Completed	$ 230,459	$ —	$ 230,459
In-production and in-development	198,347	—	198,347
Total owned original program rights, net	$ 428,806	$ —	$ 428,806
Licensed program rights, net:			
Licensed film and acquired series	$ 9,462	$ 605,314	$ 614,776
Licensed originals	289,242	—	289,242
Advances and content versioning costs	—	66,185	66,185
Total licensed program rights, net	298,704	671,499	970,203
Program rights, net	**$ 727,510**	**$ 671,499**	**$ 1,399,009**
Current portion of program rights, net			17,059
Program rights, net (long-term)			1,381,950
			$ 1,399,009

Amortization of owned and licensed program rights is as follows:

	Three months ended March 31, 2020		
	Predominantly Monetized Individually	Predominantly Monetized as a Group	Total
Owned original program rights	$ 105,561	$ —	$ 105,561
Licensed program rights	21,352	97,069	118,421
Program rights amortization	$ 126,913	$ 97,069	$ 223,982

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

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

The Company periodically reviews the programming usefulness of its licensed and owned original program rights based on several factors, including expected future revenue generation from airings on the Company's networks and other exploitation opportunities, ratings, type and quality of program material, standards and practices, and fitness for exhibition through various forms of distribution. If it is determined that film or other program rights have limited, or no, future programming usefulness, the useful life is updated, which generally results in a write-off of the unamortized cost to technical and operating expense in the consolidated statements of income. There were no program rights write-offs for the three months ended March 31, 2020. Program rights write-offs, included in technical and operating expense, were $3.3 million for the three months ended March 31, 2019.

Note 6. Investments

The Company holds several investments and loans in non-consolidated entities which are included in Other assets in the condensed consolidated balance sheet. Equity method investments were $66.7 million at March 31, 2020 and $69.1 million at December 31, 2019.

Marketable Equity Securities

The Company classifies publicly traded investments with readily determinable fair values that are not accounted for under the equity method as marketable equity securities. Marketable equity securities are recorded at cost and adjusted to fair value at each reporting period. The changes in fair value between measurement dates are recorded in realized and unrealized gains (losses) on equity securities, included in Miscellaneous, net in the condensed consolidated statement of income. Investments in marketable equity securities were $3.3 million at March 31, 2020 and $4.4 million at December 31, 2019.

Non-marketable Equity Securities

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

Investments in non-marketable equity securities were $41.8 million at March 31, 2020 and $61.8 million at December 31, 2019. For the three months ended March 31, 2020 and March 31, 2019, the Company recognized impairment charges of $20.0 million and $17.7 million, respectively, related to the write-down of certain non-marketable equity securities and a note receivable, included in Miscellaneous, net in the condensed consolidated statement of income.

Note 7. Goodwill and Other Intangible Assets

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

(In thousands)	National Networks	International and Other	Total
December 31, 2019	$ 237,103	$ 464,877	$ 701,980
Amortization of "second component" goodwill	(332)		(332)
Foreign currency translation		(14,813)	(14,813)
March 31, 2020	$ 236,771	$ 450,064	$ 686,835

The reduction of $0.3 million in the carrying amount of goodwill for the National Networks is due to the realization of a tax benefit for the amortization of "second component" goodwill at SundanceTV. Second component goodwill is the amount of tax deductible goodwill in excess of goodwill for financial reporting purposes. In accordance with the authoritative guidance at the time of the SundanceTV acquisition, the tax benefits associated with this excess are applied to first reduce the amount of goodwill, and then other intangible assets for financial reporting purposes, if and when such tax benefits are realized in the Company's tax returns.

The Company performs its annual goodwill impairment test as of December 1 each year. In addition to the annual impairment test, the Company is required to regularly assess whether a triggering event has occurred which would require an interim impairment test. The Company considered the current and expected future economic and market conditions surrounding the COVID-19 pandemic and its impact on each of its reporting units. Further, the Company assessed the current forecasts (including significant assumptions about revenue growth rates, long-term growth rates and enterprise specific discount rates) and the amount of excess fair value over carrying value for each of its reporting units in the 2019 impairment test. The Company determined that a triggering event has not occurred which would require an interim impairment test to be performed. However, we are unable to predict how long the COVID-19 pandemic conditions will persist, what additional measures may be introduced by governments or private parties or what effect any such additional measures may have on our business. If these estimates or related assumptions change in the future, we may be required to record impairment charges related to goodwill.

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

	March 31, 2020			
(In thousands)	**Gross**	**Accumulated Amortization**	**Net**	**Estimated Useful Lives**
Amortizable intangible assets:				
Affiliate and customer relationships	$ 608,758	$ (237,333)	$ 371,425	6 to 25 years
Advertiser relationships	46,282	(22,872)	23,410	11 years
Trade names	110,343	(18,589)	91,754	3 to 20 years
Other amortizable intangible assets	2,798	(2,151)	647	5 to 15 years
Total amortizable intangible assets	768,181	(280,945)	487,236	
Indefinite-lived intangible assets:				
Trademarks	19,900	—	19,900	
Total intangible assets	$ 788,081	$ (280,945)	$ 507,136	

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

Aggregate amortization expense for amortizable intangible assets for the three months ended March 31, 2020 and 2019 was $12.1 million and $10.3 million, respectively. Estimated aggregate amortization expense for intangible assets subject to amortization for each of the following five years is:

(In thousands)	
Years Ending December 31,	
2020	$ 45,895
2021	46,130
2022	45,631
2023	45,523
2024	45,455

Note 8. Accrued Liabilities

Accrued liabilities consist of the following:

(In thousands)	March 31, 2020	December 31, 2019
Employee related costs	$ 53,000	$ 89,753
Participations and residuals	79,512	70,682
Interest	37,096	29,767
Other accrued expenses	69,976	61,012
Total accrued liabilities	$ 239,584	$ 251,214

Note 9. Long-term Debt

The Company's long-term debt consists of the following:

(In thousands)	March 31, 2020	December 31, 2019
Senior Secured Credit Facility: [(a)]		
Term Loan A Facility	$ 721,875	$ 731,250
Senior Notes:		
4.75% Notes due August 2025	800,000	800,000
5.00% Notes due April 2024	1,000,000	1,000,000
4.75% Notes due December 2022	400,000	600,000
Other debt [(b)]	5,000	—
Total long-term debt	2,926,875	3,131,250
Unamortized discount	(22,058)	(24,351)
Unamortized deferred financing costs	(9,722)	(10,670)
Long-term debt, net	2,895,095	3,096,229
Current portion of long-term debt	70,625	56,250
Noncurrent portion of long-term debt	$ 2,824,470	$ 3,039,979

(a) The Company's $500 million revolving credit facility remains undrawn at March 31, 2020. Total undrawn revolver commitments are available to be drawn for general corporate purposes of the Company.

(b) A majority owned subsidiary of the Company has credit facilities totaling $7.0 million, which bear interest at the greater of 3.5% or the prime rate and mature on August 25, 2020. As of March 31, 2020, there was $5.0 million of outstanding borrowings on the credit facilities.

4.75% Notes due December 2022

In March 2020, the Company redeemed $200 million principal amount of the outstanding $600 million principal amount of its 4.75% Notes due 2022. In connection with the redemption, the Company incurred a loss on extinguishment of debt for the three months ended March 31, 2020 of $2.9 million representing the redemption premium and the write-off of a portion of the unamortized discount and deferred financing costs.

Note 10. Leases

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

(In thousands)	Balance Sheet Location	March 31, 2020	December 31, 2019
Assets			
Operating	Operating lease right-of-use asset	$ 168,503	$ 170,056
Finance	Property and equipment, net	27,853	15,713
Total lease assets		196,356	$ 185,769
Liabilities			
Current:			
Operating	Current portion of lease obligations	30,546	$ 30,171
Finance	Current portion of lease obligations	3,311	3,788
		33,857	33,959
Noncurrent:			
Operating	Lease obligations	189,873	193,570
Finance	Lease obligations	29,836	17,477
		219,709	211,047
Total lease liabilities		$ 253,566	$ 245,006

Note 11. Fair Value Measurement

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

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

The following table presents for each of these hierarchy levels, the Company's financial assets and liabilities that are measured at fair value on a recurring basis at March 31, 2020 and December 31, 2019:

(In thousands)	Level I	Level II	Level III	Total
At March 31, 2020:				
Assets				
Cash equivalents	$ 256,983	$ —	$ —	$ 256,983
Marketable securities	3,273	—	—	3,273
Foreign currency derivatives	—	3,366	—	3,366
Liabilities				
Interest rate swap contracts	$ —	$ 3,963	$ —	$ 3,963
Foreign currency derivatives	—	3,018	—	3,018
At December 31, 2019:				
Assets				
Cash equivalents	$ 191,214	$ —	$ —	$ 191,214
Marketable securities	4,448	—	—	4,448
Foreign currency derivatives	—	1,884	—	1,884
Liabilities				
Interest rate swap contracts	$ —	$ 1,966	$ —	$ 1,966
Foreign currency derivatives	—	1,888	—	1,888

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

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

At March 31, 2020, the Company does not have any assets or liabilities measured at fair value on a recurring basis that would be considered Level III.

