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 June 30, 2019
or

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from to
Commission File Number: 1-35106

AMC Networks Inc.

(Exact name of registrant as specified in its charter)

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

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

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

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 July 26, 2019:

Class A Common Stock par value $0.01 per share	44,159,318
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)

	June 30, 2019	December 31, 2018
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 706,342	$ 554,886
Accounts receivable, trade (less allowance for doubtful accounts of $9,029 and $10,788)	838,287	835,977
Current portion of program rights, net	433,769	440,739
Prepaid expenses and other current assets	166,181	131,809
Total current assets	2,144,579	1,963,411
Property and equipment, net of accumulated depreciation of $321,719 and $293,918	264,616	246,262
Program rights, net	1,114,038	1,214,051
Deferred carriage fees, net	23,320	16,831
Intangible assets, net	557,371	578,907
Goodwill	792,083	798,037
Deferred tax asset, net	48,998	19,272
Operating lease right-of-use asset	175,677	—
Other assets	441,052	441,792
Total assets	$ 5,561,734	$ 5,278,563
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 105,353	$ 107,066
Accrued liabilities	231,859	264,918
Current portion of program rights obligations	345,799	343,589
Deferred revenue	56,577	55,424
Current portion of long-term debt	37,500	21,334
Current portion of lease obligations	31,445	5,090
Total current liabilities	808,533	797,421
Program rights obligations	289,728	373,249
Long-term debt	3,073,419	3,088,221
Lease obligations	223,335	21,427
Deferred tax liability, net	135,001	145,443
Other liabilities	160,417	208,036
Total liabilities	4,690,433	4,633,797
Commitments and contingencies		
Redeemable noncontrolling interests	302,788	299,558
Stockholders' equity:		
Class A Common Stock, $0.01 par value, 360,000 shares authorized, 63,851 and 63,255 shares issued and 44,275 and 44,749 shares outstanding, respectively	639	633
Class B Common Stock, $0.01 par value, 90,000 shares authorized, 11,484 shares issued and outstanding	115	115
Preferred stock, $0.01 par value, 45,000 shares authorized; none issued	—	—
Paid-in capital	258,150	239,767
Accumulated earnings	1,501,082	1,228,942
Treasury stock, at cost (19,577 and 18,507 shares Class A Common Stock, respectively)	(1,051,022)	(992,583)
Accumulated other comprehensive loss	(167,144)	(160,194)
Total AMC Networks stockholders' equity	541,820	316,680
Non-redeemable noncontrolling interests	26,693	28,528
Total stockholders' equity	568,513	345,208
Total liabilities and stockholders' equity	$ 5,561,734	$ 5,278,563

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 June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Revenues, net	$ 772,299	$ 761,385	$ 1,556,520	$ 1,502,208
Operating expenses:				
Technical and operating (excluding depreciation and amortization)	385,623	376,809	725,771	697,174
Selling, general and administrative	173,364	171,376	345,876	337,825
Depreciation and amortization	25,893	21,669	49,949	42,023
Restructuring and other related charges	17,162	—	19,804	—
Total operating expenses	602,042	569,854	1,141,400	1,077,022
Operating income	170,257	191,531	415,120	425,186
Other income (expense):				
Interest expense	(39,716)	(39,265)	(79,361)	(77,470)
Interest income	4,745	5,332	8,945	10,351
Miscellaneous, net	(2,697)	(14,719)	(15,482)	2,227
Total other income (expense)	(37,668)	(48,652)	(85,898)	(64,892)
Income from operations before income taxes	132,589	142,879	329,222	360,294
Income tax benefit (expense)	1,396	(32,547)	(45,080)	(89,426)
Net income including noncontrolling interests	133,985	110,332	284,142	270,868
Net income attributable to noncontrolling interests	(5,242)	(4,151)	(12,002)	(7,817)
Net income attributable to AMC Networks' stockholders	$ 128,743	$ 106,181	$ 272,140	$ 263,051
Net income per share attributable to AMC Networks' stockholders:				
Basic	$ 2.28	$ 1.84	$ 4.81	$ 4.43
Diluted	$ 2.25	$ 1.82	$ 4.73	$ 4.38
Weighted average common shares:				
Basic	56,590	57,758	56,589	59,354
Diluted	57,335	58,387	57,529	60,044

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 June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Net income including noncontrolling interests	$ 133,985	$ 110,332	$ 284,142	$ 270,868
Other comprehensive income (loss):				
Foreign currency translation adjustment	553	(45,759)	(5,210)	(26,955)
Unrealized loss on interest rate swaps	(1,625)	—	(2,263)	—
Other comprehensive loss, before income taxes	(1,072)	(45,759)	(7,473)	(26,955)
Income tax expense	374	—	523	—
Other comprehensive loss, net of income taxes	(698)	(45,759)	(6,950)	(26,955)
Comprehensive income	133,287	64,573	277,192	243,913
Comprehensive income attributable to noncontrolling interests	(5,033)	(2,173)	(11,831)	(6,736)
Comprehensive income attributable to AMC Networks' stockholders	$ 128,254	$ 62,400	$ 265,361	$ 237,177

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
Balance, March 31, 2019	$ 634	$ 115	$ 242,322	$ 1,372,339	$ (993,574)	$ (166,446)	$ 455,390	$ 29,147	$ 484,537
Net income attributable to AMC Networks' stockholders	—	—	—	128,743	—	—	128,743	—	128,743
Net income attributable to non-redeemable noncontrolling interests	—	—	—	—	—	—	—	128	128
Distributions to noncontrolling member	—	—	—	—	—	—	—	(2,374)	(2,374)
Treasury stock not yet settled	—	—	(832)	—	—		(832)	—	(832)
Other comprehensive income	—	—		—	—	(698)	(698)	(208)	(906)
Share-based compensation expense	—	—	16,725	—	—	—	16,725	—	16,725
Proceeds from the exercise of stock options	—	—	—	—	—	—	—	—	—
Treasury stock acquired	—	—	—	—	(57,448)	—	(57,448)	—	(57,448)
Restricted stock units converted to shares	5	—	(65)	—	—	—	(60)	—	(60)
Balance, June 30, 2019	$ 639	$ 115	$ 258,150	$ 1,501,082	$ (1,051,022)	$ (167,144)	$ 541,820	$ 26,693	$ 568,513

	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
Balance, December 31, 2018	$ 633	$ 115	$ 239,767	$ 1,228,942	$ (992,583)	$ (160,194)	$ 316,680	$ 28,528	$ 345,208
Net income attributable to AMC Networks' stockholders	—	—	—	272,140	—	—	272,140	—	272,140
Net income attributable to non-redeemable noncontrolling interests	—	—	—	—	—	—	—	1,070	1,070
Distributions to noncontrolling member	—	—	—	—	—	—	—	(2,735)	(2,735)
Treasury stock not yet settled	—	—	(832)	—	—	—	(832)	—	(832)
Other comprehensive income	—	—	—	—	—	(6,950)	(6,950)	(170)	(7,120)
Share-based compensation expense	—	—	36,624	—	—	—	36,624	—	36,624
Proceeds from the exercise of stock options	—	—	4,630	—	—	—	4,630	—	4,630
Treasury stock acquired	—	—	986	—	(58,439)	—	(57,453)	—	(57,453)
Restricted stock units converted to shares	6	—	(23,025)	—	—	—	(23,019)	—	(23,019)
Balance, June 30, 2019	$ 639	$ 115	$ 258,150	$ 1,501,082	$ (1,051,022)	$ (167,144)	$ 541,820	$ 26,693	$ 568,513

See accompanying notes to 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
Balance, March 31, 2018	$ 631	$ 115	$ 182,278	$ 936,379	$ (793,078)	$ (95,582)	$ 230,743	$ 30,367	$ 261,110
Net income attributable to AMC Networks' stockholders	—	—	—	106,181	—	—	106,181	—	106,181
Net income attributable to non-redeemable noncontrolling interests	—	—	—	—	—	—	—	1,132	1,132
Cumulative effects of adoption of accounting standards	—	—	—	3,246		(3,411)	(165)	—	(165)
Treasury stock not yet settled	—	—	9,980	—	—	—	9,980	—	9,980
Settlement of treasury stock	—	—	1	—	—	—	1	—	1
Other comprehensive income	—	—	—	—	—	(45,759)	(45,759)	(1,978)	(47,737)
Proceeds from the exercise of stock options	—	—	4,317	—	—	—	4,317	—	4,317
Share-based compensation expense	—	—	19,753	—	—	—	19,753	—	19,753
Treasury stock acquired	—	—	—	—	(158,772)	—	(158,772)	—	(158,772)
Restricted stock units converted to shares	1	—	(381)	—	—	—	(380)	—	(380)
Balance, June 30, 2018	$ 632	$ 115	$ 215,948	$ 1,045,806	$ (951,850)	$ (144,752)	$ 165,899	$ 29,521	$ 195,420

	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
Balance, December 31, 2017	$ 627	$ 115	$ 191,303	$ 766,725	$ (709,440)	$ (114,386)	$ 134,944	$ 29,001	$ 163,945
Net income attributable to AMC Networks' stockholders	—	—	—	263,051	—	—	263,051	—	263,051
Net income attributable to non-redeemable noncontrolling interests	—	—	—	—	—	—	—	1,601	1,601
Distributions to noncontrolling member	—	—	—	—	—	—	—	—	—
Cumulative effects of adoption of accounting standards	—	—	—	16,030		(3,411)	12,619	—	12,619
Treasury stock not yet settled	—	—	—	—	—	—	—	—	—
Settlement of treasury stock	—	—	996	—	—	—	996	—	996
Other comprehensive income	—	—	—	—	—	(26,955)	(26,955)	(1,081)	(28,036)
Proceeds from the exercise of stock options	—	—	4,317	—	—	—	4,317	—	4,317
Share-based compensation expense	—	—	35,072	—	—	—	35,072	—	35,072
Treasury stock acquired	—	—	—	—	(242,410)	—	(242,410)	—	(242,410)
Restricted stock units converted to shares	5	—	(15,740)	—	—	—	(15,735)	—	(15,735)
Balance, June 30, 2018	$ 632	$ 115	$ 215,948	$ 1,045,806	$ (951,850)	$ (144,752)	$ 165,899	$ 29,521	$ 195,420

See accompanying notes to consolidated financial statements.

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

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Cash flows from operating activities:		
Net income including noncontrolling interests	$ 284,142	$ 270,868
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	49,949	42,023
Share-based compensation expense related to equity classified awards	36,624	35,072
Non-cash restructuring and other related charges	14,026	—
Amortization and write-off of program rights	468,987	468,957
Amortization of deferred carriage fees	7,761	8,803
Unrealized foreign currency transaction gain	(647)	(1,866)
Unrealized gain on derivative contracts, net	—	(17,322)
Amortization of deferred financing costs and discounts on indebtedness	3,947	3,800
Bad debt expense	2,937	1,924
Deferred income taxes	(40,065)	29,290
Write-down of non-marketable equity securities and note receivable	17,741	—
Other, net	(2,057)	6,944
Changes in assets and liabilities:		
Accounts receivable, trade (including amounts due from related parties, net)	(9,011)	(40,419)
Prepaid expenses and other assets	(40,017)	(12,377)
Program rights and obligations, net	(443,519)	(471,385)
Income taxes payable	8,948	(1,829)
Deferred revenue	1,107	4,392
Deferred carriage fees, net	(13,597)	(2,448)
Accounts payable, accrued liabilities and other liabilities	(58,319)	(45,850)
Net cash provided by operating activities	288,937	278,577
Cash flows from investing activities:		
Capital expenditures	(49,463)	(37,402)
Return of capital from investees	5,908	347
Investment in and loans to investees	—	(87,488)
Payments for acquisition of a business, net of cash acquired	—	(34,879)
Net cash used in investing activities	(43,555)	(159,422)
Cash flows from financing activities:		
Principal payments on long-term debt	(2,717)	—
Deemed repurchases of restricted stock units	(23,019)	(15,734)
Purchase of treasury stock	(58,440)	(242,409)
Proceeds from stock option exercises	4,630	4,317
Principal payments on finance lease obligations	(2,590)	(2,625)
Distributions to noncontrolling interests	(10,129)	(6,967)
Net cash used in financing activities	(92,265)	(263,418)
Net increase (decrease) in cash and cash equivalents from operations	153,117	(144,263)
Effect of exchange rate changes on cash and cash equivalents	(1,661)	1,604
Cash and cash equivalents at beginning of period	554,886	558,783
Cash and cash equivalents at end of period	$ 706,342	$ 416,124

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 in the United States ("U.S."); and AMC and IFC in Canada. 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*: Principally includes AMC Networks International (AMCNI), the Company's international programming businesses consisting of a portfolio of channels around the world; IFC Films, the Company's independent film distribution business; Levity Entertainment Group LLC ("Levity"), acquired April 20, 2018, our production services and comedy venues company; RLJ Entertainment Inc. ("RLJE"), acquired October 1, 2018, a content distribution company that also includes the subscription streaming services Acorn TV and Urban Movie Channel ("UMC") and our subscription streaming services, Sundance Now and Shudder.

