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

FORM 10-Q

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

For the quarterly period ended March 31, 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 April 26, 2019:

Class A Common Stock par value $0.01 per share	45,326,464
Class B Common Stock par value $0.01 per share	11,484,408

AMC NETWORKS INC. AND SUBSIDIARIES

FORM 10-Q

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	March 31, 2019	December 31, 2018
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 683,682	$ 554,886
Accounts receivable, trade (less allowance for doubtful accounts of $9,267 and $10,788)	829,704	835,977
Current portion of program rights, net	433,862	440,739
Prepaid expenses and other current assets	157,972	131,809
Total current assets	2,105,220	1,963,411
Property and equipment, net of accumulated depreciation of $308,699 and $293,918	251,841	246,262
Program rights, net	1,154,265	1,214,051
Deferred carriage fees, net	14,871	16,831
Intangible assets, net	569,527	578,907
Goodwill	797,793	798,037
Deferred tax asset, net	19,927	19,272
Operating lease right-of-use asset	174,563	—
Other assets	433,907	441,792
Total assets	$ 5,521,914	$ 5,278,563
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 107,392	$ 107,066
Accrued liabilities	249,950	264,918
Current portion of program rights obligations	321,914	343,589
Deferred revenue	51,261	55,424
Current portion of long-term debt	30,125	21,334
Current portion of lease obligations	31,341	5,090
Total current liabilities	791,983	797,421
Program rights obligations	342,173	373,249
Long-term debt	3,080,800	3,088,221
Lease obligations	224,684	21,427
Deferred tax liability, net	137,567	145,443
Other liabilities	160,368	208,036
Total liabilities	4,737,575	4,633,797
Commitments and contingencies		
Redeemable noncontrolling interests	299,802	299,558
Stockholders' equity:		
Class A Common Stock, $0.01 par value, 360,000 shares authorized, 63,851 and 63,255 shares issued and 45,326 and 44,749 shares outstanding, respectively	634	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	242,322	239,767
Accumulated earnings	1,372,339	1,228,942
Treasury stock, at cost (18,525 and 18,507 shares Class A Common Stock, respectively)	(993,574)	(992,583)
Accumulated other comprehensive loss	(166,446)	(160,194)
Total AMC Networks stockholders' equity	455,390	316,680
Non-redeemable noncontrolling interests	29,147	28,528
Total stockholders' equity	484,537	345,208
Total liabilities and stockholders' equity	$ 5,521,914	$ 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 March 31,	
	2019	**2018**
Revenues, net	$ 784,221	$ 740,823
Operating expenses:		
Technical and operating (excluding depreciation and amortization)	340,148	320,365
Selling, general and administrative	172,512	166,449
Depreciation and amortization	24,056	20,354
Restructuring expense	2,642	—
Total operating expenses	539,358	507,168
Operating income	244,863	233,655
Other income (expense):		
Interest expense	(39,645)	(38,205)
Interest income	4,200	5,019
Miscellaneous, net	(12,785)	16,946
Total other income (expense)	(48,230)	(16,240)
Income from operations before income taxes	196,633	217,415
Income tax expense	(46,476)	(56,879)
Net income including noncontrolling interests	150,157	160,536
Net income attributable to noncontrolling interests	(6,760)	(3,666)
Net income attributable to AMC Networks' stockholders	$ 143,397	$ 156,870
Net income per share attributable to AMC Networks' stockholders:		
Basic	$ 2.53	$ 2.57
Diluted	$ 2.48	$ 2.54
Weighted average common shares:		
Basic	56,588	60,967
Diluted	57,725	61,719

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2019	**2018**
Net income including noncontrolling interests	$ 150,157	$ 160,536
Other comprehensive income (loss):		
Foreign currency translation adjustment	(5,762)	18,805
Unrealized loss on interest rate swaps	(639)	—
Other comprehensive income, before income taxes	(6,401)	18,805
Income tax expense	149	—
Other comprehensive income, net of income taxes	(6,252)	18,805
Comprehensive income	143,905	179,341
Comprehensive income attributable to noncontrolling interests	(6,722)	(4,563)
Comprehensive income attributable to AMC Networks' stockholders	$ 137,183	$ 174,778

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

	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	—	—	—	156,870	—	—	156,870	—	156,870
Net income attributable to non-redeemable noncontrolling interests	—	—	—	—	—	—	—	469	469
Cumulative effects of adoption of accounting standards	—	—	—	12,784		—	12,784	—	12,784
Treasury stock not yet settled	—	—	(9,980)	—	—	—	(9,980)	—	(9,980)
Settlement of treasury stock	—	—	995	—	—	—	995	—	995
Other comprehensive income	—	—	—	—	—	18,804	18,804	897	19,701
Share-based compensation expense	—	—	15,319	—	—	—	15,319	—	15,319
Treasury stock acquired	—	—	—	—	(83,637)	—	(83,637)	—	(83,637)
Restricted stock units converted to shares	4	—	(15,359)	—	—	—	(15,355)	—	(15,355)
Balance, March 31, 2018	$ 631	$ 115	$ 182,278	$ 936,379	$ (793,077)	$ (95,582)	$ 230,744	$ 30,367	$ 261,111

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,	
	2019	**2018**
Cash flows from operating activities:		
Net income including noncontrolling interests	$ 150,157	$ 160,536
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	24,056	20,354
Share-based compensation expense related to equity classified awards	19,899	15,319
Non-cash restructuring charges	1,171	—
Amortization and write-off of program rights	205,275	218,626
Amortization of deferred carriage fees	2,710	4,401
Unrealized foreign currency transaction gain	(4,501)	(4,582)
Unrealized gain on derivative contracts, net	—	(13,984)
Amortization of deferred financing costs and discounts on indebtedness	1,954	1,881
Bad debt expense	2,353	914
Deferred income taxes	(8,858)	31,800
Write-down of non-marketable equity securities and note receivable	17,741	—
Other, net	1,142	(2,348)
Changes in assets and liabilities:		
Accounts receivable, trade (including amounts due from related parties, net)	(1,429)	(17,877)
Prepaid expenses and other assets	(26,233)	(5,512)
Program rights and obligations, net	(190,651)	(248,642)
Income taxes payable	40,114	15,723
Deferred revenue	(4,200)	4,980
Deferred carriage fees, net	(422)	(1,610)
Accounts payable, accrued liabilities and other liabilities	(58,591)	(63,007)
Net cash provided by operating activities	171,687	116,972
Cash flows from investing activities:		
Capital expenditures	(22,053)	(11,942)
Return of capital from investees	3,908	172
Investment in and loans to investees	—	(42,318)
Net cash used in investing activities	(18,145)	(54,088)
Cash flows from financing activities:		
Proceeds from the issuance of long-term debt	2,521	—
Principal payments on long-term debt	(3,238)	—
Deemed repurchases of restricted stock units	(22,959)	(15,354)
Purchase of treasury stock	(991)	(83,637)
Proceeds from stock option exercises	4,630	—
Principal payments on finance lease obligations	(1,309)	(1,406)
Distributions to noncontrolling interests	(5,629)	(1,435)
Net cash used in financing activities	(26,975)	(101,832)
Net increase (decrease) in cash and cash equivalents from operations	126,567	(38,948)
Effect of exchange rate changes on cash and cash equivalents	2,229	9,365
Cash and cash equivalents at beginning of period	554,886	558,783
Cash and cash equivalents at end of period	$ 683,682	$ 529,200

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 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.

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 were $3.3 million and $5.2 million for the three months ended March 31, 2019 and March 31, 2018, respectively.

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

Contract Balances from Contracts with Customers

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

(In thousands)	March 31, 2019	December 31, 2018
Balances from contracts with customers:		
Accounts receivable (including long-term, included in Other assets)	$ 1,029,236	$ 1,018,105
Contract assets, short-term (included in Other current assets)	14,616	9,131
Contract assets, long-term (included in Other assets)	8,696	8,136
Contract liabilities (Deferred revenue)	51,261	55,424

Revenue recognized for the three months ended March 31, 2019 relating to the contract liability at December 31, 2018 was $7.1 million.

Note 3. Net Income per Share

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

	Three Months Ended March 31,	
(In thousands)	**2019**	**2018**
Basic weighted average common shares outstanding	56,588	60,967
Effect of dilution:		
Stock options	33	—
Restricted stock units	1,104	752
Diluted weighted average common shares outstanding	57,725	61,719

Approximately 1.5 million and 0.2 million restricted stock units outstanding as of March 31, 2019 and March 31, 2018, respectively, 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. For the three months ended March 31, 2018, there were 0.4 million stock options and 0.2 million restricted stock units that would have been anti-dilutive to the diluted weighted average common shares outstanding.

Stock Repurchase Program

The Company's Board of Directors has authorized a program to repurchase up to $1.5 billion of its outstanding shares of common stock (the "Stock Repurchase Program"). The Stock Repurchase Program has no pre-established closing date and may be suspended or discontinued at any time. For the three months ended March 31, 2019, the Company repurchased 18 thousand shares of its Class A Common Stock at an average purchase price of approximately $53.82 per share. As of March 31, 2019, the Company has $558.4 million available for repurchase under the Stock Repurchase Program.

Note 4. Restructuring

During 2018, management commenced a restructuring initiative designed to reduce the cost structure of the Company. The restructuring was intended to improve 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.

Restructuring expense of $2.6 million for the three months ended March 31, 2019 primarily related to charges incurred at AMCNI for costs associated with the termination of distribution in certain territories.

The following table summarizes the accrued restructuring costs:

(In thousands)	**Severance and employee-related costs**	**Other exit costs**	**Total**
Balance at December 31, 2018	$ 33,774	$ 1,415	$ 35,189
Charges	1,075	1,567	2,642
Cash payments	(17,089)	(333)	(17,422)
Non-cash adjustments	(737)	(2,577)	(3,314)
Currency translation	45	36	81
Balance at March 31, 2019	$ 17,068	$ 108	$ 17,176

Accrued restructuring costs of $11.7 million are included in accrued liabilities and $5.4 million are included in other liabilities (long-term) in the consolidated balance sheet at March 31, 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 and based on current estimates and currently available information, and is subject to revision based on final determinations of fair value and final allocations of purchase price to the identifiable assets and liabilities acquired. The primary estimated fair values that are not yet finalized relate to the valuation of intangible assets, other assets, current and noncurrent liabilities, and redeemable noncontrolling interests.

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)		36,700
Intangible assets		126,600
Accounts payable		(12,008)
Accrued liabilities		(41,501)
Debt		(25,187)
		177,859
Goodwill		97,903
	$	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 March 31, 2018**	
Revenues, net	$	799,137
Income from operations before income taxes	$	148,210
Net income per share, basic	$	2.43
Net income per share, diluted	$	2.40

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 $85.8 million at March 31, 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 $1.4 million at March 31, 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 March 31, 2019 and $71.8 million at December 31, 2018.

For the three months ended March 31, 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
Puchase accounting adjustments	—	(1,748)	(1,748)
Amortization of "second component" goodwill	(332)	—	(332)
Foreign currency translation	—	1,836	1,836
March 31, 2019	$ 238,099	$ 559,694	$ 797,793

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

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

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

	March 31, 2019			
(In thousands)	Gross	Accumulated Amortization	Net	Estimated Useful Lives
Amortizable intangible assets:				
Affiliate and customer relationships	$ 615,628	$ (205,195)	$ 410,433	6 to 25 years
Advertiser relationships	46,282	(18,665)	27,617	11 years
Trade names	124,453	(19,756)	104,697	3 to 20 years
Other amortizable intangible assets	13,428	(6,548)	6,880	5 to 15 years
Total amortizable intangible assets	799,791	(250,164)	549,627	
Indefinite-lived intangible assets:				
Trademarks	19,900	—	19,900	
Total intangible assets	$ 819,691	$ (250,164)	$ 569,527	

	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 three months ended March 31, 2019 and 2018 was $10.3 million and $9.3 million, respectively. Estimated aggregate amortization expense for intangible assets subject to amortization for each of the following five years is:

(In thousands) Years Ending December 31,	
2019	$ 44,784
2020	47,216
2021	46,422
2022	46,159
2023	46,076

Note 8. Accrued Liabilities

Accrued liabilities consist of the following:

(In thousands)	March 31, 2019	December 31, 2018
Interest	$ 40,066	$ 30,018
Employee related costs	58,202	100,729
Income taxes payable	41,425	1,527
Other accrued expenses	110,257	132,644
Total accrued liabilities	$ 249,950	$ 264,918

Note 9. Long-term Debt

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

(In thousands)	**March 31, 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	2,000	2,584
Total long-term debt	3,152,000	3,152,584
Unamortized discount	(28,010)	(29,181)
Unamortized deferred financing costs	(13,065)	(13,848)
Long-term debt, net	3,110,925	3,109,555
Current portion of long-term debt	30,125	21,334
Noncurrent portion of long-term debt	$ 3,080,800	$ 3,088,221

(a) The Company's $500 million revolving credit facility remains undrawn at March 31, 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	March 31, 2019
Assets		
Operating	Operating lease right-of-use asset	$ 174,563
Finance	Property and equipment, net	18,502
Total lease assets		$ 193,065
Liabilities		
Current:		
Operating	Current portion of lease obligations	$ 26,633
Finance	Current portion of lease obligations	4,708
		$ 31,341
Noncurrent:		
Operating	Lease obligations	$ 204,336
Finance	Lease obligations	20,348
		224,684
Total lease liabilities		$ 256,025

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	March 31, 2019
Operating lease costs	SG&A expenses	$ 8,206
Finance lease costs:		
Amortization of leased assets	Depreciation and amortization	673
Interest on lease liabilities	Net interest expense	678
Short term lease costs	SG&A expenses	1,590
Variable lease costs	SG&A expenses	308
Total net lease cost		$ 11,455

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

(In thousands)	Operating Leases	Finance Leases	Total
2019	$ 27,419	$ 5,627	$ 33,046
2020	35,909	5,862	41,771
2021	31,248	4,388	35,636
2022	33,309	4,414	37,723
2023	33,766	4,441	38,207
Thereafter	118,885	9,673	128,558
Total lease payments	280,536	34,405	314,941
Less: Interest	49,568	9,348	58,916
Present value of lease liabilities	$ 230,968	$ 25,057	$ 256,025

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

	March 31, 2019
Weighted average remaining lease term (years):	
Operating leases	8.31
Finance leases	6.08
Weighted average discount rate:	
Operating leases	4.75%
Finance leases	10.21%

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

	March 31, 2019
Operating cash flows from operating leases	$ 8,240
Financing cash flows from finance leases	$ 1,309

Note 11. Fair Value Measurement

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

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

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

(In thousands)	Level I	Level II	Level III	Total
At March 31, 2019:				
Assets				
Cash equivalents	$ 120,119	$ —	$ —	$ 120,119
Marketable securities	1,405	—	—	1,405
Foreign currency derivatives	—	2,957	—	2,957
Liabilities				
Interest rate swap contracts	$ —	$ 995	$ —	$ 995
Foreign currency derivatives	—	$ 2,247	$ —	2,247
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 months ended March 31, 2018, the Company recorded a gain of $8.1 million related to the RLJE Warrants which is included in Miscellaneous, net in the condensed consolidated statement of income.

