AMC Networks Inc.
Form 10-K
February 26, 2015

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

FORM 10-K
(Mark One)
þ Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2014
or
¨ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from to
Commission File Number: 1-35106

AMC Networks Inc.
(Exact name of registrant as specified in its charter)

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

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

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

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes þ No ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ¨ No þ
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 þ No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form

10-K. þ

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

Large accelerated filer	þ	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	¨

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

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant, computed by reference to the closing price of a share of common stock on June 30, 2014 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately $3,674,000,000.

The number of shares of common stock outstanding as of February 13, 2015:

Class A Common Stock par value $0.01 per share	60,553,173
Class B Common Stock par value $0.01 per share	11,484,408

DOCUMENTS INCORPORATED BY REFERENCE:

Certain information required in Item 10 through Item 14 of Part III of this Annual Report on Form 10-K is incorporated herein by reference to the Registrant's definitive Proxy Statement for its 2015 Annual Meeting of Stockholders, which shall be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, within 120 days of the Registrant's fiscal year end.

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Forward-Looking Statements

This Annual Report on Form 10-K contains statements that constitute forward-looking information within the meaning of the Private Securities Litigation Reform Act of 1995. In this Annual Report on Form 10-K 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 terms used in the discussion of future operating results and future financial performance identify forward-looking statements. You are cautioned that any such forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties and that actual results or developments may differ materially from the forward-looking statements as a result of various factors. Factors that may cause such differences to occur include, but are not limited to:

- the level of our revenues;
- market demand for our programming networks and our programming;
- demand for advertising inventory;
- the demand for our programming among cable and other multichannel video programming distributors and our ability to maintain and renew affiliation agreements with multichannel video programming distributors;
- the cost of, and our ability to obtain or produce, desirable programming content for our networks and independent film distribution businesses;
- market demand for our services internationally and for our independent film distribution business, and our ability to profitably provide those services;
- the security of our program rights and other electronic data;
- the loss of any of our key personnel and artistic talent;
- the highly competitive nature of the cable programming industry;
- changes in both domestic and foreign laws or regulations under which we operate;
- economic and business conditions and industry trends in the countries in which we operate;
- fluctuations in currency exchange rates and interest rates;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in the U.S. or in the countries in which we operate;
- our substantial debt and high leverage;
- reduced access to capital markets or significant increases in costs to borrow;
- the level of our expenses;
- the level of our capital expenditures;
- future acquisitions and dispositions of assets;
- our ability to successfully acquire new businesses and, if acquired, to integrate, and implement our plan with respect to businesses we acquire;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire;
- changes in the nature of key strategic relationships with partners and joint ventures;
- the outcome of litigation and other proceedings;
- whether pending uncompleted transactions, if any, are completed on the terms and at the times set forth (if at all);
- other risks and uncertainties inherent in our programming businesses;
- financial community and rating agency perceptions of our business, operations, financial condition and the industry in which we operate, and the additional factors described herein;
- 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 this Annual Report.

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

Part I

Item 1. Business.

General

AMC Networks Inc. is a Delaware corporation with our principal executive offices at 11 Penn Plaza, New York, NY 10001. AMC Networks Inc. is a holding company and conducts substantially all of its operations through its majority owned or controlled subsidiaries. Unless the context otherwise requires, all references to "we," "our," "us," "AMC Networks" or the "Company" refer to AMC Networks Inc., together with its direct and indirect subsidiaries. "AMC Networks Inc." refers to AMC Networks Inc. individually as a separate entity. Our telephone number is (212) 324-8500. Our corporate website is http://www.amcnetworks.com and the investor relations section of our website is located at http://investor.amcnetworks.com. We make available, free of charge through the investor relations section of our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as well as our proxy statements, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission ("SEC"). References to our website in this Annual Report on Form 10-K (this "Annual Report") are provided as a convenience and the information contained on, or available through, the website is not part of this or any other report we file with or furnish to the SEC.

AMC Networks Inc. was incorporated on March 9, 2011 as an indirect, wholly-owned subsidiary of Cablevision Systems Corporation (Cablevision Systems Corporation and its subsidiaries are referred to as "Cablevision"). On June 30, 2011, Cablevision spun off the Company (the "Distribution"), and the Company became an independent public company. In connection with the Distribution, Cablevision contributed all of the membership interests of Rainbow Media Holdings LLC ("RMH") to the Company. RMH owned, directly or indirectly, the businesses included in Cablevision's Rainbow Media segment. Both Cablevision and AMC Networks continue to be controlled by Charles F. Dolan, certain members of his immediate family and certain family-related entities (collectively the "Dolan Family").

Our Company

AMC Networks owns and operates several of cable television's most recognized brands, delivering high quality content to audiences and a valuable platform to distributors and advertisers. Since our founding in 1980, we have been a pioneer in the cable television programming industry, having created or developed some of the industry's leading programming networks, with a focus on programming of film and original productions. AMC, which was created in 1984, features original programming that includes critically-acclaimed original scripted dramatic series such as Mad Men, Breaking Bad, Hell on Wheels, TURN: Washington's Spies, Halt and Catch Fire and The Walking Dead, which, in 2014, set a series record of 17.3 million viewers (live/same day) with the broadcast of the season five premiere. Our dedication to quality programming and storytelling also led to the creation of The Independent Film Channel (today known as IFC) in 1994 and WE tv (which we launched as Romance Classics in 1997), as well as our acquisition of SundanceTV (formerly known as Sundance Channel) in 2008.

In January 2014, we expanded our global business with the acquisition of Chellomedia from Liberty Global plc. The acquisition provides AMC Networks with television channels that are distributed to more than 390 million subscribers in over 130 countries and span a wide range of programming genres, most notably movie and entertainment networks. In October 2014, we entered into a joint-venture agreement with BBC Worldwide Americas, Inc., the commercial arm of the British Broadcasting Corporation, acquiring a 49.9% interest in the cable channel BBC AMERICA, home of drama series Doctor Who and Orphan Black. The results of Chellomedia and BBC America are consolidated in the financial results of AMC Networks since their respective acquisition dates.

Segments

We manage our business through the following two operating segments:

- National Networks: Principally includes five nationally distributed programming networks: AMC, WE tv, BBC AMERICA, IFC, and SundanceTV. These programming networks are distributed throughout the United States ("U.S.") via cable and other multichannel video programming distribution platforms, including direct broadcast satellite ("DBS") and platforms operated by telecommunications providers (we refer collectively to these cable and other multichannel video programming distributors as "multichannel video programming distributors" or "distributors"). AMC, IFC, and SundanceTV are also distributed in Canada. The National Networks operating segment also includes AMC Networks Broadcasting & Technology, the National Networks' technical services business, which primarily services most of the nationally distributed programming networks of the Company.

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

During 2014, the manner in which our President and Chief Executive Officer, who is the chief operating decision maker, evaluates performance and makes decisions about how to allocate resources changed, resulting in the reorganization of the Company's operating segments. As indicated above, the National Networks operating segment now includes the results of AMC and Sundance Channel in Canada and AMC Networks Broadcasting & Technology. Prior to 2014, the results of these operations were included in the International and Other operating segment. Operating segment information for prior periods has been recast to reflect these changes.

We earn revenue principally from the distribution of our programming and the sale of advertising. Distribution revenues primarily include affiliation fees paid by distributors to carry our programming networks and the licensing of original programming for digital, foreign and home video distribution. In 2014, distribution revenues and advertising sales accounted for 62% and 38% of our consolidated revenues, net, respectively. No customer accounted for more than 10% of consolidated revenues, net for the year ended December 31, 2014.