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, 2018 contained in the Company's Annual Report on Form 10-K ("2018 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, 2019.

Revision to Previously Issued Financial Statements

We have revised the condensed consolidated financial statements included herein to correct an error related to the foreign currency translation amounts reported in the condensed consolidated statement of comprehensive income for the three and six months ended June 30, 2018. The revision resulted in a decrease of $53.2 million to each of the following line items in the condensed consolidated statement of comprehensive income: (i) foreign currency translation adjustment, (ii) other comprehensive income (loss) and (iii) comprehensive income attributable to AMC Networks' stockholders, for both the three and six months ended June 30, 2018. In accordance with accounting guidance in ASC Topic 250-10, *Accounting Changes and Error Corrections (SEC Staff Accounting Bulletin Topic 1M)*, we assessed the materiality of the errors from quantitative and qualitative perspectives and concluded that the errors were not material to our previously issued financial statements. Consequently, we are correcting these errors in this report.

Program Rights

The Company periodically reviews the programming usefulness of its licensed and owned original program rights based on a series of 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, a write-off of the unamortized cost is included in technical and operating expense. Program rights write-offs, included in technical and operating expense, were $10.3 million and $3.9 million for the three months ended June 30, 2019 and June 30, 2018, respectively. Program rights write-offs, included in technical and operating expense, were $13.6 million and $9.2 million for the six months ended June 30, 2019 and June 30, 2018, respectively. Program write-offs, included in Restructuring and other related charges, were $13.0 million for the three and six months ended June 30, 2019 (see Note 4).

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.

Adoption of New Lease Standard

The Company adopted ASU No. 2016-02, *Leases (Topic 842)* on January 1, 2019, using the modified retrospective approach and effective date method. In addition, the Company elected the package of practical expedients, permitted under the transition guidance within the new standard, which among other things, allowed for the carry forward of the historical classification of leases. The adoption of the new standard resulted in additional net lease assets of $180.0 million (which is net of the historical deferred rent liability balance of $57.0 million) and lease liabilities of $237.0 million, respectively, as of January 1, 2019. The new standard did not materially impact our consolidated net income or cash flows. See Note 10 for further discussion regarding leases.

Recently Issued Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board ("FASB") issued ASU No. 2018-13, *Fair Value Measurement (Topic 820)*. ASU 2018-13 changes the disclosure requirements for fair value measurements and is effective for the first quarter of 2020, with early adoption permitted. ASU 2018-13 changes disclosure requirements related to transfers between Level I and II assets, as well as several aspects surrounding the valuation process and unrealized gains and losses related to Level III assets. The Company is currently evaluating the impact the adoption of the modified disclosure requirements will have on its consolidated financial statements.

In March 2019, the FASB issued ASU No. 2019-02, *Improvements to Accounting for Costs of Films and License Agreements for Program Materials*. ASU 2019-02 aligns the accounting for production costs of episodic television series with the accounting for production costs of films. It also requires an entity to test a film or license agreement within the scope of Subtopic 920-350 for impairment at the film group level, when the film or license agreement is predominantly monetized with other films and/or license agreements. The changes in this standard are effective for the first quarter of 2020, with early adoption permitted. The Company is currently evaluating the impact the adoption of the prospective disclosure requirements will have on its consolidated financial statements.

Note 2. Revenue Recognition

Transaction Price Allocated to Future Performance Obligations

As of June 30, 2019, other than contracts for which the Company has applied the practical expedients, the aggregate amount of transaction price allocated to remaining performance obligations was not material to our consolidated revenues.

Contract Balances from Contracts with Customers

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

(In thousands)	June 30, 2019	December 31, 2018
Balances from contracts with customers:		
Accounts receivable (including long-term, included in Other assets)	$ 1,042,312	$ 1,018,105
Contract assets, short-term (included in Other current assets)	15,767	9,131
Contract assets, long-term (included in Other assets)	8,696	8,136
Contract liabilities (Deferred revenue)	56,577	55,424

Revenue recognized for the six months ended June 30, 2019 relating to the contract liability at December 31, 2018 was $9.2 million.

Note 3. Net Income per Share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2019**	**2018**	**2019**	**2018**
Basic weighted average common shares outstanding	56,590	57,758	56,589	59,354
Effect of dilution:				
Stock options	15	5	24	3
Restricted stock units	730	624	916	687
Diluted weighted average common shares outstanding	57,335	58,387	57,529	60,044

Approximately 1.5 million restricted stock units outstanding as of June 30, 2019 and June 30, 2018, 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 June 30, 2019, there were 0.3 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 six months ended June 30, 2019, the Company repurchased 1.1 million shares of its Class A Common Stock at an average purchase price of approximately $54.61 per share. As of June 30, 2019, the Company has $501.0 million of authorization remaining for repurchase under the Stock Repurchase Program.

Note 4. Restructuring and Other Related Charges

Restructuring and other related charges of $17.2 million and $19.8 million for the three and six months ended June 30, 2019, respectively, primarily related to the direct to consumer re-organization described below as well as severance and other personnel related costs incurred at AMCNI associated with the termination of distribution in certain territories.

During 2018, management commenced a restructuring initiative designed to reduce the cost structure of the Company. The restructuring was intended to improve the organizational design of the Company through the elimination of certain roles, a reduction in the grade of certain roles, an increase in the span of responsibilities of certain senior managers, and the realignment of certain senior leaders to new or additional responsibilities. The Company incurred severance and other personnel related costs of $2.9 million and $3.9 million for the three and six months ended June 30, 2019, respectively.

In May 2019, management commenced a restructuring initiative of the Company's owned subscription streaming services. The restructuring combined the Company's owned subscription streaming services under one management team. In connection with this reorganization, a number of roles were eliminated to address redundancy at the senior management level and improve the effectiveness of management while reducing the cost structure of the Company. Restructuring charges incurred of $1.3 million for the three months ended June 30, 2019 related to severance and other personnel related costs.

In connection with the management changes in the direct to consumer business, the Company implemented changes to its strategy for one of its owned subscription streaming services, including programming that will no longer be made available. Other related charges incurred of $13.0 million for the three months ended June 30, 2019 related to a write-off of programming in connection with the direct to consumer reorganization and change in strategy.

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

	Three Months Ended June 30,	Six Months Ended June 30,
(In thousands)	**2019**	**2019**
National Networks	$ 274	$ 576
International & Other	16,888	19,923
Inter-segment eliminations	—	(695)
Total restructuring and other related charges	$ 17,162	$ 19,804

The following table summarizes the restructuring and other charges recognized for the three and six months ended June 30, 2019:

(In thousands)	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Restructuring charges	$ 4,145	$ 6,787
Other related charges	13,017	13,017
Total restructuring and other related charges	$ 17,162	$ 19,804

The following table summarizes the accrued restructuring costs:

(In thousands)	Severance and employee-related costs	Other related costs	Total
Balance at December 31, 2018	$ 33,774	$ 1,415	$ 35,189
Charges	5,220	1,567	6,787
Cash payments	(21,115)	(405)	(21,520)
Non-cash adjustments	(884)	(2,363)	(3,247)
Currency translation	39	16	55
Balance at June 30, 2019	$ 17,034	$ 230	$ 17,264

Accrued restructuring costs of $11.8 million are included in accrued liabilities and $5.5 million are included in other liabilities (long-term) in the consolidated balance sheet at June 30, 2019.

Note 5. Business Combinations

RLJ Entertainment

In October 2018, the Company acquired a controlling interest in RLJE, a premium subscription streaming services company that operates Acorn TV and UMC. Acorn TV features high-quality British and International mysteries and dramas. UMC showcases quality urban programming including feature films, documentaries, original series, stand-up comedy and other exclusive content for African-American and urban audiences. In addition, RLJE owns a majority interest in Agatha Christie Ltd., a popular world-class franchise.

RLJE also controls, co-produces, and either owns or has long-term distribution rights to a large library of content primarily consisting of British mysteries and dramas, independent feature films and urban content. In addition to supporting its streaming services, the company monetizes its library through distribution operations across virtually all available media platforms and is distributed in the United States, Canada, U.K. and Australia.

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

The acquisition accounting for RLJE as reflected in these consolidated financial statements is preliminary. The estimated fair values that are not yet finalized relate to the valuation of certain tax liabilities.

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

Fair value of equity consideration transferred	$	41,513
Fair value of previously held equity interest		130,890
Fair value of redeemable noncontrolling interest		103,359
	$	275,762
Allocation to net assets acquired:		
Cash		3,360
Accounts receivable		16,316
Prepaid expenses and other current assets		963
Programming rights		69,775
Property and equipment		2,841
Other assets (equity method investments)		38,800
Intangible assets		126,600
Accounts payable		(12,008)
Accrued liabilities		(41,501)
Debt		(25,187)
		179,959
Goodwill		95,803
	$	275,762

Levity Entertainment Group LLC

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

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

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

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

Unaudited Pro forma financial information

The following unaudited pro forma financial information is based on (i) the historical financial statements of AMC Networks, (ii) the historical financial statements of RLJE and (iii) the historical financial statements of Levity and is intended to provide information about how the acquisitions may have affected the Company's historical consolidated financial statements if they had occurred as of January 1, 2018. The unaudited pro forma information has been prepared for comparative purposes only and includes adjustments for estimated additional depreciation and amortization expense as a result of tangible and identifiable intangible assets acquired. The pro forma information is not necessarily indicative of the results of operations that would have been achieved had the acquisition taken place on the date indicated or that may result in the future.

(In thousands, except per share data)	**Pro Forma Financial Information For the Three Months Ended June 30, 2018**		**Pro Forma Financial Information For the Six Months Ended June 30, 2018**	
Revenues, net	$	793,552	$	1,592,689
Income from operations before income taxes	$	101,452	$	249,680
Net income per share, basic	$	1.76	$	4.21
Net income per share, diluted	$	1.74	$	4.16

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 $88.5 million at June 30, 2019 and $90.9 million at December 31, 2018.

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 $1.5 million at June 30, 2019 and $1.2 million at December 31, 2018.

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 $61.8 million at June 30, 2019 and $71.8 million at December 31, 2018.

For the six months ended June 30, 2019, the Company recognized impairment charges of $17.7 million related to the partial 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, 2018	$ 238,431	$ 559,606	$ 798,037
Purchase accounting adjustments	—	(3,848)	(3,848)
Amortization of "second component" goodwill	(664)	—	(664)
Foreign currency translation	—	(1,442)	(1,442)
June 30, 2019	$ 237,767	$ 554,316	$ 792,083

Purchase accounting adjustments relate to the acquisition of RLJE (see Note 5).

The reduction of $0.7 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 following tables summarize information relating to the Company's identifiable intangible assets:

	June 30, 2019			
(In thousands)	**Gross**	**Accumulated Amortization**	**Net**	**Estimated Useful Lives**
Amortizable intangible assets:				
Affiliate and customer relationships	$ 615,431	$ (213,991)	$ 401,440	6 to 25 years
Advertiser relationships	46,282	(19,717)	26,565	11 years
Trade names	124,388	(21,341)	103,047	3 to 20 years
Other amortizable intangible assets	13,592	(7,173)	6,419	5 to 15 years
Total amortizable intangible assets	799,693	(262,222)	537,471	
Indefinite-lived intangible assets:				
Trademarks	19,900	—	19,900	
Total intangible assets	$ 819,593	$ (262,222)	$ 557,371	

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

Aggregate amortization expense for amortizable intangible assets for the six months ended June 30, 2019 and 2018 was $22.3 million and $19.1 million, respectively. Estimated aggregate amortization expense for intangible assets subject to amortization for each of the following five years is:

(In thousands)	
Years Ending December 31,	
2019	$ 47,938
2020	47,123
2021	46,330
2022	46,069
2023	45,987

Note 8. Accrued Liabilities

Accrued liabilities consist of the following:

(In thousands)	**June 30, 2019**	**December 31, 2018**
Interest	$ 29,936	$ 30,018
Employee related costs	71,839	100,729
Income taxes payable	9,992	1,527
Other accrued expenses	120,092	132,644
Total accrued liabilities	$ 231,859	$ 264,918

Note 9. Long-term Debt

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

(In thousands)	June 30, 2019	December 31, 2018
Senior Secured Credit Facility: [(a)]		
Term Loan A Facility	$ 750,000	$ 750,000
Senior Notes:		
4.75% Notes due August 2025	800,000	800,000
5.00% Notes due April 2024	1,000,000	1,000,000
4.75% Notes due December 2022	600,000	600,000
Other debt	—	2,584
Total long-term debt	3,150,000	3,152,584
Unamortized discount	(26,809)	(29,181)
Unamortized deferred financing costs	(12,272)	(13,848)
Long-term debt, net	3,110,919	3,109,555
Current portion of long-term debt	37,500	21,334
Noncurrent portion of long-term debt	$ 3,073,419	$ 3,088,221

(a) The Company's $500 million revolving credit facility remains undrawn at June 30, 2019. Total undrawn revolver commitments are available to be drawn for general corporate purposes of the Company.