At March 31, 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:

	March 31, 2019			
(In thousands)	**Carrying Amount**		**Estimated Fair Value**	
Debt instruments:				
Term loan A facility	$	740,352	$	736,875
4.75% Notes due August 2025		786,894		794,000
5.00% Notes due April 2024		986,838		1,004,900
4.75% Notes due December 2022		594,841		606,750
Other debt	$	2,000	$	2,000
	$	3,110,925	$	3,142,525

	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 March 31, 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	March 31, 2019	December 31, 2018
Derivatives designated as hedging instruments:			
Liabilities:			
Interest rate swap contracts	Accrued liabilities	$ 995	$ 356
Derivatives not designated as hedging instruments:			
Assets:			
Foreign currency derivatives	Prepaid expenses and other current assets	$ 1,270	$ 1,452
Foreign currency derivatives	Other assets	1,687	2,057
Liabilities:			
Foreign currency derivatives	Accrued liabilities	$ 597	$ 700
Foreign currency derivatives	Other liabilities	1,650	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 March 31,			Three Months Ended March 31,	
(In thousands)	2019	2018		2019	2018
Derivatives in cash flow hedging relationships:					
Interest rate swap contracts	$ (651)	$ —	Interest expense	$ 12	$ —

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

	Location of Gain or (Loss) Recognized in Earnings on Derivatives	Amount of Gain or (Loss) Recognized in Earnings on Derivatives	
		Three Months Ended March 31,	
(In thousands)		2019	2018
Interest rate swap contracts	Interest expense	$ —	$ (146)
Foreign currency derivatives	Miscellaneous, net	457	(293)
Other derivatives	Miscellaneous, net	—	11,687
Total		$ 457	$ 11,248

Note 13. Income Taxes

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

For the three months ended March 31, 2018, income tax expense was $56.9 million, representing an effective tax rate of 26%. The effective tax rate differs from the federal statutory rate of 21% due primarily to tax expense of $16.4 million for an increase in valuation allowances for foreign taxes and U.S. foreign tax credits, 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), tax benefit from foreign subsidiary earnings indefinitely reinvested outside the U.S. of $4.9 million and state income tax expense of $3.8 million.

At March 31, 2019, the Company had foreign tax credit carry forwards of approximately $25.3 million, expiring on various dates from 2022 through 2029. These carryforwards have been reduced by a valuation allowance of $25.3 million as it is more likely than not that these carry forwards will not be realized. For the three months ended March 31, 2019, $0.3 million relating to amortization of tax deductible second component goodwill was realized as a reduction in tax liability (as determined on a 'with-and-without' approach).

Note 14. Commitments and Contingencies

Commitments

As of March 31, 2019, the Company's contractual obligations not reflected on the Company's condensed consolidated balance sheet decreased $200.7 million, as compared to December 31, 2018, to $923.1 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 March 2019, AMC Networks granted 498,320 restricted stock units ("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 three months ended March 31, 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 three months ended March 31, 2019.

Share-based compensation expense included in selling, general and administrative expense, for the three months ended March 31, 2019 and March 31, 2018 was $19.9 million, and $15.3 million, respectively.

As of March 31, 2019, there was $120.1 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 2.5 years.

Note 16. Redeemable Noncontrolling Interests

The following table summarizes activity related to redeemable noncontrolling interest for the three months ended March 31, 2019.

(In thousands)	Three Months Ended March 31, 2019
December 31, 2018	$ 299,558
Net earnings	5,819
Distributions	(5,268)
Other	(307)
March 31, 2019	$ 299,802

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 $1.6 million for the three months ended March 31, 2019 and March 31, 2018, respectively. Amounts charged to the Company, included in selling, general and administrative expenses, pursuant to transactions with its related parties amounted to $0.7 million and $0.5 million for the three months ended March 31, 2019 and 2018, respectively.

Note 18. Cash Flows

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

	Three Months Ended March 31,	
(In thousands)	**2019**	**2018**
Non-Cash Investing and Financing Activities:		
Capital expenditures incurred but not yet paid	$ 2,216	$ 6,070
Treasury stock not yet settled	—	9,980
Supplemental Data:		
Cash interest paid	28,235	25,634
Income taxes paid, net	6,426	6,243

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 expense or credit and the Company's proportionate share of adjusted operating income (loss) from greater than 50% owned equity method investees. The Company has presented the components that reconcile adjusted operating income to operating income, an accepted GAAP measure, and other information as to the continuing operations of the Company's operating segments below.

	Three Months Ended March 31, 2019			
(In thousands)	**National Networks**	**International and Other**	**Inter-segment eliminations**	**Consolidated**
Revenues, net				
Advertising	$ 239,089	$ 21,206	$ —	$ 260,295
Distribution	377,029	149,882	(2,985)	523,926
Consolidated revenues, net	$ 616,118	$ 171,088	$ (2,985)	$ 784,221
Operating income (loss)	$ 251,502	$ (13,748)	$ 7,109	$ 244,863
Share-based compensation expense	16,269	3,630	—	19,899
Restructuring expense	303	3,035	(696)	2,642
Depreciation and amortization	8,612	15,444	—	24,056
Equity investees (>50% interest) AOI	—	1,580	—	1,580
Adjusted operating income	$ 276,686	$ 9,941	$ 6,413	$ 293,040

	Three Months Ended March 31, 2018			
(In thousands)	**National Networks**	**International and Other**	**Inter-segment eliminations**	**Consolidated**
Revenues, net				
Advertising	$ 225,730	$ 22,510	$ —	$ 248,240
Distribution	407,298	88,880	(3,595)	492,583
Consolidated revenues, net	$ 633,028	$ 111,390	$ (3,595)	$ 740,823
Operating income (loss)	$ 249,852	$ (16,814)	$ 617	$ 233,655
Share-based compensation expense	12,527	2,792	—	15,319
Depreciation and amortization	8,495	11,859	—	20,354
Adjusted operating income	$ 270,874	$ (2,163)	$ 617	$ 269,328

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

	Three Months Ended March 31,	
(In thousands)	**2019**	**2018**
Inter-segment revenues		
National Networks	$ (1,390)	$ (2,535)
International and Other	(1,595)	(1,060)
	$ (2,985)	$ (3,595)

The table below summarizes revenues based on customer location:

	Three Months Ended March 31,	
(In thousands)	**2019**	**2018**
Revenues		
United States	$ 662,464	$ 586,568
Europe	79,434	86,264
Other	42,323	67,991
	$ 784,221	$ 740,823

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

(In thousands)	**March 31, 2019**	**December 31, 2018**
Property and equipment, net		
United States	$ 209,903	$ 202,833
Europe	26,554	27,218
Other	15,384	16,211
	$ 251,841	$ 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

March 31, 2019

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 827	$ 477,816	$ 205,039	$ —	$ 683,682
Accounts receivable, trade (less allowance for doubtful accounts)	19	589,936	239,749	—	829,704
Current portion of program rights, net	—	293,477	140,586	(201)	433,862
Prepaid expenses, other current assets and intercompany receivable	58	194,921	32,133	(69,140)	157,972
Total current assets	904	1,556,150	617,507	(69,341)	2,105,220
Property and equipment, net of accumulated depreciation	—	182,433	69,408	—	251,841
Investment in affiliates	3,844,267	1,637,988	—	(5,482,255)	—
Program rights, net	—	918,943	236,759	(1,437)	1,154,265
Long-term intercompany notes receivable	—	—	218	(218)	—
Deferred carriage fees, net	—	14,055	816	—	14,871
Intangible assets, net	—	158,947	410,580	—	569,527
Goodwill	—	64,950	732,843	—	797,793
Deferred tax asset, net	—	—	19,927	—	19,927
Operating lease right-of-use asset	101,521	20,085	52,957	—	174,563
Other assets	—	171,200	262,707	—	433,907
Total assets	$ 3,946,692	$ 4,724,751	$ 2,403,722	$ (5,553,251)	$ 5,521,914
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable	$ —	$ 38,969	$ 68,423	$ —	$ 107,392
Accrued liabilities and intercompany payable	79,873	116,858	124,069	(70,850)	249,950
Current portion of program rights obligations	—	243,013	78,901	—	321,914
Deferred revenue	—	28,632	22,629	—	51,261
Current portion of long-term debt	28,125	—	2,000	—	30,125
Current portion of lease obligations	13,505	6,568	11,268	—	31,341
Total current liabilities	121,503	434,040	307,290	(70,850)	791,983
Program rights obligations	—	323,343	18,830	—	342,173
Long-term debt, net	3,080,800	—	—	—	3,080,800
Lease obligations	125,814	21,833	77,037	—	224,684
Deferred tax liability, net	131,723	—	5,844	—	137,567
Other liabilities and intercompany notes payable	31,463	101,268	27,783	(146)	160,368
Total liabilities	3,491,303	880,484	436,784	(70,996)	4,737,575
Commitments and contingencies					
Redeemable noncontrolling interests	—	—	299,802	—	299,802
Stockholders' equity:					
AMC Networks stockholders' equity	455,389	3,844,267	1,637,989	(5,482,255)	455,390
Non-redeemable noncontrolling interests	—	—	29,147	—	29,147
Total stockholders' equity	455,389	3,844,267	1,667,136	(5,482,255)	484,537
Total liabilities and stockholders' equity	$ 3,946,692	$ 4,724,751	$ 2,403,722	$ (5,553,251)	$ 5,521,914

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 March 31, 2019

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenues, net	$ —	$ 574,230	$ 212,760	$ (2,769)	$ 784,221
Operating expenses:					
Technical and operating (excluding depreciation and amortization)	—	220,488	120,718	(1,058)	340,148
Selling, general and administrative	—	111,581	62,831	(1,900)	172,512
Depreciation and amortization	—	12,537	11,519	—	24,056
Impairment charges	—	—	—	—	—
Restructuring expense	—	(283)	2,925	—	2,642
Total operating expenses	—	344,323	197,993	(2,958)	539,358
Operating income	—	229,907	14,767	189	244,863
Other income (expense):					
Interest expense, net	(38,929)	3,183	301	—	(35,445)
Share of affiliates' income (loss)	224,244	(7,311)	—	(216,933)	—
Miscellaneous, net	(99)	709	(13,206)	(189)	(12,785)
Total other income (expense)	185,216	(3,419)	(12,905)	(217,122)	(48,230)
Income from operations before income taxes	185,216	226,488	1,862	(216,933)	196,633
Income tax expense	(41,819)	(2,244)	(2,413)	—	(46,476)
Net income including noncontrolling interests	143,397	224,244	(551)	(216,933)	150,157
Net income attributable to noncontrolling interests	—	—	(6,760)	—	(6,760)
Net income attributable to AMC Networks' stockholders	$ 143,397	$ 224,244	$ (7,311)	$ (216,933)	$ 143,397

Condensed Consolidating Statement of Income
Three Months Ended March 31, 2018

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenues, net	$ —	$ 574,917	$ 170,386	$ (4,480)	$ 740,823
Operating expenses:					
Technical and operating (excluding depreciation and amortization)	—	222,621	98,522	(778)	320,365
Selling, general and administrative	—	122,059	48,089	(3,699)	166,449
Depreciation and amortization	—	10,804	9,550	—	20,354
Impairment and related charges	—	—	—	—	—
Restructuring (credit) expense	—	—	—	—	—
Total operating expenses	—	355,484	156,161	(4,477)	507,168
Operating income	—	219,433	14,225	(3)	233,655
Other income (expense):					
Interest expense, net	(36,907)	11,897	(8,176)	—	(33,186)
Share of affiliates' income	247,482	17,498	—	(264,980)	—
Loss on extinguishment of debt	—	—	—	—	—
Miscellaneous, net	(206)	734	16,415	3	16,946
Total other income (expense)	210,369	30,129	8,239	(264,977)	(16,240)
Income from operations before income taxes	210,369	249,562	22,464	(264,980)	217,415
Income tax (expense) benefit	(53,499)	(2,080)	(1,300)	—	(56,879)
Net income including noncontrolling interests	156,870	247,482	21,164	(264,980)	160,536
Net income attributable to noncontrolling interests	—	—	(3,666)	—	(3,666)
Net income attributable to AMC Networks' stockholders	$ 156,870	$ 247,482	$ 17,498	$ (264,980)	$ 156,870

Condensed Consolidating Statement of Comprehensive Income
Three Months Ended March 31, 2019

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net income including noncontrolling interests	$ 143,397	$ 224,244	$ (551)	$ (216,933)	$ 150,157
Other comprehensive income (loss):					
Foreign currency translation adjustment	(5,762)	—	(5,762)	5,762	(5,762)
Unrealized loss on interest rate swaps	(639)	—	—	—	(639)
Other comprehensive income, before income taxes	(6,401)	—	(5,762)	5,762	(6,401)
Income tax expense	149	—	—	—	149
Other comprehensive income, net of income taxes	(6,252)	—	(5,762)	5,762	(6,252)
Comprehensive income	137,145	224,244	(6,313)	(211,171)	143,905
Comprehensive income attributable to noncontrolling interests	—	—	(6,722)	—	(6,722)
Comprehensive income attributable to AMC Networks' stockholders	$ 137,145	$ 224,244	$ (13,035)	$ (211,171)	$ 137,183

Condensed Consolidating Statement of Comprehensive Income
Three Months Ended March 31, 2018

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net income including noncontrolling interest	$ 156,870	$ 247,482	$ 21,164	$ (264,980)	$ 160,536
Other comprehensive income (loss):					
Foreign currency translation adjustment	18,805	—	18,805	(18,805)	18,805
Other comprehensive income, net of income taxes	18,805	—	18,805	(18,805)	18,805
Comprehensive income	175,675	247,482	39,969	(283,785)	179,341
Comprehensive income attributable to noncontrolling interests	—	—	(4,563)	—	(4,563)
Comprehensive income attributable to AMC Networks’ stockholders	$ 175,675	$ 247,482	$ 35,406	$ (283,785)	$ 174,778