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

Credit Facility Debt and Senior Notes

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

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

	March 31, 2020	
(In thousands)	Carrying Amount	Estimated Fair Value
Debt instruments:		
Term loan A facility	$ 714,999	$ 683,977
4.75% Notes due August 2025	788,707	778,000
5.00% Notes due April 2024	989,205	975,000
4.75% Notes due December 2022	397,184	387,880
Other debt	5,000	5,000
	$ 2,895,095	$ 2,829,857

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

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 12. 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.

As of March 31, 2020, the Company had interest rate swap contracts outstanding with notional amounts aggregating $100.0 million that are designated as hedging instruments. The Company's outstanding interest rate swap contracts mature in December 2021.

Foreign Currency Exchange Rate Risk

We are exposed to foreign currency risk to the extent that we enter into transactions denominated in currencies other than our or our subsidiaries' respective functional currencies (non-functional 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.

The fair values of the Company's derivative financial instruments not designated as hedging instruments included in the condensed consolidated balance sheets are as follows:

(In thousands)	Balance Sheet Location	March 31, 2020	December 31, 2019
Derivatives designated as hedging instruments:			
Liabilities:			
Interest rate swap contracts	Accrued liabilities	$ 3,963	$ 1,966
Derivatives not designated as hedging instruments:			
Assets:			
Foreign currency derivatives	Prepaid expenses and other current assets	$ 1,701	$ 891
Foreign currency derivatives	Other assets	1,665	993
Liabilities:			
Foreign currency derivatives	Accrued liabilities	$ 886	$ 687
Foreign currency derivatives	Other liabilities	2,132	1,202

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

	Gain or (Loss) on Derivatives Recognized in OCI		Location of Gain or (Loss) in Earnings	Gain or (Loss) Reclassified from Accumulated OCI into Earnings	
	Three Months Ended March 31,			Three Months Ended March 31,	
(In thousands)	**2020**	**2019**		**2020**	**2019**
Derivatives in cash flow hedging relationships:					
Interest rate swap contracts	$ (2,234)	$ (651)	Interest expense	$ 237	$ 12

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

	Location of Gain or (Loss) Recognized in Earnings on Derivatives	Amount of Gain or (Loss) Recognized in Earnings on Derivatives	
		Three Months Ended March 31,	
(In thousands)		**2020**	**2019**
Foreign currency derivatives	Miscellaneous, net	408	457
Total		$ 408	$ 457

Note 13. Income Taxes

For the three months ended March 31, 2020, income tax expense was $33.6 million, representing an effective tax rate of 31%. The effective tax rate differs from the federal statutory rate of 21% due primarily to tax expense of $4.6 million for excess tax deficiencies related to stock compensation, tax expense from foreign operations of $4.0 million, state income tax expense of $3.0 million and $2.7 million for an increase in valuation allowances for foreign taxes and U.S. foreign tax credits, partially offset by tax benefit of $2.8 million relating to uncertain tax positions (including accrued interest) due to an audit settlement.

For the three months ended March 31, 2019, income tax expense was $46.5 million, representing an effective tax rate of 24%. The effective tax rate differs from the federal statutory rate of 21% due primarily to state income tax expense of $3.2 million.

At March 31, 2020, the Company had foreign tax credit carry forwards of approximately $30.3 million, expiring on various dates from 2022 through 2030. These carryforwards have been reduced by a valuation allowance of $28.9 million as it is more likely than not that these carry forwards will not be realized. For the three months ended March 31, 2020, $0.3 million relating to amortization of tax deductible second component goodwill was realized as a reduction in tax liability (as determined on a 'with-and-without' approach).

Note 14. Commitments and Contingencies

Commitments

As of March 31, 2020, the Company's contractual obligations not reflected on the Company's condensed consolidated balance sheet decreased $74.8 million, as compared to December 31, 2019, to $859.1 million. The decrease primarily relates to payments for program rights and marketing commitments.

Legal Matters

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

On January 18, 2018, the 2013 Plaintiffs filed a second action in New York Supreme Court in connection with Darabont's services on *The Walking Dead* television series and agreements between the parties related thereto. The claims in the action allegedly arise from Plaintiffs' audit of their participation statements covering the accounting period from inception of *The Walking Dead* through September 30, 2014. Plaintiffs seek no less than $20 million in damages on claims for breach of contract, breach of the covenant of good faith and fair dealing, and declaratory relief. The Company filed an Answer to the Complaint on April 16, 2018. On August 30, 2018, Plaintiff's filed an Amended Complaint, and on September 19, 2018, the Company answered. The parties have agreed to consolidate this action for a joint trial with the action Plaintiffs filed in the New York Supreme Court on December 17, 2013. Following the conclusion of discovery, the Company filed a motion for summary judgment seeking the dismissal of the second action, which was denied on April 13, 2020. Although the joint trial was previously scheduled to begin on June 1, 2020, due to delays resulting from the closure of the NY State courts because of the Coronavirus pandemic, the trial is currently scheduled to begin on November 2, 2020. The Company believes that the asserted claims are without merit, denies the allegations and will defend the case vigorously. At this time, no determination can be made as to the ultimate outcome of this litigation or the potential liability, if any, on the part of the Company.

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

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

Note 15. Equity Plans

In March 2020, AMC Networks granted 1,171,956 restricted stock units ("RSUs") to certain executive officers and employees under the AMC Networks Inc. 2016 Employee Stock Plan. The RSUs vest ratably over a three-year period and the vesting criteria for 380,142 RSUs include the achievement of certain performance targets by the Company.

During the three months ended March 31, 2020, 475,114 RSUs and 325,836 PRSUs of AMC Networks Class A Common Stock previously issued to employees of the Company vested. On the vesting date, 197,824 RSUs and 142,882 PRSUs were surrendered to the Company to cover the required statutory tax withholding obligations and 277,290 RSU and 182,954 PRSU were converted to shares of AMC Networks Class A Common Stock. The units surrendered to satisfy the employees' statutory minimum tax withholding obligations for the applicable income and other employment tax had an aggregate value of $8.9 million, which has been reflected as a financing activity in the condensed consolidated statement of cash flows for the three months ended March 31, 2020.

Share-based compensation expense included in selling, general and administrative expense, for the three months ended March 31, 2020 and March 31, 2019 was $15.5 million and $19.9 million, respectively.

As of March 31, 2020, there was $71.2 million of total unrecognized share-based compensation cost related to outstanding unvested share-based awards. The unrecognized compensation cost is expected to be recognized over a weighted-average remaining period of approximately 2.0 years.

Note 16. Redeemable Noncontrolling Interests

The following table summarizes activity related to redeemable noncontrolling interest for the three months ended March 31, 2020.

(In thousands)	Three Months Ended March 31, 2020
December 31, 2019	$ 309,451
Net earnings	5,126
Distributions	(2,633)
Other	23
March 31, 2020	$ 311,967

Note 17. Related Party Transactions

The Company and its related parties routinely enter into transactions with each other in the ordinary course of business. Revenues, net from related parties amounted to $1.2 million and $1.2 million for the three months ended March 31, 2020 and 2019, respectively. Amounts charged to the Company, included in selling, general and administrative expenses, pursuant to transactions with its related parties amounted to $0.1 million and $0.7 million for the three months ended March 31, 2020 and 2019, respectively.