Note 10. Leases

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

The leases generally provide for fixed annual rentals plus certain other costs or credits. Some leases include rental payments based on a percentage of revenue over contractual levels or based on an index or rate. Our lease agreements do not include any material residual value guarantees or material restrictive covenants. We rent or sublease one real estate property to a third party, which constitutes an immaterial portion of our lease portfolio.

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

(In thousands)	Balance Sheet Location		June 30, 2019
Assets			
Operating	Operating lease right-of-use asset	$	175,677
Finance	Property and equipment, net		17,240
Total lease assets		$	192,917
Liabilities			
Current:			
Operating	Current portion of lease obligations	$	27,056
Finance	Current portion of lease obligations		4,389
		$	31,445
Noncurrent:			
Operating	Lease obligations	$	203,815
Finance	Lease obligations		19,520
			223,335
Total lease liabilities		$	254,780

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

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

(In thousands)	Income Statement Location		Three Months Ended June 30, 2019		Six Months Ended June 30, 2019
Operating lease costs	SG&A expenses	$	8,241	$	16,447
Finance lease costs:					
Amortization of leased assets	Depreciation and amortization		701		1,374
Interest on lease liabilities	Net interest expense		644		1,322
Short term lease costs	SG&A expenses		1,283		2,874
Variable lease costs	SG&A expenses		169		477
Total net lease cost		$	11,038	$	22,494

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

(In thousands)		Operating Leases		Finance Leases		Total
2019	$	18,304	$	3,365	$	21,669
2020		36,305		5,886		42,191
2021		32,047		4,412		36,459
2022		34,017		4,439		38,456
2023		34,554		4,466		39,020
Thereafter		124,227		10,088		134,315
Total lease payments		279,454		32,656		312,110
Less: Interest		48,583		8,747		57,330
Present value of lease liabilities	$	230,871	$	23,909	$	254,780

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

	June 30, 2019
Weighted average remaining lease term (years):	
Operating leases	8.16
Finance leases	6.06
Weighted average discount rate:	
Operating leases	4.75%
Finance leases	10.28%

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

	June 30, 2019
Operating cash flows from operating leases	$ 17,037
Financing cash flows from finance leases	$ 2,590

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 June 30, 2019 and December 31, 2018:

(In thousands)	Level I	Level II	Level III	Total
At June 30, 2019:				
Assets				
Cash equivalents	$ 115,341	$ —	$ —	$ 115,341
Marketable securities	1,484	—	—	1,484
Foreign currency derivatives	—	2,857	—	2,857
Liabilities				
Interest rate swap contracts	$ —	$ 2,246	$ —	$ 2,246
Foreign currency derivatives	—	2,757	—	2,757
At December 31, 2018:				
Assets				
Cash equivalents	$ 68,498	$ —	$ —	$ 68,498
Marketable securities	1,173	—	—	1,173
Foreign currency derivatives	—	3,509	—	3,509
Liabilities				
Interest rate swap contracts	$ —	$ 356	$ —	$ 356
Foreign currency derivatives	—	3,121	—	3,121

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

The Company's interest rate swap contracts and foreign currency derivatives are classified within Level II of the fair value hierarchy 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.

For the three and six months ended June 30, 2018, the Company recorded a gain of $1.5 million and $9.6 million, respectively. related to the RLJE Warrants which is included in Miscellaneous, net in the condensed consolidated statement of income.

At June 30, 2019, 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:

	June 30, 2019	
(In thousands)	**Carrying Amount**	**Estimated Fair Value**
Debt instruments:		
Term loan A facility	$ 741,002	$ 743,438
4.75% Notes due August 2025	787,339	812,000
5.00% Notes due April 2024	987,419	1,026,250
4.75% Notes due December 2022	595,159	608,250
Other debt	—	—
	$ 3,110,919	$ 3,189,938

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

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

Note 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 June 30, 2019, 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	June 30, 2019	December 31, 2018
Derivatives designated as hedging instruments:			
Liabilities:			
Interest rate swap contracts	Accrued liabilities	$ 2,246	$ 356
Derivatives not designated as hedging instruments:			
Assets:			
Foreign currency derivatives	Prepaid expenses and other current assets	$ 1,321	$ 1,452
Foreign currency derivatives	Other assets	1,536	2,057
Liabilities:			
Foreign currency derivatives	Accrued liabilities	$ 716	$ 700
Foreign currency derivatives	Other liabilities	2,040	2,421

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 June 30,			Three Months Ended June 30,	
(In thousands)	2019	2018		2019	2018
Derivatives in cash flow hedging relationships:					
Interest rate swap contracts	$ (1,274)	$ —	Interest expense	$ 23	$ —

	Gain or (Loss) on Derivatives Recognized in OCI		Location of Gain or (Loss) in Earnings	Gain or (Loss) Reclassified from Accumulated OCI into Earnings	
	Six Months Ended June 30, 2019			Six Months Ended June 30, 2019	
(In thousands)	2019	2018		2019	2018
Derivatives in cash flow hedging relationships:					
Interest rate swap contracts	$ (1,925)	$ —	Interest expense	$ 35	$ —

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

(In thousands)	Location of Gain or (Loss) Recognized in Earnings on Derivatives	Amount of Gain or (Loss) Recognized in Earnings on Derivatives: Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Interest rate swap contracts	Interest expense	$ —	$ (538)	$ —	$ (684)
Foreign currency derivatives	Miscellaneous, net	(411)	474	46	181
Other derivatives	Miscellaneous, net	—	602	—	12,289
Total		$ (411)	$ 538	$ 46	$ 11,786

Note 13. Income Taxes

For the three and six months ended June 30, 2019, income tax benefit was $1.4 million and income tax expense was $45.1 million, respectively, representing a negative effective tax rate of 1% and an effective tax rate of 14%, respectively, as compared to the federal statutory rate of 21%. For the three and six months ended June 30, 2019, the effective tax rate differs from the federal statutory rate due primarily to a tax benefit of $25.0 million resulting from a decrease in valuation allowances for foreign tax assets, a tax benefit of $7.2 million and $5.6 million relating to uncertain tax positions (including accrued interest) partially offset by state and local income tax expense of $4.1 million and $7.3 million, respectively. The decrease in the valuation allowance is primarily due to the expected utilization of foreign net operating loss carryforwards resulting from the planned implementation of certain tax planning strategies. The tax benefit relating to uncertain tax positions is primarily due to an audit settlement and the filing of state income tax returns under a voluntary disclosure agreement.

For the three and six months ended June 30, 2018, income tax expense was $32.5 million and $89.4 million, respectively, representing an effective tax rate of 23% and 25%, respectively, as compared to the federal statutory rate of 21%. For the three months ended June 30, 2018, the effective tax rate differs from the federal statutory rate due primarily to state and local income tax expense of $2.3 million. For the six months ended June 30, 2018, the effective tax rate differs from the federal statutory rate due primarily to tax expense of $16.1 million for an increase in valuation allowances for foreign taxes and U.S. foreign tax credits; state and local income tax expense of $6.2 million; a tax benefit of $8.3 million for the one-time rate change on deferred tax assets and liabilities that resulted from the extension of certain television production cost deductions included in the Bipartisan Budget Act of 2018 (enacted February 9, 2018); and a tax benefit from foreign subsidiary earnings indefinitely reinvested outside the U.S. of $5.8 million.

At June 30, 2019, the Company had foreign tax credit carry forwards of approximately $27.5 million, expiring on various dates from 2022 through 2029. These carryforwards have been reduced by a valuation allowance of $27.5 million as it is more likely than not that these carry forwards will not be realized. For the six months ended June 30, 2019, $0.7 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 June 30, 2019, the Company's contractual obligations not reflected on the Company's condensed consolidated balance sheet decreased $219.9 million, as compared to December 31, 2018, to $903.9 million. The decrease relates to the adoption of the new lease standard requiring the recognition of operating leases on the balance sheet rather than disclosed as contractual obligations.

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 Compliant, 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. The trial is scheduled to begin on May 4, 2020. The Company believes that the asserted claims are without merit, denies the allegations and will defend the case vigorously. The parties in the second action are presently engaged in fact discovery. 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. The parties are presently engaged in fact discovery. 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 June 2019, AMC Networks granted 34,678 restricted stock units ("RSUs") under the 2011 Stock Plan for Non-Employee Directors to non-employee directors that vested on the date of grant.

In March 2019, AMC Networks granted 498,320 RSUs and 390,566 performance restricted stock units ("PRSUs") 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 165,194 RSUs include the achievement of certain performance targets by the Company. The PRSUs vest on the third anniversary of the grant date.

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

During the six months ended June 30, 2019, 518,583 RSUs and 349,761 PRSUs of AMC Networks Class A Common Stock previously issued to employees of the Company vested. On the vesting date, 217,265 RSUs and 150,771 PRSUs were surrendered to the Company to cover the required statutory tax withholding obligations and 301,318 RSU and 198,990 PRSU new shares of AMC Networks Class A Common Stock were issued. 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 $23.0 million, which has been reflected as a financing activity in the condensed consolidated statement of cash flows for the six months ended June 30, 2019.

Share-based compensation expense included in selling, general and administrative expense, for the three and six months ended June 30, 2019 was $16.7 million and $36.6 million, respectively, and $19.8 million and $35.1 million, respectively, the for three and six months ended June 30, 2018.

As of June 30, 2019, there was $102.8 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 2.3 years.

Note 16. Redeemable Noncontrolling Interests

The following table summarizes activity related to redeemable noncontrolling interest for the six months ended June 30, 2019.

(In thousands)	**Six Months Ended June 30, 2019**
December 31, 2018	$ 299,558
Net earnings	10,931
Distributions	(7,394)
Other	(307)
June 30, 2019	$ 302,788

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 $1.5 million for the three months ended June 30, 2019 and 2018, respectively, and $2.4 million and $3.2 million for the six months ended June 30, 2019 and 2018, respectively. Amounts charged to the Company, included in selling, general and administrative expenses, pursuant to transactions with its related parties amounted to $0.3 million and $0.2 million for the three months ended June 30, 2019 and 2018, respectively, and $0.8 million and $0.7 million for the six months ended June 30, 2019 and 2018, respectively.