Condensed Consolidating Statement of Cash Flows

Three Months Ended March 31, 2019

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net cash provided by (used in) operating activities	$ 197,776	$ 164,138	$ 27,703	$ (217,930)	$ 171,687
Cash flows from investing activities:					
Capital expenditures	(26)	(19,868)	(2,159)	—	(22,053)
Return of capital from investees	—	—	3,908	—	3,908
Investment in and loans to investees	—	—	—	—	—
Payments for acquisition of a business, net of cash acquired	—	—	—	—	—
Increase (decrease) to investment in affiliates	(177,117)	69,120	(75,454)	183,451	—
Net cash (used in) provided by investing activities	(177,143)	49,252	(73,705)	183,451	(18,145)
Cash flows from financing activities:					
Proceeds from the issuance of long-term debt	—	—	2,521	—	2,521
Repayment of long-term debt	—	—	(3,238)	—	(3,238)
Deemed repurchases of restricted stock units	(22,959)	—	—	—	(22,959)
Purchase of treasury stock	(991)	—	—	—	(991)
Proceeds from stock option exercises	4,630	—	—	—	4,630
Principal payments on finance lease obligations	—	(786)	(523)	—	(1,309)
Distributions to noncontrolling interests	—	—	(5,629)	—	(5,629)
Net cash used in financing activities	(19,320)	(786)	(6,869)	—	(26,975)
Net increase (decrease) in cash and cash equivalents from operations	1,313	212,604	(52,871)	(34,479)	126,567
Effect of exchange rate changes on cash and cash equivalents	(607)	(102,939)	71,296	34,479	2,229
Cash and cash equivalents at beginning of period	121	368,151	186,614	—	554,886
Cash and cash equivalents at end of period	$ 827	$ 477,816	$ 205,039	$ —	$ 683,682

Condensed Consolidated Statement of Cash Flows
Three Months Ended March 31, 2018

(In thousands)	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net cash provided by operating activities	$ 234,947	$ 154,495	$ (7,472)	$ (264,998)	$ 116,972
Cash flows from investing activities:					
Capital expenditures	—	(11,040)	(902)	—	(11,942)
Return of capital from investees	—	—	172	—	172
Investment in investees	—	—	(42,318)	—	(42,318)
Increase (decrease) to investment in affiliates	(141,109)	(129,821)	67,191	203,739	—
Net cash (used in) provided by investing activities	(141,109)	(140,861)	24,143	203,739	(54,088)
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	(15,354)	—	—	—	(15,354)
Purchase of treasury stock	(83,637)	—	—	—	(83,637)
Principal payments on capital lease obligations	—	(723)	(683)	—	(1,406)
Distributions to noncontrolling interests	—	—	(1,435)	—	(1,435)
Net cash used in financing activities	(98,991)	(723)	(2,118)	—	(101,832)
Net increase (decrease) in cash and cash equivalents from operations	(5,153)	12,911	14,553	(61,259)	(38,948)
Effect of exchange rate changes on cash and cash equivalents	5,017	(49,740)	(7,171)	61,259	9,365
Cash and cash equivalents at beginning of period	320	391,248	167,215	—	558,783
Cash and cash equivalents at end of period	$ 184	$ 354,419	$ 174,597	$ —	$ 529,200

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 months ended March 31, 2019 compared to the three months ended March 31, 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 March 31, 2019, as well as an analysis of our cash flows for the three months ended March 31, 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 March 31, 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, see discussion below), 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 March 31, 2019	Three Months Ended March 31, 2018
Revenues, net		
National Networks	$ 616,118	$ 633,028
International and Other	171,088	111,390
Inter-segment eliminations	(2,985)	(3,595)
Consolidated revenues, net	$ 784,221	$ 740,823
Operating income (loss)		
National Networks	$ 251,502	$ 249,852
International and Other	(13,748)	(16,814)
Inter-segment eliminations	7,109	617
Consolidated operating income	$ 244,863	$ 233,655
AOI		
National Networks	$ 276,686	$ 270,874
International and Other	9,941	(2,163)
Inter-segment eliminations	6,413	617
Consolidated AOI	$ 293,040	$ 269,328

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 expense or credit, and the Company's proportionate share of adjusted operating income (loss) from greater than 50% 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 March 31, 2019	Three Months Ended March 31, 2018
Operating income	$ 244,863	$ 233,655
Share-based compensation expense	19,899	15,319
Restructuring expense	2,642	—
Depreciation and amortization	24,056	20,354
Equity investees (>50% interest) AOI	1,580	—
AOI	$ 293,040	$ 269,328

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 statement of income from the acquisition date through March 31, 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 statement of income from the acquisition date through March 31, 2019.

National Networks

In our National Networks segment, which accounted for 79% of our consolidated revenues for the three months ended March 31, 2019, 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 were $3.3 million and $4.6 million for the three months ended March 31, 2019 and March 31, 2018, respectively.

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, which accounted for 22% of our consolidated revenues for the three months ended March 31, 2019, we earn revenue principally from the international distribution of programming and, to a lesser extent, the sale of advertising from our AMCNI programming networks. We also earn revenue from production services from Levity, revenues from our wholly-owned subscription streaming services Shudder and Sundance Now, as well as subscription streaming services operated by RLJE; AcornTV and UMC, revenues from the distribution of content of IFC Films and RLJE, and 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 three months ended March 31, 2019, distribution revenues represented 88% of the revenues of the International and Other segment. Most of these revenues are derived from the distribution of our programming networks primarily in Europe and to a lesser extent, Latin America. Our subscription streaming services are available in the United States, Canada, Latin America, parts of Europe, India, Australia and New Zealand.

Programming, program operating costs and production costs incurred to produce content for third parties are included in technical and operating expense, and represent the largest expense of the International and Other segment and primarily consist of amortization of acquired content, costs of dubbing and sub-titling of programs, production costs, participation and residual costs. Program operating costs include costs such as origination, transmission, uplinking and encryption of our linear AMCNI channels as well as content hosting and delivery costs at our various 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.

Three Months Ended March 31, 2019 Compared to Three Months Ended March 31, 2018

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

	Three Months Ended March 31,					
	2019		2018			
(In thousands)	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 784,221	100.0 %	$ 740,823	100.0 %	$ 43,398	5.9 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	340,148	43.4	320,365	43.2	19,783	6.2
Selling, general and administrative	172,512	22.0	166,449	22.5	6,063	3.6
Depreciation and amortization	24,056	3.1	20,354	2.7	3,702	18.2
Restructuring expense	2,642	0.3	—	—	2,642	n/m
Total operating expenses	539,358	68.8	507,168	68.5	32,190	6.3
Operating income	244,863	31.2	233,655	31.5	11,208	4.8
Other income (expense):						
Interest expense, net	(35,445)	(4.5)	(33,186)	(4.5)	(2,259)	6.8
Miscellaneous, net	(12,785)	(1.6)	16,946	2.3	(29,731)	(175.4)
Total other income (expense)	(48,230)	(6.2)	(16,240)	(2.2)	(31,990)	197.0
Net income from operations before income taxes	196,633	25.1	217,415	29.3	(20,782)	(9.6)
Income tax expense	(46,476)	(5.9)	(56,879)	(7.7)	10,403	(18.3)
Net income including noncontrolling interests	150,157	19.1	160,536	21.7	(10,379)	(6.5)
Net income attributable to noncontrolling interests	(6,760)	(0.9)	(3,666)	(0.5)	(3,094)	84.4 %
Net income attributable to AMC Networks' stockholders	$ 143,397	18.3 %	$ 156,870	21.2 %	$ (13,473)	(8.6)%

National Networks Segment Results

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

	Three Months Ended March 31,					
	2019		2018			
(In thousands)	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 616,118	100.0%	$ 633,028	100.0%	$ (16,910)	(2.7)%
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	241,260	39.2	249,786	39.5	(8,526)	(3.4)
Selling, general and administrative	114,441	18.6	124,895	19.7	(10,454)	(8.4)
Depreciation and amortization	8,612	1.4	8,495	1.3	117	1.4
Restructuring expense	303	—	—	—	303	n/m
Operating income	$ 251,502	40.8%	$ 249,852	39.5%	$ 1,650	0.7 %
Share-based compensation expense	16,269	2.6	12,527	2.0	3,742	29.9
Restructuring credit	303	—	—	—	303	n/m
Depreciation and amortization	8,612	1.4	8,495	1.3	117	1.4
AOI	$ 276,686	44.9%	$ 270,874	42.8%	$ 5,812	2.1 %

International and Other Segment Results

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

	Three Months Ended March 31,					
	2019		2018			
(In thousands)	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$ 171,088	100.0 %	$ 111,390	100.0 %	$ 59,698	53.6 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	108,272	63.3	74,763	67.1	33,509	44.8
Selling, general and administrative	58,085	34.0	41,582	37.3	16,503	39.7
Depreciation and amortization	15,444	9.0	11,859	10.6	3,585	30.2
Restructuring expense	3,035	1.8	—	—	3,035	n/m
Operating loss	$ (13,748)	(8.0)%	$ (16,814)	(15.1)%	$ 3,066	(18.2)%
Share-based compensation expense	3,630	2.1	2,792	2.5	838	30.0
Restructuring expense	3,035	1.8	—	—	3,035	n/m
Depreciation and amortization	15,444	9.0	11,859	10.6	3,585	30.2
Equity investees (>50% interest) AOI	1,580	0.9	—	—	1,580	n/m
AOI	$ 9,941	5.8 %	$ (2,163)	(1.9)%	$ 12,104	(559.6)%

Revenues, net

Revenues, net increased $43.4 million to $784.2 million for the three months ended March 31, 2019 as compared to the three months ended March 31, 2018. The net change by segment was as follows:

	Three Months Ended March 31,					
(In thousands)	2019	% of total	2018	% of total	$ change	% change
National Networks	$ 616,118	78.6 %	$ 633,028	85.4 %	$ (16,910)	(2.7)%
International and Other	171,088	21.8	111,390	15.0	59,698	53.6
Inter-segment eliminations	(2,985)	(0.4)	(3,595)	(0.4)	610	(17.0)
Consolidated revenues, net	$ 784,221	100.0 %	$ 740,823	100.0 %	$ 43,398	5.9 %

National Networks

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

	Three Months Ended March 31,					
(In thousands)	2019	% of total	2018	% of total	$ change	% change
Advertising	$ 239,089	38.8%	$ 225,730	35.7%	$ 13,359	5.9 %
Distribution	377,029	61.2	407,298	64.3	(30,269)	(7.4)
	$ 616,118	100.0%	$ 633,028	100.0%	$ (16,910)	(2.7)%

- The increase of $13.4 million in advertising revenues was driven by the timing of our original programming and pricing increases across all of our networks, partially offset by lower ratings. 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 $30.3 million due to a decrease in content licensing revenues of $35.0 million from lower foreign distribution revenues derived from our original programming, primarily at AMC. Subscription revenues increased $4.7 million resulting from an increase in rates, partially offset by lower subscribers. 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:

	Three Months Ended March 31,					
(In thousands)	2019	% of total	2018	% of total	$ change	% change
Advertising	$ 21,206	12.4%	$ 22,510	20.2%	$ (1,304)	(5.8)%
Distribution	149,882	87.6	88,880	79.8	61,002	68.6
	$ 171,088	100.0%	$ 111,390	100.0%	$ 59,698	53.6 %

The decrease of $1.3 million in advertising revenues was principally due to the unfavorable impact of foreign currency translation of $1.9 million, partially offset by a slight increase in demand in certain international markets. Distribution revenues increased primarily due to a $64.7 million impact from the acquisitions of Levity and RLJE. In addition, distribution revenues increased $3.3 million from our subscription streaming services. Foreign currency translation had an unfavorable impact to distribution revenues of $5.8 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 $19.8 million to $340.1 million for the three months ended March 31, 2019 as compared to the three months ended March 31, 2018. The net change by segment was as follows:

(In thousands)	Three Months Ended March 31, 2019	2018	$ change	% change
National Networks	$ 241,260	$ 249,786	$ (8,526)	(3.4)%
International and Other	108,272	74,763	33,509	44.8
Inter-segment eliminations	(9,384)	(4,184)	(5,200)	124.3
Total	$ 340,148	$ 320,365	$ 19,783	6.2 %
Percentage of revenues, net	43.4%	43.2%		

National Networks

The decrease in technical and operating expense was primarily attributable to a decrease of $10.0 million in other direct programming costs, partially offset by a slight increase of $1.5 million in program rights amortization expense. Program rights amortization expense includes write-offs, based on management's assessment of programming usefulness, of $3.3 million for the three months ended March 31, 2019 related to certain original programming, as compared to program rights write-offs of $4.6 million for the three months ended March 31, 2018 related to certain scripted series and development costs.

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

International and Other

Technical and operating expense increased due to a $40.1 million impact from the acquisitions of Levity and RLJE, partially offset by a decrease in program rights amortization expense at AMCNI of $10.3 million. Foreign currency translation had an favorable impact to the change in technical and operating expense of $4.8 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 $6.1 million to $172.5 million for the three months ended March 31, 2019, as compared to the three months ended March 31, 2018. The net change by segment was as follows:

(In thousands)	Three Months Ended March 31, 2019	2018	$ change	% change
National Networks	$ 114,441	$ 124,895	$ (10,454)	(8.4)%
International and Other	58,085	41,582	16,503	39.7
Inter-segment eliminations	(14)	(28)	14	(50.0)
Total	$ 172,512	$ 166,449	$ 6,063	3.6 %
Percentage of revenues, net	22.0%	22.5%		

National Networks

Selling, general and administrative expense decreased $10.5 million principally due to a decrease in sales and marketing costs related to the timing of promotion and marketing of our 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 $16.5 million primarily due to a $22.8 million impact from the acquisitions of Levity and RLJE, partially offset by a decrease in sales and marketing costs of $2.8 million and administrative costs of $3.4 million at AMCNI. Foreign currency translation had a favorable impact to the change in selling, general and administrative expense of $1.9 million.

Depreciation and amortization

Depreciation and amortization expense increased $3.7 million to $24.1 million for the three months ended March 31, 2019, as compared to the three months ended March 31, 2018. The net change by segment was as follows:

	Three Months Ended March 31,			
(In thousands)	**2019**	**2018**	**$ change**	**% change**
National Networks	$ 8,612	$ 8,495	$ 117	1.4%
International and Other	15,444	11,859	3,585	30.2
	$ 24,056	$ 20,354	$ 3,702	18.2%

The increase in depreciation and amortization expense in the International and Other segment was primarily due to a $2.3 million impact from the acquisitions of Levity and RLJE as well as an increase in depreciation expense of $1.7 million related to leasehold additions.

Restructuring expense

Restructuring expense of $2.6 million for the three months ended March 31, 2019 primarily consisted of charges incurred at AMCNI of $3.0 million related to costs associated with the termination of distribution in certain territories.