Note 18. Cash Flows

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

	Three Months Ended March 31,	
(In thousands)	2020	2019
Non-Cash Investing and Financing Activities:		
Treasury stock not yet settled	10,988	$ —
Capital lease additions	14,271	—
Capital expenditures incurred but not yet paid	2,501	2,216
Supplemental Data:		
Cash interest paid	27,873	28,235
Income taxes paid, net	4,069	6,426

Note 19. Segment Information

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

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

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

	Three Months Ended March 31, 2020			
(In thousands)	**National Networks**	**International and Other**	**Inter-segment eliminations**	**Consolidated**
Revenues, net				
Advertising	$ 213,226	$ 19,365	$ —	$ 232,591
Distribution	353,713	151,129	(3,058)	501,784
Consolidated revenues, net	$ 566,939	$ 170,494	$ (3,058)	$ 734,375
Operating income (loss)	$ 195,224	$ (19,450)	$ (2,804)	$ 172,970
Share-based compensation expense	12,465	3,047	—	15,512
Depreciation and amortization	8,389	18,341	—	26,730
Restructuring and other related charges	1,509	4,457	—	5,966
Majority owned equity investees AOI	—	1,276	—	1,276
Adjusted operating income	$ 217,587	$ 7,671	$ (2,804)	$ 222,454

	Three Months Ended March 31, 2019			
(In thousands)	**National Networks**	**International and Other**	**Inter-segment eliminations**	**Consolidated**
Revenues, net				
Advertising	$ 239,089	$ 21,206	$ —	260,295
Distribution	377,029	149,882	(2,985)	523,926
Consolidated revenues, net	$ 616,118	$ 171,088	$ (2,985)	$ 784,221
Operating income (loss)	$ 251,502	$ (13,748)	$ 7,109	244,863
Share-based compensation expense	16,269	3,630	—	19,899
Depreciation and amortization	8,612	15,444	—	24,056
Restructuring and other related charges	303	3,035	(696)	2,642
Majority-owned equity investees AOI	—	1,580	—	1,580
Adjusted operating income	$ 276,686	$ 9,941	$ 6,413	$ 293,040

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

	Three Months Ended March 31,	
(In thousands)	**2020**	**2019**
Inter-segment revenues		
National Networks	$ (2,070)	$ (1,390)
International and Other	(988)	(1,595)
	$ (3,058)	$ (2,985)

The table below summarizes revenues based on customer location:

(In thousands)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Revenues		
United States	$ 624,993	$ 662,464
Europe	72,479	79,434
Other	36,903	42,323
	$ 734,375	$ 784,221

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

(In thousands)	March 31, 2020	December 31, 2019
Property and equipment, net		
United States	$ 252,702	$ 244,175
Europe	23,762	25,925
Other	13,055	13,652
	$ 289,519	$ 283,752

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 impact of COVID-19 on the economy and our business, including the measures taken by governmental authorities to address the pandemic, which may precipitate or exacerbate other risks and/or uncertainties;
- the level of our revenues;
- market demand, including changes in viewer consumption patterns, for our programming networks, our subscription streaming services, our programming, and our production services;
- demand for advertising inventory and our ability to deliver guaranteed viewer ratings;
- the highly competitive nature of the cable, telecommunications and programming industries;
- our ability to maintain and renew distribution or affiliation agreements with distributors;
- the cost of, and our ability to obtain or produce, desirable programming content for our networks, other forms of distribution, including digital and licensing in international markets, as well as our independent film distribution businesses;
- market demand for our owned original programming and our independent film content;
- changes in consumer demand for our comedy venues;
- the security of our program rights and other electronic data;
- the loss of any of our key personnel and artistic talent;
- changes in domestic and foreign laws or regulations under which we operate;
- economic and business conditions and industry trends in the countries in which we operate;
- fluctuations in currency exchange rates and interest rates;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the U.S. or in the countries in which we operate, including the impact of the Tax Cuts and Jobs Act and the Bipartisan Budget Act of 2018;
- the impact of new and proposed federal, state and international laws and regulations relating to data protection, privacy and security, including the E.U. General Data Protection Regulation;
- the impact of Brexit, particularly in the event of the U.K.'s departure from the E.U. without an agreement on terms;
- our substantial debt and high leverage;
- reduced access to capital markets or significant increases in costs to borrow;
- the level of our expenses;
- the level of our capital expenditures;
- future acquisitions and dispositions of assets;
- our ability to successfully acquire new businesses and, if acquired, to integrate, and implement our plan with respect to businesses we acquire;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire;
- uncertainties regarding the financial results of equity method investees, issuers of our investments in marketable equity securities and non-marketable equity securities and changes in the nature of key strategic relationships with partners and joint ventures;
- the outcome of litigation and other proceedings;
- whether pending uncompleted transactions, if any, are completed on the terms and at the times set forth (if at all);
- other risks and uncertainties inherent in our programming businesses;
- financial community and rating agency perceptions of our business, operations, financial condition and the industry in which we operate;

- events that are outside our control, such as political unrest in international markets, terrorist attacks, natural disasters and other similar events; and
- the factors described under Item 1A, "Risk Factors" in our 2019 Annual Report on Form 10-K (the "2019 Form 10-K"), as filed with the Securities and Exchange Commission ("SEC") and under 1A, "Risk Factors" in this Quarterly Report on Form 10-Q.

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

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 2019 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 months ended March 31, 2020 compared to the three months ended March 31, 2019. 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.

Liquidity and Capital Resources. This section provides a discussion of our financial condition as of March 31, 2020, as well as an analysis of our cash flows for the three months ended March 31, 2020 and 2019. The discussion of our financial condition and liquidity includes summaries of (i) our primary sources of liquidity and (ii) our contractual obligations that existed at March 31, 2020 as compared to December 31, 2019.

Critical Accounting Policies and Estimates. This section provides an update, if any, to our significant accounting policies or critical accounting estimates since December 31, 2019.

Business Overview

We manage our business through the following two operating segments:

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

Financial Results Overview

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

	Three Months Ended March 31,	
(In thousands)	**2020**	**2019**
Revenues, net		
National Networks	$ 566,939	$ 616,118
International and Other	170,494	171,088
Inter-segment eliminations	(3,058)	(2,985)
Consolidated revenues, net	$ 734,375	$ 784,221
Operating income (loss)		
National Networks	$ 195,224	$ 251,502
International and Other	(19,450)	(13,748)
Inter-segment eliminations	(2,804)	7,109
Consolidated operating income	$ 172,970	$ 244,863
AOI		
National Networks	$ 217,587	$ 276,686
International and Other	7,671	9,941
Inter-segment eliminations	(2,804)	6,413
Consolidated AOI	$ 222,454	$ 293,040

We evaluate segment performance based on several factors, of which the primary financial measure is operating segment AOI. We define AOI, which is a financial measure that is not calculated in accordance with generally accepted accounting principles ("GAAP"), as operating income (loss) before depreciation and amortization, cloud computing amortization, share-based compensation expense or benefit, impairment and related charges (including gains or losses on sales or dispositions of businesses), restructuring and other related charges and including the Company’s proportionate share of adjusted operating income (loss) from majority-owned equity method investees. From time to time, we may exclude the impact of certain events, gains, losses or other charges (such as significant legal settlements) from AOI that affect our operating performance.

We believe that AOI is an appropriate measure for evaluating the operating performance on both an operating segment and consolidated basis. AOI and similar measures with similar titles are common performance measures used by investors, analysts and peers to compare performance in the industry.

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

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

	Three Months Ended March 31,	
(In thousands)	**2020**	**2019**
Operating income	$ 172,970	$ 244,863
Share-based compensation expense	15,512	19,899
Depreciation and amortization	26,730	24,056
Restructuring and other related charges	5,966	2,642
Majority owned equity investees AOI	1,276	1,580
AOI	$ 222,454	$ 293,040

Impact of COVID-19 on Our Business

In March 2020, the World Health Organization characterized the novel coronavirus ("COVID-19") a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The rapid spread of the pandemic and the continuously evolving responses to combat it have had an increasingly negative impact on the global economy.

The impact of COVID-19 and measures to prevent its spread are affecting our businesses in a number of ways. Beginning in mid-March, we have experienced adverse advertising sales impacts and suspended content production, which has led to delays in the creation and availability of some of our television programming. Operationally, nearly all of our employees are working remotely, and we have restricted business travel. If significant portions of our workforce, including key personnel, are unable to work effectively because of illness, government actions or other restrictions in connection with the COVID-19 pandemic, the impact of the pandemic on our businesses could be exacerbated.

The ultimate impact of the COVID-19 pandemic, including the extent of any adverse impact on our business, results of operations and financial condition, will depend on, among other things, the duration and spread of the pandemic, the impact of governmental regulations that have been, and may continue to be, imposed in response to the pandemic, the effectiveness of actions taken to contain or mitigate the outbreak, and global economic conditions. Although the effect of the pandemic may not be fully reflected in the Company’s business until future periods, the Company believes that the adverse impact of the COVID-19 pandemic will be material to its results of operations. The Company does not expect the COVID-19 pandemic and its related economic impact to affect its liquidity position or its ongoing ability to meet the covenants in its debt instruments.

National Networks

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

Under affiliation agreements with our distributors, we have the right to sell a specified amount of national advertising time on our programming networks. Our advertising revenues are more variable than subscription fee revenues because the majority of our advertising is sold on a short-term basis, not under long-term contracts. Our arrangements with advertisers provide for a set number of advertising units to air over a specific period of time at a negotiated price per unit. Additionally, in these advertising sales arrangements, our programming networks generally guarantee specified viewer ratings for their programming.

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

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

Most original series require us to make up-front investments, which are often significant amounts. Not all of our programming efforts are commercially successful, which could result in a write-off of program rights. If it is determined that programming rights have limited, or no, future programming usefulness based on actual demand or market conditions, a write-off of the unamortized cost is recorded in technical and operating expense. There were no program rights write-offs, included in technical and operating expense, for the three months ended March 31, 2020. Program rights write-offs for the three months ended March 31, 2019 were $3.3 million.