Note 18. Cash Flows

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

	Six Months Ended June 30,	
(In thousands)	**2019**	**2018**
Non-Cash Investing and Financing Activities:		
Capital expenditures incurred but not yet paid	$ 1,731	$ 2,419
Treasury stock not yet settled	832	—
Supplemental Data:		
Cash interest paid	76,664	71,750
Income taxes paid, net	77,985	60,413

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, 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 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 June 30, 2019			
(In thousands)	**National Networks**	**International and Other**	**Inter-segment eliminations**	**Consolidated**
Revenues, net				
Advertising	$ 219,490	$ 23,535	$ (49)	$ 242,976
Distribution	385,249	155,991	(11,917)	529,323
Consolidated revenues, net	$ 604,739	$ 179,526	$ (11,966)	$ 772,299
Operating income (loss)	$ 214,198	$ (27,284)	$ (16,657)	$ 170,257
Share-based compensation expense	13,821	2,904	—	16,725
Restructuring and other related charges	274	16,888	—	17,162
Depreciation and amortization	8,179	17,714	—	25,893
Majority-owned equity investees AOI	—	1,608	—	1,608
Adjusted operating income	$ 236,472	$ 11,830	$ (16,657)	$ 231,645

	Three Months Ended June 30, 2018			
(In thousands)	**National Networks**	**International and Other**	**Inter-segment eliminations**	**Consolidated**
Revenues, net				
Advertising	$ 246,829	$ 23,433	$ —	270,262
Distribution	380,460	123,278	(12,615)	491,123
Consolidated revenues, net	$ 627,289	$ 146,711	$ (12,615)	$ 761,385
Operating income (loss)	$ 210,007	$ (11,338)	$ (7,138)	191,531
Share-based compensation expense	16,259	3,494	—	19,753
Restructuring and other related charges	—	—	—	—
Depreciation and amortization	8,412	13,257	—	21,669
Majority-owned equity investees AOI	—	—	—	—
Adjusted operating income	$ 234,678	$ 5,413	$ (7,138)	$ 232,953

	Six Months Ended June 30, 2019			
(In thousands)	**National Networks**	**International and Other**	**Inter-segment eliminations**	**Consolidated**
Revenues, net				
Advertising	$ 458,579	$ 44,741	$ (51)	$ 503,269
Distribution	762,279	305,874	(14,902)	1,053,251
Consolidated revenues, net	$ 1,220,858	$ 350,615	$ (14,953)	$ 1,556,520
Operating income (loss)	$ 465,702	$ (41,031)	$ (9,551)	$ 415,120
Share-based compensation expense	30,090	6,534	—	36,624
Restructuring and other related charges	576	19,923	(695)	19,804
Depreciation and amortization	16,791	33,158	—	49,949
Majority-owned equity investees AOI	—	3,188	—	3,188
Adjusted operating income	$ 513,159	$ 21,772	$ (10,246)	$ 524,685

	Six Months Ended June 30, 2018			
(In thousands)	**National Networks**	**International and Other**	**Inter-segment eliminations**	**Consolidated**
Revenues, net				
Advertising	$ 472,559	$ 45,943	$ —	$ 518,502
Distribution	787,758	212,158	(16,210)	983,706
Consolidated revenues, net	$ 1,260,317	$ 258,101	$ (16,210)	$ 1,502,208
Operating income (loss)	$ 459,859	$ (28,151)	$ (6,522)	$ 425,186
Share-based compensation expense	28,786	6,286	—	35,072
Depreciation and amortization	16,907	25,116	—	42,023
Adjusted operating income	$ 505,552	$ 3,251	$ (6,522)	$ 502,281

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 June 30,		Six Months Ended June 30,	
(In thousands)	**2019**	**2018**	**2019**	**2018**
Inter-segment revenues				
National Networks	$ (10,260)	$ (12,615)	$ (11,650)	$ (15,150)
International and Other	(1,706)	—	(3,303)	(1,060)
	$ (11,966)	$ (12,615)	$ (14,953)	$ (16,210)

The table below summarizes revenues based on customer location:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2019**	**2018**	**2019**	**2018**
Revenues				
United States	$ 605,114	$ 600,195	$ 1,267,578	$ 1,186,763
Europe	111,983	116,422	191,417	202,686
Other	55,202	44,768	97,525	112,759
	$ 772,299	$ 761,385	$ 1,556,520	$ 1,502,208

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

(In thousands)	June 30, 2019	December 31, 2018
Property and equipment, net		
United States	$ 223,938	$ 202,833
Europe	25,871	27,218
Other	14,807	16,211
	$ 264,616	$ 246,262

Note 20. Condensed Consolidating Financial Statements

Debt of AMC Networks includes $600 million of 4.75% senior notes due December 2022, $1 billion of 5.00% senior notes due April 2024 and $800 million of 4.75% senior notes due August 2025. All outstanding senior notes issued by AMC Networks (for purposes of this Note 20, "Parent Company") are guaranteed on a senior unsecured basis by certain of its existing and future domestic restricted subsidiaries (the "Guarantor Subsidiaries"). All Guarantor Subsidiaries are owned 100% by AMC Networks. The outstanding notes are fully and unconditionally guaranteed by the Guarantor Subsidiaries on a joint and several basis.

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

Basis of Presentation

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

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

Condensed Consolidating Balance Sheet
June 30, 2019

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 93	$ 486,735	$ 219,514	$ —	$ 706,342
Accounts receivable, trade (less allowance for doubtful accounts)	—	578,372	259,915	—	838,287
Current portion of program rights, net	—	286,888	147,258	(377)	433,769
Prepaid expenses, other current assets and intercompany receivable	(12,513)	197,289	22,281	(40,876)	166,181
Total current assets	(12,420)	1,549,284	648,968	(41,253)	2,144,579
Property and equipment, net of accumulated depreciation	—	197,164	67,452	—	264,616
Investment in affiliates	3,865,679	1,673,727	—	(5,539,406)	—
Program rights, net	—	876,166	239,209	(1,337)	1,114,038
Long-term intercompany notes receivable	—	—	92	(92)	—
Deferred carriage fees, net	—	21,261	2,059	—	23,320
Intangible assets, net	—	156,477	400,894	—	557,371
Goodwill	—	64,618	727,465	—	792,083
Deferred tax asset, net	9	—	48,989	—	48,998
Operating lease right-of-use asset	99,141	18,487	58,049	—	175,677
Other assets	—	165,489	274,478	1,085	441,052
Total assets	$ 3,952,409	$ 4,722,673	$ 2,467,655	$ (5,581,003)	$ 5,561,734
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable	$ (19)	$ 34,008	$ 71,364	$ —	$ 105,353
Accrued liabilities and intercompany payable	40,572	126,975	105,188	(40,876)	231,859
Current portion of program rights obligations	—	255,601	90,198	—	345,799
Deferred revenue	—	27,708	29,498	(629)	56,577
Current portion of long-term debt	37,500	—	—	—	37,500
Current portion of lease obligations	13,643	5,854	11,948	—	31,445
Total current liabilities	91,696	450,146	308,196	(41,505)	808,533
Program rights obligations	—	273,890	15,838	—	289,728
Long-term debt, net	3,073,419	—	—	—	3,073,419
Lease obligations	122,332	19,989	81,014	—	223,335
Deferred tax liability, net	100,226	—	34,775	—	135,001
Other liabilities and intercompany notes payable	22,916	118,159	19,434	(92)	160,417
Total liabilities	3,410,589	862,184	459,257	(41,597)	4,690,433
Commitments and contingencies					
Redeemable noncontrolling interests	—	(5,190)	307,978	—	302,788
Stockholders' equity:					
AMC Networks stockholders' equity	541,820	3,865,679	1,673,727	(5,539,406)	541,820
Non-redeemable noncontrolling interests	—	—	26,693	—	26,693
Total stockholders' equity	541,820	3,865,679	1,700,420	(5,539,406)	568,513
Total liabilities and stockholders' equity	$ 3,952,409	$ 4,722,673	$ 2,467,655	$ (5,581,003)	$ 5,561,734

Condensed Consolidating Balance Sheet

December 31, 2018

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 121	$ 368,151	$ 186,614	$ —	$ 554,886
Accounts receivable, trade (including amounts due from related parties, net, less allowance for doubtful accounts)	16	600,121	235,840	—	835,977
Current portion of program rights, net	—	292,002	148,955	(218)	440,739
Prepaid expenses, other current assets and intercompany receivable	6,543	158,936	23,549	(57,219)	131,809
Total current assets	6,680	1,419,210	594,958	(57,437)	1,963,411
Property and equipment, net of accumulated depreciation	—	175,040	71,222	—	246,262
Investment in affiliates	3,656,003	1,655,083	—	(5,311,086)	—
Program rights, net	—	969,802	245,862	(1,613)	1,214,051
Long-term intercompany notes receivable	—	—	190	(190)	—
Deferred carriage fees, net	—	15,993	838	—	16,831
Intangible assets, net	—	161,417	417,490	—	578,907
Goodwill	—	65,282	732,755	—	798,037
Deferred tax asset, net	—	—	19,272	—	19,272
Other assets	—	149,724	292,068		441,792
Total assets	$ 3,662,683	$ 4,611,551	$ 2,374,655	$ (5,370,326)	$ 5,278,563
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable	$ —	$ 34,630	$ 72,436	$ —	$ 107,066
Accrued liabilities and intercompany payable	35,189	173,836	114,943	(59,050)	264,918
Current portion of program rights obligations	—	259,414	84,175	—	343,589
Deferred revenue	—	34,608	20,816	—	55,424
Current portion of long-term debt	18,750	—	2,584	—	21,334
Current portion of capital lease obligations	—	2,941	2,149	—	5,090
Total current liabilities	53,939	505,429	297,103	(59,050)	797,421
Program rights obligations	—	349,814	23,435	—	373,249
Long-term debt, net	3,088,221	—	—	—	3,088,221
Capital lease obligations	—	1,420	20,007	—	21,427
Deferred tax liability, net	140,474	—	4,969	—	145,443
Other liabilities and intercompany notes payable	63,369	98,885	45,972	(190)	208,036
Total liabilities	3,346,003	955,548	391,486	(59,240)	4,633,797
Commitments and contingencies					
Redeemable noncontrolling interests	—	—	299,558	—	299,558
Stockholders' equity:					
AMC Networks stockholders' equity	316,680	3,656,003	1,655,083	(5,311,086)	316,680
Non-redeemable noncontrolling interests	—	—	28,528	—	28,528
Total stockholders' equity	316,680	3,656,003	1,683,611	(5,311,086)	345,208
Total liabilities and stockholders' equity	$ 3,662,683	$ 4,611,551	$ 2,374,655	$ (5,370,326)	$ 5,278,563

Condensed Consolidating Statement of Income
Three Months Ended June 30, 2019

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenues, net	$ —	$ 517,109	$ 260,819	$ (5,629)	$ 772,299
Operating expenses:					
Technical and operating (excluding depreciation and amortization)	—	233,579	153,147	(1,103)	385,623
Selling, general and administrative	—	109,447	68,339	(4,422)	173,364
Depreciation and amortization	—	12,587	13,306	—	25,893
Restructuring and other related charges	—	16,575	587	—	17,162
Total operating expenses	—	372,188	235,379	(5,525)	602,042
Operating income	—	144,921	25,440	(104)	170,257
Other income (expense):					
Interest expense, net	(39,028)	3,723	334	—	(34,971)
Share of affiliates’ income	162,140	15,834	—	(177,974)	—
Miscellaneous, net	(41)	100	(2,860)	104	(2,697)
Total other income (expense)	123,071	19,657	(2,526)	(177,870)	(37,668)
Income from operations before income taxes	123,071	164,578	22,914	(177,974)	132,589
Income tax benefit (expense)	5,672	(2,438)	(1,838)	—	1,396
Net income including noncontrolling interests	128,743	162,140	21,076	(177,974)	133,985
Net income attributable to noncontrolling interests	—	—	(5,242)	—	(5,242)
Net income attributable to AMC Networks’ stockholders	$ 128,743	$ 162,140	$ 15,834	$ (177,974)	$ 128,743

Condensed Consolidating Statement of Income
Three Months Ended June 30, 2018

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenues, net	$ —	$ 549,262	$ 216,006	$ (3,883)	$ 761,385
Operating expenses:					
Technical and operating (excluding depreciation and amortization)	—	248,181	129,742	(1,114)	376,809
Selling, general and administrative	—	120,463	53,686	(2,773)	171,376
Depreciation and amortization	—	11,175	10,494	—	21,669
Total operating expenses	—	379,819	193,922	(3,887)	569,854
Operating income	—	169,443	22,084	4	191,531
Other income (expense):					
Interest expense, net	(37,834)	11,715	(7,814)	—	(33,933)
Share of affiliates’ income (loss)	172,233	(4,192)	—	(168,041)	—
Miscellaneous, net	259	(2,504)	(12,470)	(4)	(14,719)
Total other income (expense)	134,658	5,019	(20,284)	(168,045)	(48,652)
Income from operations before income taxes	134,658	174,462	1,800	(168,041)	142,879
Income tax expense	(28,477)	(2,229)	(1,841)	—	(32,547)
Net income including noncontrolling interests	106,181	172,233	(41)	(168,041)	110,332
Net income attributable to noncontrolling interests	—	—	(4,151)	—	(4,151)
Net income attributable to AMC Networks’ stockholders	$ 106,181	$ 172,233	$ (4,192)	$ (168,041)	$ 106,181