For financial information of the Company by operating segment, see Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Consolidated Results of Operations” and Note 22 to the accompanying consolidated financial statements.

Our Strengths

Our strengths include:

Strong Industry Presence and Portfolio of Brands. We have operated in the cable programming industry for more than 30 years, and, over this time, we have continually enhanced the value of our network portfolio. Our programming network brands are well known and well regarded by our key constituents—our viewers, distributors and advertisers—and have developed strong followings within their respective targeted demographics, increasing our value to distributors and advertisers. AMC (which targets adults aged 18 to 49 and 25 to 54), WE tv (which targets women aged 18 to 49 and 25 to 54), BBC AMERICA (which targets adults aged 25 to 54), IFC (which targets adults aged 18 to 49) and SundanceTV (which targets adults aged 25 to 54) have established themselves as important within their respective markets. Our deep and established presence in the industry and the recognition we have received for our brands through industry awards and other honors lend us a high degree of credibility with distributors and content producers, and help provide us with stable affiliate and studio relationships, advantageous channel placements and heightened viewer engagement.

Broad Distribution and Penetration of Our National Networks. Our national networks are broadly distributed in the United States. AMC, WE tv, BBC AMERICA, IFC and SundanceTV are each carried by all major multichannel video programming distributors. Our national networks are available to a significant percentage of subscribers in these distributors’ systems. This broad distribution and penetration provides us with a strong national platform on which to maintain, promote and grow our business.

Compelling Programming. We continually refine our mix of programming and, in addition to our film content, have increasingly focused on highly-visible, critically-acclaimed original programming, including the award-winning Mad Men, Breaking Bad, Orphan Black, Doctor Who, The Honorable Woman and The Walking Dead, the highest-rated drama series in basic cable history and the number one show on all of television among adults 18-49 in 2014. Other popular series include Top Gear, Broadchurch, TURN: Washington’s Spies, Halt and Catch Fire, Hell on Wheels, Rectify, The Returned, Braxton Family Values, Marriage Boot Camp, SWV Reunited, Mary Mary, Portlandia and Maron. Our focus on quality original programming, targeting specific audiences, has allowed us in recent years to increase our programming networks’ ratings and their viewership within these respective targeted demographics.

Recurring Revenue from Affiliation Agreements. Our affiliation agreements with multichannel video programming distributors are a recurring source of revenue. We generally seek to structure these agreements so that they are long-term in nature and to stagger their expiration dates, thereby increasing the predictability and stability of our affiliation fee revenues.

Desirable Advertising Platform. Our national networks have a strong connection with each of their respective targeted demographics, which makes our programming networks an attractive platform to advertisers. We have experienced significant growth in our advertising revenues in recent years, which contributes to our ability to develop high-quality original programming.

Our Strategy

Our strategy is to maintain and improve our position as a leading programming and entertainment company by owning and operating several of the most popular and award-winning brands in cable television that create engagement with audiences globally across multiple media and distribution platforms. The key focuses of our strategy are:

Continued Development of High-Quality Original Programming. We intend to continue developing strong original programming across all of our programming networks to enhance our brands, strengthen our relationships with our viewers, distributors and advertisers, and increase distribution and audience ratings. We intend to continue to seek increased distribution of our national networks to grow affiliate and advertising revenues. We believe that our continued investment in original programming supports future growth in distribution and advertising revenue. We also intend to continue to expand the exploitation of our original programming across multiple media and distribution platforms.

Increased Global Distribution. We are expanding the distribution of our programming networks around the globe. We first expanded beyond the U.S. market with the launch in Canada of IFC (in 2001) and AMC (in 2006), and Sundance Channel in Europe (in 2010). In 2014, AMC was launched and is now available in over 120 countries, replacing the MGM channel in certain territories. Additionally, Sundance Channel has expanded its distribution to over 70 countries. AMC Networks International's channels are available in over 390 million homes worldwide.

Continued Growth of Advertising Revenue. We have a proven track record of significantly increasing revenue by introducing advertising on networks that were previously not advertiser-supported. We first accomplished this in 2002, when we moved AMC and WE tv to an advertiser-supported model, followed by IFC in December 2010, and SundanceTV in September 2013. Prior to September 2013, SundanceTV principally sold sponsorships. We seek to continue to evolve the programming on each of our networks to achieve even stronger viewer engagement within their respective core targeted demographics, thereby increasing the value of our programming to advertisers and allowing us to obtain higher advertising rates. We are continuing to seek additional advertising revenue through higher Nielsen ratings in desirable demographics.

Increased Control of Content. We believe that control (including long-term contract arrangements) and ownership of content is becoming increasingly important, and we intend to increase our control position over our programming content. We currently control, own or have long-term license agreements covering significant portions of our content across our programming networks as well as in our independent film distribution business operated by IFC Films. We intend to continue to focus on obtaining the broadest possible control rights (both as to territory and platforms) for our content.

Exploitation of Emerging Media Platforms. The technological landscape surrounding the distribution of entertainment content is continuously evolving as new digital platforms emerge. We intend to distribute our content across as many of these new platforms as possible, when it makes business sense to do so, so that our viewers can access our content where, when and how they want it. To that end, our programming networks are allowing many of our distributors to offer our content to subscribers on computers and other digital devices, and on video-on-demand platforms, all of which permit subscribers to access programs at their convenience. We also make our IFC Films library and certain of our other content available on third-party digital platforms such as Netflix and iTunes. In addition to amctv.com, which delivers approximately 5 million unique browsers each month, our networks each host dedicated websites that promote their brands, provide programming information and provide access to content.

Key Challenges

We face a number of challenges, including:

- intense competition in the markets in which we operate;
- a limited number of distributors for our programming networks;
- unpredictable and volatile viewer preferences;
- continuing availability of desirable programming;
- regulatory and other risks associated with doing business in international countries and territories;
- integration of acquired businesses; and
- significant levels of debt and leverage, as a result of the debt financing agreements described under Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

See Item 1A, “Risk Factors” for a discussion of these and other factors that could impact our performance and operating results.

National Networks

We operate five nationally distributed entertainment programming networks: AMC, WE tv, BBC AMERICA, IFC, and SundanceTV which are available to our distributors in high-definition and/or standard-definition formats. Our programming networks principally generate their revenues from the distribution of programming and the sale of advertising. Affiliation fees paid by multichannel video programming distributors represent the largest component of distribution revenue, which also includes the licensing of original programming for digital, foreign and home video distribution.