International and Other

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

In our International and Other segment, we earn revenue principally from the international distribution of programming and, to a lesser extent, the sale of advertising from our AMCNI programming networks. We also earn revenue from; (i) production services from Levity, (ii) our subscription streaming services Acorn TV, Shudder, Sundance Now and UMC (Urban Movie Channel) from our AMC Networks SVOD business, (iii) the distribution of content of IFC Films and RLJE, and (iv) Levity's operation of comedy venues (all of which are temporarily closed as a result of the COVID-19 pandemic). For the three months ended March 31, 2020, distribution revenues represented 89% of the revenues of the International and Other segment. Distribution revenue primarily includes subscription fees paid by distributors or consumers to carry our programming networks or subscription-based streaming services and production services revenue generated from Levity. Our subscription revenues are generally based on either a per-subscriber fee or a fixed contractual annual fee, under multi-year affiliation agreements, which may provide for annual rate increases, and a monthly fee paid by consumers for our subscription-based streaming services. Our production services revenues are based on master production agreements whereby a third-party engages us to produce content on its behalf. Production services revenues are recognized based on the percentage of cost incurred to total estimated cost of the contract. Distribution revenues are derived from the distribution of our programming networks primarily in Europe and to a lesser extent, Latin America as well as from our owned subscription streaming services available in the United States, Canada, Latin America, parts of Europe, India, Australia and New Zealand.

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

We view our investments in international expansion and our various developing on-line content distribution initiatives as important long-term strategies. We may experience an adverse impact to the International and Other segment's operating results and cash flows in periods of increased investment by the Company in these aforementioned initiatives.

Corporate Expenses

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

Impact of Economic Conditions

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

Capital and credit market disruptions, as well as other events such as the COVID-19 pandemic, could cause economic downturns, which may lead to lower demand for our products, such as lower demand for television advertising and a decrease in the number of subscribers receiving our programming networks from our distributors. Events such as these may adversely impact our results of operations, cash flows and financial position.

Consolidated Results of Operations

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

Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

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

	Three Months Ended March 31,					
	2020		2019			
(In thousands)	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 734,375	100.0 %	$ 784,221	100.0 %	$ (49,846)	(6.4)%
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	344,060	46.9	340,148	43.4	3,912	1.2
Selling, general and administrative	184,649	25.1	172,512	22.0	12,137	7.0
Depreciation and amortization	26,730	3.6	24,056	3.1	2,674	11.1
Restructuring and other related charges	5,966	0.8	2,642	0.3	3,324	n/m
Total operating expenses	561,405	76.4	539,358	68.8	22,047	4.1
Operating income	172,970	23.6	244,863	31.2	(71,893)	(29.4)
Other income (expense):						
Interest expense, net	(33,009)	(4.5)	(35,445)	(4.5)	2,436	(6.9)
Loss on extinguishment of debt	(2,908)	(0.4)	—	—	(2,908)	n/m
Miscellaneous, net	(29,939)	(4.1)	(12,785)	(1.6)	(17,154)	134.2
Total other income (expense)	(65,856)	(9.0)	(48,230)	(6.2)	(17,626)	36.5
Net income from operations before income taxes	107,114	14.6	196,633	25.1	(89,519)	(45.5)
Income tax expense	(33,588)	(4.6)	(46,476)	(5.9)	12,888	(27.7)
Net income including noncontrolling interests	73,526	10.0	150,157	19.1	(76,631)	(51.0)
Net income attributable to noncontrolling interests	(4,859)	(0.7)	(6,760)	(0.9)	1,901	(28.1)%
Net income attributable to AMC Networks' stockholders	$ 68,667	9.4 %	$ 143,397	18.3 %	$ (74,730)	(52.1)%

National Networks Segment Results

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

(In thousands)	Three Months Ended March 31, 2020 Amount	2020 % of Revenues, net	2019 Amount	2019 % of Revenues, net	$ change	% change
Revenues, net	$ 566,939	100.0 %	$ 616,118	100.0 %	$ (49,179)	(8.0)%
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	237,671	41.9	241,260	39.2	(3,589)	(1.5)
Selling, general and administrative	124,146	21.9	114,441	18.6	9,705	8.5
Depreciation and amortization	8,389	1.5	8,612	1.4	(223)	(2.6)
Restructuring and other related charges	1,509	0.3	303	—	1,206	n/m
Operating income	$ 195,224	34.4 %	$ 251,502	40.8 %	$ (56,278)	(22.4)%
Share-based compensation expense	12,465	2.2	16,269	2.6	(3,804)	(23.4)
Depreciation and amortization	8,389	1.5	8,612	1.4	(223)	(2.6)
Restructuring and other related charges	1,509	0.3	303	—	1,206	n/m
AOI	$ 217,587	38.4 %	$ 276,686	44.9 %	$ (59,099)	(21.4)%

International and Other Segment Results

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

(In thousands)	Three Months Ended March 31, 2020 Amount	2020 % of Revenues, net	2019 Amount	2019 % of Revenues, net	$ change	% change
Revenues, net	$ 170,494	100.0 %	$ 171,088	100.0 %	$ (594)	(0.3)%
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	106,628	62.5	108,272	63.3	(1,644)	(1.5)
Selling, general and administrative	60,518	35.5	58,085	34.0	2,433	4.2
Depreciation and amortization	18,341	10.8	15,444	9.0	2,897	18.8
Restructuring and other related charges	4,457	2.6	3,035	1.8	1,422	n/m
Operating loss	$ (19,450)	(11.4)%	$ (13,748)	(8.0)%	$ (5,702)	41.5 %
Share-based compensation expense	3,047	1.8	3,630	2.1	(583)	(16.1)
Depreciation and amortization	18,341	10.8	15,444	9.0	2,897	18.8
Restructuring and other related charges	4,457	2.6	3,035	1.8	1,422	n/m
Majority owned equity investees AOI	1,276	0.7	1,580	0.9	(304)	n/m
AOI	$ 7,671	4.5 %	$ 9,941	5.8 %	$ (2,270)	(22.8)%

Revenues, net

Revenues, net decreased $49.8 million to $734.4 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019. The net change by segment was as follows:

	Three Months Ended March 31,					
(In thousands)	**2020**	**% of total**	**2019**	**% of total**	**$ change**	**% change**
National Networks	$ 566,939	77.2 %	$ 616,118	78.6 %	$ (49,179)	(8.0)%
International and Other	170,494	23.2	171,088	21.8	(594)	(0.3)
Inter-segment eliminations	(3,058)	(0.4)	(2,985)	(0.4)	(73)	2.4
Consolidated revenues, net	$ 734,375	100.0 %	$ 784,221	100.0 %	$ (49,846)	(6.4)%

National Networks

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

	Three Months Ended March 31,					
(In thousands)	**2020**	**% of total**	**2019**	**% of total**	**$ change**	**% change**
Advertising	$ 213,226	37.6 %	$ 239,089	38.8 %	$ (25,863)	(10.8)%
Distribution	353,713	62.4	377,029	61.2	(23,316)	(6.2)
	$ 566,939	100.0 %	$ 616,118	100.0 %	$ (49,179)	(8.0)%

- The decrease of $25.9 million in advertising revenues was due to a decrease of $24.9 million at AMC due to lower ratings, partially mitigated by pricing. Most of our advertising revenues vary based on the timing of our original programming series and the popularity of our programming as measured by Nielsen. Due to these factors, we expect advertising revenues to vary from quarter to quarter.
- Distribution revenues decreased $23.3 million due to a decrease of $21.5 million in subscription revenues as compared to the prior comparable period due to lower subscribers. Content licensing revenues decreased $1.8 million due to a decrease in the number of original programs we distributed. Distribution revenues may vary based on the impact of renewals of affiliation agreements and content licensing revenues vary based on the timing of availability of our programming to distributors. Because of these factors, we expect distribution revenues to vary from quarter to quarter.

International and Other

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

	Three Months Ended March 31,					
(In thousands)	**2020**	**% of total**	**2019**	**% of total**	**$ change**	**% change**
Advertising	$ 19,365	11.4 %	$ 21,206	12.4 %	$ (1,841)	(8.7)%
Distribution	151,129	88.6	149,882	87.6	1,247	0.8
	$ 170,494	100.0 %	$ 171,088	100.0 %	$ (594)	(0.3)%

Advertising revenues decreased $1.2 million at AMCNI, excluding the impact of foreign currency fluctuations, primarily related to lower demand. Foreign currency translation had an unfavorable impact to advertising revenues of $0.5 million. Distribution revenues increased primarily due to an increase in subscription revenues of $8.9 million at AMC Networks SVOD targeted streaming services, partially offset by lower distribution revenues of $2.6 million at IFC Films and $2.2 million at AMCNI, excluding the impact of foreign currency fluctuations. Foreign currency translation had an unfavorable impact to distribution revenues of $2.1 million.