Operating Income

	Three Months Ended March 31,			
(In thousands)	**2019**	**2018**	**$ change**	**% change**
National Networks	$ 251,502	$ 249,852	$ 1,650	0.7 %
International and Other	(13,748)	(16,814)	3,066	(18.2)
Inter-segment Eliminations	7,109	617	6,492	n/m
	$ 244,863	$ 233,655	$ 11,208	4.8 %

The increase in operating income at the National Networks segment was primarily attributable to a decrease in technical and operating expense of $8.5 million and a decrease in selling, general and administrative expense of $10.5 million, partially offset by a decrease in revenues of $16.9 million.

The decrease in operating losses at the International and Other segment was primarily attributable to an increase in revenues of $59.7 million, partially offset by an increase in technical and operating expense of $33.5 million, an increase in selling, general and administrative expense of $16.5 million, restructuring expense of $3.0 million and an increase in depreciation and amortization of $3.6 million.

AOI

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

	Three Months Ended March 31,			
(In thousands)	**2019**	**2018**	**$ change**	**% change**
Operating income	$ 244,863	$ 233,655	$ 11,208	4.8%
Share-based compensation expense	19,899	15,319	4,580	29.9
Restructuring expense	2,642	—	2,642	n/m
Depreciation and amortization	24,056	20,354	3,702	18.2
Equity investees (>50% interest) AOI	1,580	—	1,580	n/m
AOI	$ 293,040	$ 269,328	$ 23,712	8.8%

AOI increased $23.7 million for the three months ended March 31, 2019 as compared to the three months ended March 31, 2018. The net change by segment was as follows:

(In thousands)	Three Months Ended March 31, 2019	2018	$ change	% change
National Networks	$ 276,686	$ 270,874	$ 5,812	2.1 %
International and Other	9,941	(2,163)	12,104	(559.6)
Inter-segment eliminations	6,413	617	5,796	939.4
AOI	$ 293,040	$ 269,328	$ 23,712	8.8 %

National Networks AOI increased principally due to the increase in operating income of $1.7 million as well as the impact from an increase in share-based compensation expense of $3.7 million.

International and Other AOI increased $12.1 million due to the decrease in operating loss of $3.1 million as well as the impact from an increase in depreciation and amortization of $3.6 million primarily from the acquisitions of Levity and RLJE, restructuring expense of $3.0 million, and an increase of $1.6 million related to the AOI of majority-owned equity method investees. Foreign currency translation had an unfavorable impact to the change in AOI of $1.0 million.

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 $2.3 million is driven by a $1.4 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 $0.8 million.

Miscellaneous, net

The decrease in miscellaneous, net of $29.7 million for the three months ended March 31, 2019 as compared to the three months ended March 31, 2018 was primarily driven by impairment charges of $17.7 million recorded for the three months ended March 31, 2019 for the partial write-down of certain of our non-marketable equity securities and a note receivable. In addition, miscellaneous, net decreased $10.9 million related to gains associated with the increase in fair value of our investment in RLJE recorded for the three months ended March 31, 2018.

Income tax expense

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

For the three months ended March 31, 2018, income tax expense was $56.9 million, representing an effective tax rate of 26%. The effective tax rate differs from the federal statutory rate of 21% due primarily to tax expense of $16.4 million for an increase in valuation allowances for foreign taxes and U.S. foreign tax credits, 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), tax benefit from foreign subsidiary earnings indefinitely reinvested outside the U.S. of $4.9 million and state income tax expense of $3.8 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 March 31, 2019, the Company repurchased 18.4 million shares of its Class A common stock at an average purchase price of approximately $53.82 per share. As of March 31, 2019, the Company has $558.4 million available 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 March 31, 2019, our consolidated cash and cash equivalents balance includes approximately $134.4 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 March 31, 2019. The total undrawn revolver commitment is available to be drawn for our general corporate purposes.

AMC Networks was in compliance with all of its debt covenants as of March 31, 2019.

Cash Flow Discussion

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

	Three Months Ended March 31,	
(In thousands)	**2019**	**2018**
Cash provided by operating activities	$ 171,687	$ 116,972
Cash used in investing activities	(18,145)	(54,088)
Cash used in financing activities	(26,975)	(101,832)
Net increase (decrease) in cash and cash equivalents	126,567	(38,948)

Operating Activities

Net cash provided by operating activities amounted to $171.7 million for the three months ended March 31, 2019 as compared to $117.0 million for the three months ended March 31, 2018. Net cash provided by operating activities for the three months ended March 31, 2019 primarily resulted from $413.1 million of net income before amortization of program rights, depreciation and amortization, and other non-cash items, as well as an increase in income taxes payable of $40.1 million, which was partially offset by payments for program rights of $190.7 million, an increase in prepaid expense and other assets of $26.2 million primarily related to an increase in long-term receivables and a decrease in accounts payable, accrued expenses and other liabilities of $58.6 million primarily related to lower employee related liabilities. Changes in all other assets and liabilities resulted in a decrease of $6.1 million.

Net cash provided by operating activities for the three months ended March 31, 2018 primarily resulted from $432.9 million of net income before amortization of program rights, depreciation and amortization, and other non-cash items, as well as an increase in taxes payable of $15.7 million, which was partially offset by payments for program rights of $248.6 million, a decrease in accounts payable, accrued expenses and other liabilities of $63.0 million primarily related to lower employee related liabilities and an increase in receivables of $17.9 million primarily related to timing of cash receipts. Changes in all other assets and liabilities resulted in a decrease of $2.1 million.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2019 and 2018 was $18.1 million and $54.1 million, respectively. For the three months ended March 31, 2019, cash used in investing activities included capital expenditures of $22.1 million, partially offset by a return of capital from investees of $3.9 million. For the three months ended March 31, 2018, cash used in investing activities included investments of $42.3 million and capital expenditures of $11.9 million.

Financing Activities

Net cash used in financing activities amounted to $27.0 million for the three months ended March 31, 2019 as compared to $101.8 million for the three months ended March 31, 2018. For the three months ended March 31, 2019, financing activities primarily consisted of taxes paid in lieu of shares issued for equity-based compensation of $23.0 million, distributions to noncontrolling interests of $5.6 million, principal payments on finance leases of $1.3 million, and purchases of our common stock of $1.0 million, partially offset by proceeds from stock option exercises of $4.6 million.

Net cash used in financing activities amounted to $101.8 million for the three months ended March 31, 2018 and primarily consisted of purchases of our common stock of $83.6 million. In addition, net cash used in financing activities for the three months ended March 31, 2018 includes taxes paid in lieu of shares issued for equity-based compensation of $15.4 million and distributions to noncontrolling interests of $1.4 million.

Contractual Obligations

As of March 31, 2019, our contractual obligations not reflected on the condensed consolidated balance sheet decreased $200.7 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 March 31, 2019, the carrying value of our fixed rate debt of $2.37 billion was less than its fair value of $2.41 billion by approximately $37 million. The fair value of these financial instruments is estimated based on reference to quoted market prices for these or comparable securities. A hypothetical 100 basis point decrease in interest rates prevailing at March 31, 2019 would increase the estimated fair value of our fixed rate debt by approximately $82.5 million to approximately $2.5 billion.

Managing our Interest Rate Risk

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

As of March 31, 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 March 31, 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 March 31, 2019 was a net liability of $1.0 million. As a result of these transactions, the interest rate paid on approximately 79% of our debt (excluding finance leases) as of March 31, 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 March 31, 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 $5.8 million of foreign currency transaction losses, net for the three months ended March 31, 2019. Such amount is included in miscellaneous, net in the condensed consolidated statement of income.

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

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

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

An evaluation was carried out under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based upon that evaluation as of March 31, 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 March 31, 2019, there were no changes in the Company's internal control over financial reporting, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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 March 31, 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
January 1, 2019 to January 31, 2019	18,411	$ 53.82	18,411	$ 558,419,334
February 1, 2019 to February 28, 2019	—	$ —	—	$ 558,419,334
March 1, 2019 to March 31, 2019	—	$ —	—	$ 558,419,334
Total	18,411	$ 53.82	18,411	

Item 6. Exhibits.

(a) Index to Exhibits.

10.1	Master Services Agreement, dated February 8, 2019, by and between Rainbow Media Holdings LLC and 605, LLC.
10.2	Employment Agreement, dated March 8, 2019, by and between AMC Networks Inc. and Christian Wymbs.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

SIGNATURES

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

	AMC Networks Inc.
Date: May 1, 2019	By: /s/ Sean S. Sullivan
	Sean S. Sullivan
	Executive Vice President and Chief Financial Officer

MASTER SERVICES AGREEMENT

This **MASTER SERVICES AGREEMENT** ("**Agreement**") is entered into by and between **605, LLC**, a Delaware limited liability company ("**605**"), and Rainbow Media Holdings LLC, a New York limited liability company ("**Customer**"), and is effective as of February 8, 2019 (the "**Effective Date**").

BACKGROUND

A. Customer desires to retain 605 from time to time to perform certain professional services as specified in each Statement of Work (as defined below); and

B. 605 desires to perform such services for Customer on the terms and conditions of this Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. SERVICES

1.1 General.

(a) During the term of this Agreement, Customer and 605 shall develop and agree upon written statements of work (each, a "**Statement of Work**") that reference this Agreement and specify, as applicable: (a) 605's fees and rates; (b) the term of that Statement of Work; (c) the services to be provided by 605 under that Statement of Work ("**Services**"); (d) the datasets, spreadsheets, reports, tables, charts, or documentation to be provided by 605 under that Statement of Work ("**Deliverables**"); and (e) any other details the parties deem appropriate, including the identification of any Deliverables as work product ("**Work Product**"). Work Product means any Deliverables that: (i) are created specifically for Customer under this Agreement; (ii) are expressly and specifically identified in the applicable Statement of Work as "Work Product"; and (iii) do not constitute any software, utilities, tools, methodologies, specifications, techniques, processes models, or algorithms, and/or 605 Materials (as defined below), which for the avoidance of doubt, shall not constitute Work Product. A form of Statement of Work is set forth on Exhibit A. Customer agrees to retain 605 to perform Services for Customer as set forth in each Statement of Work. Neither party is required to enter into any Statement of Work, and 605 is not required to perform any services or provide any deliverable not set forth in a Statement of Work.

1.2 Personnel. 605 may perform the Services through its employees ("**605 Personnel**") or contractors ("**Contractors**"), whose relationship to 605 is defined in Contractor agreements ("**Contractor Agreements**"), as necessary to provide the Services and Deliverables; provided, however, Customer has approved of each such Contractor in writing prior to such Contractor commencing work on any Customer engagement, such approval not to be unreasonably withheld. 605 shall remain responsible under the terms of this Agreement for the Services performed by 605 Personnel.

605 shall contractually require, and shall cause, any Contractor to make timely delivery of the Work Product.

605 shall contractually require each Contractor to be responsible for the timely and full payment of all costs and fees to all persons and entities that render services or goods for the creation and production of the Work Product. 605 shall timely make all payments to the Contractor as may be required for the timely completion of the Work Product by the Contractor.

605 Personnel and Contractors performing Services under this Agreement must be subject to confidentiality provisions at least as restrictive as those set forth herein.

In addition to the foregoing provisions, each Contractor Agreement shall contain representations, warranties and indemnification provisions that contain the following terms, at a minimum:

(a) Contractor shall comply with all applicable laws and regulations;

(b) The Deliverables and Work Product and all works and other intellectual property provided by the Contractor in connection with the Deliverables and/or Work Product, including without limitation all works, materials and intellectual property other than the materials created by or for the Contractor, and any and all intellectual property and all improvements and other derivatives thereto or thereof, whether made in connection with this Agreement, the Contractor Agreement or otherwise, do not and shall not infringe upon or violate any rights whatsoever of any third party;

(c) Contractor has not, and shall not at any time, created or permitted to exist any lien, pledge, security interest or any other encumbrance in or to the Deliverables and/or Work Product or any other product using any Customer materials that may be developed, created or utilized pursuant to this Agreement and/or the Contractor Agreement; and

(d) Contractor shall be solely responsible for and shall pay any and all development costs related to the Deliverables and/or Work Product (as applicable) and shall obtain any and all rights and clearances for any Third-Party Materials (as referenced in Section 3.5 below) used in connection with the Deliverables and/or Work Product.

1.3 Customer Cooperation. In order to enable 605 to perform the Services, Customer shall perform its responsibilities under this Agreement and the applicable Statement of Work and provide 605 Personnel and Contractors with such other cooperation and assistance as 605 reasonably requests.

1.4 Changes. Either party may, from time to time during the performance of the Services, provide written notice to the other party proposing changes or additions to this Agreement or a Statement of Work (each a "**Change Proposal**"). Following delivery and receipt of a Change Proposal, the parties shall negotiate in good faith and discuss appropriate modifications to this Agreement or the relevant Statement of Work, as applicable (including without limitation the specifications, timeframes, and fees). Neither party is required to accept a Change Proposal, and neither party will be required to perform any additional Services or provide any additional Deliverables or provide any additional cooperation or support until a Change Proposal has been agreed upon in writing. If parties agree to modify this Agreement or a Statement of Work, the Parties will execute a written amendment to this Agreement or such Statement of Work, which shall include any such changes or additions and any relevant information that the Parties deem necessary. Each such amendment will be incorporated into this Agreement. For the avoidance of doubt, the failure of 605 or any Contractor hired by 605 to deliver the Services and Deliverables on the firm due dates set forth in a Statement of Work for any reason shall entitle Customer to terminate the applicable Statement of Work pursuant to the terms herein, and receive a repayment of any fees paid for such Deliverable as applicable to the terminated Statement of Work. 605 shall notify Customer, as soon as reasonably practicable, about any potential or anticipated delay in making any scheduled delivery of Services and/or Deliverables in accordance with the applicable Statement of Work.

2. COMPENSATION

2.1 Fees and Expenses. Fees and expenses payable as mutually agreed by the Parties for the Services and Deliverables will be set forth in the relevant Statement of Work (the "Fee"). The Fee described in each Statement of Work is only subject to change based on additional Services and Deliverables authorized and approved by Customer. Customer will be under no obligation to pay 605 any other amounts unless Customer authorizes such amount in writing in advance.

2.2 Invoicing and Payment. Unless otherwise specified in the applicable Statement of Work, 605 shall submit invoices to Customer monthly. Customer shall pay the pre-approved 605 fees and expenses no later than thirty (30) business days following the date the Customer receives of the invoice for such pre-approved fees and expenses. Late payments will bear interest at the rate of one and one-half percent (1.5%) per month (or the highest rate permitted by law, if less); provided, however, that such late payment is not due to a reason within 605's control. In the event of any failure by Customer to make payments of any fees hereunder in a timely manner not due to a reason within 605's control, 605 shall provide a written notice to Customer of such late payment and if Customer fails to cure the unpaid invoice within fifteen (15) business days from receipt of a written notice to Customer, then 605 shall have the opportunity to temporarily suspend such applicable Statement of Work until such payment is paid, or, if 605 does not temporarily suspend such applicable Statement of Work, any due date set forth in such Statement of Work may be extended at 605's election in good faith (provided, in no event longer than a period equal to the temporary suspension period).