Condensed Consolidating Statement of Income

Six Months Ended June 30, 2019

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenues, net	$ —	$ 1,091,339	$ 473,579	$ (8,398)	$ 1,556,520
Operating expenses:					
Technical and operating (excluding depreciation and amortization)	—	454,067	273,865	(2,161)	725,771
Selling, general and administrative	—	221,028	131,170	(6,322)	345,876
Depreciation and amortization	—	25,124	24,825	—	49,949
Restructuring and other related charges	—	16,292	3,512	—	19,804
Total operating expenses	—	716,511	433,372	(8,483)	1,141,400
Operating income	—	374,828	40,207	85	415,120
Other income (expense):					
Interest expense, net	(77,957)	6,906	635	—	(70,416)
Share of affiliates' income	386,384	8,523	—	(394,907)	—
Miscellaneous, net	(140)	809	(16,066)	(85)	(15,482)
Total other income (expense)	308,287	16,238	(15,431)	(394,992)	(85,898)
Income from operations before income taxes	308,287	391,066	24,776	(394,907)	329,222
Income tax expense	(36,147)	(4,682)	(4,251)	—	(45,080)
Net income including noncontrolling interests	272,140	386,384	20,525	(394,907)	284,142
Net income attributable to noncontrolling interests	—	—	(12,002)	—	(12,002)
Net income attributable to AMC Networks' stockholders	$ 272,140	$ 386,384	$ 8,523	$ (394,907)	$ 272,140

Condensed Consolidating Statement of Income
Six Months Ended June 30, 2018

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenues, net	$ —	$ 1,124,179	$ 386,392	$ (8,363)	$ 1,502,208
Operating expenses:					
Technical and operating (excluding depreciation and amortization)	—	470,802	228,264	(1,892)	697,174
Selling, general and administrative	—	242,522	101,775	(6,472)	337,825
Depreciation and amortization	—	21,979	20,044	—	42,023
Total operating expenses	—	735,303	350,083	(8,364)	1,077,022
Operating income	—	388,876	36,309	1	425,186
Other income (expense):					
Interest expense, net	(74,741)	23,612	(15,990)	—	(67,119)
Share of affiliates’ income	419,715	13,306	—	(433,021)	—
Loss on extinguishment of debt	—	—	—	—	—
Miscellaneous, net	53	(1,770)	3,945	(1)	2,227
Total other income (expense)	345,027	35,148	(12,045)	(433,022)	(64,892)
Income from operations before income taxes	345,027	424,024	24,264	(433,021)	360,294
Income tax expense	(81,976)	(4,309)	(3,141)	—	(89,426)
Net income including noncontrolling interests	263,051	419,715	21,123	(433,021)	270,868
Net income attributable to noncontrolling interests	—	—	(7,817)	—	(7,817)
Net income attributable to AMC Networks’ stockholders	$ 263,051	$ 419,715	$ 13,306	$ (433,021)	$ 263,051

Condensed Consolidating Statement of Comprehensive Income
Three Months Ended June 30, 2019

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net income including noncontrolling interests	$ 128,743	$ 162,140	$ 21,076	$ (177,974)	$ 133,985
Other comprehensive income (loss):					
Foreign currency translation adjustment	553		553	(553)	553
Unrealized loss on interest rate swaps	(1,625)	—	—	—	(1,625)
Other comprehensive income, before income taxes	(1,072)	—	553	(553)	(1,072)
Income tax expense	374	—	—	—	374
Other comprehensive (loss) income, net of income taxes	(698)	—	553	(553)	(698)
Comprehensive income	128,045	162,140	21,629	(178,527)	133,287
Comprehensive income attributable to noncontrolling interests	—	—	(5,033)	—	(5,033)
Comprehensive income attributable to AMC Networks' stockholders	$ 128,045	$ 162,140	$ 16,596	$ (178,527)	$ 128,254

Condensed Consolidating Statement of Comprehensive Income
Three Months Ended June 30, 2018

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net income including noncontrolling interest	$ 106,181	$ 172,233	$ (41)	$ (168,041)	$ 110,332
Other comprehensive income (loss):					
Foreign currency translation adjustment	(45,759)	—	45,759	(45,759)	(45,759)
Other comprehensive (loss) income, net of income taxes	(45,759)	—	45,759	(45,759)	(45,759)
Comprehensive income	60,422	172,233	45,718	(213,800)	64,573
Comprehensive income attributable to noncontrolling interests	—	—	(2,173)	—	(2,173)
Comprehensive income attributable to AMC Networks' stockholders	$ 60,422	$ 172,233	$ 43,545	$ (213,800)	$ 62,400

Condensed Consolidating Statement of Comprehensive Income
Six Months Ended June 30, 2019

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net income including noncontrolling interest	$ 272,140	$ 386,384	$ 20,525	$ (394,907)	$ 284,142
Other comprehensive income (loss):					
Foreign currency translation adjustment	(5,210)	—	(5,210)	5,210	(5,210)
Unrealized loss on interest rate swaps	(2,263)	—	—	—	(2,263)
Other comprehensive loss, before income taxes	(7,473)	—	(5,210)	5,210	(7,473)
Income tax expense	523	—	—	—	523
Other comprehensive loss, net of income taxes	(6,950)	—	(5,210)	5,210	(6,950)
Comprehensive income	265,190	386,384	15,315	(389,697)	277,192
Comprehensive income attributable to noncontrolling interests	—	—	(11,831)	—	(11,831)
Comprehensive income attributable to AMC Networks' stockholders	$ 265,190	$ 386,384	$ 3,484	$ (389,697)	$ 265,361

Condensed Consolidating Statement of Comprehensive Income
Six Months Ended June 30, 2018

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net income including noncontrolling interest	$ 263,051	$ 419,715	$ 21,123	$ (433,021)	$ 270,868
Other comprehensive income (loss):					
Foreign currency translation adjustment	(26,955)	—	26,955	(26,955)	(26,955)
Other comprehensive (loss) income, net of income taxes	(26,955)	—	26,955	(26,955)	(26,955)
Comprehensive income	236,096	419,715	48,078	(459,976)	243,913
Comprehensive income attributable to noncontrolling interests	—	—	(6,736)	—	(6,736)
Comprehensive income attributable to AMC Networks' stockholders	$ 236,096	$ 419,715	$ 41,342	$ (459,976)	$ 237,177

Condensed Consolidating Statement of Cash Flows
Six Months Ended June 30, 2019

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net cash provided by operating activities	$ 273,682	$ 400,444	$ 9,726	$ (394,915)	$ 288,937
Cash flows from investing activities:					
Capital expenditures	—	(45,445)	(4,018)	—	(49,463)
Return of capital from investees	—	—	5,908	—	5,908
Investment in and loans to investees	—	—	—	—	—
Payments for acquisition of a business, net of cash acquired	—	—	—	—	—
Increase (decrease) to investment in affiliates	(221,104)	(44,279)	—	265,383	—
Net cash (used in) provided by investing activities	(221,104)	(89,724)	1,890	265,383	(43,555)
Cash flows from financing activities:					
Proceeds from the issuance of long-term debt	—	—	—	—	—
Repayment of long-term debt	—	—	(2,717)	—	(2,717)
Deemed repurchases of restricted stock units	(23,019)	—	—	—	(23,019)
Purchase of treasury stock	(58,440)	—	—	—	(58,440)
Proceeds from stock option exercises	4,630	—	—	—	4,630
Principal payments on finance lease obligations	—	(1,536)	(1,054)	—	(2,590)
Distributions to noncontrolling interests	—	—	(10,129)	—	(10,129)
Net cash used in financing activities	(76,829)	(1,536)	(13,900)	—	(92,265)
Net (decrease) increase in cash and cash equivalents from operations	(24,251)	309,184	(2,284)	(129,532)	153,117
Effect of exchange rate changes on cash and cash equivalents	24,223	(190,600)	35,184	129,532	(1,661)
Cash and cash equivalents at beginning of period	121	368,151	186,614	—	554,886
Cash and cash equivalents at end of period	$ 93	$ 486,735	$ 219,514	$ —	$ 706,342

Condensed Consolidated Statement of Cash Flows

Six Months Ended June 30, 2018

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net cash provided by operating activities	$ 296,928	$ 852,314	$ (437,627)	$ (433,038)	$ 278,577
Cash flows from investing activities:					
Capital expenditures	—	(32,827)	(4,575)	—	(37,402)
Return of capital from investees	—	—	347	—	347
Investment in investees	—	—	(87,488)	—	(87,488)
Payments for acquisition of a business, net of cash acquired	—	—	(34,879)	—	(34,879)
Increase (decrease) to investment in affiliates	(46,945)	(1,550,189)	896,005	701,129	—
Net cash (used in) provided by investing activities	(46,945)	(1,583,016)	769,410	701,129	(159,422)
Cash flows from financing activities:					
Proceeds from the issuance of long-term debt	—	—	—	—	—
Principal payments on long-term debt	—	—	—	—	—
Payments for financing costs	—	—	—	—	—
Deemed repurchases of restricted stock units	(15,734)	—	—	—	(15,734)
Purchase of treasury stock	(242,409)	—	—	—	(242,409)
Proceeds from stock option exercises	4,317	—	—	—	4,317
Principal payments on capital lease obligations	—	(1,464)	(1,161)	—	(2,625)
Distributions to noncontrolling interests	—	—	(6,967)	—	(6,967)
Net cash used in financing activities	(253,826)	(1,464)	(8,128)	—	(263,418)
Net (decrease) increase in cash and cash equivalents from operations	(3,843)	(732,166)	323,655	268,091	(144,263)
Effect of exchange rate changes on cash and cash equivalents	6,408	584,331	(321,044)	(268,091)	1,604
Cash and cash equivalents at beginning of period	320	391,248	167,215	—	558,783
Cash and cash equivalents at end of period	$ 2,885	$ 243,413	$ 169,826	$ —	$ 416,124

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

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

- the level of our revenues;
- market demand, 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 2018 Annual Report on Form 10-K (the "2018 Form 10-K"), as filed with the Securities and Exchange Commission ("SEC").

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

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 2018 Form 10-K to enhance the understanding of our financial condition, changes in financial condition and results of our operations. Unless the context otherwise requires, all references to "we," "us," "our," "AMC Networks" or the "Company" refer to AMC Networks Inc., together with its subsidiaries. MD&A is organized as follows:

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

Consolidated Results of Operations. This section provides an analysis of our results of operations for the three and six months ended June 30, 2019 compared to the three and six months ended June 30, 2018. 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 June 30, 2019, as well as an analysis of our cash flows for the six months ended June 30, 2019 and 2018. 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 June 30, 2019 as compared to December 31, 2018.

Critical Accounting Policies and Estimates. This section provides an update, if any, to our significant accounting policies or critical accounting estimates since December 31, 2018.

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 in the U.S.; and AMC and IFC in Canada. 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*: Principally includes AMC Networks International (AMCNI), the Company's international programming businesses consisting of a portfolio of channels around the world; IFC Films, the Company's independent film distribution business; Levity Entertainment Group ("Levity"), acquired April 20, 2018, our production services and comedy venues company; RLJ Entertainment Inc. ("RLJE"), acquired October 1, 2018, a content distribution company that also includes the subscription streaming services Acorn TV and UMC, and our wholly-owned subscription streaming services, Shudder and Sundance Now.

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.

(In thousands)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Revenues, net				
National Networks	$ 604,739	$ 627,289	$ 1,220,858	$ 1,260,317
International and Other	179,526	146,711	350,615	258,101
Inter-segment eliminations	(11,966)	(12,615)	(14,953)	(16,210)
Consolidated revenues, net	$ 772,299	$ 761,385	$ 1,556,520	$ 1,502,208
Operating income (loss)				
National Networks	$ 214,198	$ 210,007	$ 465,702	$ 459,859
International and Other	(27,284)	(11,338)	(41,031)	(28,151)
Inter-segment eliminations	(16,657)	(7,138)	(9,551)	(6,522)
Consolidated operating income	$ 170,257	$ 191,531	$ 415,120	$ 425,186
AOI				
National Networks	$ 236,472	$ 234,678	$ 513,159	$ 505,552
International and Other	11,830	5,413	21,772	3,251
Inter-segment eliminations	(16,657)	(7,138)	(10,246)	(6,522)
Consolidated AOI	$ 231,645	$ 232,953	$ 524,685	$ 502,281

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

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:

(In thousands)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Operating income	$ 170,257	$ 191,531	$ 415,120	$ 425,186
Share-based compensation expense	16,725	19,753	36,624	35,072
Restructuring and other related charges	17,162	—	19,804	—
Depreciation and amortization	25,893	21,669	49,949	42,023
Majority-owned equity investees AOI	1,608	—	3,188	—
AOI	$ 231,645	$ 232,953	$ 524,685	$ 502,281

Items Impacting Comparability

RLJE

In October 2018, we acquired a controlling interest in RLJE. The operating results of RLJE are included in our International and Other segment in the consolidated statements of income from the acquisition date through June 30, 2019.