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 $3.9 million to $344.1 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019. The net change by segment was as follows:

(In thousands)	Three Months Ended March 31, 2020		Three Months Ended March 31, 2019		$ change		% change
National Networks	$	237,671	$	241,260	$	(3,589)	(1.5)%
International and Other		106,628		108,272		(1,644)	(1.5)%
Inter-segment eliminations		(239)		(9,384)		9,145	(97.5)%
Total	$	344,060	$	340,148	$	3,912	1.2 %
Percentage of revenues, net		46.9 %		43.4 %			

National Networks

The decrease in technical and operating expense was due to a decrease in program amortization of $2.3 million primarily attributable to the mix of original programming as compared to the prior comparable period. In addition, other direct programming costs decreased $1.3 million. There were no program rights write-offs for the three months ended March 31, 2020 as compared to program rights write-offs of $3.3 million for the three months ended March 31, 2019. Program write-offs are based on management's periodic assessment of programming usefulness.

There may be significant changes in the level of our technical and operating expenses due to content acquisition and/or original programming costs and/or the impact of management's periodic assessment of programming usefulness. Such costs will also fluctuate with the level of 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

Technical and operating expense decreased primarily due to a decrease of $2.2 million at IFC Films and a favorable impact from foreign currency translation of $1.8 million, partially offset by an increase of $2.3 million at AMC Networks SVOD targeted streaming services.

Selling, general and administrative expense

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

Selling, general and administrative expense increased $12.1 million to $184.6 million for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019. The net change by segment was as follows:

(In thousands)	Three Months Ended March 31, 2020		Three Months Ended March 31, 2019		$ change		% change
National Networks	$	124,146	$	114,441	$	9,705	8.5 %
International and Other		60,518		58,085		2,433	4.2
Inter-segment eliminations		(15)		(14)		(1)	7.1
Total	$	184,649	$	172,512	$	12,137	7.0 %
Percentage of revenues, net		25.1 %		22.0 %			

National Networks

Selling, general and administrative expense increased $9.7 million principally due to an increase in legal fees of $5.8 million and an increase of $3.0 million in advertising and marketing expenses related to the mix of original programming.

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

International and Other

Selling, general and administrative expense increased $2.4 million primarily due to an increase of $3.4 million in marketing expense at AMC Networks SVOD targeted streaming services, partially offset by a decrease of $1.0 million in overall selling, general and administrative expenses at AMCNI, excluding the impact of foreign currency.

Depreciation and amortization

Depreciation and amortization expense increased $2.7 million to $26.7 million for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019. The net change by segment was as follows:

	Three Months Ended March 31,			
(In thousands)	2020	2019	$ change	% change
National Networks	$ 8,389	$ 8,612	$ (223)	(2.6)%
International and Other	18,341	15,444	2,897	18.8
	$ 26,730	$ 24,056	$ 2,674	11.1 %

The increase in depreciation and amortization expense in the International and Other segment was primarily due to increased amortization of $1.8 million from RLJE as well as an increase in depreciation expense of $1.0 million related to leasehold additions.

Restructuring and other related charges

Restructuring and other related charges of $6.0 million primarily consisted of charges at AMCNI of $4.0 million related to costs associated with termination of distribution in certain territories as well as $2.0 million related to severance and other personnel related costs associated with previously announced restructuring activities.

Operating Income

	Three Months Ended March 31,			
(In thousands)	2020	2019	$ change	% change
National Networks	$ 195,224	$ 251,502	$ (56,278)	(22.4)%
International and Other	(19,450)	(13,748)	(5,702)	41.5
Inter-segment Eliminations	(2,804)	7,109	(9,913)	(139.4)
	$ 172,970	$ 244,863	$ (71,893)	(29.4)%

The decrease in operating income at the National Networks segment was primarily attributable to a decrease in revenue of $49.2 million, a decrease in technical and operating expense of $3.6 million, and an increase in selling, general and administrative expense of $9.7 million.

The increase in operating losses at the International and Other segment was primarily attributable to a decrease in operating income at Levity of $2.3 million and AMCNI of $2.1 million, excluding the impact of foreign currency.

AOI

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

	Three Months Ended March 31,			
(In thousands)	2020	2019	$ change	% change
Operating income	$ 172,970	$ 244,863	$ (71,893)	(29.4)%
Share-based compensation expense	15,512	19,899	(4,387)	(22.0)
Depreciation and amortization	26,730	24,056	2,674	11.1
Restructuring and other related charges	5,966	2,642	3,324	n/m
Majority owned equity investees AOI	1,276	1,580	(304)	n/m
AOI	$ 222,454	$ 293,040	$ (70,586)	(24.1)%

AOI decreased $70.6 million for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019. The net change by segment was as follows:

	Three Months Ended March 31,			
(In thousands)	2020	2019	$ change	% change
National Networks	$ 217,587	$ 276,686	$ (59,099)	(21.4)%
International and Other	7,671	9,941	(2,270)	(22.8)
Inter-segment eliminations	(2,804)	6,413	(9,217)	(143.7)
AOI	$ 222,454	$ 293,040	$ (70,586)	(24.1)%

AOI decreased for both the National Networks and International and Other segments principally due to a decrease in operating income.

As a result of the factors discussed above impacting the variability in revenues and operating expenses, we expect AOI to vary from quarter to quarter.

Interest expense, net

The decrease in interest expense, net of $2.4 million is primarily due to lower average outstanding balance on our credit facility and the redemption of $200 million principal amount of our 4.75% Notes due 2022.

Loss on extinguishment of debt

In March 2020, we redeemed $200 million principal amount of the outstanding $600 million principal amount of our 4.75% Notes due 2022. The loss on extinguishment of debt for the three months ended March 31, 2020 of $2.9 million represents the redemption premium, the write-off of a portion of the unamortized discount and deferred financing costs.

Miscellaneous, net

The increase in miscellaneous expense, net of $17.2 million was primarily related to an unfavorable variance in the foreign currency remeasurement of monetary assets and liabilities (principally intercompany loans) that are denominated in currencies other than the underlying functional currency of the applicable entity.

Income tax expense

For the three months ended March 31, 2020, income tax expense was $33.6 million, representing an effective tax rate of 31%. The effective tax rate differs from the federal statutory rate of 21% due primarily to tax expense of $4.6 million for excess tax deficiencies related to stock compensation, tax expense from foreign operations of $4.0 million, state income tax expense of $3.0 million and $2.7 million for an increase in valuation allowances for foreign taxes and U.S. foreign tax credits, partially offset by tax benefit of $2.8 million relating to uncertain tax positions (including accrued interest) due to an audit settlement.

For the three months ended March 31, 2019, income tax expense was $46.5 million, representing an effective tax rate of 24%. The effective tax rate differs from the federal statutory rate of 21% due primarily to state income tax expense of $3.2 million.

Liquidity and Capital Resources

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

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

The Company's Board of Directors has authorized a program to repurchase up to $1.5 billion of its outstanding shares of common stock (the "Stock Repurchase Program"). The Stock Repurchase Program has no pre-established closing date and may be suspended or discontinued at any time. For the three months ended March 31, 2020, the Company repurchased 3.3 million shares of its Class A common stock at an average purchase price of approximately $26.09 per share. As of March 31, 2020, the Company has $402.9 million of authorization remaining for repurchase under the Stock Repurchase Program. For the period April 1, 2020 through April 24, 2020, the Company repurchased 688 thousand additional shares for $17.0 million.

Our principal uses of cash include the acquisition and production of programming, investments and acquisitions, repurchases of outstanding debt and common stock, debt service, and payments for income taxes. We continue to increase our investment in original programming, the funding of which generally occurs six to nine months in advance of a program's airing. We expect this increased investment to continue in 2020. In March 2020, we redeemed $200 million principal amount of the outstanding $600 million principal amount of our 4.75% Notes due 2022.

As of March 31, 2020, our consolidated cash and cash equivalents balance includes approximately $122.5 million held by foreign subsidiaries. Most or all of the earnings of our foreign subsidiaries will continue to be permanently reinvested in foreign operations and we do not expect to incur any significant, additional taxes related to such amounts, nor have any been provided for in the current period.

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

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 2019 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.

The revolving credit facility was not drawn upon at March 31, 2020. The total undrawn revolver commitment is available to be drawn for our general corporate purposes.

AMC Networks was in compliance with all of its debt covenants as of March 31, 2020.