2.3 Taxes. Customer shall be responsible for and shall indemnify and hold 605 harmless from payment of all taxes (other than taxes based on 605's net income), fees, duties, and other governmental charges, and any related penalties and interest, arising from the payment of fees to 605 under this Agreement or the provision of the Services and Deliverables under any Statement of Work to Customer. Customer shall make all payments of fees to 605 free and clear of, and without reduction for, any withholding taxes, and if requested by a taxing authority or by 605, Customer shall provide 605 with official receipts issued by the appropriate taxing authority, or such other evidence as 605 may reasonably request, to establish that such taxes have been paid.

3. WORK PRODUCT, DELIVERABLES, CUSTOMER MATERIALS, AND RESERVATION OF RIGHTS

3.1 Work Product. The parties acknowledge that, as expressly agreed to in a Statement of Work and subject to the terms and conditions of this Agreement (including the payment provisions hereof), Customer is the exclusive owner of all rights, of every kind and nature, title and interest in the Work Product. 605 hereby irrevocably and exclusively assigns, grants and conveys, and further represents that 605 Personnel will assign, grant and convey, to Customer, all right, title and interest to any intellectual property rights, including any copyrights, in any such Work Product.

3.2 Deliverables. Subject to the terms and conditions of this Agreement, including payment of all applicable amounts due, 605 hereby irrevocably grants to Customer a non-exclusive, non-transferable (except as otherwise provided in this Agreement), royalty-free license (without the right to sublicense) in perpetuity, during the term of this Agreement, to internally use and reproduce the Deliverables that do not constitute Work Product in the conduct of Customer's business and to share such Deliverables with contractors of Customer, solely for such employees and contractors' use of such Deliverables for the benefit of Customer in the conduct of its business, subject to written confidentiality and use restriction terms that are at least as restrictive as the terms of this Agreement applicable to such Deliverables. Customer shall comply with all applicable laws, rules, regulations, accrediting agency standards, and orders of governmental authorities ("**Laws**") and shall not use or otherwise exploit any such Deliverable in violation of any applicable Law, contract, or privacy policy to which Customer or such Deliverable is subject.

3.3 Customer Materials; Certain Rights and Restrictions. Subject to the terms and conditions of this Agreement, Customer hereby grants to 605 a non-exclusive, non-transferable, non-sublicensable, royalty-free, license during the Term (without the right to sublicense) to use, reproduce, modify, and create derivatives of all data, datasets, specifications, software, and other information or materials furnished by or on behalf of Customer or any of its affiliates to 605 or any of its affiliates (whether before or during the term of this Agreement) (collectively, the "**Customer Materials**") and all Work Product for permitted uses. Permitted uses under this license include performing analyses of data included in the Customer Materials or Work Product, appending data included in the Customer Materials or Work Product with other data sets, running media against such data, and performing testing of such data. Notwithstanding the foregoing, 605 shall not (i) use Customer Materials for any purpose except as expressly authorized by Customer; (ii) use the Customer Materials for the purpose or rendering or reselling information services to any third party, (iii) reverse engineer, decompile or decode any Customer Materials or (iv) sell, assign, lease, sublease, sublicense, disclose, transfer, distribute, or otherwise make available to any third party (for clarity, other than to 605 Personnel or Contractors on a "need-to-know" basis for the purpose of providing the Services or Deliverables in an applicable Statement of Work) the raw data included in the Customer Materials ("**Customer Data**") or store, access, or use any Customer Data, in each case for any purpose other than providing Services or Deliverables to Customer (unless otherwise specifically agreed in writing by the parties). In addition, 605 shall comply with any additional restrictions on 605's use of Customer Materials set forth on the applicable Statement of Work or in writing by Customer. 605 is responsible for 605 Personnel's and Contractors' compliance with this Agreement with respect to Customer Materials. Each party reserves all rights not expressly granted to the other party in this Agreement.

3.4 End User Data. The parties acknowledge and agree that in order for 605 to provide the 605 Services and Deliverables, it must collect or obtain certain data from or about the linear television end users (the "**End User Data**"), including but not limited to viewing and behavioral data, and 605 will use third party data sources to match certain demographic data, general audience attributes and information (together, the "**Third Party Data**") to the End User Data. 605 represents, warrants and covenants that: (i) 605, or the third parties that it relies on as applicable, uses commercially reasonable efforts to comply with the requisite section of the Cable Act allowing set top box data to be collected, or, as it may apply to smart television user data, cause any requisite notices, choices or mechanisms to opt out, and to obtain all necessary consents (or has used commercially reasonable efforts to cause any such notices to be provided and consents to be obtained by relevant third parties such as smart device manufacturers) from End Users for the collection, processing, use, transmission and disclosure of their End User Data to the extent necessary for 605 to provide the 605 Services and Deliverables and perform its obligations under this Agreement; and (ii) during the Term, 605 will use commercially reasonable efforts to offer (or ensure that relevant third parties offer) End Users with opt out mechanisms for the collection, processing, use, transmission and disclosure of their End User Data and 605 will use commercially reasonable efforts to implement internal controls designed to ensure that End User Data is used in accordance with such end user preferences; (iii) 605 shall maintain the confidentiality of, and keep in safe custody, the End User Data and any and all documentation, files and other media used to record or store End User Data; and (iv) 605 shall use all necessary due care to protect such End User Data. 605 will not (a) collect and share with Company data that is PII (as defined below) or otherwise could be reasonably construed as "personally identifiable" or sensitive information according to any applicable United States law or regulation.

3.5 Third Party Materials. Except as otherwise agreed to in writing by Customer, any third party materials used in connection with the Deliverables shall be provided on a royalty free basis, and 605 has the right to provide such Deliverables to Customer in the United States. 605 shall, to the extent practicable and permitted, pass through any third party rights and terms to Customer. If any third party material is to be included in any Deliverables, and such material has been approved in advance in writing by Customer, then Customer will comply with any restrictions in third party licenses obtained for it by 605 and timely respond to 605's request for approvals related to the same, provided that such restrictions have been provided to Customer in advance in writing and Customer has agreed to accept such restrictions in writing to 605.

3.6 605 Materials; Certain Rights and Restrictions. Notwithstanding anything to the contrary in this Agreement, 605 retains ownership of: (a) all software, utilities, tools, methodologies, specifications, techniques, processes, models, algorithms, and/or all 605 intellectual property created prior to or independently of the performance of the Services; (b) all Deliverables that do not constitute Work Product; (c) all derivatives of each of the foregoing and of Customer Materials (excluding Customer Data itself) (items (a), (b), and (c) collectively, the "**605 Materials**"); and (d) all worldwide intellectual property rights in each of the foregoing 605 Materials. 605 Materials will be deemed 605's Confidential Information. Customer shall not: (i) use 605 Materials for any purpose except as expressly authorized by 605; (ii) use the 605 Materials for the purpose or rendering or reselling information services to any third party; (iii) reverse engineer, decompile, or decode 605 Materials; (iv) attempt (or permit any other person or entity to attempt) to identify or re-identify any individual who is not identified in the 605 Materials; or (v) sell, assign, lease, sublease, sublicense, disclose, transfer, distribute, or otherwise make available 605 Materials to any third party. In addition, Customer shall comply with any additional restrictions on Customer's use of 605 Materials set forth on the applicable Statement of Work. Customer is responsible for its contractors' compliance with this Agreement with respect to the 605 Materials. To the extent any Customer Materials or Work Product are incorporated or embodied in any 605 Materials, Customer retains ownership of such Customer Materials and Work Product. To the extent any Customer Data is incorporated or embodied in any 605 Materials, 605 will promptly destroy such Customer Data and submit to Customer the attached Exhibit C as certification of such destruction of Customer Data. Each party reserves all rights not expressly granted to the other party in this Agreement.

4. COORDINATION AND COMMUNICATION

4.1 Project Manager. Each party shall appoint a "**Project Manager**" for each Statement of Work. The initial Project Managers for Statements of Work will be Gaurav Shirole, GVP Client Solutions for 605 and Thomas Ziangas, Senior Vice President Research & Insights for Customer. Each party may substitute its Project Manager upon written notice to the other party. The Project Managers shall be responsible for ensuring their respective parties' performance in accordance with this Agreement. However, the Project Managers will not have authority to amend this Agreement in any other respect.

4.2 Meetings. If either 605 or Customer requests, the other party shall make its Project Manager available at an agreed upon time, in person or by telephone, to review activities under this Agreement or applicable Statement of Work. Such meetings will not occur more frequently than monthly unless otherwise agreed by the parties.

5. TERM AND TERMINATION

5.1 Term. The term of this Agreement will begin on the Effective Date and, unless earlier terminated as pursuant to the terms in this Agreement, will continue until one (1) year after the Effective Date, except that if any Statements of Work are in effect at the expiration of such period, then the term of this Agreement will automatically extend until the last Statement of Work terminates or expires (the "**Initial Term**"); provided, that the Initial Term can be renewed for one (1) additional one (1) year period (the "**Renewal Term**," and together with the Initial Term, the "**Term**") by Customer providing written notice to 605 of its intent to renew this Agreement within sixty (60) days of the expiration of the Initial Term.

5.2 Termination for Cause; Suspension. Either party may terminate this Agreement and all Statements of Work immediately upon written notice to the other party if (i) the other party files a petition for bankruptcy, becomes insolvent or makes an assignment for the benefit of its creditors, or a receiver is appointed for the other party of its business; or (ii) the other party commits a material breach of this Agreement, including a Security Breach, or is named as a defendant in an FTC action or a private class action for the violation of any privacy rules, regulations or laws or breaches of any of the representations, warranties and covenants made hereunder and fails to cure such breach within thirty (30) days after receiving written notice from the other party identifying and describing such breach. Customer may immediately suspend this Agreement and/or any Statement of Work if Customer reasonably determines that 605 has failed to materially comply with this Agreement or the applicable Statement of Work. Customer will promptly notify 605 in writing upon any such suspension and the parties shall work in good faith to remedy any such noncompliance, if such noncompliance can be remedied.

5.3 Termination for Convenience. Either party may terminate this Agreement or any Statement of Work for convenience upon thirty (30) days' notice to the other party. If Customer terminates this Agreement or any Statement of Work for convenience, Customer shall pay 605 (a) the amount of any documented, out-of-pocket and non-refundable expenses incurred by and/or obligated to be paid by 605 with respect to the Services up to the date of notice of termination, (b) all outstanding payments due on non-cancelable Services commenced with Customer's authorization prior to the notice of termination, and (c) a prorated portion of the fees due for Services provided, which in no event shall be less than 50% of the fees due under the applicable terminated Statement of Work. Any amounts already paid by Customer to 605 hereunder or in relation to such applicable Deliverable in a Statement of Work shall be used to offset the obligation under this Section and Customer shall only pay the excess remaining unpaid, or if the amounts paid by Customer to 605 exceed the amount owed to 605 pursuant to this Section, 605 shall repay Customer for the amount of such excess within five (5) days after Customer's written demand therefor. The rights, duties and responsibilities of each party hereto will continue in full force unto the effective date of termination hereof. After such termination and payment of the prorated fee, as applicable, Customer shall have no further obligation to pay 605.

5.4 Effect of Termination. The provisions of Sections 2, 3.1, 3.3, 3.7, 5.4, 6, 7, 8, 9, and 10 will survive any termination or expiration of this Agreement. Notwithstanding any termination of this Agreement or any Statement of Work, Customer shall pay any amounts previously invoiced and shall compensate 605 for all work performed through the effective date of termination or expiration of this Agreement or such Statement of Work. This compensation will include full payment for all completed Services and Deliverables and partial payment for all work-in-progress, calculated based on percentage of completion.

6. REPRESENTATIONS AND WARRANTIES; DISCLAIMER

6.1 605's Representations and Warranties. 605 represents, warrants and covenants to Customer that during the Term of this Agreement (i) it has the power and authority to enter into this Agreement and to perform its obligations hereunder; (ii) the execution of this Agreement and the performance of its obligations hereunder do not and will not violate any other agreement to which it is a party (including any confidentiality agreements); (iii) it and its Contractors shall comply with all applicable local, state, federal and international laws, rules, and regulations (including without limitation to those related to CANSPAM, data security and privacy as well as the California Consumer Privacy Act) required to perform the Services and Deliverables detailed in each Statement of Work; (iv) it and its Contractors has the necessary expertise and skills to provide the requested Services and Deliverables as set forth herein and each Statement of Work in a professional and workmanlike manner in accordance with industry standards and Customer specifications and requirements set forth in each Statement of Work and will devote adequate resources to meet its obligations under this Agreement and in each Statement of Work; (v) it and its Contractors shall use commercially reasonable efforts to perform the Services in a workmanlike, competent, professional manner; (vi) the Services and Deliverables do not infringe, misappropriate, or otherwise violate existing intellectual property rights or privacy rights of any third party or violate any applicable law; (vii) it shall not use, and shall cause its Contractors to not use the Customer Materials, Customer Data or Customer Confidential Information (as defined below) for any other commercial benefit for itself or a third party; and (viii) the execution of this Agreement by its representative whose signature is set forth at the end of this Agreement has been duly authorized by all necessary corporate or organizational action of such party. In addition, 605 represents, warrants and covenants to Customer that during the Term of this Agreement, 605 will employ up-to-date, generally accepted industry standards and best practices with respect to all technology and procedures to prevent and detect theft, piracy, unauthorized access, unauthorized use, copying and duplication of Customer Materials, Customer Data or Customer Confidential Information ("Security Incidents"). 605 shall notify Customer upon discovery and/or reasonable belief of the occurrence of Security Incident in accordance with "Exhibit B" (attached hereto), and 605 shall investigate and use reasonable efforts to remedy, and will cooperate with Customer in every reasonable way to assist Customer to investigate and remedy such Security Incident. 605 shall re-perform any non-conforming Services at 605's expense. 605 guarantees the accuracy of data or other Deliverables supplied by 605; provided however (i) the term "accuracy of data or Deliverables" does not apply to recommendations or conclusions of 605 contained in any Deliverable; and (ii) Customer acknowledges that 605 does not guarantee the accuracy of third-party data and Customer Materials included within the Deliverables, or upon which the Deliverables are based. Customer acknowledges that 605's ability to deliver Services and Deliverables under this Agreement, and the accuracy and reliability of such Services and Deliverables, is dependent on Customer's performance of its obligations under this Agreement, the delivery of complete and accurate Customer Materials, and the timeliness, completeness, and accuracy of data and other materials provided by third parties.