AMC
Whether commemorating favorite films from various genres and decades or creating acclaimed original programming, AMC is a television network dedicated to the highest-quality storytelling in keeping with its "Something More" brand. AMC launched in 1984, has garnered many of the industry’s highest honors, including multiple Emmy Awards, Golden Globe Awards, Screen Actors Guild Awards, Peabody Awards, and American Film Institute (AFI) Awards for Top 10 Most Outstanding Television Programs of the Year. The network is the only cable network in history to win the Emmy Award for Outstanding Drama Series four years in a row (Mad Men from 2008-2011), and for six out of the last seven years (Breaking Bad in 2013 and 2014). Also in 2014, Breaking Bad’s Bryan Cranston received the Emmy Award for Outstanding Lead Actor in a Drama Series, Aaron Paul received the Emmy Award for Outstanding Supporting Actor in a Drama Series, and Anna Gunn received the Emmy Award for Outstanding Supporting Actress in a Drama Series. In addition, AMC is home to, The Walking Dead, the highest-rated drama series in basic cable history and the number one show on all of television among adults 18-49 in 2014.
AMC’s original drama series include Mad Men, Breaking Bad, The Walking Dead, Hell on Wheels, TURN: Washington’s Spies and Halt and Catch Fire. The network will premiere four new series in 2015: Better Call Saul, a Breaking Bad prequel based on the Saul Goodman character; Badlands (working title), a martial arts drama; Humans, a sci-fi drama and international co-production; and The Making of The Mob: New York, a special event mini-series about the rise of the American mafia. Additionally, AMC's programming includes the unscripted original shows Talking Dead and Comic Book Men.
AMC’s film library consists of films that are licensed under long-term contracts from major studios such as Twentieth Century Fox, Warner Bros., Sony, MGM, NBC Universal, Paramount and Buena Vista. AMC generally structures its contracts for the exclusive cable television rights to air the films during identified window periods.
AMC Subscribers and Affiliation Agreements. As of December 31, 2014, AMC had affiliation agreements with all major U.S. multichannel video programming distributors and reached approximately 95 million Nielsen subscribers.
Historical Subscribers—AMC

	2014	2013	2012
	(in millions)		
Nielsen Subscribers (at year-end)	95.0	97.4	98.9
Change from Prior Year-end	(2)%	(2)%	3 %

Year-to-year changes in the Nielsen subscribers may be impacted by changes in the Nielsen sample.
WE tv
WE tv’s programming is fueled by personalities and relationships filled with purpose and passion. WE tv welcomes everyone and creates an inclusive experience across all platforms: on TV, online, on demand, and social media, embracing how today’s digitally-savvy, socially-engaged audiences connect through content, using it as a catalyst to drive conversation and build community. WE tv’s popular slate of fresh and modern unscripted original series includes the hit shows Braxton Family Values, Kendra on Top and Mary Mary, among others. WE tv debuted its first scripted original series, The Divide, in 2014. The network’s second scripted original series, South of Hell, debuts in 2015. Additionally, WE tv’s programming includes series such as CSI: Miami and Law & Order as well as feature films, with exclusive license rights to certain films from studios such as Paramount, MGM, Disney and Warner Bros.
WE tv Subscribers and Affiliation Agreements. As of December 31, 2014, WE tv had affiliation agreements with all major U.S. multichannel video distributors and reached approximately 85 million Nielsen subscribers.
Historical Subscribers—WE tv

	2014	2013	2012
	(in millions)		
Nielsen Subscribers (at year-end)	85.4	84.0	81.5
Growth from Prior Year-end	2 %	3 %	7 %

The increase in Nielsen subscribers noted in the above table primarily reflects the repositioning of carriage of WE tv with certain operators to more widely distributed tiers of service. Additionally, year-to-year changes in the Nielsen subscribers may be impacted by changes in the Nielsen sample.
BBC AMERICA

BBC AMERICA delivers U.S. audiences high-quality, innovative and intelligent programming. Established in 1998, it has been the launch pad for talent embraced by American mainstream pop culture, including Ricky Gervais, Gordon Ramsay, Graham

Norton, and successful programming formats including the dramatic conspiracy thriller, Orphan Black, ground-breaking non-scripted television like Top Gear and top-rated science-fiction like Doctor Who. BBC AMERICA has attracted both critical acclaim and major awards, including four Emmy Awards, five Golden Globes and 12 Peabody Awards.

BBC AMERICA Subscribers and Affiliation Agreements. As of December 31, 2014, BBC AMERICA had affiliation agreements with all major U.S. multichannel video programming distributors and reached approximately 78 million Nielsen subscribers.

Historical Subscribers—BBC AMERICA

	2014	2013	2012
	(in millions)		
Nielsen Subscribers (at year-end)	78.2	79.5	80.3
Change from Prior Year-end	(2)%	(1)%	11%

Year-to-year changes in the Nielsen subscribers may be impacted by changes in the Nielsen sample.

IFC

IFC creates original comedies that are in keeping with the network's "Always On. Slightly Off" brand and which air alongside a collection of films and comedic cult TV shows.

The network's original content includes the comedy series Portlandia, created by and starring Fred Armisen and Carrie Brownstein, and executive produced by Saturday Night Live's Lorne Michaels. Other IFC originals include Comedy Bang! Bang!, Maron, The Birthday Boys and The Spoils of Babylon produced by Will Ferrell and Adam McKay's Funny or Die; a second installment of the franchise - The Spoils Before Dying - premieres in 2015. IFC's programming also includes films from various film distributors, including Fox, Miramax, Sony, Lionsgate, Universal, Paramount and Warner Bros.

IFC Subscribers and Affiliation Agreements. As of December 31, 2014, IFC had affiliation agreements with all major U.S. multichannel video distributors and reached approximately 74 million Nielsen subscribers.

Historical Subscribers—IFC

	2014	2013	2012
	(in millions)		
Nielsen Subscribers (at year-end)	73.7	69.9	69.6
Growth from Prior Year-end	5%	—%	7%

The increase in Nielsen subscribers noted in the above table primarily reflects the repositioning of carriage of IFC with certain operators to more widely distributed tiers of service. Additionally, year-to-year changes in the Nielsen subscribers may be impacted by changes in the Nielsen sample.

SundanceTV

Launched in 1996 and acquired by the Company in 2008, SundanceTV delivers on the spirit of founder Robert Redford's mission to celebrate creativity by bringing viewers television as distinctive as the best independent films. Working with today's most remarkable talent, SundanceTV is attracting viewer and critical acclaim for its original scripted and unscripted programming, including Rectify, The Red Road, Babylon, and Top of the Lake, among others. In 2015, SundanceTV's mini-series The Honorable Woman, lead actress, Maggie Gyllenhaal, won the Golden Globe award for Best Actress in a Mini-Series or a Motion Picture Made for Television category.

SundanceTV also has a slate of original unscripted series, each exploring aspects of contemporary culture.

SundanceTV Subscribers and Affiliation Agreements. As of December 31, 2014, SundanceTV had affiliation agreements with all major U.S. multichannel video programming distributors and reached approximately 57 million Nielsen subscribers.

Historical Subscribers—SundanceTV

	2014	2013	2012
	(in millions)		
Nielsen Subscribers (at year-end)	56.6	56.2	54.1
Growth from Prior Year-end	1 %	4 %	29 %

The increase in Nielsen subscribers noted in the above table primarily reflects the repositioning of carriage of our SundanceTV with certain operators to more widely distributed tiers of service. Additionally, year-to-year changes in the Nielsen subscribers may be impacted by changes in the Nielsen sample.

AMC and Sundance Channel Canada

We provide programming to the Canadian market through our AMC and Sundance Channel brands, AMC which is distributed through affiliation arrangements with all major Canadian multichannel video programming distributors and Sundance Channel through trademark license and content distribution arrangements with Canadian programming outlets.

AMC Networks Broadcasting & Technology

AMC Networks Broadcasting & Technology is a full-service network programming feed origination and distribution company, which primarily services most of the national programming networks of the Company. AMC Networks Broadcasting & Technology's operations are located in Bethpage, New York, where AMC Networks Broadcasting & Technology consolidates origination and satellite communications functions in a 60,000 square-foot facility designed to keep AMC Networks at the forefront of network origination and distribution technology. AMC Networks Broadcasting & Technology has 30 plus years of experience across its network services groups, including network origination, affiliate engineering, network transmission, traffic and scheduling that provide day-to-day delivery of any programming network, in high definition or standard definition.