Cash Flow Discussion

The following table is a summary of cash flows provided by (used in) operating, investing and financing activities for the three months ended March 31,:

	Three Months Ended March 31,	
(In thousands)	**2020**	**2019**
Cash provided by operating activities	$ 198,408	$ 171,687
Cash used in investing activities	(1,666)	(18,145)
Cash used in financing activities	(303,052)	(26,975)
Net (decrease) increase in cash and cash equivalents	(106,310)	126,567

Operating Activities

Net cash provided by operating activities amounted to $198.4 million for the three months ended March 31, 2020 as compared to $171.7 million for the three months ended March 31, 2019. Net cash provided by operating activities for the three months ended March 31, 2020 primarily resulted from $401.3 million of net income before amortization of program rights, depreciation and amortization, and other non-cash items, which was partially offset by payments for program rights of $221.6 million, a decrease in accounts payable, accrued expenses and other liabilities of $20.4 million primarily related to lower employee related liabilities and an increase in deferred carriage fees payable of $15.5 million. In addition, net cash provided by operating activities increased as a result of a decrease in prepaid expense and other assets of $17.5 million primarily related to a decrease in long-term receivables. Changes in all other assets and liabilities resulted in an increase of $9.9 million.

Net cash provided by operating activities for the three months ended March 31, 2019 primarily resulted from $413.1 million of net income before amortization of program rights, depreciation and amortization, and other non-cash items, as well as an increase in income taxes payable of $40.1 million, which was partially offset by payments for program rights of $190.7 million, an increase in prepaid expense and other assets of $26.2 million primarily related to an increase in long-term receivables and a decrease in accounts payable, accrued expenses and other liabilities of $58.6 million primarily related to lower employee related liabilities. Changes in all other assets and liabilities resulted in a decrease of $6.1 million.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2020 and 2019 was $1.7 million and $18.1 million, respectively. For the three months ended March 31, 2020, cash used in investing activities included capital expenditures of $12.9 million, partially offset by partial proceeds received from the sale of an investment of $10.0 million and a principal payment received from a loan to an investee. For the three months ended March 31, 2019, cash used in investing activities included capital expenditures of $22.1 million, partially offset by a return of capital from investees of $3.9 million.

Financing Activities

Net cash used in financing activities amounted to $303.1 million for the three months ended March 31, 2020 and primarily consisted of principal payment on long-term debt (including the redemption of $200 million of 4.75% Notes due 2022) of $209.4 million, purchases of our common stock of $86.0 million, taxes paid in lieu of shares issued for equity-based compensation of $8.9 million and distributions to noncontrolling interests of $3.1 million.

For the three months ended March 31, 2019, financing activities primarily consisted of taxes paid in lieu of shares issued for equity-based compensation of $23.0 million, distributions to noncontrolling interests of $5.6 million, principal payments on finance leases of $1.3 million, and purchases of our common stock of $1.0 million, partially offset by proceeds from stock option exercises of $4.6 million.

Contractual Obligations

As of March 31, 2020, our contractual obligations not reflected on the condensed consolidated balance sheet decreased $74.8 million, as compared to December 31, 2019, to $859.1 million. The decrease primarily relates to payments for program rights and marketing commitments.

Supplemental Guarantor Financial Information

The following is a description of the terms and conditions of the guarantees with respect to the outstanding notes for which AMC Networks is the issuer.

Note Guarantees

Debt of AMC Networks as of March 31, 2020 includes $400.0 million of 4.75% Notes due December 2022, $1.0 billion of 5.00% Notes due April 2024 and $800.0 million of 4.75% Notes due August 2025 (collectively, the “notes”). The notes were issued by AMC Networks and are unconditionally guaranteed, jointly and severally, on an unsecured basis, by each of AMC Networks’ existing and future domestic restricted subsidiaries, subject to certain exceptions (each, a “Guarantor Subsidiary,” and collectively, the “Guarantor Subsidiaries”). The obligations of each Guarantor Subsidiary under its note guarantee are limited as necessary to prevent such note guarantee from constituting a fraudulent conveyance under applicable law. A guarantee of the notes by a Guarantor Subsidiary is subject to release in the following circumstances: (i) any sale or other disposition of all of the capital stock of a Guarantor Subsidiary to a person that is not (either before or after giving effect to such transaction) a restricted subsidiary, in compliance with the terms of the applicable indenture; (ii) the designation of a restricted subsidiary as an “Unrestricted Subsidiary” under the applicable indenture; or (iii) the release or discharge of the guarantee (including the guarantee under the AMC Networks’ credit agreement) which resulted in the creation of the note guarantee (provided that such Guarantor Subsidiary does not have any preferred stock outstanding at such time that is not held by AMC Networks or another Guarantor Subsidiary).

Foreign subsidiaries of AMC Networks do not and will not guarantee the notes.

The following tables present the summarized financial information specified in Rule 1-02(bb)(1) of Regulation S-X for AMC Networks and each Guarantor Subsidiary. The summarized financial information has been prepared in accordance with Rule 13-01 of Regulation S-X.

Summarized Financial Information

Income Statement

(In thousands)	Three Months Ended March 31, 2020		Twelve Months Ended December 31, 2019	
	Parent Company	Guarantor Subsidiaries	Parent Company	Guarantor Subsidiaries
Revenues	$ —	$ 531,300	$ —	$ 2,122,212
Operating expenses	—	367,014	19	1,454,540
Operating income	—	164,286	(19)	667,672
Income before income taxes	98,338	140,519	468,016	633,294
Net income	$ 68,667	$ 138,203	$ 380,485	$ 623,278

Balance Sheet

(In thousands)	March 31, 2020		December 31, 2019	
	Parent Company	Guarantor Subsidiaries	Parent Company	Guarantor Subsidiaries
Assets				
Amounts due from subsidiaries	$ —	$ 111,379	$ 1,760	$ 100,485
Current assets	15,306	1,176,237	28,768	1,590,932
Non-current assets	3,875,415	3,244,788	4,050,648	3,044,865
Liabilities and equity:				
Amounts due to subsidiaries	39,150	—	—	—
Current liabilities	127,014	455,338	100,081	470,027
Non-current liabilities	3,111,009	345,607	3,315,314	361,324

Critical Accounting Policies and Estimates

We describe our significant accounting policies in Note 2 to the Company's Consolidated Financial Statements included in our 2019 Form 10-K. Other than the adoption of ASU 2019-02 described in Note 5 to the accompanying condensed consolidated financial statements of the Company included herein, there have been no significant changes in our significant accounting policies since December 31, 2019.

We discuss our critical accounting estimates in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in the same 2019 Form 10-K. There have been no significant changes in our critical accounting estimates since December 31, 2019.

The Company performs its annual goodwill impairment test as of December 1 each year. In addition to the annual impairment test, the Company is required to regularly assess whether a triggering event has occurred which would require an interim impairment test. The Company considered the current and expected future economic and market conditions surrounding the COVID-19 pandemic and its impact on each of its reporting units. Further, the Company assessed the current forecasts (including significant assumptions about revenue growth rates, long-term growth rates and enterprise specific discount rates) and the amount of headroom for each of its reporting units in the 2019 impairment test. The Company determined that a triggering event has not occurred which would require an interim impairment test to be performed. However, we are unable to predict how long these conditions will persist, what additional measures may be introduced by governments or private parties or what effect any such additional measures may have on our business. If these estimates or related assumptions change in the future, we may be required to record impairment charges related to goodwill.

Recently Issued Accounting Pronouncements

See Note 1 to the accompanying Condensed Consolidated Financial Statements of the Company for a discussion of recently issued accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Fair Value of Debt

Based on the level of interest rates prevailing at March 31, 2020, the carrying value of our fixed rate debt of $2.18 billion was more than its fair value of $2.14 billion by approximately $34.2 million. The fair value of these financial instruments is estimated based on reference to quoted market prices for these or comparable securities. A hypothetical 100 basis point decrease in interest rates prevailing at March 31, 2020 would increase the estimated fair value of our fixed rate debt by approximately $82.4 million to approximately $2.22 billion.

Managing our Interest Rate Risk

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

As of March 31, 2020, we had $2.9 billion of debt outstanding (excluding finance leases), of which $0.7 billion is outstanding under our loan facility and is subject to variable interest rates (before consideration of the interest rate swaps contracts described below).

As of March 31, 2020, we had interest rate swap contracts outstanding with notional amounts aggregating $100.0 million. The aggregate fair value of interest rate swap contracts at March 31, 2020 was a net liability of $4.0 million. As a result of these transactions, the interest rate paid on approximately 80% of our debt (excluding finance leases) as of March 31, 2020 is effectively fixed (75% being fixed rate obligations and 3% effectively fixed through utilization of these interest rate swap contracts).

A hypothetical 100 basis point increase in interest rates prevailing at March 31, 2020 would not have a material impact on our annual interest expense.