6.2 Customer's Representations and Warranties. Customer represents, warrants, and covenants that at all times during the term of this Agreement: (a) Customer owns or otherwise has sufficient rights to all Customer Materials; (b) 605's use of such Customer Materials in accordance with this Agreement will not cause, constitute, or result in a breach or violation of any applicable laws, or cause, constitute, or result in a breach or violation of any contract; and (c) the Customer Materials do not to the best of Customer's knowledge after due inquiry incorporate or include data or information from or relating to any individuals who (i) have opted-out of having such data or information disclosed; (ii) are domiciled outside the United States; or (iii) are under the age of eighteen (18) years.

6.3 Disclaimer. EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION 6, THE SERVICES AND ALL DELIVERABLES ARE PROVIDED TO CUSTOMER "AS IS" AND 605 AND ITS SUPPLIERS HEREBY DISCLAIM ANY OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, REGARDING THE SERVICES AND THE DELIVERABLES INCLUDING WITHOUT LIMITATION THE ACCURACY OF THE SERVICES AND DELIVERABLES, ANY IMPLIED WARRANTY OF MERCHANTABILITY, TITLE, NON-INFRINGEMENT, FITNESS FOR A PARTICULAR PURPOSE, AND IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE. CUSTOMER IS SOLELY RESPONSIBLE FOR ITS USE OF THE DELIVERABLES.

7. INDEMNIFICATION

7.1 Indemnification by 605. 605 shall indemnify, defend (at Customer's election) and hold harmless, at its own expense, Customer, its affiliated companies, partners and parent companies, and each of their respective officers, directors, employees and agents suppliers from and against any third-party claim, demand, costs, damages, settlements, liabilities, losses and expenses (including, but not limited to, reasonable outside attorneys' fees and court costs) of any kind whatsoever, arising out of any Action by a third-party not affiliated with Customer and its affiliates arising out of or relating to: (i) an allegation that any Services or Deliverables furnished under this Agreement infringes, misappropriates or violates the rights of any the third party; (ii) any acts of gross negligence, fraud, intentional misrepresentation or willful misconduct by 605, or violation of law by 605 or any of its Contractors; (iii) personal injury, including bodily injury or death suffered by a third party in the course of 605 providing the Services hereunder; (iv) injury to or destruction of tangible property of a third party, which results in whole or in part from any act or omission of 605, or any Contractor or employee or agent of 605 in the course of 605 providing the Services hereunder; (v) a Security Breach as referenced in the Addendum to this Agreement ("**Security Breach**"); and (v) 605 or its Contractor's violation of any governmental laws in connection with this Agreement or any such Statement of Work. Customer shall be notified promptly in writing of any such claim or demand. A delay in notice to Customer shall not relieve 605 of its obligations hereunder. Customer shall cooperate with 605 at 605's sole cost and expense, in defending or settling such claim. Customer shall have the right to participate in the defense of any claim at its sole cost and expense. If a Deliverable furnished hereunder is held to constitute infringement under any third party intellectual property right, or if 605 believes that such a determination is likely, 605 shall refund the purchase price paid by Customer to 605 therefor and Customer shall not be prevented from otherwise pursuing any further remedies it may have under the law, including breach of contract.

7.2 Indemnification by Customer. Customer shall indemnify, defend and hold harmless, at its own expense, 605 and its affiliates and its and their officers, employees, contractors and suppliers from and against any third-party claim, and all related loss, cost, liability, damage and expense (including, but not limited to, reasonable outside attorney's fees and court costs), for each claim brought by a third party to the extent that the claim is based on: (a) any use, reproduction, distribution, or other exploitation of any Customer Materials, whether or not authorized by this Agreement; (b) Customer's breach of any representation or warranty made under this Agreement; or (c) any violation by Customer of any applicable governmental laws in connection with this Agreement or any Statement of Work.

8. LIMITATIONS OF LIABILITY

(i) Waiver of Certain Damages; Liability Limit. EXCEPT FOR LIABILITY ARISING FROM A PARTY'S INDEMNIFICATION AND CONFIDENTIALITY OBLIGATIONS HEREUNDER, BREACH OF CONFIDENTIALITY, GROSS NEGLIGENCE, FRAUD OR WILLFUL MISCONDUCT, SECURITY BREACH OR VIOLATION OF PRIVACY, IN NO EVENT WILL CUSTOMER, 605 OR 605 PERSONNEL BE LIABLE FOR ANY LOST PROFITS OR LOST DATA OR FOR ANY SPECIAL, INCIDENTAL, INDIRECT, EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE USE OF THE DELIVERABLES OR ANY OTHER MATERIALS PROVIDED HEREUNDER, OR THE SERVICES (WHETHER FROM BREACH OF CONTRACT OR WARRANTY, FROM NEGLIGENCE, STRICT LIABILITY OR OTHER CAUSE OF ACTION), EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. 605'S AGGREGATE LIABILITY RELATED TO THIS AGREEMENT SHALL BE CAPPED AT TWO MILLION UNITED STATES DOLLARS (USD $2,000,000). NOTWITHSTANDING THE LIMITATION OF LIABILITY ABOVE, SUCH LIMITATIONS OF LIABILITY SHALL NOT APPLY IN THE EVENT OF A FAULTLESS SECURITY BREACH. IN THE EVENT OF A FAULTLESS SECURITY BREACH, 605'S LIABILITY FOR DAMAGES TO CUSTOMER THAT ARE CAUSED BY SUCH FAULTLESS SECURITY BREACH MAY NOT EXCEED ONE MILLION UNITED STATES DOLLARS (USD $1,000,000). "FAULTLESS SECURITY BREACH" MEANS A RELEASE OF CUSTOMER DATA THAT DOES NOT ARISE FROM A FAILURE BY 605, OR ANY PARTY UNDER DIRECTION OR CONTROL OF 605, TO COMPLY WITH 605'S OBLIGATIONS SET FORTH IN THIS AGREEMENT AND DOES NOT ARISE FROM THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT AND/OR FRAUD OF 605 OR ANY PARTY UNDER DIRECTION OR CONTROL OF 605. THE FOREGOING LIMITATION IS CUMULATIVE WITH ALL PAYMENTS BEING AGGREGATED TO DETERMINE SATISFACTION OF THE LIMIT. AMOUNTS PAID OR INCURRED BY 605 UNDER SECTION 7.1 WILL COUNT TOWARD SATISFACTION OF THE LIMIT. THE EXISTENCE OF ONE OR MORE CLAIMS WILL NOT ENLARGE THE LIMIT.

8.2 Basis of the Bargain. Regardless of whether any remedy permitted under this Agreement fails of its essential purpose, the allocation of risk in this Section 8 is material to this Agreement and Customer acknowledges, agrees, and accepts that 605 would not enter into this Agreement without the limitations on liability in this Section 8.

9. CONFIDENTIALITY

9.1 Definition of Confidential Information. As used in this Agreement, "**Confidential Information**" means any information disclosed, directly or indirectly, by the disclosing party (the "**Disclosing Party**") to the receiving party (the "**Receiving Party**") pursuant to this Agreement that (a) is in written, graphic, machine readable or other tangible form (including without limitation documents, software, prototypes, samples, data sets, product plans and research), and is marked "Confidential" or in a similar manner to indicate its confidential nature; (b) is disclosed orally or visually, provided that such information is designated as confidential at the time of initial disclosure; or (c) otherwise should reasonably be understood or considered to be confidential by the Receiving Party based on the circumstances of disclosure or the nature of the information itself. Confidential Information may include information of a third party disclosed by the Disclosing Party to the Receiving Party under this Agreement. Confidential Information of 605 includes, without limitation, the 605 Materials (whether or not so marked or identified) and all information constituting or relating to 605's (or any of its affiliates') (y) databases and data sets (including any personally-identifiable information that may be contained therein), computing environments, storage, or networks; or (z) security processes, procedures, safeguards, vulnerabilities, compromises, breaches, or failures (whether or not so marked or identified). Confidential Information of Customer includes, without limitation, the Customer Materials and Customer Data (whether or not so marked, designated or otherwise identified) and all information constituting Customer's (or any of Customer's affiliates') business or information of Customer provided by or made available to 605 by Customer in the course of this Agreement. In addition, 605 shall acknowledge and agree to the terms contained in the Security Addendum attached hereto as **Exhibit B**, which is incorporated into the Agreement by reference.

9.2 Confidentiality Obligations. From time to time during the term of this Agreement, the Disclosing Party may disclose Confidential Information to the Receiving Party. Except as otherwise permitted under this Agreement (including for the purposes of performing obligations or exercising license rights under this Agreement), the Receiving Party will maintain in strict confidence all Confidential Information of the Disclosing Party and will not use, disclose to any third party, or permit third-party use of any Confidential Information of the

Disclosing Party. The Receiving Party will limit access to the Disclosing Party's Confidential Information to employees or contractors of the Receiving Party who have a need to know, and use at least the same standard of care as it uses to protect its own confidential information of a similar nature from unauthorized use or disclosure, but in no event less than reasonable care. The Receiving Party will promptly notify the Disclosing Party upon discovery of any unauthorized use or disclosure of the Disclosing Party's Confidential Information. At the request of the Disclosing Party or upon expiration or termination of this Agreement, the Receiving Party will promptly destroy all documents and materials in the Receiving Party's possession or control that contain Confidential Information of the Disclosing Party and are not subject to an ongoing license to the Receiving Party. Each party shall be responsible for any breach of this Agreement by any of its representatives, and agrees, at its sole expense, to take reasonable measures to restrain its representatives from prohibited or unauthorized disclosure or use of any of the Disclosing Party's Confidential Information.

9.3 Exceptions. The obligations in Section 9.2 will not apply to any Confidential Information that: (a) was already known to the Receiving Party, other than under an obligation of confidentiality, at the time of disclosure by the Disclosing Party; (b) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the Receiving Party; (c) became generally available to the public or otherwise part of the public domain after its disclosure and other than through an act or omission of the Receiving Party in breach of this Agreement; or (d) was disclosed to the Receiving Party, other than under an obligation of confidentiality, by a third party who had no obligation to the Disclosing Party not to disclose such information to others. Notwithstanding Section 9.2, the Receiving Party may disclose the Disclosing Party's Confidential Information to the extent necessary to comply with a valid order of a court or other governmental authority, provided that prompt written notice is given to the Disclosing Party and the Disclosing Party has a reasonable opportunity to contest or seek to limit such disclosure and the recipient takes reasonable and lawful actions to avoid and/or minimize the extent of such disclosure.

9.4 Confidentiality of Agreement. Neither party shall disclose any terms of this Agreement (including without limitation pricing terms) to anyone other than its attorneys, accountants, and other professional advisors under a duty of confidentiality except (a) as required by law, (b) pursuant to a mutually agreeable press release, or (c) in connection with a proposed merger, financing, or sale of such party's business. Each party agrees that a breach of this Section 9 may result in the substantial likelihood of irreparable harm and injury to the other party for which monetary damages alone would be an inadequate remedy, and for which damages would be difficult to accurately measure. Accordingly, each party agrees that the other party shall have the right, in addition to any other remedies available to it, to seek immediate injunctive relief as well as other allowable equitable relief solely related to any breach or potential breach of this Section 9, and in no way obtainable to prevent the exhibition or airing of any of Customer's programming. Upon the expiration or termination of this Agreement, each party shall return (or if requested by the Disclosing Party, destroy) all Confidential Information, documents, manuals, electronic data and other materials provided by the Disclosing Party to the recipient hereunder. 605 shall certify its destruction of any Customer Confidential Information with the attached Exhibit C.

10. INSURANCE.

10.1 Insurance Requirements. During the Term of this Agreement (including any extensions or renewals thereof), 605, and any Contractors engaged by 605, will at all times maintain in full force, at their own respective cost and expense, the following insurance policies: (i) Commercial General Liability insurance on an occurrence basis providing single limit coverage in an amount not less than $1,000,000 per occurrence and $3,000,000 aggregate; (ii) Worker's Compensation or Employer's Liability insurance coverage on its employees to the extent required by law; (iii) Professional Liability insurance (including for professional services and breach of contract, copyright infringement and other intellectual property coverage, coverage for violation of privacy laws, advertising liability and general errors and omissions coverage) with limits of no less than U.S. $1,000,000 per occurrence/$3,000,000 annual aggregate; and (iv) Technology Errors & Omissions, inclusive of Network Security & Privacy coverage with a single limit coverage in an amount not less than $3,000,000 per occurrence and $3,000,000 aggregate covering liabilities and claim expenses arising from wrongful acts, errors and omissions, in rendering or failing to render all Services and in the provision of all Deliverables in the performance of the Agreement, including the failure of Deliverables to perform the intended function or serve the intended purpose. This policy shall include coverage for loss, disclosure and theft of data in any form; media and content rights infringement and liability, and network security failure, including but not limited to, denial of service attacks and transmission of malicious code. Coverage shall contain severability for the insured organization for any intentional act exclusions. If this coverage is provided on a claims-made basis, then it must be maintained for a period of two (2) years after termination of this agreement; and (vi) Cyber Extortion coverage with a single limit coverage in an amount not less than $3,000,000 per occurrence and $3,000,000 aggregate. Coverage will include direct or indirect illegal threat from a third party to damage, destroy or corrupt 605's or Customer's computer system, website or any programs used. Coverage will also include illegal threat to disseminate any commercial information resulting in a demand for ransom as a condition of not carrying out such threat. Any such errors and omissions policies shall not contain any special or non-customary exclusions. All such insurance policies shall each name Customer as an additional named insured. Upon Client's written request, 605 will furnish to Client a certificate of insurance evidencing the same.

11. GENERAL

11.1 Independent Contractors. Customer and 605 are independent contractors, and nothing in this Agreement permits either party to create or assume any obligation on behalf of the other.

11.2 Assignment. This Agreement binds and inures to the benefit of each party's permitted successors and assigns. Neither party may assign this Agreement or assign any rights or delegate any duties under this Agreement, in whole or in part, by operation of law or otherwise, without the other party's prior written consent; provided, that either party may assign this Agreement without consent in its entirety to any affiliate, or any successor-in-interest, whether by merger, operation of law or other acquisition of all or substantially all of the stock or assets of such party to which this Agreement relates.

11.3 Notices. Any notice, approval, authorization, consent, or other communication required or permitted to be delivered to either party under this Agreement and intended to have legal effect must be in writing and will be given (1) personally; (2) by overnight express courier with confirmation of delivery; or (3) by electronic mail. Notice will be deemed given on the date delivered. Notices will be sent to the addresses of the parties set forth on the signature page below (which may be changed by each party by notice to the other).