Currently, AMC Networks Broadcasting & Technology is responsible for the origination and transmission of multiple highly acclaimed network programming feeds for both national and international distribution. In addition to serving most of the programming networks of the Company, AMC Networks Broadcasting & Technology's affiliated and third-party clients include fuse, MSG Network, MSG Plus, SNY and Mid Atlantic Sports Network.

International and Other

Our International and Other segment includes the operations of AMC Networks International (formerly Chellomedia and AMC/Sundance Channel Global), AMC Networks International - DMC (formerly Chello DMC), and IFC Films.

AMC Networks International

AMC Networks International ("AMCNI"), the global division of AMC Networks, delivers entertaining and acclaimed programming that reaches subscribers in more than 140 countries and territories, including countries and territories in Europe, Latin America, the Middle East and parts of Asia and Africa. AMC Networks International consists of global brands, Sundance Channel and AMC, as well as popular, locally recognized channels in various programming genres.

AMCNI - Central Europe

AMCNI - Central Europe operates a portfolio of thematic television channels with a focus on the Central and Eastern European market, including 12 television brands in 4 genres: sport: Sport1, Sport2, SportM, kids: Minimax, Megamax, infotainment: Spektrum, TVPaprika, Spektrum Home and film: AMC, Film Mánia and Film Café. The channels are programmed for local audiences, languages and markets.

AMCNI - Iberia

AMCNI - Iberia is the largest distributor of thematic television channels in Spain and Portugal. The current portfolio consists of 18 television channels including AMC, Canal Hollywood, Odisea, Sol Musica, Canal Cocina and Decasa, and a number of channels owned through joint ventures. The channels are programmed for local audiences, languages and markets.

AMCNI - Latin America

AMCNI - Latin America produces and distributes high quality television programming throughout Spanish and Portuguese speaking Latin America, the Caribbean and other territories. The portfolio consists of 11 channels including AMC, Film&Arts, Europa Europa, el gourmet, Casa Club TV, Cosmopolitan TV, Ella, Canal (á), Reality TV, AM Sports and El Garage TV.

AMCNI - Zone

AMCNI - Zone produces television programming throughout the United Kingdom and other countries in EMEA and Asia and manages a portfolio of 20 channel brands, including Horror Channel (in Italy), Extreme Sports Channel and Jim Jam. The portfolio includes a number of channels owned through joint ventures in the EMEA region, including the Outdoor Channel and Polsat Jim Jam entertainment channels, as well as CBS Drama, CBS Action, CBS Reality and CBS Europa.

AMC/Sundance Channel Global

AMC/Sundance Channel Global's business principally consists of 11 distinct channels distributed in eighteen languages spread across over seventy countries, focusing primarily on the global version of Sundance Channel. Principally generating revenues from affiliation fees, AMC/Sundance Channel Global has broad availability to distributors within these territories through satellite and fiber delivery that can facilitate future expansion.

An internationally-recognized brand, Sundance Channel's global services provide not only the best of the independent film world but also feature certain content from AMC, IFC, Sundance Channel and IFC Films, as well as serve as a unique pipeline of international content, in an effort to provide distinctive programming to an upscale audience.

AMCNI - DMC

AMCNI - DMC is a media logistics service provider of playout services, content distribution, video on demand and TV everywhere services. The Amsterdam-based advanced digital media facility specializes in the enrichment, publishing and delivery of multi-lingual and multi-platform content. AMCNI-DMC currently transmits over 100 channels across continental Europe, the UK, Middle East, Asia and South Africa. AMCNI- DMC's third party clients include Fox International Channels, A&E Networks, Sony Pictures Television Entertainment and Liberty Global.

IFC Films

IFC Films, our independent film distribution business, makes independent films available to a worldwide audience. IFC Films operates three distribution labels: Sundance Selects, IFC Films and IFC Midnight, all of which distribute independent films across virtually all available media platforms, including in theaters, on cable/satellite video-on-demand (reaching approximately 50 million homes), DVDs and cable network television, and streaming/downloading to computers and other electronic devices. IFC Films has a film library consisting of more than 600 titles. Recent successes include Oscar-nominated Boyhood (IFC Films) from writer-director Richard Linklater, Oscar-nominated Two Days, One Night (Sundance Selects) starring Marion Cotillard, and Oscar-nominated documentary Finding Vivian Maier (IFC Films).

As part of its strategy to encourage the growth of the marketplace for independent films, IFC Films also operates the IFC Center and the DOC NYC Film Festival. IFC Center is a state-of-the-art independent movie theater located in the heart of New York City's Greenwich Village. DOC NYC is an annual festival also located in New York City celebrating documentary storytelling in film, photography, prose and other media.

Content Rights and Development

The programming on our networks includes original programming that we control, either through outright ownership or through long-term licensing arrangements, and acquired programming that we license from studios and other rights holders.

Original Programming

We contract with some of the industry's leading production companies, including Lionsgate, Sony Pictures Television, Fox Television Studios, Entertainment One Television USA, Scott Free Productions, RelativityREAL, Magical Elves, Broadway Video, Reveille Productions and Pilgrim Films & Television, to produce most of the original programming that appears on our programming networks. These contractual arrangements either provide us with outright ownership of the programming, in which case we hold all programming and other rights to the content, or they consist of long-term licensing arrangements, which provide us with exclusive rights to exhibit the content on our programming networks, but may be limited in terms of specific geographic markets or distribution platforms. The license agreements are typically of multi-season duration and provide us with a right of first negotiation or a right of first refusal on the renewal of the license for additional programming seasons. Historically, we have generally licensed our owned content to third parties for international distribution. We may also license content to other programming networks or distribution platforms. Future decisions as to how to distribute programming will be made on the basis of a variety of factors including the relative value of any particular alternative. We currently produce certain of our owned original series: The Walking Dead, TURN: Washington's Spies (premiered on AMC in 2014), Halt and Catch Fire (premiered on AMC in 2014), The Divide (premiered on WE tv in 2014), Rectify and The Red Road (premiered on SundanceTV in 2014). The original programming that we either license or own outright includes, for AMC: Mad Men, Breaking Bad, and Hell on Wheels; for WE tv: Bridezillas, which is currently in syndication, Braxton Family Values, Tamar & Vince, Mary Mary, and Marriage Boot Camp; for IFC: Portlandia, Maron, Comedy Bang! Bang!, The Birthday Boys and The Spoils of Babylon; and for SundanceTV: Babylon, Dream School and The Writers' Room.

Acquired Programming

The majority of the content on our programming networks consists of existing films, episodic series and specials that we acquire pursuant to rights agreements with film studios, production companies or other rights holders. This acquired programming includes episodic series such as Law and Order, CSI: Miami, Will & Grace, Roseanne, Malcolm in the Middle and Batman, as well as an extensive film library. The rights agreements for this content are of varying duration and generally permit our programming networks to carry these series, films and other programming during certain window periods.

Affiliation Agreements

Affiliation Agreements. Our programming networks are distributed to our viewing audience pursuant to affiliation agreements with multichannel video programming distributors. These agreements, which typically have durations of several years, require us to deliver programming that meets certain standards set forth in the agreement. We earn affiliation fees under these agreements, generally based upon the number of each distributor's subscribers or, in some cases, based on a fixed contractual monthly fee. Our affiliation agreements also give us the right to sell a specific amount of national advertising time on our programming networks.

Our programming networks' existing affiliation agreements expire at various dates through 2024. Failure to renew affiliation agreements, or renewal on less favorable terms, or the termination of those agreements could have a material adverse effect on our business, and, even if affiliation agreements are renewed, there can be no assurance that renewal rates will equal or exceed the rates that are currently being charged.