Managing our Foreign Currency Exchange Rate Risk

We are exposed to foreign currency risk to the extent that we enter into transactions denominated in currencies other than our subsidiaries' respective functional currencies (non-functional currency risk), such as affiliation agreements, programming contracts, certain trade receivables and accounts payable (including intercompany amounts) that are denominated in a currency other than the applicable functional currency. Changes in exchange rates with respect to amounts recorded in our consolidated balance sheets related to these items will result in unrealized (based upon period-end exchange rates) or realized foreign currency transaction gains and losses upon settlement of the transactions. Moreover, to the extent that our revenue, costs and expenses are denominated in currencies other than our respective functional currencies, we will experience fluctuations in our revenue, costs and expenses solely as a result of changes in foreign currency exchange rates. The Company recognized a $9.6 million loss for the three months ended March 31, 2020, related to foreign currency transactions. Such amounts are included in miscellaneous, net in the condensed consolidated statement of income.

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.

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 March 31, 2020, 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

During the three months ended March 31, 2020, 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 2019 Form 10-K, there have been no material developments in legal proceedings in which we are involved. See Note 14, Commitments and Contingencies to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

In addition to the other information set forth in this Form 10-Q, you should carefully consider the risk factors disclosed under the caption "Risk Factors" in our 2019 Form 10-K, as well as the following additional risk factor.

General Risks

The COVID-19 pandemic has significantly impacted worldwide economic conditions and could have a material adverse effect on our operations and business

In March 2020, the World Health Organization characterized the novel coronavirus ("COVID-19") a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The rapid spread of the pandemic and the continuously evolving responses to combat it have had an increasingly negative impact on the global economy.

The impact of COVID-19 and measures to prevent its spread are affecting our businesses in a number of ways. To date, we have experienced adverse advertising sales impacts and suspended content production, which has led to delays in the creation and availability of some of our television programming.

Operationally, nearly all of our employees are working remotely, and we have restricted business travel. If significant portions of our workforce, including key personnel, are unable to work effectively because of illness, government actions or other restrictions in connection with the COVID-19 pandemic, the impact of the pandemic on our businesses could be exacerbated. In addition, the remote work environment has placed additional strain on our resources and the effects of the COVID-19 pandemic will heighten the other risks described in the section entitled "Risk Factors" in our 2019 Form 10-K, including evolving cybersecurity risks, which could result in the disclosure, theft or destruction of confidential information, disruption of our programming, damage to our brands and reputation, legal exposure and financial losses.

The ultimate impact of the COVID-19 pandemic, including the extent of any adverse impact on our business, results of operations and financial condition, will depend on, among other things, the duration and spread of the pandemic, the impact of governmental regulations that have been, and may continue to be, imposed in response to the pandemic, the effectiveness of actions taken to contain or mitigate the outbreak, and global economic conditions. Although the effect of the pandemic may not be fully reflected in the Company's business until future periods, the Company believes that the adverse impact of the COVID-19 pandemic will be material to its results of operations.

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

The Company's Board of Directors has authorized a program to repurchase up to $1.5 billion of its outstanding shares of common stock (the "Stock Repurchase Program"). The authorization of up to $500 million was announced on March 7, 2016, an additional authorization of $500 million was announced on June 7, 2017, and an additional authorization of $500 million was announced on June 13, 2018. The Stock Repurchase Program has no pre-established closing date and may be suspended or discontinued at any time.

Set forth below is information concerning acquisitions of AMC Networks Class A Common Stock by the Company during the three months ended March 31, 2020.

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January 1, 2020 to January 31, 2020	—		—	488,811,793
February 1, 2020 to February 29, 2020	—		—	488,811,793
March 1, 2020 to March 31, 2020	3,294,275	$ 26.09	3,294,275	402,855,427
Total	3,294,275	$ 26.09	3,294,275	

Item 6. Exhibits.

(a) Index to Exhibits.

10.1	Form of Performance Cash Award Agreement under the 2016 Executive Cash Incentive Plan.
22	Guarantor Subsidiaries of the Registrant
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 - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within Inline XBRL 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.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

SIGNATURES

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

AMC Networks Inc.

Date: May 5, 2020

By: /s/ Sean S. Sullivan

Sean S. Sullivan

Executive Vice President and Chief Financial Officer

PERFORMANCE CASH AWARD AGREEMENT

[Full Name of Employee]

[Date]

Dear [First Name]:

Pursuant to the 2016 Executive Cash Incentive Plan (the "Plan") of AMC Networks Inc. (the "Company"), you have been selected by the Compensation Committee of the Board of Directors of the Company to receive a contingent cash award (the "Award") effective as of March [●], 2020 (the "Effective Date").

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

1. *Amount and Payment of Award*. In accordance with the terms of this Performance Cash Award Agreement, the target amount of your contingent Award is $__________________ (the "Target Award"), which may be increased or decreased to the extent the performance objectives set forth on Annex 1 hereto (the "Objectives") have been attained in respect of the period from January 1, 2020 through December 31, 2022 (the "Performance Period"). The Award, calculated in accordance with Annex 1 attached hereto, will become payable to you upon the later of March 9, 2023 and the date on which the Committee (as defined in Section 11 below) determines the Company's performance against the Objectives (the "Award Date") provided, that you have remained in the continuous employ of the Company or one of the AMC Subsidiaries from the Effective Date through the Award Date.

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

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

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

a. Going Private Transaction. Notwithstanding anything to the contrary contained in this Agreement, if at any time a Going Private Transaction (as defined below) occurs and immediately prior to such transaction you are employed by the Company or one of the AMC Subsidiaries, the Target Award shall become payable to you whether or not the Objectives have been attained at the earliest of (i) January 1, 2023, (ii) the date of your death or (iii) the date subsequent to the Going Private Transaction on which your employment with the Company, the Surviving Entity or one of the AMC Subsidiaries is terminated (A) by the Company, the Surviving Entity or one of the AMC Subsidiaries other than for Cause (as defined below) or (B) by you for Good Reason (as defined below), provided, in each case, that you remain in the continuous employ of the Company, the Surviving Entity or one of the AMC Subsidiaries from the Effective Date through such date. Notwithstanding the foregoing, if you become entitled to payment of the Target Award by virtue of a termination in accordance with (iii)(A) or (iii)(B) of this Section 4(a) and are determined by the Company to be a "specified employee" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A of the IRC"), the Target Award shall be paid to you on the earlier of: (i) January 1, 2023, (ii) the date that is six months from your date of employment termination and (iii) any other date on which such payment or any portion thereof would be a permissible distribution under Section 409A of the IRC. In the event of such a determination, the Company shall promptly following the date of your employment termination set aside such amount for your benefit in a "rabbi trust" that satisfies the requirements of Revenue Procedure 92-64, and on a monthly basis shall deposit into such trust interest in arrears (compounded quarterly at the rate provided below) until such time as such amount, together with all accrued interest thereon, is paid to you in full pursuant to the previous sentence; provided, that no payment will be made to such rabbi trust if it would be contrary to law or cause you to incur additional tax under Section 409A of the

IRC. The initial interest rate shall be the average of the one-year LIBOR fixed rate equivalent for the ten business days prior to the date of your employment termination.

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

i.If the actual Change of Control:

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

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

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

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

(c) January 1, 2023.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15. *Entire Agreement*. Except for any employment agreement between you and the Company or any of its Affiliates in effect as of the date of the grant hereof (as such employment agreement may be modified, renewed or replaced), this Agreement

and the Plan constitute the entire understanding and agreement of you and the Company with respect to the Award covered hereby and supersede all prior understandings and agreements. In the event of a conflict among the documents with respect to the terms and conditions of the Award covered hereby, the documents will be accorded the following order of authority: the terms and conditions of the Plan will have highest authority followed by the terms and conditions of your employment agreement, if any, followed by the terms and conditions of this Agreement.

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

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

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

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

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

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

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

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

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

24. *Restrictive Covenants.* You agree to be bound by the restrictive covenants set forth in <u>Annex 2</u>.

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

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

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

AMC NETWORKS INC.

By: ________________________________

Joshua Sapan
President and CEO

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

Annex 1
to
Performance Cash Award Agreement

[Objectives Intentionally Omitted.]

Annex 2
to
Performance Cash Award Agreement

RESTRICTIVE COVENANTS

You agree to comply with the following covenants.

1. CONFIDENTIALITY

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

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

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

a) already in the public domain;

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

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

Notwithstanding anything to the contrary in this Agreement or otherwise, nothing shall limit your rights under applicable law to provide truthful information to any governmental entity or to file a charge with or participate in an investigation conducted by any governmental entity.

You are hereby notified that the immunity provisions in Section 1833 of title 18 of the United States Code provide that an individual cannot be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made (1) in confidence to federal, state or local government officials, either directly or indirectly, or to an attorney, and is solely for the purpose of reporting or investigating a suspected violation of the law, (2) under seal in a complaint or other document filed in a lawsuit or other proceeding, or (3) to your attorney in connection with a lawsuit for retaliation for reporting a suspected violation of law (and the trade secret may be used in the court proceedings for such lawsuit) as long as any document containing the trade secret is filed under seal and the trade secret is not disclosed except pursuant to court order.