Levity

In April 2018, we acquired a controlling interest in Levity. The operating results of Levity are included in our International and Other segment in the consolidated statements of income from the acquisition date through June 30, 2019.

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. Program rights write-offs, included in technical and operating expense, were $10.1 million and $3.8 million for the three months ended June 30, 2019 and June 30, 2018, respectively. Program rights write-offs, included in technical and operating expense, were $13.4 million and $8.4 million for the six months ended June 30, 2019 and June 30, 2018, respectively. Program write-offs, included in Restructuring and other related charges, were $13.0 million for the three and six months ended June 30, 2019 and were related to the direct to consumer change in business strategy (see "Restructuring and other related charges" below).

International and Other

Our International and Other segment primarily includes the operations of AMCNI, Levity, RLJE (which includes the subscription streaming services Acorn TV and UMC), IFC Films, our independent film distribution business and our wholly-owned subscription streaming services, Shudder and Sundance Now.

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 wholly-owned subscription streaming services Shudder and Sundance Now, as well as subscription streaming services operated by RLJE; AcornTV and UMC, (iii) the distribution of content of IFC Films and RLJE, and (iv) Levity's operation of comedy venues. 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. For the six months ended June 30, 2019, distribution revenues represented 87% of the revenues of the International and Other segment. 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 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 June 30, 2019 Compared to Three Months Ended June 30, 2018

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

	Three Months Ended June 30,					
	2019		2018			
(In thousands)	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 772,299	100.0 %	$ 761,385	100.0 %	$ 10,914	1.4 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	385,623	49.9	376,809	49.5	8,814	2.3
Selling, general and administrative	173,364	22.4	171,376	22.5	1,988	1.2
Depreciation and amortization	25,893	3.4	21,669	2.8	4,224	19.5
Restructuring and other related charges	17,162	2.2	—	—	17,162	n/m
Total operating expenses	602,042	78.0	569,854	74.8	32,188	5.6
Operating income	170,257	22.0	191,531	25.2	(21,274)	(11.1)
Other income (expense):						
Interest expense, net	(34,971)	(4.5)	(33,933)	(4.5)	(1,038)	3.1
Loss on extinguishment of debt	—	—		—	—	n/m
Miscellaneous, net	(2,697)	(0.3)	(14,719)	(1.9)	12,022	(81.7)
Total other income (expense)	(37,668)	(4.9)	(48,652)	(6.4)	10,984	(22.6)
Net income from operations before income taxes	132,589	17.2	142,879	18.8	(10,290)	(7.2)
Income tax expense	1,396	0.2	(32,547)	(4.3)	33,943	(104.3)
Net income including noncontrolling interests	133,985	17.3	110,332	14.5	23,653	21.4
Net income attributable to noncontrolling interests	(5,242)	(0.7)	(4,151)	(0.5)	(1,091)	26.3 %
Net income attributable to AMC Networks' stockholders	$ 128,743	16.7 %	$ 106,181	13.9 %	$ 22,562	21.2 %

National Networks Segment Results

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

	Three Months Ended June 30,					
	2019		2018			
(In thousands)	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 604,739	100.0%	$ 627,289	100.0%	$ (22,550)	(3.6)%
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	269,147	44.5	285,326	45.5	(16,179)	(5.7)
Selling, general and administrative	112,941	18.7	123,544	19.7	(10,603)	(8.6)
Depreciation and amortization	8,179	1.4	8,412	1.3	(233)	(2.8)
Restructuring and other related charges	274	—	—	—	274	n/m
Operating income	$ 214,198	35.4%	$ 210,007	33.5%	$ 4,191	2.0 %
Share-based compensation expense	13,821	2.3	16,259	2.6	(2,438)	(15.0)
Restructuring and other related charges	274	—	—	—	274	n/m
Depreciation and amortization	8,179	1.4	8,412	1.3	(233)	(2.8)
AOI	$ 236,472	39.1%	$ 234,678	37.4%	$ 1,794	0.8 %

International and Other Segment Results

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

	Three Months Ended June 30,					
	2019		2018			
(In thousands)	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 179,526	100.0 %	$ 146,711	100.0 %	$ 32,815	22.4 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	111,722	62.2	96,932	66.1	14,790	15.3
Selling, general and administrative	60,486	33.7	47,860	32.6	12,626	26.4
Depreciation and amortization	17,714	9.9	13,257	9.0	4,457	33.6
Restructuring and other related charges	16,888	9.4	—	—	16,888	n/m
Operating loss	$ (27,284)	(15.2)%	$ (11,338)	(7.7)%	$ (15,946)	140.6 %
Share-based compensation expense	2,904	1.6	3,494	2.4	(590)	(16.9)
Restructuring and other related charges	16,888	9.4	—	—	16,888	n/m
Depreciation and amortization	17,714	9.9	13,257	9.0	4,457	33.6
Majority-owned equity investees AOI	1,608	0.9	—	—	1,608	n/m
AOI	$ 11,830	6.6 %	$ 5,413	3.7 %	$ 6,417	118.5 %

Revenues, net

Revenues, net increased $10.9 million to $772.3 million for the three months ended June 30, 2019 as compared to the three months ended June 30, 2018. The net change by segment was as follows:

	Three Months Ended June 30,					
(In thousands)	**2019**	**% of total**	**2018**	**% of total**	**$ change**	**% change**
National Networks	$ 604,739	78.3 %	$ 627,289	82.4 %	$ (22,550)	(3.6)%
International and Other	179,526	23.2	146,711	19.3	32,815	22.4
Inter-segment eliminations	(11,966)	(1.5)	(12,615)	(1.7)	649	(5.1)
Consolidated revenues, net	$ 772,299	100.0 %	$ 761,385	100.0 %	$ 10,914	1.4 %

National Networks

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

	Three Months Ended June 30,					
(In thousands)	**2019**	**% of total**	**2018**	**% of total**	**$ change**	**% change**
Advertising	$ 219,490	36.3%	$ 246,829	39.3%	$ (27,339)	(11.1)%
Distribution	385,249	63.7	380,460	60.7	4,789	1.3
	$ 604,739	100.0%	$ 627,289	100.0%	$ (22,550)	(3.6)%

- The decrease of $27.3 million in advertising revenues was due to a decrease of $34.6 million at AMC due primarily to the timing of our original programming as well as lower ratings, partially mitigated by pricing. The decrease at AMC was partially offset by increases at all of our other networks. Most of our advertising revenues vary based on the timing of our original programming series and the popularity of our programming as measured by Nielsen. Due to these factors, we expect advertising revenues to vary from quarter to quarter.

- Distribution revenues increased $4.8 million due to an increase of $5.5 million in content licensing revenue, primarily at AMC, from foreign distribution. Subscription revenues decreased slightly as compared to the prior comparable period due to lower subscribers and the impact of an interpretation of a contractual provision in an affiliate agreement, partially offset by pricing. 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 increase in International and Other revenues, net was attributable to the following:

	Three Months Ended June 30,					
(In thousands)	**2019**	**% of total**	**2018**	**% of total**	**$ change**	**% change**
Advertising	$ 23,535	13.1%	$ 23,433	16.0%	$ 102	0.4%
Distribution	155,991	86.9	123,278	84.0	32,713	26.5
	$ 179,526	100.0%	$ 146,711	100.0%	$ 32,815	22.4%

Distribution revenues increased primarily due to a $35.6 million impact from the acquisitions of Levity and RLJE, and a $6.4 million increase from our subscription streaming services. Distribution revenue at AMCNI decreased $4.9 million, excluding the impact of foreign currency fluctuations, primarily due to the termination of distribution in certain territories. Foreign currency translation had an unfavorable impact to distribution revenues of $4.5 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 $8.8 million to $385.6 million for the three months ended June 30, 2019 as compared to the three months ended June 30, 2018. The net change by segment was as follows:

(In thousands)	Three Months Ended June 30, 2019	2018	$ change	% change
National Networks	$ 269,147	$ 285,326	$ (16,179)	(5.7)%
International and Other	111,722	96,932	14,790	15.3 %
Inter-segment eliminations	4,754	(5,449)	10,203	(187.2)%
Total	$ 385,623	$ 376,809	$ 8,814	2.3 %
Percentage of revenues, net	49.9%	49.5%		

National Networks

The decrease in technical and operating expense was primarily attributable to a decrease of $16.8 million in other direct programming costs attributable to lower personnel and production related costs, partially offset by a slight increase of $0.6 million in program rights amortization expense. Program rights amortization expense includes write-offs of $10.1 million for the three months ended June 30, 2019 as compared to program rights write-offs of $3.8 million for the three months ended June 30, 2018. 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 increased primarily due to a $20.2 million impact from the acquisitions of Levity and RLJE. In addition, technical and operating expense increased $3.9 million at our subscription streaming services. Technical and operating expense at AMCNI decreased $5.6 million, excluding the impact of foreign currency fluctuations. Foreign currency translation had a favorable impact to the change in technical and operating expense of $3.8 million.

Selling, general and administrative expense

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

Selling, general and administrative expense increased $2.0 million to $173.4 million for the three months ended June 30, 2019, as compared to the three months ended June 30, 2018. The net change by segment was as follows:

(In thousands)	Three Months Ended June 30, 2019	2018	$ change	% change
National Networks	$ 112,941	$ 123,544	$ (10,603)	(8.6)%
International and Other	60,486	47,860	12,626	26.4
Inter-segment eliminations	(63)	(28)	(35)	125.0
Total	$ 173,364	$ 171,376	$ 1,988	1.2 %
Percentage of revenues, net	22.4%	22.5%		

National Networks

Selling, general and administrative expense decreased $10.6 million principally as a result of a $9.4 million decrease in advertising and marketing expense related to the timing of promotion 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 $12.6 million primarily due to a $15.5 million impact from the acquisitions of Levity and RLJE. Foreign currency translation had a favorable impact to the change in selling, general and administrative expense of $2.0 million.

Depreciation and amortization

Depreciation and amortization expense increased $4.2 million to $25.9 million for the three months ended June 30, 2019, as compared to the three months ended June 30, 2018. The net change by segment was as follows:

	Three Months Ended June 30,			
(In thousands)	**2019**	**2018**	**$ change**	**% change**
National Networks	$ 8,179	$ 8,412	$ (233)	(2.8)%
International and Other	17,714	13,257	4,457	33.6
	$ 25,893	$ 21,669	$ 4,224	19.5 %

The increase in depreciation and amortization expense in the International and Other segment was primarily due to a $3.2 million impact from the acquisitions of Levity and RLJE as well as an increase in depreciation expense of $1.8 million related to leasehold additions.

Restructuring and other related charges

Restructuring expense of $17.2 million for the three months ended June 30, 2019 primarily related to the direct to consumer re-organization charges and consisted of severance and other personnel related costs and programming write-offs incurred at AMCNI for costs associated with the termination of distribution in certain territories.

In May 2019, management commenced a restructuring initiative of the Company's owned subscription streaming services. The restructuring combined the Company's owned subscription streaming services under one management team. In connection with this re-organization, a number of roles were eliminated to address redundancy at the senior management level and improve the effectiveness of management while reducing the cost structure of the Company. As a result, the Company incurred restructuring charges of $1.3 million related to severance and other personnel related costs.

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

In connection with the restructuring announced in 2018, the Company incurred additional severance and other personnel related costs of $2.9 million.

Operating Income

	Three Months Ended June 30,			
(In thousands)	**2019**	**2018**	**$ change**	**% change**
National Networks	$ 214,198	$ 210,007	$ 4,191	2.0 %
International and Other	(27,284)	(11,338)	(15,946)	140.6
Inter-segment Eliminations	(16,657)	(7,138)	(9,519)	133.4
	$ 170,257	$ 191,531	$ (21,274)	(11.1)%

The increase in operating income at the National Networks segment was primarily attributable to a decrease in technical and operating expense of $16.2 million and a decrease in selling, general and administrative expense of $10.6 million, partially offset by a decrease in revenues of $22.6 million.

The increase in operating losses at the International and Other segment was primarily attributable to the restructuring and other related charges of $16.9 million primarily associated with the direct to consumer reorganization.