11.4 Governing Law. This Agreement is governed by and enforced under the laws of the State of New York, U.S.A., but excluding its conflict of law provisions that would require the application of the laws of any other jurisdiction. The United Nations Convention on

Contracts for the International Sale of Goods does not apply to this Agreement.

11.5 Jurisdiction and Venue. Any legal action or other legal proceeding relating to this Agreement or the enforcement of any provision of this Agreement must be brought in or otherwise commenced in a state court located in New York County, New York or federal court in the Southern District of New York. Each party hereby expressly and irrevocably consents and submits to the jurisdiction of each such court in connection with any such legal proceeding. Notwithstanding the foregoing, nothing will prohibit 605 or Customer from seeking relief in any court of competent jurisdiction to protect or enforce its intellectual property rights or Confidential Information.

11.6 No Waiver; Severability. The waiver of any particular breach or default or any delay in exercising any rights is not a waiver of any subsequent breach or default, and no waiver is effective unless in writing and signed by the waiving party. If any provision of this Agreement is found invalid or unenforceable, that provision will be enforced to the maximum extent permissible consistent with the original intent of the parties, and the other provisions of this Agreement will remain in force. The limitations of liability in this Agreement will be effective notwithstanding the failure of essential purpose of any limited remedy set forth in this Agreement.

11.7 Construction. The parties intend this Agreement to be construed fairly, according to its terms, in plain English, and without constructive presumptions against the drafting party. The Section headings in this Agreement are for reference only and do not affect the meaning of this Agreement. Unless otherwise expressly indicated, “including” means “including but not limited to”. In the event of any conflict, ambiguity, or inconsistency between the terms and conditions of the main body of this Agreement and the terms and conditions of a Statement of Work, the provisions of the main body of this Agreement will prevail unless the Statement of Work specifically states that the Statement of Work prevails. The terms of this Agreement supersede the terms of any non-disclosure agreement or other agreement governing the use and disclosure of confidential information entered into between the parties in anticipation of this Agreement.

11.8 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together constitute a single instrument. Execution and delivery of this Agreement may be evidenced by facsimile or e-mail transmission.

11.9 Force Majeure. Neither party is in breach of this Agreement for any cessation, interruption, or delay in the performance of its obligations hereunder (other than payment obligations) due to causes beyond its reasonable control, including earthquake, flood, fire, storm, or other natural disaster, act of God, labor controversy or threat thereof, civil disturbance or commotion, acts or threats of terrorism, disruption of the public markets, war, or armed conflict.

11.10 Third Party Beneficiaries. This Agreement does not, and neither party intends that this Agreement will, confer any legal rights on any third party or to be enforceable in any part by a third party.

11.11 Entire Agreement. This Agreement together with its Exhibits and any and all Statements of Work (which are hereby incorporated by reference when executed by the parties) represents the entire agreement between the parties and supersedes all prior and contemporaneous agreements and understandings (oral and written) with respect to the matters covered by this Agreement. Neither party has entered into this Agreement based on representations other than those contained in this Agreement. This Agreement may be amended only by a written agreement signed by both parties.

- Signature Page Follows -

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

RAINBOW MEDIA HOLDINGS LLC	**605, LLC**:
By:__ *Authorized Signature*	By:__ *Authorized Signature*
Linda Schupack *Printed Name*	Ben Tatta *Printed Name*
EVP - Marketing *Title*	President *Title*
ADDRESS FOR NOTICE PURPOSES: **Rainbow Media Holdings LLC** 11 Penn Plaza, 18th Floor New York, New York 10001 Attn: Linda Schupack, EVP - Marketing	**ADDRESS FOR NOTICE PURPOSES:** **605, LLC** 251 Park Avenue South, Floor 10 New York, New York 10010 Attn: Ben Tatta, President

Exhibit A

Form of Statement of Work

Statement of Work No. __

This **STATEMENT OF WORK NO. __** (this "**Statement of Work**") is a Statement of Work under the Master Services Agreement dated as of May 24, 2018 between 605, LLC ("**605**") and Rainbow Media Holdings LLC ("**Customer**") (the "**Agreement**"), and is effective as of __________ (the "**Statement of Work Effective Date**"). Capitalized terms used in this Statement of Work but not defined in this Statement of Work will have the meanings given in the Agreement.

1. **SERVICES**. 605 shall perform the following Services under this Statement of Work: [_____________________]

2. **DELIVERABLES**. The following are the Deliverables under this Statement of Work: [_____________________]

3. **CERTAIN CUSTOMER RESPONSIBILITIES**. In addition to Customer's responsibilities under the Agreement, Customer shall be responsible for the following: [_____________________]

4. **FEES AND EXPENSES**. Subject to mutual execution of this Statement of Work and receipt of an invoice at least thirty (30) days prior to each payment date, Customer shall pay 605 the following fees under this Statement of Work: [_____________________], payable upon satisfactory completion, delivery and acceptance by Customer of the Services and Deliverables.

   All expenses incurred by 605 in connection with the services, including travel expenses, shall be borne by 605 without reimbursement from Customer, unless Customer obtains prior written authorization from Customer and submits proper receipts, vouchers and any other requested substantiation. 605 shall not be entitled to receive reimbursement for any overages or additional expenses of any kind without the prior written approval of Customer.

5. **TERM**. The term of this Statement of Work begins on the Statement of Work Effective Date and ends on [_______________] unless earlier terminated as provided in this Statement of Work or the Agreement.

6. **ESTIMATED TIMELINE**. This is a high-level estimated timeline for the provision of Services and Deliverables under this Statement of Work:

Task/Phase	Estimated Completion Date

7. **ASSUMPTIONS**. All Services provided by 605 under this Statement of Work are conditioned on (a) Customer's fulfillment of its responsibilities under this Statement of Work and the Agreement and (b) the assumptions and exclusions set forth below.

8. **ADDITIONAL RESTRICTIONS**. Customer agrees that its use of 605 Materials (including the Deliverables) provided under this Statement of Work is subject at all times to the following restrictions:

9. **OTHER**. [________________________]

- Signature Page Follows -

IN WITNESS WHEREOF, the parties hereto have caused this Statement of Work to be executed by their duly authorized representatives as of the Statement of Work Effective Date.

RAINBOW MEDIA HOLDINGS LLC	**605, LLC:**
By:	By:
Authorized Signature	*Authorized Signature*
__	Ben Tatta
Printed Name	*Printed Name*
__	President
Title	*Title*

EXHIBIT B

SECURITY ADDENDUM

605, LLC ("Vendor") and RAINBOW MEDIA HOLDINGS LLC ("Client")

Client has agreed to provide Vendor with certain intellectual property, assets and information of a proprietary, sensitive or confidential nature that a reasonable person would regard as such based on the nature and source of such information (collectively, the "IP"). Vendor shall, and shall cause its employees, independent contractors, and any permitted Subcontractors (including any third party hosting providers) under this Agreement to, comply with the following:

1. **Restrictions on Use:** Vendor shall utilize the IP solely for the purposes set forth in this Agreement and shall limit access to the IP to those persons who are necessary to the completion of Vendor's obligations or as approved by Client in writing in advance. In no event shall any IP be disclosed, transmitted, or distributed to any person external to the Vendor or other third party, including without limitation, Subcontractors, third party hosting providers, friends, relatives, significant others or acquaintances (each, a "Third Party"), unless such Third Party is bound by security and non-disclosure obligations that are no less restrictive than those set forth herein and Vendor remains liable for all acts and omissions of such Third Party, including without limitation, any failure of the Third Party to comply with this Schedule. Any IP disclosed, transmitted or distributed, in whole or in part, by Vendor shall bear the same proprietary/confidential/restricted notices that appear on the IP when initially provided by Client, if any. No portion of any IP shall be disclosed via any social media outlets without the Client's prior written consent.

2. **Irreparable Harm, Injunction:** Vendor acknowledges and agrees that any unauthorized disclosure of the IP, whether intentional, inadvertent, or caused by an outside party, may destroy the value of the information and result in irreparable financial and reputational harm to the Client and Client shall be entitled to obtain (without posting any bond) an ex parte restraining order, preliminary injunction and/or permanent injunction preventing disclosure or any further disclosure of any IP.

3. **Security Breach Incidents:** Vendor shall establish and maintain a security and privacy program for all IP that complies with all requirements of law using industry standards and shall prevent unauthorized access or use or disclosure of any IP, as well as theft, pirating, unauthorized exhibition, accidental or unlawful destruction, loss or alteration, unauthorized copying or duplication of any IP. In the event of an incident that leads Vendor to believe (or would have lead a reasonable person exercising a reasonable level of diligence and investigation to believe) that any of the foregoing has occurred or Vendor has reason to suspect that there has been a hack, circumvention, deactivation, degradation breach or failure of any system(s) used by Vendor or any Third Party to protect the IP from unauthorized access, distribution or use (each, a "Security Incident"), Vendor shall:

   (a) Within two (2) business days notify the Client representative that has supplied or provided access to the IP and send an email to contentbreach@amcnetworks.com which shall include specific information describing the nature and extent of such occurrence; and

   (b) Promptly, at Vendor's expense, take all necessary and reasonable interim steps to resolve and prevent recurrence of the Security Incident and to minimize any adverse impact to the Client, including taking any reasonable steps requested by Client.

4. **Termination:** Notwithstanding anything in this Agreement to the contrary and without limiting any other rights or remedies available to Client or any other provision of this Agreement or this Schedule, if Client reasonably believes that a Security Incident has resulted in or will result in any unauthorized access, distribution, or use of the IP, or that Vendor or any Vendor Subcontractor is not in compliance with these terms of this Schedule, Client may immediately terminate this Agreement (and shall be entitled to a pro rata refund of all prepaid fees) and Vendor shall return or destroy all IP in accordance with this Schedule and provide the required certification to Client.

5. **Security Practices and Procedures: Note:** If Vendor is accessing the IP solely through an AMC platform using AMC provided authentication credentials (e.g., AMC's Virtual Private Network), Vendor shall be deemed to have satisfied these Section 5 requirements.

   (a) If Vendor is hosting any IP or using a third party hosting provider, all IP shall be maintained in ISO 27001, ISAE 3402, SSAE 16/SOC 2 compliant data centers and, upon Client's request, Vendor shall provide annual certificates of compliance along with annual vulnerability assessment test results.

   (b) Vendor shall use and maintain appropriate administrative, physical, and technical safeguards for the protection of all IP against unauthorized disclosure or access, or accidental or unlawful destruction, loss, or alteration. Vendor shall include, without limitation, (a) industry standard firewalls for all data entering internal data network from any external source; (b) industry standard anti-virus and anti-spyware software protection programs and techniques to prevent harmful software code from affecting the IP, monitoring for vulnerabilities and apply appropriate patches on a regular and ongoing basis; (c) encryption of data in transit and encryption of 128-bit (or higher) for any IP that is digitally stored either permanently or temporarily (including, but not limited to, portable or removable media, such as USB storage drives, optical media, or laptops); (d) no transmission of IP via email, facsimile or via unsecured protocols; (e) isolation of any IP in a logically discrete production database environment for Client; (f) development and maintenance of secure systems and applications, including but not limited to, 24x7 networks Intrusion Detection Systems, DLP Systems (when implemented by Vendor) and procedures for logging, alarming and reporting security violations; (g) non-use of any vendor-supplied defaults for system passwords or other security parameters; (h) installation, maintenance and updating of a log management application to accumulate application logs in one place for monitoring and review; (i) maintenance of all IP in a secure, access-controlled storage location that includes least privilege for administrator access, an audit trail of all administrator actions, maintenance of audit logs, and a minimum number of persons with privileged access; and (j) the use of unique identifiers, such as separate credentials and/or multi-factor authentication for each individual accessing any IP.

6. **Auditing:** If Vendor is hosting any Client IP or collecting PII on behalf of Client, upon request and at least thirty (30) days' prior notice from Client, not to exceed one audit in any calendar year, Vendor shall permit Client to review and audit its security practices, systems and procedures and as well as logs and related information and documentation (including any of the foregoing located at off-site facilities, if any) during regular business hours at Client's expense.

7. **Return or Destruction of IP:** Upon termination or expiration of this Agreement or upon Client's request at any time, Vendor shall make available to Client, and shall cause all Third Parties to make available to Client, all IP and any derivatives thereto without retaining any copies thereof (electronic or otherwise). In the event that Client agrees in writing in its sole discretion to the destruction of any portion of the IP rather than the return to Client, Vendor shall use best industry data eradication practices to ensure that the IP is destroyed and/or deleted which, at a minimum, shall comply with US DOD Wipe Standard (DoD 5220.22-M) or its successor or equivalent and Vendor shall identify, inventory, and create a listing of all copies, reproductions, or derivative works that cannot be returned to Client. No later than 10 days after expiration or termination of this Agreement or at Client's request for the return and/or destruction of the IP at any time, Vendor shall deliver to Client a written Certification of Return or Destruction of IP certified by an officer of Vendor in the form of Attachment A.

8. **Client's Remedies:** Notwithstanding anything in this Agreement to the contrary, (i) Client's rights and remedies and Vendor's obligations in connection with any Security Incident or any failure of Vendor to comply with these provisions shall not be limited by, or subject to, any limitation of liability, liability cap, or disclaimer of warranty/liability and shall remain uncapped and unlimited; and (ii) any fines, penalties, and interest assessed against Client and any costs of notifications required as a matter of law as a result of any unauthorized access or disclosure of IP shall be considered direct damages recoverable hereunder and Vendor will not claim or assert that such damages are indirect, special, incidental, consequential, or punitive damages or otherwise unrecoverable or that any unauthorized access or breach is, or was the result of, a force majeure event.

9. **Survival, Conflicts:** Vendor's obligations under this Schedule shall survive expiration or any full or partial termination of this Agreement and this Schedule shall be included as part of the complete agreement between the parties with respect to the subject matter of this Agreement. In the event of any conflict between any term or condition in this Schedule and the body of this Agreement, this Schedule shall prevail.

EXHIBIT C

CERTIFICATION OF RETURN AND/OR DESTRUCTION OF IP

I, ______________________________, an authorized representative of ________________________ ("Vendor") hereby certify that Vendor has searched and inspected the entire contents of Vendor's information storage and transmission network, including electronic mail accounts, file servers, laptops and portable storage media, in Vendor's possession, custody or control and has irretrievably deleted and/or returned the following electronic files, including derivative works, that were provided to or created by Vendor:

[LIST OF FILES]

I further certify that Vendor has searched all the premises, offices and facilities of Vendor that maintained or stored any hard copy IP, including derivative works, that were provided to or created by Vendor and that the following IP has been physically destroyed and/or returned to AMC Network Entertainment LLC:

[LIST OF FILES]

I declare that the foregoing statements are true and correct.