We frequently negotiate with distributors in an effort to increase the subscriber base for our networks. We have in some instances made upfront payments to distributors in exchange for these additional subscribers or agreed to waive or accept lower subscriber fees if certain numbers of additional subscribers are provided. We also may help fund the distributors' efforts to market our programming networks or we may permit distributors to offer limited promotional periods without payment of subscriber fees. As we continue our efforts to add subscribers, our subscriber revenue may be negatively affected by such deferred carriage fee arrangements, discounted subscriber fees and other payments; however, we believe that these transactions generate a positive return on investment over the contract period.

Advertising Arrangements

Under affiliation agreements with our distributors, we have the right to sell a specified amount of national advertising time on our programming networks. Our advertising revenues are more variable than affiliation fee revenues because the majority of our advertising is sold on a short-term basis, not under long-term contracts. We sell advertising time in both the upfront and scatter markets. In the upfront market, advertisers buy advertising time for the upcoming season, and by purchasing in advance, often receive discounted rates. In the scatter market, advertisers buy advertising time close to the time when the commercials will be run, and often pay a premium. The mix between the upfront and scatter markets is based upon a number of factors, such as pricing, demand for advertising time and economic conditions. Our advertising arrangements with advertisers provide for a set number of advertising units to air over a specific period of time at a negotiated price per unit. In most advertising sales arrangements, our programming networks guarantee specified viewer ratings for their programming. If these guaranteed viewer ratings are not met, we are generally required to provide additional advertising units to the advertiser at no charge. For these types of arrangements, a portion of the related revenue is deferred if the guaranteed viewer ratings are not met and is subsequently recognized either when we provide the required additional advertising time, the guarantee obligation contractually expires or performance requirements become remote. Most of our advertising revenues vary based upon the popularity of our programming as measured by Nielsen.

Our national programming networks have advertisers representing companies in a broad range of sectors, including the health, automotive, food, insurance and entertainment industries. All of our National Networks use a traditional advertising sales model.

Subscriber and Viewer Measurement

The number of subscribers receiving our programming from multichannel video programming distributors generally determines the affiliation fees we receive. These numbers are reported monthly by the distributor and are reported net of certain excluded categories of subscribers set forth in the relevant affiliation agreement. For most day-to-day management purposes, we use a different measurement, Nielsen subscribers. Nielsen subscribers represent the number of subscribers receiving our programming from multichannel video programming distributors as reported by Nielsen, based on their sampling procedures. Nielsen subscriber figures tend to be higher than viewing subscribers for a given programming network. Nielsen subscriber figures are available for all of our national programming networks.

For purposes of the advertising rates we are able to charge advertisers, the relevant measurement is the Nielsen rating, which measures the number of viewers actually watching the commercials within programs we show on our programming networks. This measurement is calculated by Nielsen using their sampling procedures and reported daily, although advertising rates are adjusted less frequently. In addition to the Nielsen rating, our advertising rates are also influenced by the demographic mix of our viewing audiences, since advertisers tend to pay premium rates for more desirable demographic groups of viewers.

Regulation

Our businesses are subject to and affected by regulations of U.S. federal, state and local government authorities, and our international operations are subject to laws and regulations of the countries and international bodies, such as the European Union, in which we operate. The Federal Communications Commission (the "FCC") regulates U.S. programming networks in certain respects when they are affiliated with a cable television operator, as we are with Cablevision. Other FCC regulations, although imposed on cable television operators and satellite operators, affect programming networks indirectly. The rules, regulations, policies and procedures affecting our businesses are constantly subject to change. The descriptions below are summary in nature and do not purport to describe all present and proposed laws and regulations affecting our businesses.

Closed Captioning

Certain of our networks must provide closed-captioning of programming for the hearing impaired. The 21st Century Communications and Video Accessibility Act of 2010 also requires us to provide closed captioning on certain video content that we offer on the Internet or through other Internet Protocol distribution.

CALM Act

FCC rules require multichannel video programming distributors to ensure that all commercials comply with specified volume standards, and our affiliation agreements generally require us to certify compliance with such standards.

Obscenity Restrictions

Cable operators and other distributors are prohibited from transmitting obscene programming, and our affiliation agreements generally require us to refrain from including such programming on our networks.

Violent Programming

In 2007, the FCC issued a report on violence in programming that recommended that the United States Congress prohibit the availability of violent programming, including cable programming, during the hours when children are likely to be watching. Some members of the United States Congress continue to be interested in the alleged effects of violent programming, which could lead to a renewal of interest in limiting the availability of such programming or prohibiting it.

Program Access

The "program access" provisions of the Federal Cable Act generally require satellite delivered video programming in which a cable operator holds an attributable interest, as that term is defined by the FCC, to be made available to all multichannel video programming distributors, including DBS providers and telephone companies, on nondiscriminatory prices, terms and conditions, subject to certain exceptions specified in the statute and the FCC's rules. FCC rules provide that the FCC may order a cable-affiliated programmer to continue to make a programming service available to a multichannel video programming distributor during the pendency of a program access complaint, under the terms of the existing contract. For purposes of these rules, the common directors and five percent or greater voting stockholders of Cablevision and AMC Networks are deemed to be cable operators with attributable interests in us. As long as we continue to have common directors and major stockholders with Cablevision, our satellite-delivered video programming services will remain subject to the program access provisions. The FCC allowed a previous blanket prohibition on exclusive arrangements with cable operators to expire in October 2012, but will consider case-by-case complaints that exclusive contracts between cable operators and cable-affiliated programmers significantly hinder or prevent a competing distributor from providing satellite cable programming.

The FCC has also extended the program access rules to terrestrially-delivered programming created by cable operator-affiliated programmers such as us when a showing can be made that the lack of such programming significantly hinders or prevents the distributor from providing satellite cable programming. The rules authorize the FCC to compel the licensing of such programming in response to a complaint by a multichannel video programming distributor. These rules could require us to make any terrestrial programming services we create available to multichannel video programming distributors on nondiscriminatory prices, terms and conditions. The FCC is considering expanding the definition of "multichannel video programming distributor" to include certain distributors of video programming over the Internet. This change could expand our program access obligations.

Program Carriage

The FCC has sought comment on proposed changes to the rules governing carriage agreements between cable programming networks and cable operators or other multichannel video programming distributors. Some of these changes could give an advantage to cable programming networks that are not affiliated with any distributor and make it easier for those programming networks to challenge a distributor's decision to terminate a carriage agreement or to decline to carry a network in the first place.

Wholesale "À La Carte" and Volume Discounts

The FCC is considering how to respond to a petition from a cable operator asking the FCC to open a rulemaking proceeding to examine whether to adopt rules restricting how programmers package and price their networks. We do not currently require distributors to carry more than one of our national programming networks in order to obtain the right to carry a particular national programming network. However, we generally negotiate with a distributor for the carriage of all of our national networks concurrently, and we offer volume discounts to distributors who make our programming available to larger numbers of subscribers or who carry more of our programming networks.

Effect of “Must-Carry” Requirements

The FCC’s implementation of the statutory “must-carry” obligations requires cable and DBS operators to give broadcasters preferential access to channel space. In contrast, programming networks, such as ours, have no guaranteed right of carriage on cable television or DBS systems. This may reduce the amount of channel space that is available for carriage of our networks by cable television systems and DBS operators.

Satellite Carriage

All satellite carriers must under federal law offer their service to deliver our and our competitor’s programming networks on a nondiscriminatory basis (including by means of a lottery). A satellite carrier cannot unreasonably discriminate against any customer in its charges or conditions of carriage.