AOI

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

	Three Months Ended June 30,			
(In thousands)	2019	2018	$ change	% change
Operating income	$ 170,257	$ 191,531	$ (21,274)	(11.1)%
Share-based compensation expense	16,725	19,753	(3,028)	(15.3)
Restructuring and other related charges	17,162	—	17,162	n/m
Depreciation and amortization	25,893	21,669	4,224	19.5
Majority-owned equity investees AOI	1,608	—	1,608	n/m
AOI	$ 231,645	$ 232,953	$ (1,308)	(0.6)%

AOI decreased $1.3 million for the three months ended June 30, 2019 as compared to the three months ended June 30, 2018. The net change by segment was as follows:

	Three Months Ended June 30,			
(In thousands)	2019	2018	$ change	% change
National Networks	$ 236,472	$ 234,678	$ 1,794	0.8 %
International and Other	11,830	5,413	6,417	118.5
Inter-segment eliminations	(16,657)	(7,138)	(9,519)	133.4
AOI	$ 231,645	$ 232,953	$ (1,308)	(0.6)%

National Networks AOI increased principally due to an increase in operating income of $4.2 million, partially offset by a decrease in share-based compensation expense of $2.4 million.

International and Other AOI increased $6.4 million due to an increase in operating income of $2.9 million at AMCNI, an increase of $1.6 million related to the AOI of majority-owned equity method investees, and increases at IFC Films and our subscription streaming services.

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 increase in interest expense, net of $1.0 million is primarily driven by a decrease in interest income as well as a higher variable interest rate on our term loan.

Miscellaneous, net

The decrease in miscellaneous expense, net of $12.0 million was primarily driven by the absence of an impairment charge of $10.0 million recognized in the three months ended June 30, 2018 for the partial write-down of one of our non-marketable equity securities and an increase in earnings from equity method investees of $1.8 million.

Income tax expense

For the three months ended June 30, 2019, income tax benefit was $1.4 million representing a negative effective tax rate of 1%. The effective tax rate differs from the federal statutory rate of 21% due primarily to a tax benefit of $25.0 million resulting from a decrease in valuation allowances for foreign tax assets, a tax benefit of $7.2 million relating to uncertain tax positions (including accrued interest) partially offset by state and local income tax expense of $4.1 million. The decrease in the valuation allowance is primarily due to the expected utilization of foreign net operating loss carryforwards resulting from the planned implementation of certain tax planning strategies. The tax benefit relating to uncertain tax positions is primarily due to an audit settlement and the filing of state income tax returns under a voluntary disclosure agreement.

For the three months ended June 30, 2018, income tax expense was $32.5 million representing an effective tax rate of 23%. The effective tax rate differs from the federal statutory rate of 21% due primarily to state and local income tax expense of $2.3 million.

Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018

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

	Six Months Ended June 30,					
	2019		2018			
(In thousands)	**Amount**	**% of Revenues, net**	**Amount**	**% of Revenues, net**	**$ change**	**% change**
Revenues, net	$ 1,556,520	100.0 %	$ 1,502,208	100.0 %	$ 54,312	3.6 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	725,771	46.6	697,174	46.4	28,597	4.1
Selling, general and administrative	345,876	22.2	337,825	22.5	8,051	2.4
Depreciation and amortization	49,949	3.2	42,023	2.8	7,926	18.9
Restructuring and other related charges	19,804	1.3	—	—	19,804	n/m
Total operating expenses	1,141,400	73.3	1,077,022	71.7	64,378	6.0
Operating income	415,120	26.7	425,186	28.3	(10,066)	(2.4)
Other income (expense):						
Interest expense, net	(70,416)	(4.5)	(67,119)	(4.5)	(3,297)	4.9
Miscellaneous, net	(15,482)	(1.0)	2,227	0.1	(17,709)	(795.2)
Total other income (expense)	(85,898)	(5.5)	(64,892)	(4.3)	(21,006)	32.4
Net income from operations before income taxes	329,222	21.2	360,294	24.0	(31,072)	(8.6)
Income tax expense	(45,080)	(2.9)	(89,426)	(6.0)	44,346	(49.6)
Net income including noncontrolling interests	284,142	18.3	270,868	18.0	13,274	4.9
Net income attributable to noncontrolling interests	(12,002)	(0.8)	(7,817)	(0.5)	(4,185)	53.5 %
Net income attributable to AMC Networks' stockholders	$ 272,140	17.5 %	$ 263,051	17.5 %	$ 9,089	3.5 %

National Networks Segment Results

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

(In thousands)	Six Months Ended June 30, 2019 Amount	2019 % of Revenues, net	2018 Amount	2018 % of Revenues, net	$ change	% change
Revenues, net	$ 1,220,858	100.0%	$ 1,260,317	100.0%	$ (39,459)	(3.1)%
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	510,407	41.8	535,113	42.5	(24,706)	(4.6)
Selling, general and administrative	227,382	18.6	248,438	19.7	(21,056)	(8.5)
Depreciation and amortization	16,791	1.4	16,907	1.3	(116)	(0.7)
Restructuring and other related charges	576	—	—	—	576	n/m
Operating income	$ 465,702	38.1%	$ 459,859	36.5%	$ 5,843	1.3 %
Share-based compensation expense	30,090	2.5	28,786	2.3	1,304	4.5
Restructuring and other related charges	576	—	—	—	576	n/m
Depreciation and amortization	16,791	1.4	16,907	1.3	(116)	(0.7)
AOI	$ 513,159	42.0%	$ 505,552	40.1%	$ 7,607	1.5 %

International and Other Segment Results

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

(In thousands)	Six Months Ended June 30, 2019 Amount	2019 % of Revenues, net	2018 Amount	2018 % of Revenues, net	$ change	% change
Revenues, net	$ 350,615	100.0 %	$ 258,101	100.0 %	$ 92,514	35.8%
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	219,994	62.7	171,694	66.5	48,300	28.1
Selling, general and administrative	118,571	33.8	89,442	34.7	29,129	32.6
Depreciation and amortization	33,158	9.5	25,116	9.7	8,042	32.0
Restructuring and other related charges	19,923	5.7	—	—	19,923	n/m
Operating loss	$ (41,031)	(11.7)%	$ (28,151)	(10.9)%	$ (12,880)	45.8%
Share-based compensation expense	6,534	1.9	6,286	2.4	248	3.9
Restructuring and other related charges	19,923	5.7	—	—	19,923	n/m
Depreciation and amortization	33,158	9.5	25,116	9.7	8,042	32.0
Majority-owned equity investees AOI	3,188	0.9	—	—	3,188	n/m
AOI	$ 21,772	6.2 %	$ 3,251	1.3 %	$ 18,521	569.7%

Revenues, net

Revenues, net increased $54.3 million to $1,556.5 million for the six months ended June 30, 2019 as compared to the six months ended June 30, 2018. The net change by segment was as follows:

	Six Months Ended June 30,					
(In thousands)	**2019**	**% of total**	**2018**	**% of total**	**$ change**	**% change**
National Networks	$ 1,220,858	78.5 %	$ 1,260,317	83.9 %	$ (39,459)	(3.1)%
International and Other	350,615	22.5	258,101	17.2	92,514	35.8
Inter-segment eliminations	(14,953)	(1.0)	(16,210)	(1.1)	1,257	(7.8)
Consolidated revenues, net	$ 1,556,520	100.0 %	$ 1,502,208	100.0 %	$ 54,312	3.6 %

National Networks

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

	Six Months Ended June 30,					
(In thousands)	**2019**	**% of total**	**2018**	**% of total**	**$ change**	**% change**
Advertising	$ 458,579	37.6%	$ 472,559	37.5%	$ (13,980)	(3.0)%
Distribution	762,279	62.4	787,758	62.5	(25,479)	(3.2)
	$ 1,220,858	100.0%	$ 1,260,317	100.0%	$ (39,459)	(3.1)%

- The decrease of $14.0 million in advertising revenues was driven by a decrease of $33.5 million at AMC due to lower ratings, partially mitigated by pricing. The decrease at AMC was partially offset by increases at all of our other networks. Most of our advertising revenues vary based on the timing of our original programming series and the popularity of our programming as measured by Nielsen. Due to these factors, we expect advertising revenues to vary from quarter to quarter.

- Distribution revenues decreased $25.5 million due to a decrease in content licensing revenues of $29.4 million from lower foreign distribution revenues derived from our original programming, primarily at AMC. Subscription revenues increased $4.0 million resulting from an increase in rates, partially offset by lower subscribers and the impact of an interpretation of a contractual provision in an affiliate agreement. Subscription 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 increase in International and Other revenues, net was attributable to the following:

	Six Months Ended June 30,					
(In thousands)	**2019**	**% of total**	**2018**	**% of total**	**$ change**	**% change**
Advertising	$ 44,741	12.8%	$ 45,943	17.8%	$ (1,202)	(2.6)%
Distribution	305,874	87.2	212,158	82.2	93,716	44.2
	$ 350,615	100.0%	$ 258,101	100.0%	$ 92,514	35.8 %

The decrease of $1.2 million in advertising revenues was principally due to the unfavorable impact of foreign currency translation of $3.5 million, partially offset by an increase in demand in certain international markets. Distribution revenues increased primarily due to a $100.3 million impact from the acquisitions of Levity and RLJE. In addition, distribution revenues increased $9.6 million from our subscription streaming services. Distribution revenue at AMCNI decreased $6.3 million, excluding the impact of foreign currency fluctuations, primarily due to the termination of distribution in certain territories. Foreign currency translation had an unfavorable impact to distribution revenues of $10.2 million.

Technical and operating expense (excluding depreciation and amortization)

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

Technical and operating expense (excluding depreciation and amortization) increased $28.6 million to $725.8 million for the six months ended June 30, 2019 as compared to the six months ended June 30, 2018. The net change by segment was as follows:

(In thousands)	Six Months Ended June 30, 2019	2018	$ change	% change
National Networks	$ 510,407	$ 535,113	$ (24,706)	(4.6)%
International and Other	219,994	171,694	48,300	28.1
Inter-segment eliminations	(4,630)	(9,633)	5,003	(51.9)
Total	$ 725,771	$ 697,174	$ 28,597	4.1 %
Percentage of revenues, net	46.6%	46.4%		

National Networks

The decrease in technical and operating expense was primarily attributable to a decrease of $26.8 million in other direct programming expense attributable to lower personnel and production related costs, partially offset by an increase of $2.1 million in program rights amortization expense. Program rights amortization expense includes write-offs of $13.4 million for the six months ended June 30, 2019 as compared to program rights write-offs of $8.4 million for the six months ended June 30, 2018. Programming write-offs are based on management's periodic assessment of programming usefulness.

There may be significant changes in the level of our technical and operating expenses due to content acquisition and/or original programming costs and/or the impact of management's periodic assessment of programming usefulness. Such costs will also fluctuate with the level of 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 increased due to a $60.3 million impact from the acquisitions of Levity and RLJE. In addition, technical and operating expense increased $7.1 million at our subscription streaming services. Technical and operating expense at AMCNI decreased $11.0 million, excluding the impact of foreign currency fluctuations. Foreign currency translation had a favorable impact to the change in technical and operating expense of $8.6 million.

Selling, general and administrative expense

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

Selling, general and administrative expense increased $8.1 million to $345.9 million for the six months ended June 30, 2019, as compared to the six months ended June 30, 2018. The net change by segment was as follows:

(In thousands)	Six Months Ended June 30, 2019	2018	$ change	% change
National Networks	$ 227,382	$ 248,438	$ (21,056)	(8.5)%
International and Other	118,571	89,442	29,129	32.6
Inter-segment eliminations	(77)	(55)	(22)	40.0
Total	$ 345,876	$ 337,825	$ 8,051	2.4 %
Percentage of revenues, net	22.2%	22.5%		

National Networks

Selling, general and administrative expense decreased $21.1 million principally as a result of a $19.1 million decrease in advertising and marketing expense related to the timing of promotion 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 $29.1 million primarily due to a $38.3 million impact from the acquisitions of Levity and RLJE, partially offset by a decrease of $4.5 million at AMCNI, excluding the impact of foreign currency fluctuations. Foreign currency translation had a favorable impact to the change in selling, general and administrative expense of $4.3 million.

Depreciation and amortization

Depreciation and amortization expense increased $7.9 million to $49.9 million for the six months ended June 30, 2019, as compared to the six months ended June 30, 2018. The net change by segment was as follows:

	Six Months Ended June 30,			
(In thousands)	2019	2018	$ change	% change
National Networks	$ 16,791	$ 16,907	$ (116)	(0.7)%
International and Other	33,158	25,116	8,042	32.0
	$ 49,949	$ 42,023	$ 7,926	18.9 %

The increase in depreciation and amortization expense in the International and Other segment was primarily due to a $5.4 million impact from the acquisitions of Levity and RLJE as well as an increase in depreciation expense of $3.5 million related to leasehold additions.