Executed on ___________________________, 20___

605, LLC:

“VENDOR”

By: __

Authorized Signature

—

Printed Name

—

Title:

March 8, 2019

Christian Wymbs
c/o AMC Networks Inc.
11 Penn Plaza
New York, New York 10001

Re: Employment

Dear Chris:

I am pleased to forward this letter agreement (the "Agreement") setting forth the terms of your continued employment with AMC Networks Inc. which, together with its subsidiaries, and affiliates, is referred to herein as the "Company."

The term of this Agreement shall commence as of the date it is executed by you and the Company (the "Effective Date"), and shall automatically expire on the three-year anniversary of the Effective Date (the "Expiration Date").

You will continue to be employed in the position of Executive Vice President and Chief Accounting Officer. You agree to devote substantially all of your business time and attention to the business and affairs of the Company and shall perform your duties in a diligent, competent and skillful manner and in accordance with applicable law.

As of the Effective Date, your annual base salary will be $525,000, subject to annual review and potential increase by the Compensation Committee of the Board of Directors of AMC Networks Inc. (the "Compensation Committee"), in its discretion.

Beginning with the 2019 performance year, you will be eligible to participate in our discretionary annual bonus program with an annual target bonus opportunity equal to sixty percent (60%) of salary. Bonus payments are based on actual salary dollars paid during the year and depend on a number of factors including Company, unit and individual performance. However, the decision of whether or not to pay a bonus, and the amount of that bonus, if any, will be made by the Compensation Committee in its discretion. Except as otherwise provided herein, in order to receive a bonus, you must be employed by the Company at the time bonuses are being paid. Such bonus shall be earned, only if and when actually paid to, and received by, you. Your annual base salary and annual bonus target (as each may be increased from time to time in the Compensation Committee's discretion) will not be reduced during the term of this Agreement. Notwithstanding the foregoing, if your employment with the Company ends on the Expiration Date, you shall be paid your bonus for the fiscal year ending December 31, 2021, if any, even if such payment is not made to you prior to the Expiration Date, which bonus shall be subject to Company and unit performance for that fiscal year as determined by the Company in its sole discretion, but without adjustment for your individual performance.

You will also continue to be eligible, subject to your continued employment by the Company and actual grant by the Compensation Committee in its discretion, to participate in such long-term equity and other incentive programs as are made available in the future to similarly situated executives at the Company. Beginning with awards granted in 2019, it is expected that such awards will consist of annual grants of equity awards with an annual target value of not less than $600,000, as determined by the Compensation Committee. Any such awards would be subject to actual grant to you by the Compensation Committee in its discretion pursuant to the applicable plan documents and would be subject to terms and conditions established by the Compensation Committee in its discretion that would be detailed in separate agreements you would receive after any award is actually made; provided, however, that such terms and conditions shall be consistent with the terms and conditions of the grant agreements received by similarly situated executives; *provided, further*, that for the purposes of this provision, the Company's Chief Executive Officer shall not be deemed a "similarly situated executive."

You will continue to be eligible for our standard benefits program at the levels that are made available to similarly situated executives at the Company. Participation in our benefits program is subject to meeting the relevant eligibility requirements, payment of the required premiums, and the terms of the plans themselves. You will be eligible for 4 weeks' vacation to be accrued and used in accordance with Company policy.

If, prior to the Expiration Date, your employment is involuntarily terminated by the Company for reasons other than "*cause*," then subject to your execution and the effectiveness of a severance agreement (the "Severance Agreement") to the

Company's satisfaction (to include, without limitation, non-compete (limited to one year), non-disparagement, non-solicitation, confidentiality and further cooperation obligations/restrictions on you as well as a general release by you of the Company and its affiliates), you will be paid no less than an amount (the "Severance Amount") equal to:

1) A payment in an amount equal to one and one-half (1.5) times your annual base salary and annual target bonus opportunity, each as in effect on the effective date of your termination (the "Termination Date"). An amount equal to sixty percent (60%) of the payment set forth in this paragraph will be payable to you on the six-month anniversary of the Termination Date and the remainder will be payable to you over the six months following such six-month anniversary in accordance with the Company's then prevailing payroll policies; *plus*

2) A prorated annual bonus based on the amount of your then current annual base salary actually earned by you during the fiscal year through the Termination Date, provided, that such bonus, if any, will be payable to you if and when such bonuses are generally paid to similarly situated employees and will be based on your then current annual target bonus as well as Company and your business unit performance as determined by the Company in its discretion, but without adjustment for your individual performance; *and*

3) If, as of the Termination Date, bonuses had not yet generally been paid to similarly situated employees with respect to the prior fiscal year, a bonus based on the amount of your base salary actually paid to you during such prior fiscal year, *provided*, that such bonus, if any, will be payable to you if and when such bonuses are generally paid to similarly situated employees and will be based on your annual target bonus that was in effect with respect to such prior fiscal year as well as Company and your business unit performance as determined by the Company, but without adjustment for your individual performance.

If you die after a termination of your employment that is subject to the above, your estate or beneficiaries will be provided any remaining benefits and rights under the above Sections (1) through (3).

In connection with any termination of your employment, your then outstanding equity and cash incentive awards shall be treated in accordance with their terms and, other than as provided in this Agreement, you shall not be eligible for severance benefits under any other plan, program or policy of the Company. Nothing in this Agreement is intended to limit any more favorable rights that you may be entitled to under your equity and cash incentive award agreements, including, without limitation, your rights in the event of a termination of your employment, a "Going Private Transaction" or a "Change of Control" (as those terms are defined in the applicable award agreement).

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

Effective immediately, you and the Company agree to be bound by the additional covenants and provisions applicable to each that are set forth in the *Annex* attached hereto, which *Annex* shall be deemed to be a part of this Agreement.

This Agreement does not constitute a guarantee of employment for any definite period or on any specific terms. Your employment is at will and may be terminated by you or the Company at any time, with or without notice or reason. The Company may withhold from any payment due to you any taxes that are required to be withheld under any law, rule or regulation.

If any payment otherwise due to you hereunder would result in the imposition of the excise tax imposed by Section 4999 of the Internal Revenue Code, as amended (the "Code"), the Company will instead pay you either (i) such amount or (ii) the maximum amount that could be paid to you without the imposition of the excise tax, depending on whichever amount results in your receiving the greater amount of after-tax proceeds (as reasonably determined by the Company). In the event that any such payment or benefits payable to you hereunder would be reduced because of the imposition of such excise tax, then such reduction will be determined in a manner which has the least economic cost to you and, to the extent the economic cost is equivalent, such payments or benefits will be reduced in the inverse order of when the payments or benefits would have been made to you (i.e., later payments will be reduced first) until the reduction specified is achieved.

It is intended that this Agreement will comply with Section 409A of the Code (together with the applicable regulations thereunder, "Section 409A") and to the extent the Agreement is subject thereto, the Agreement shall be interpreted on a basis consistent with such intent. If and to the extent that any payment or benefit under this Agreement, or any plan, award or arrangement of the Company or its affiliates, constitutes "non-qualified deferred compensation" subject to Section 409A and is payable to you by reason of your termination of employment, then (a) such payment or benefit shall be made or provided to you only upon a "separation from service" as defined for purposes of Section 409A under applicable regulations and (b) if you are a "specified employee" (within the meaning of Section 409A as determined by the Company), such payment or benefit shall not be made or provided before the date that is six months after the date of your separation from service (or your earlier death) as set forth herein. Any amount not paid or benefit not provided in respect of the six-month period specified in the preceding sentence will be paid to you in the manner set forth in this Agreement. Any such payment or benefit shall be treated as a separate payment for purposes of Section 409A to the extent Section 409A applies to such payments.

This Agreement is personal to you and without the prior written consent of the Company shall not be assignable by you otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by your legal representatives. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

The Company hereby agrees that it shall indemnify and hold you harmless to the fullest extent provided in Article VIII of the Company's By-Laws and on terms no less favorable as those applicable to other similarly situated executives of the Company. To the extent that the Company maintains officers' and directors' liability insurance, you will be covered under such policy subject to the exclusions and limitations set forth therein. The provisions of this Paragraph shall survive the expiration or termination of your employment and/or this Agreement as well as your execution of the Severance Agreement as provided for herein.

To the extent permitted by law, you hereby waive any and all rights to the jury trial with respect to any matter relating to this Agreement.

This Agreement will be governed by and construed in accordance with the law of the State of New York applicable to contracts made and to be performed entirely within that State.

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

This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. If any provision of this Agreement is held by any court of competent jurisdiction to be illegal, invalid, void or unenforceable, such provision shall be deemed modified, amended and narrowed to the extent necessary to render the same legal, valid and enforceable, and the other remaining provisions of this Agreement shall not be affected but shall remain in full force and effect. It is the parties' intention that this Agreement not be construed more strictly with regard to you or the Company.

This Agreement sets forth the entire agreement between the parties concerning the subject matter hereof and supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter hereof, including, without limitation, the June 27, 2016 letter agreement between you and the Company.

This Agreement will automatically terminate, and be of no further force or effect, on the earlier of (a) March 15, 2019 if it is not acknowledged by you below prior to such date, or (b) the Expiration Date (except as to any right that accrued prior to such date to receive the Severance Amount subject to the execution and effectiveness of the Severance Agreement); provided, however, that the confidentiality obligations set forth herein shall survive such termination.

We continue to appreciate your ongoing services to the Company and look forward to your execution of this Agreement.

Sincerely,

/s/ Sean Sullivan

Sean Sullivan
Chief Financial Officer
AMC Networks Inc.

ACCEPTED AND AGREED TO:

/s/ Christian Wymbs

____
Christian Wymbs

3/8/19

____
Date

ANNEX

This Annex constitutes part of the Agreement, dated March 8, 2019, by and between Christian Wymbs ("*You*") and the Company. Terms defined in the Agreement shall have the same meanings in this Annex.

You agree to comply with the following covenants in addition to those set forth in the Agreement.

1. Confidentiality

(a) Agreement. You agree to keep the existence and terms of this Agreement confidential (unless it is made public by the Company) *provided* that (1) you are authorized to make any disclosure required of you by any federal, state or local laws or judicial proceedings, after providing the Company with prior written notice and an opportunity to respond to such disclosure (unless such notice is prohibited by law), and (2) you are authorized to disclose this Agreement and its terms to your legal, financial and tax advisors or to members of your immediate family so long as such advisors and family members agree to maintain the confidentiality of the Agreement.

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

(c) Exception for Disclosure Pursuant to Law. Notwithstanding anything contained elsewhere in this Agreement, you are authorized to make any disclosure required of you by any federal, state or local laws or judicial, arbitral or governmental agency proceedings, including, but not limited to, providing truthful testimony concerning the Company or its affiliates as required by court order or other legal process; after providing the Company with prior written notice and an opportunity to respond prior to such disclosure. In addition, this Agreement in no way restricts or prevents you from providing truthful testimony concerning the Company to judicial, administrative, regulatory or other governmental authorities.

By signing this Agreement, you acknowledge that you have been advised that pursuant to the federal Defend Trade Secrets Act of 2016, you may not be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret: (i) in confidence, to a federal, state, or local government official, or to your attorneys, for the purpose of reporting or investigating a suspected violation of the law; or (ii) in a complaint or other court document filed in connection with a lawsuit or court proceeding, provided that said filing is made under seal. In addition, you acknowledge that you have been advised that if you file an action for retaliation against the Company for reporting a suspected violation of law, you may disclose a trade secret to your attorneys and use the trade secret in connection with the court proceeding provided that you: (i) file any document containing the trade secret under seal; and (ii) do not disclose the trade secret, except pursuant to court order.

2. Non-Compete

You acknowledge that due to your executive position in the Company and your knowledge of Confidential Information, your employment by or affiliation with certain businesses would be detrimental to the Company or any of its direct or indirect subsidiaries. You agree that, without the prior written consent of the Company, you will not represent, become employed by, consult to, advise in any manner or have any material interest, directly or indirectly, in any Competitive Entity (as defined below). A "*Competitive Entity*" shall mean (1) any person, entity or business that (i) competes with any of the Company's or any of its affiliates' programming, distribution or other existing businesses, internationally, nationally or regionally; or (ii) directly competes with any other business of the Company or one of its subsidiaries that produced greater than 10% of the Company's revenues in the calendar year immediately preceding the year in which the determination is made. Ownership of not more than 1% of the outstanding stock of any publicly traded company shall not, by itself, be a violation of this paragraph. This agreement not to compete will expire on the first anniversary of the date on which your employment with the Company has terminated if such termination occurs prior to the Expiration Date.

3. Additional Understandings

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

In addition, you agree that the Company is the owner of all rights, title and interest in and to all documents, tapes, videos, designs, plans, formulas, models, processes, computer programs, inventions (whether patentable or not), schematics, music, lyrics, programming ideas and other technical, business, financial, advertising, sales, marketing, customer, programming or product development plans, forecasts, strategies, information and materials (in any medium whatsoever) developed or prepared by you or with your cooperation during the course of your employment by the Company (the "*Materials*"). The Company will have the sole and exclusive authority to use the Materials in any manner that it deems appropriate, in perpetuity, without additional payment to you.

4. Further Cooperation

Following the date of termination of your employment with the Company, you will no longer provide any regular services to the Company or represent yourself as a Company agent. If, however, the Company so requests, you agree to cooperate fully with the Company in connection with any matter with which you were involved prior to such employment termination, or in any litigation or administrative proceedings or appeals (including any preparation therefore) where the Company believes that your personal knowledge, attendance or participation could be beneficial to the Company or its affiliates. This cooperation includes, without limitation, participation on behalf of the Company and/or its affiliates in any litigation, administrative or similar proceeding, including providing truthful testimony.

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

5. No Hire or Solicit

For the term of the Agreement and until one year after the termination of your employment, you agree not to hire, seek to hire, or cause any person or entity to hire or seek to hire (without the prior written consent of the Company), directly or indirectly (whether for your own interest or any other person or entity's interest) any employee of the Company or any of its affiliates. This restriction does not apply to any employee who was discharged by the Company or any of its affiliates. In addition, this restriction will not prevent you from providing references.

6. Acknowledgments

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

7. Survival

The covenants and agreement set forth in this *Annex* shall survive any termination or expiration of this Agreement and any termination of your employment with the Company, in accordance with their respective terms.

I, Joshua W. Sapan, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 1, 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:	May 1, 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 March 31, 2019 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of AMC Networks.

Date:	May 1, 2019	By:	/s/ Joshua W. Sapan
			Joshua W. Sapan
			President and Chief Executive Officer
Date:	May 1, 2019	By:	/s/ Sean S. Sullivan
			Sean S. Sullivan
			Executive Vice President and Chief Financial Officer