2. NON-DISPARAGEMENT

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

3. COMPANY PROPERTY

As an employee of the Company, you agree that all original works of authorship that result from your activities within the scope of your employment and which are protectable by copyright are “works made for hire,” as the term is defined in the United States Copyright Act (17 USCA, Section 101). In addition, you agree that the Company is the owner of, and you hereby assign to the Company, without further consideration, all rights, title and interest in and to all programming and programming ideas, trademarks, copyrights, content, trade secrets, domain names, social media accounts and other intellectual property relating thereto, documents, tapes, videos, designs, plans, formulas, models, processes, computer programs, inventions (whether patentable or not), schematics, music, lyrics and other technical, business, financial, advertising, sales, marketing, customer or product development concepts, plans, forecasts, strategies, information and materials (in any medium whatsoever) developed or prepared by you or with your cooperation during the course of your employment by the Company (the “Materials”), excluding only those assets that the Executive Vice President and Chief Financial Officer and the Executive Vice President and General Counsel have agreed to in writing to except. All such “works made for hire” and assigned assets are the sole property of the Company and freely transferable by the Company throughout the world. The Company will have the sole and exclusive authority to use the Materials in any manner that it deems appropriate, in perpetuity, without additional payment to you. Notwithstanding the terms set forth in this Section 3, in the event that the terms of your written employment agreement or other written agreement with the Company conflict with the terms set forth in this Section 3, the terms of those agreements will control.

4. FURTHER COOPERATION

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

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

5. NON-HIRE OR SOLICIT

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

6. ACKNOWLEDGMENTS

You acknowledge that the restrictions contained in this Annex 2, in light of the nature of the Company’s business and your position and responsibilities, are reasonable and necessary to protect the legitimate interests of the Company. You acknowledge that the Company has no adequate remedy at law and would be irreparably harmed if you breach or threaten to breach the provisions of this Annex 2, and therefore agree that the Company shall be entitled to injunctive relief, to prevent any breach or threatened breach of any of those provisions and to specific performance of the terms of each of such provisions in addition to any other legal or equitable remedy it may have. You further agree that you will not, in any equity proceeding relating to the enforcement of the provisions of this Annex 2, raise the defense that the Company has an adequate remedy at law. Nothing in this Annex 2 shall be construed as prohibiting the Company from pursuing any other remedies at law or in equity that it may have or any other rights that it may have under any other agreement. If it is determined that any of the provisions of this Annex 2 or any part thereof, is unenforceable because of the duration or scope (geographic or otherwise) of such provision, it is the intention of the parties that the duration or scope of such provision, as the case may be, shall be reduced so that such provision becomes enforceable and, in its reduced form, such provision shall then be enforceable and shall be enforced.

7. SURVIVAL

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

8. CLAWBACK

If you breach any of the covenants in this Annex 2, then the Company will be entitled to (i) seek injunctive relief in accordance with Section 6 of this Annex 2 or (ii) exercise its right to receive, and you will be obligated to immediately repay to the Company upon demand therefor, the gross (pre-tax) amount of (i) the fair market value of any Shares deliverable in respect of the Units granted under this Agreement (based on the closing price of the Shares on the Delivery Date or the most immediately preceding trading day) and (ii) any cash payable in respect of the Units granted under this Agreement.

List of Guarantor Subsidiaries

As of March 31, 2020, the following subsidiaries of AMC Networks Inc. guarantee the notes issued by AMC Networks Inc.

Guarantor	Jurisdiction of Formation
2nd Party LLC	Delaware
61st Street Productions I LLC	Delaware
AMC Film Holdings LLC	Delaware
AMC Network Entertainment LLC	New York
AMC Networks Broadcasting & Technology	New York
AMC Networks International Asia-Pacific LLC	Delaware
AMC Networks International LLC	Delaware
AMC Networks Productions LLC	Delaware
AMC Premiere LLC	Delaware
AMC TV Studios LLC	Delaware
AMC/Sundance Channel Global Networks LLC	Delaware
AMCN Properties LLC	Delaware
American Movie Classics IV Holding Corp	Delaware
Badlands Productions I LLC	Louisiana
Badlands Productions II LLC	Delaware
Benders Productions I LLC	Delaware
Brockmire Productions I LLC	Delaware
Cobalt Productions LLC	Delaware
Comic Scribe LLC	Delaware
Crossed Pens Development LLC	Delaware
Digital Store LLC	Delaware
Dispatches Productions I LLC	Delaware
Expedition Productions I LLC	Delaware
Five Families Productions I LLC	Delaware
Five Moons Productions I LLC	Delaware
Geese Productions LLC	Delaware
Ground Work Productions LLC	Delaware
Halt and Catch Fire Productions I LLC	Delaware
Halt and Catch Fire Productions II LLC	Delaware
Halt and Catch Fire Productions III LLC	Delaware
Halt and Catch Fire Productions IV LLC	Delaware
Halt and Catch Fire Productions LLC	Delaware
Hap and Leonard Productions I LLC	Louisiana
Hap and Leonard Productions II LLC	Delaware
Hap and Leonard Productions III LLC	Delaware
IFC Entertainment Holdings LLC	Delaware
IFC Entertainment LLC	Delaware
IFC Films LLC	Delaware
IFC In Theaters LLC	Delaware
IFC Productions I L.L.C.	Delaware

Guarantor	Jurisdiction of Formation
IFC Television Holdings LLC	Delaware
IFC Theatres Concessions LLC	Delaware
IFC Theatres, LLC	Delaware
IFC TV LLC	Delaware
IFC TV Studios Holdings LLC	Delaware
IFC TV Studios LLC	Delaware
IPTV LLC	Delaware
Kindred Spirit Productions LLC	Delaware
Kopus Productions II LLC	Delaware
Kopus Productions LLC	Delaware
Living With Yourself Productions I LLC	Delaware
Lodge Productions I LLC	Delaware
Lodge Productions II LLC	Delaware
Making Waves Studio Productions LLC	Delaware
Monument Productions I LLC	Delaware
Newfound Lake Productions I LLC	Delaware
NOS4A2 Productions I LLC	Rhode Island
Peach Pit Properties LLC	Delaware
Pens Down LLC	Delaware
Premier Quills LLC	Delaware
Rainbow Film Holdings LLC	Delaware
Rainbow Media Enterprises, Inc.	Delaware
Rainbow Media Holdings LLC	Delaware
Rainbow Programming Holdings LLC	Delaware
Rectify Productions II LLC	Delaware
Rectify Productions III LLC	Delaware
Rectify Productions IV LLC	Delaware
Rectify Productions LLC	Delaware
Red Monday Programming LLC	Delaware
RNC Holding Corporation	Delaware
RNC II Holding Corporation	Delaware
Roughhouse Productions I LLC	Delaware
Selects VOD LLC	Delaware
Shudder LLC	Delaware
Sleuth Secrets Productions LLC	Delaware
Stalwart Productions LLC	Delaware
Stan Productions I LLC	Delaware
Stan Productions II LLC	Delaware
Sundance Channel Originals LLC	Delaware
Sundance Film Holdings LLC	Delaware
SundanceTV LLC	Delaware
The Son Productions I LLC	Delaware
Turn Productions II LLC	Delaware
Turn Productions III LLC	Delaware

Guarantor	Jurisdiction of Formation
Turn Productions IV LLC	Delaware
Turn Productions LLC	Delaware
TWD Productions IV LLC	Delaware
TWD Productions IX LLC	Delaware
TWD Productions V LLC	Delaware
TWD Productions VI LLC	Delaware
TWD Productions VII LLC	Delaware
TWD Productions VIII LLC	Delaware
TWD Productions X LLC	Delaware
TWD Productions XI LLC	Delaware
Universe Productions LLC	Delaware
Voom HD Holdings LLC	Delaware
WE tv Asia LLC	Delaware
WE TV Holdings LLC	Delaware
WE tv LLC	Delaware
We TV Studios LLC	Delaware
Woodbury Studios LLC	Delaware

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:	May 5, 2020	By:	/s/ Joshua W. Sapan
			Joshua W. Sapan
			President and Chief Executive Officer

I, Sean S. Sullivan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMC Networks Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the Registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date:	May 5, 2020	By:	/s/ Sean S. Sullivan
			Sean S. Sullivan
			Executive Vice President and Chief Financial Officer

Certifications

Pursuant to 18 U.S.C. § 1350, each of the undersigned officers of AMC Networks Inc. (“AMC Networks”) hereby certifies, to such officer’s knowledge, that AMC Networks’ Quarterly Report on Form 10-Q for the quarter ended 9/30/2019 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of AMC Networks.

Date:	May 5, 2020	By:	/s/ Joshua W. Sapan
			Joshua W. Sapan
			President and Chief Executive Officer
Date:	May 5, 2020	By:	/s/ Sean S. Sullivan
			Sean S. Sullivan
			Executive Vice President and Chief Financial Officer