Media Ownership Restrictions

FCC rules set media ownership limits that restrict, among other things, the number of daily newspapers and radio and television stations in which a single entity may hold an attributable interest as that term is defined by the FCC. Pursuant to a Congressional mandate, the FCC must review these rules every four years. Such a review is currently underway. Cablevision currently owns Newsday, a daily newspaper published on Long Island, New York. The fact that the common directors and five percent or greater voting stockholders of Cablevision and AMC Networks hold attributable interests in each of the companies for purposes of these rules means that these cross-ownership rules may have the effect of limiting the activities or strategic business alternatives available to us, at least for as long as we continue to have common directors and major stockholders with Cablevision. Although we have no plans or intentions to become involved in the businesses affected by these restrictions, we would need to be mindful of these rules if we were to consider engaging in any such business in the future.

Website Requirements

We maintain various websites that provide information regarding our businesses and offer content for sale. The operation of these websites may be subject to a range of federal, state and local laws such as privacy, data security, accessibility, child safety and consumer protection regulations.

Other Regulation

The FCC also imposes rules regarding political broadcasts and telemarketing. In addition, our international operations are subject to regulation on a country-by-country basis, including programming content requirements, local content quotas, and requirements to make programming available on nondiscriminatory terms.

Programming businesses are subject to regulation on a country-by-country basis, including restrictions on types of advertising that can be sold on our networks, programming content requirements, requirements to make programming available on non-discriminatory terms, and local content quotas.

Competition

Our programming networks operate in two highly competitive markets. First, our programming networks compete with other programming networks to obtain distribution on cable television systems and other multichannel video programming distribution systems, such as DBS, and ultimately for viewing by each system’s subscribers. Second, our programming networks compete with other programming networks and other sources of video content, including broadcast networks, to secure desired entertainment programming. The success of our businesses depends on our ability to license and produce content for our programming networks that is adequate in quantity and quality and will generate satisfactory viewer ratings. In each of these cases, some of our competitors are large publicly held companies that have greater financial resources than we do. In addition, we compete with these entities for advertising revenue.

It is difficult to predict the future effect of technology on many of the factors affecting AMC Networks’ competitive position. For example, data compression technology has made it possible for most video programming distributors to increase their channel capacity, which may reduce the competition among programming networks and broadcasters for channel space. On the other hand, the addition of channel space could also increase competition for desired entertainment programming and ultimately, for viewing by subscribers. As more channel space becomes available, the position of our programming networks in the most favorable tiers of these distributors would be an important goal.

Additionally, video content delivered directly to viewers over the Internet competes with our programming networks for viewership.

Distribution of Programming Networks
The business of distributing programming networks to cable television systems and other multichannel video programming distributors is highly competitive. Our programming networks face competition from other programming networks' carriage by a particular multichannel video programming distributor, and for the carriage on the service tier that will attract the most subscribers. Once our programming network is selected by a distributor for carriage, that network competes for viewers not only with the other programming networks available on the distributor's system, but also with over-the-air broadcast television, Internet-based video and other online services, mobile services, radio, print media, motion picture theaters, DVDs, and other sources of information and entertainment.
Important to our success in each area of competition we face are the prices we charge for our programming networks, the quantity, quality and variety of the programming offered on our networks, and the effectiveness of our networks' marketing efforts. The competition for viewers among advertiser supported networks is directly correlated with the competition for advertising revenues with each of our competitors.
Our ability to successfully compete with other networks may be hampered because the cable television systems or other multichannel video programming distributors through which we seek distribution may be affiliated with other programming networks. In addition, because such distributors may have a substantial number of subscribers, the ability of such programming networks to obtain distribution on the systems of affiliated distributors may lead to increased affiliation and advertising revenue for such programming networks because of their increased penetration compared to our programming networks. Even if such affiliated distributors carry our programming networks, such distributors may place their affiliated programming network on a more desirable tier, thereby giving the affiliated programming network a competitive advantage over our own.
New or existing programming networks that are affiliated with broadcasting networks like NBC, ABC, CBS or Fox may also have a competitive advantage over our programming networks in obtaining distribution through the "bundling" of agreements to carry those programming networks with agreements giving the distributor the right to carry a broadcast station affiliated with the broadcasting network.
An important part of our strategy involves exploiting identified markets of the cable television viewing audience that are generally well defined and limited in size. Our networks have faced and will continue to face increasing competition as other programming networks and online or other services seek to serve the same or similar niches.
Sources of Programming
We also compete with other programming networks to secure desired programming. Most of our original programming and all of our acquired programming is obtained through agreements with other parties that have produced or own the rights to such programming. Competition for this programming will increase as the number of programming networks increases. Other programming networks that are affiliated with programming sources such as movie or television studios or film libraries may have a competitive advantage over us in this area.
With respect to the acquisition of entertainment programming, such as syndicated programs and movies that are not produced by or specifically for networks, our competitors include national broadcast television networks, local broadcast television stations, other cable programming networks, Internet-based video content distributors, and video-on-demand programs. Some of these competitors have exclusive contracts with motion picture studios or independent motion picture distributors or own film libraries.
Competition for Advertising Revenue
Our programming networks must compete with other sellers of advertising time and space, including other cable programming networks, radio, newspapers, outdoor media and, increasingly, Internet sites. We compete for advertisers on the basis of rates we charge and also on the number and demographic nature of viewers who watch our programming. Advertisers will often seek to target their advertising content to those demographic categories they consider most likely to purchase the product or service they advertise. Accordingly, the demographic make-up of our viewership can be equally or more important than the number of viewers watching our programming.
Employees
As of December 31, 2014 we had 1,862 full-time employees and 71 part-time employees. In addition, certain of our U.S. subsidiaries engage the services of writers who are subject to a collective bargaining agreement. Approximately 296 of our employees outside of the U.S. are covered by collective bargaining agreements or works councils. We

believe that our relations with the labor unions and our employees are generally good.