Restructuring and other related charges

Restructuring expense of $19.8 million for the six months ended June 30, 2019 primarily related to the direct to consumer re-organization charges and consisted of severance and other personnel related costs and programming write-offs incurred at AMCNI for costs associated with the termination of distribution in certain territories.

In May 2019, management commenced a restructuring initiative of the Company's owned subscription streaming services. The restructuring combined the Company's owned subscription streaming services under one management team. In connection with this re-organization, a number of roles were eliminated to address redundancy at the senior management level and improve the effectiveness of management while reducing the cost structure of the Company. As a result, the Company incurred restructuring charges of $1.3 million related to severance and other personnel related costs.

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

In connection with the restructuring announced in 2018, the Company incurred additional severance and other personnel related costs of $3.9 million.

Operating Income

	Six Months Ended June 30,			
(In thousands)	2019	2018	$ change	% change
National Networks	$ 465,702	$ 459,859	$ 5,843	1.3 %
International and Other	(41,031)	(28,151)	(12,880)	45.8
Inter-segment Eliminations	(9,551)	(6,522)	(3,029)	n/m
	$ 415,120	$ 425,186	$ (10,066)	(2.4)%

The increase in operating income at the National Networks segment was primarily attributable to a decrease in technical and operating expense of $24.7 million and a decrease in selling, general and administrative expense of $21.1 million, partially offset by a decrease in revenues of $39.5 million.

The increase in operating losses at the International and Other segment was primarily attributable to the restructuring and other related charges of $19.9 million primarily associated with the direct to consumer reorganization, partially offset by an increase of $7.5 million at AMCNI.

AOI

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

	Six Months Ended June 30,			
(In thousands)	**2019**	**2018**	**$ change**	**% change**
Operating income	$ 415,120	$ 425,186	$ (10,066)	(2.4)%
Share-based compensation expense	36,624	35,072	1,552	4.4
Restructuring and other related charges	19,804	—	19,804	n/m
Depreciation and amortization	49,949	42,023	7,926	18.9
Majority-owned equity investees AOI	3,188	—	3,188	n/m
AOI	$ 524,685	$ 502,281	$ 22,404	4.5 %

AOI increased $22.4 million for the six months ended June 30, 2019 as compared to the six months ended June 30, 2018. The net change by segment was as follows:

	Six Months Ended June 30,			
(In thousands)	**2019**	**2018**	**$ change**	**% change**
National Networks	$ 513,159	$ 505,552	$ 7,607	1.5%
International and Other	21,772	3,251	18,521	569.7
Inter-segment eliminations	(10,246)	(6,522)	(3,724)	57.1
AOI	$ 524,685	$ 502,281	$ 22,404	4.5%

National Networks AOI increased principally due to an increase in operating income of $5.8 million and an increase in share-based compensation expense of $1.3 million.

International and Other AOI increased $18.5 million due to increases in operating income of $7.5 million at AMCNI and $3.3 million at IFC Films as well as an increase of $3.2 million related to the AOI of majority-owned equity method investees.

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 increase in interest expense, net of $3.3 million is driven by a $1.9 million increase in interest expense driven by a higher variable interest rate on our term loan as well as a decrease in interest income of $1.4 million.

Miscellaneous, net

The increase in miscellaneous expense, net of $17.7 million for the six months ended June 30, 2019 as compared to the six months ended June 30, 2018 was primarily driven by an increase of $7.7 million related to impairment charges for the partial write-down of certain of our non-marketable equity securities and a note receivable. In addition, miscellaneous expense, net increased $12.4 million related to the absence of gains associated with the increase in fair value of our investment in RLJE recorded for the six months ended June 30, 2018. Miscellaneous expense, net decreased $3.6 million associated with increased earnings from equity method investees and $2.5 million due to a favorable variance in foreign currency transactions gains and losses.

Income tax expense

For the six months ended June 30, 2019, income tax expense was $45.1 million representing an effective tax rate of 14%. The effective tax rate differs from the federal statutory rate of 21% due primarily to a tax benefit of $25.0 million resulting from a decrease in valuation allowances for foreign tax assets, a tax benefit of $5.6 million relating to uncertain tax positions (including accrued interest) partially offset by state and local income tax expense of $7.3 million. The decrease in the valuation allowance is primarily due to the expected utilization of foreign net operating loss carryforwards resulting from the planned implementation of certain tax planning strategies. The tax benefit relating to uncertain tax positions is primarily due to an audit settlement and the filing of state income tax returns under a voluntary disclosure agreement.

For the six months ended June 30, 2018, income tax expense was $89.4 million, representing an effective tax rate of 25%. The effective tax rate differs from the federal statutory rate of 21%, due primarily to tax expense of $16.1 million for an increase in valuation allowances for foreign taxes and U.S. foreign tax credits; state and local income tax expense of $6.2 million; a tax benefit of $8.3 million for the one-time rate change on deferred tax assets and liabilities that resulted from the extension of certain television production cost deductions included in the Bipartisan Budget Act of 2018 (enacted February 9, 2018); and tax benefit from foreign subsidiary earnings indefinitely reinvested outside the U.S. of $5.8 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.

On March 7, 2016, the Company announced that its Board of Directors authorized a program to repurchase up to $500 million of its outstanding shares of common stock (the "Stock Repurchase Program"). On June 6, 2017, the Board of Directors approved an increase of $500 million. On June 13, 2018, the Board of Directors approved a further increase of $500 million in the amount authorized for a total of $1.5 billion authorized under 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 June 30, 2019, the Company repurchased 1.1 million shares of its Class A common stock at an average purchase price of approximately $54.62 per share. As of June 30, 2019, the Company has $501.0 million of authorization remaining for repurchase under the Stock Repurchase Program.

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 2019.

As of June 30, 2019, our consolidated cash and cash equivalents balance includes approximately $136.3 million held by foreign subsidiaries. Most or all of the earnings of our foreign subsidiaries will continue to be permanently reinvested in foreign operations and we do not expect to incur any significant, additional taxes related to such amounts, nor have any been provided for in the current period.

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

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 2018 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 June 30, 2019. The total undrawn revolver commitment is available to be drawn for our general corporate purposes.

AMC Networks was in compliance with all of its debt covenants as of June 30, 2019.

Cash Flow Discussion

The following table is a summary of cash flows provided by (used in) operating, investing and financing activities for the six months ended June 30:

	Six Months Ended June 30,	
(In thousands)	**2019**	**2018**
Cash provided by operating activities	$ 288,937	$ 278,577
Cash used in investing activities	(43,555)	(159,422)
Cash used in financing activities	(92,265)	(263,418)
Net increase (decrease) in cash and cash equivalents	153,117	(144,263)

Operating Activities

Net cash provided by operating activities amounted to $288.9 million for the six months ended June 30, 2019 as compared to $278.6 million for the six months ended June 30, 2018. Net cash provided by operating activities for the six months ended June 30, 2019 primarily resulted from $843.3 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 $443.5 million, an increase in prepaid expense and other assets of $40.0 million primarily related to an increase in long-term receivables and a decrease in accounts payable, accrued expenses and other liabilities of $58.3 million primarily related to lower employee related liabilities. Changes in all other assets and liabilities resulted in a decrease of $12.6 million.

Net cash provided by operating activities amounted to $278.6 million for the six months ended June 30, 2018. Net cash provided by operating activities for the six months ended June 30, 2018 primarily resulted from $848.5 million of net income before amortization of program rights, depreciation and amortization, and other non-cash items, and an increase in deferred revenue of $4.4 million, which was partially offset by payments for program rights of $471.4 million, a decrease in accounts payable, accrued expenses and other liabilities of $45.9 million primarily related to lower employee related liabilities, an increase in receivables of $40.4 million primarily related to increased distribution revenues, and an increase in prepaid expense and other assets of $12.4 million. Changes in all other assets and liabilities resulted in a decrease of $4.2 million.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2019 and 2018 was $43.6 million and $159.4 million, respectively. For the six months ended June 30, 2019, cash used in investing activities included capital expenditures of $49.5 million, partially offset by a return of capital from investees of $5.9 million. For the six months ended June 30, 2018, cash used in investing activities included investments of $87.5 million, capital expenditures of $37.4 million, and payment for the acquisition of Levity, net of cash acquired of $34.9 million.

Financing Activities

Net cash used in financing activities amounted to $92.3 million for the six months ended June 30, 2019 as compared to $263.4 million for the six months ended June 30, 2018. For the six months ended June 30, 2019, financing activities primarily consisted of purchases of our common stock of $58.4 million, taxes paid in lieu of shares issued for equity-based compensation of $23.0 million, distributions to noncontrolling interests of $10.1 million, and principal payments on debt and finance leases of $5.3 million, partially offset by proceeds from stock option exercises of $4.6 million.

For the six months ended June 30, 2018, financing activities primarily consisted of purchases of our common stock of $242.4 million under our Stock Repurchase Program. In addition, net cash used in financing activities for the six months ended June 30, 2018 includes taxes paid in lieu of shares issued for equity-based compensation of $15.7 million, distributions to noncontrolling interests of $7.0 million, and principal payments on capital leases of $2.6 million, partially offset by proceeds from stock option exercises of $4.3 million.

Contractual Obligations

As of June 30, 2019, our contractual obligations not reflected on the condensed consolidated balance sheet decreased $219.9 million, as compared to December 31, 2018, to $0.9 billion. The decrease relates to the adoption of the new lease standard requiring the recognition of operating leases on the balance sheet rather than disclosed as contractual obligations.

Critical Accounting Policies and Estimates

We describe our significant accounting policies in Note 2 to the Company's Consolidated Financial Statements included in our 2018 Form 10-K. Other than the adoption of the new lease standard as described in Note 10 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, 2018.

We discuss our critical accounting estimates in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in the same 2018 Form 10-K. There have been no significant changes in our critical accounting estimates since December 31, 2018.

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 June 30, 2019, the carrying value of our fixed rate debt of $2.37 billion was less than its fair value of $2.45 billion by approximately $76.6 million. The fair value of these financial instruments is estimated based on reference to quoted market prices for these or comparable securities. A hypothetical 100 basis point decrease in interest rates prevailing at June 30, 2019 would increase the estimated fair value of our fixed rate debt by approximately $60.1 million to approximately $2.5 billion.

Managing our Interest Rate Risk

To manage interest rate risk, we enter into interest rate swap contracts from time to time to adjust the amount of total debt that is subject to variable interest rates. Such contracts effectively fix the borrowing rates on floating rate debt to limit the exposure against the risk of rising rates. We do not enter into interest rate swap contracts for speculative or trading purposes and we only enter into interest rate swap contracts with financial institutions that we believe are 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 June 30, 2019, we had $3.1 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 June 30, 2019, we had interest rate swap contracts outstanding with notional amounts aggregating $100.0 million. The aggregate fair value of interest rate swap contracts at June 30, 2019 was a net liability of $2.2 million. As a result of these transactions, the interest rate paid on approximately 79% of our debt (excluding finance leases) as of June 30, 2019 is effectively fixed (76% 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 June 30, 2019 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 $4.0 million gain and $1.7 million loss net, for the three and six months ended June 30, 2019, respectively, 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 June 30, 2019, 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 June 30, 2019, there were no changes in the Company's internal control over financial reporting, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Since our 2018 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 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 June 30, 2019.

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
April 1, 2019 to April 30, 2019	—	$ —	—	558,419.334
May 1, 2019 to May 31, 2019	1,023,002	$ 54.64	1,023,002	502,521,304
June 1, 2019 to June 30, 2019	28,779	$ 53.88	28,779	500,970,550
Total	1,051,781	$ 54.62	1,051,781	

Item 6. Exhibits.

(a) Index to Exhibits.

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.

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: July 31, 2019

By: /s/ Sean S. Sullivan

Sean S. Sullivan

Executive Vice President and Chief Financial Officer

Exhibit 31.1

I, Joshua W. Sapan, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date:	July 31, 2019	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:	July 31, 2019	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 June 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:	July 31, 2019	By:	/s/ Joshua W. Sapan
			Joshua W. Sapan
			President and Chief Executive Officer
Date:	July 31, 2019	By:	/s/ Sean S. Sullivan
			Sean S. Sullivan
			Executive Vice President and Chief Financial Officer