Item 1A. Risk Factors.
The risk factors described below are not inclusive of all risk factors but highlight those that the Company believes are the most significant and that could impact its performance and financial results. These risk factors should be considered together with all other information presented in this Annual Report.
Our business depends on the appeal of our programming to our distributors and our U.S. and foreign viewers, which may be unpredictable and volatile.
Our business depends in part upon viewer preferences and audience acceptance in the U.S. and abroad of the programming on our networks. These factors are often unpredictable and volatile, and subject to influences that are beyond our control, such as the quality and appeal of competing programming, general economic conditions and the availability of other entertainment activities. We may not be able to anticipate and react effectively to shifts in tastes and interests in our markets. A change in viewer preferences could cause our programming to decline in popularity, which could cause a reduction in advertising revenues and jeopardize renewal of our contracts with distributors. In addition, our competitors may have more flexible programming arrangements, as well as greater amounts of available content, distribution and capital resources, and may be able to react more quickly than we can to shifts in tastes and interests.
To an increasing extent, the success of our business depends on original programming, and our ability to predict accurately how audiences will respond to our original programming is particularly important. Because original programming often involves a greater degree of commitment on our part, as compared to acquired programming that we license from third parties, and because our network branding strategies depend significantly on a relatively small number of original programs, a failure to anticipate viewer preferences for such programs could be especially detrimental to our business. We periodically review the programming usefulness of our program rights based on a series of factors, including ratings, type and quality of program material, standards and practices, and fitness for exhibition. We have incurred write-offs of programming rights in the past, and may incur future programming rights write-offs if it is determined that program rights have no future usefulness.
In addition, feature films constitute a significant portion of the programming on our AMC, IFC and SundanceTV programming networks. In general, the popularity of feature-film content on linear television is declining, due in part to the broad availability of such content through an increasing number of distribution platforms. Should the popularity of feature-film programming suffer significant further declines, we may lose viewership or be forced to rely more heavily on original programming, which could increase our costs.
If our programming does not gain the level of audience acceptance we expect, or if we are unable to maintain the popularity of our programming, our ratings may suffer, which will negatively affect advertising revenues, and we may have a diminished bargaining position when dealing with distributors, which could reduce our distribution revenues. We cannot assure you that we will be able to maintain the success of any of our current programming, or generate sufficient demand and market acceptance for our new programming.
Because a limited number of distributors account for a large portion of our business, failure to renew our programming networks’ affiliation agreements, or renewal on less favorable terms, or the termination of those agreements, both in the U.S. and internationally, could have a material adverse effect on our business.
Our programming networks depend upon agreements with a limited number of cable television system operators and other multichannel video programming distributors. The loss of any significant distributor could have a material adverse effect on our consolidated results of operations.
Currently our programming networks have affiliation agreements that have staggered expiration dates through 2024. Failure to renew these affiliation agreements, or renewal on less favorable terms, or the termination of those agreements could have a material adverse effect on our business. A reduced distribution of our programming networks would adversely affect our distribution revenues, and impact our ability to sell advertising or the rates we charge for such advertising. Even if affiliation agreements are renewed, we cannot assure you that the renewal rates will equal or exceed the rates that we currently charge these distributors.
In addition, we have in some instances made upfront payments to distributors in exchange for additional subscribers or have agreed to waive or accept lower affiliation fees if certain numbers of additional subscribers are provided. We also may help fund our distributors' efforts to market our programming networks or we may permit distributors to offer promotional periods without payment of subscriber fees. As we continue our efforts to add viewing subscribers,

our net revenues may be negatively affected by these deferred carriage fee arrangements, discounted subscriber fees or other payments.

Further consolidation among cable and satellite providers could adversely affect our revenue and profitability.

In some cases, if a distributor is acquired, the affiliation agreement of the acquiring distributor will govern following the acquisition. In those circumstances, the acquisition of a distributor that is party to one or more affiliation agreements with our programming networks on terms that are more favorable to us could adversely impact our financial condition and results of operations.

Consolidation among cable and satellite operators has given the largest operators considerable leverage in their relationships with programmers, including us. Most of our U.S. revenues come from a handful of the largest distributors. The two largest cable distributors provide service to approximately 33% of U.S. households receiving multichannel video programming distribution, while the two largest DBS distributors provide service to an additional 34% of such households. In certain countries outside the U.S., one or a small number of distributors have a dominant market position. Continued consolidation within the industry could further reduce the number of distributors available to carry our content and increase the negotiating leverage of our distributors which could adversely affect our revenue.

We are subject to intense competition, which may have a negative effect on our profitability or on our ability to expand our business.

The programming industry is highly competitive. Our programming networks compete with other programming networks and other types of video programming services for marketing and distribution by cable and other multichannel video programming distribution systems. In distributing a programming network, we face competition with other providers of programming networks for the right to be carried by a particular cable or other multichannel video programming distribution system and for the right to be carried by such system on a particular “tier” of service. Certain programming networks affiliated with broadcast networks like NBC, ABC, CBS or Fox or other key free-to-air programming networks in countries where our networks are distributed may have a competitive advantage over our programming networks in obtaining distribution through the “bundling” of carriage agreements for such programming networks with a distributor's right to carry the affiliated broadcasting network. In addition, our ability to compete with certain programming networks for distribution may be hampered because the cable television or other multichannel video programming distributors through which we seek distribution may be affiliated with these programming networks. Because such distributors may have a substantial number of subscribers, the ability of such programming networks to obtain distribution on the systems of affiliated distributors may lead to increased affiliation and advertising revenue for such programming networks because of their increased penetration compared to our programming networks. Even if the affiliated distributors carry our programming networks, they may place their affiliated programming network on a more desirable tier, thereby giving their affiliated programming network a competitive advantage over our own.

In addition to competition for distribution, we also face intense competition for viewing audiences with other cable and broadcast programming networks, home video products and Internet-based video content providers, some of which are part of large diversified entertainment or media companies that have substantially greater resources than us. To the extent that our viewing audiences are eroded by competition with these other sources of programming content, our ratings would decline, negatively affecting advertising revenues, and we may face difficulty renewing affiliation agreements with distributors on acceptable terms, which could cause distribution revenues to decline. In addition, competition for advertisers with these content providers, as well as with other forms of media (including print media, Internet websites and radio), could affect the amount we are able to charge for advertising time on our programming networks, and therefore our advertising revenues.

An important part of our strategy involves exploiting identified markets of the cable television viewing audience that are generally well defined and limited in size. Our programming networks have faced and will continue to face increasing competition obtaining distribution and attracting advertisers as other programming networks seek to serve the same or similar markets.

Our programming networks’ success depends upon the availability of programming that is adequate in quantity and quality, and we may be unable to secure or maintain such programming.

Our programming networks' success depends upon the availability of quality programming, particularly original programming and films, that is suitable for our target markets. While we produce some of our original programming, we obtain most of the programming on our networks (including original programming, films and other acquired programming) through agreements with third parties that have produced or control the rights to such programming. These agreements expire at varying times and may be terminated by the other parties if we are not in compliance with their terms.

We compete with other programming networks to secure desired programming. Competition for programming has increased as the number of programming networks has increased. Other programming networks that are affiliated with programming sources such as movie or television studios or film libraries may have a competitive advantage over us

in this area. In addition to other cable programming networks, we also compete for programming with national broadcast television networks, local broadcast television stations, video-on-demand services and Internet-based content delivery services, such as Netflix, iTunes, Hulu and Amazon. Some of these competitors have exclusive contracts with motion picture studios or independent motion picture distributors or own film libraries.
We cannot assure you that we will ultimately be successful in negotiating renewals of our programming rights agreements or in negotiating adequate substitute agreements in the event that these agreements expire or are terminated.

Our programming networks have entered into long-term programming acquisition contracts that require substantial payments over long periods of time, even if we do not use such programming to generate revenues.
Our programming networks have entered into numerous contracts relating to the acquisition of programming, including rights agreements with film companies. These contracts typically require substantial payments over extended periods of time. We must make the required payments under these contracts even if we do not use the programming.
Increased programming costs may adversely affect our profits.
We plan to produce a significant amount of original programming and other content and continue to invest in this area, the costs of which are significant. We also acquire programming and television series, as well as a variety of digital content and other ancillary rights such as consumer and home entertainment product offerings from other companies, and we pay license fees, royalties or contingent compensation in connection with these acquired rights. Our investments in original and acquired programming are significant and involve complex negotiations with numerous third parties. These costs may not be recouped when the content is broadcast or distributed and higher costs may lead to decreased profitability or potential write-downs.
We incur costs for the creative talent, including actors, writers and producers, who create our original programming. Some of our original programming has achieved significant popularity and critical acclaim, which has increased and could continue to increase the costs of such programming in the future. In addition, there may be disputes with writers, producers and other creative talent over the amount of royalty and other payments. An increase in the costs of programming may lead to decreased profitability or otherwise adversely affect our business.
Original programming requires substantial financial commitment. In some cases, the financial commitment can be offset by foreign, state or local tax incentives. However, there is a risk that the tax incentives will not remain available for the duration of a series. If tax incentives are no longer available, reduced substantially, or cannot be utilized, it may result in increased costs for us to complete the production or make the production of additional seasons more expensive. If we are unable to produce original programming content on a cost effective basis our business, financial condition and results of operations may be materially adversely affected.
We may not be able to adapt to new content distribution platforms and to changes in consumer behavior resulting from these new technologies, which may adversely affect our business.
We must successfully adapt to technological advances in our industry, including the emergence of alternative distribution platforms. Our ability to exploit new distribution platforms and viewing technologies will affect our ability to maintain or grow our business. Emerging forms of content distribution may provide different economic models and compete with current distribution methods in ways that are not entirely predictable. Such competition could reduce demand for our traditional television offerings or for the offerings of digital distributors and reduce our revenue from these sources. Accordingly, we must adapt to changing consumer behavior driven by advances such as digital video recorders, video-on-demand, Internet-based content delivery, including services such as Netflix, Hulu, Apple TV, Google TV and Amazon and mobile devices. Gaming and other consoles such Microsoft’s Xbox, Sony’s Playstation and Nintendo’s Wii and Roku are establishing themselves as alternative providers of video services. Such changes may impact the revenues we are able to generate from our traditional distribution methods, either by decreasing the viewership of our programming networks on cable and other multichannel video programming distribution systems which are almost entirely directed at television video delivery or by making advertising on our programming networks less valuable to advertisers. If we fail to adapt our distribution methods and content to emerging technologies, our appeal to our targeted audiences might decline and there could be a negative effect on our business. In addition, advertising revenues could be significantly impacted by emerging technologies, since advertising sales are dependent on audience measurement provided by third parties, and the results of audience measurement techniques can vary independent of the size of the audience for a variety of reasons, including difficulties related to the employed statistical sampling methods, new distribution platforms and viewing technologies, and the shifting of the marketplace to the use of measurement of different viewer behaviors, such as delayed viewing. Moreover, devices that allow users to fast forward or skip programming, including commercials, are causing changes in consumer behavior that may affect the desirability of our programming services to advertisers.
Advertising market conditions could cause our revenues and operating results to decline significantly in any given period or in specific markets

We derive substantial revenues from the sale of advertising on a variety of platforms, and a decline in advertising expenditures could have a significant adverse effect on our revenues and operating results in any given period. The strength of the advertising market can fluctuate in response to the economic prospects of specific advertisers or industries, advertisers' current spending priorities and the economy in general, and this may adversely affect the growth rate of our advertising revenues.
In addition, the pricing and volume of advertising may be affected by shifts in spending toward online and mobile offerings from more traditional media, or toward new ways of purchasing advertising, such as through automated purchasing, dynamic advertising insertion, third parties selling local advertising spots and advertising exchanges, some or all of which may not be as advantageous to the Company as current advertising methods.

Advertising sales are dependent on audience measurement, and the results of audience measurement techniques can vary independent of the size of the audience for a variety of reasons, including variations in the employed statistical sampling methods. While Nielsen's statistical sampling method is the primary measurement technique used in our television advertising sales, we measure and monetize our campaign reach and frequency on and across digital platforms based on other third-party data using a variety of methods including the number of impressions served and demographics. In addition, multi-platform campaign verification is in its infancy, and viewership on tablets and smartphones, which is growing rapidly, is presently not measured by any one consistently applied method. These variations and changes could have a significant effect on advertising revenues.

We face risks from doing business internationally.

We have operations through which we distribute programming outside the United States. As a result, our business is subject to certain risks inherent in international business, many of which are beyond our control. These risks include:

- laws and policies affecting trade and taxes, including laws and policies relating to the repatriation of funds and withholding taxes, and changes in these laws;
- changes in local regulatory requirements, including restrictions on content, imposition of local content quotas and restrictions on foreign ownership;
- differing degrees of protection for intellectual property and varying attitudes towards the piracy of intellectual property;
- the instability of foreign economies and governments;
- war and acts of terrorism;
- anti-corruption laws and regulations such as the Foreign Corrupt Practices Act and the U.K. Bribery Act that impose stringent requirements on how we conduct our foreign operations and changes in these laws and regulations; and
- shifting consumer preferences regarding the viewing of video programming.

Events or developments related to these and other risks associated with international trade could adversely affect our revenues from non-U.S. sources, which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Economic problems in the United States or in other parts of the world could adversely affect our results of operations.

Our business is affected by prevailing economic conditions and by disruptions to financial markets. We derive substantial revenues from advertisers, and these expenditures are sensitive to general economic conditions and consumer buying patterns. Financial instability or a general decline in economic conditions in the United States and other countries where our networks are distributed could adversely affect advertising rates and volume, resulting in a decrease in our advertising revenues.

Decreases in U.S. and consumer discretionary spending in other countries where our networks are distributed may affect cable television and other video service subscriptions, in particular with respect to digital service tiers on which certain of our programming networks are carried. This could lead to a decrease in the number of subscribers receiving our programming from multichannel video programming distributors, which could have a negative impact on our viewing subscribers and affiliation fee revenues. Similarly, a decrease in viewing subscribers would also have a negative impact on the number of viewers actually watching the programs on our programming networks, which could also impact the rates we are able to charge advertisers.

Economic conditions affect a number of aspects of our businesses worldwide and impact the businesses of our partners who purchase advertising on our networks and reduce their spending on advertising. Economic conditions can also negatively affect the ability of those with whom we do business to satisfy their obligations to us. The general worsening of current global economic conditions could adversely affect our business, financial condition or results of operations, and the worsening of economic conditions in certain parts of the world, specifically, could impact the expansion and success of our businesses in such areas.

Fluctuations in foreign exchange rates could have an adverse effect on our results of operations.

We have significant operations in a number of foreign jurisdictions and certain of our operations are conducted in foreign currencies. The value of these currencies fluctuates relative to the U.S. dollar. As a result, we are exposed to exchange rate fluctuations, which could have an adverse effect on our results of operations in a given period or in specific markets.

Specifically, we are exposed to foreign currency exchange rate 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 trade receivables, programming contracts, notes payable and notes receivable (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.

We also are exposed to unfavorable and potentially volatile fluctuations of the U.S. dollar (our reporting currency) against the currencies of our non-U.S. dollar functional currency operating subsidiaries when their respective financial statements are translated into U.S. dollars for inclusion in our 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 foreign currency translation. Our primary exposure to foreign currency risk from a foreign currency translation perspective is to the euro and, to a lesser extent, other local currencies in Europe. We generally do not hedge against the risk that we may incur non-cash losses upon the translation of the financial statements of our non-U.S. dollar functional currency operating subsidiaries and affiliates into U.S. dollars.

Our business is limited by United States regulatory constraints which may adversely impact our operations.

Although most aspects of our business generally are not directly regulated by the FCC, there are certain FCC regulations that govern our business either directly or indirectly. See Item 1, "Business—Regulation" in this Annual Report. Furthermore, to the extent that regulations and laws, either presently in force or proposed, hinder or stimulate the growth of the cable television and satellite industries, our business will be affected.

The United States Congress and the FCC currently have under consideration, and may in the future adopt, new laws, regulations and policies regarding a wide variety of matters that could, directly or indirectly, affect our operations. The regulation of cable television services, satellite carriers, and other multichannel video programming distributors is subject to the political process and has been in constant flux over the past two decades. Further material changes in the law and regulatory requirements must be anticipated. We cannot assure you that our business will not be adversely affected by future legislation, new regulation or deregulation.

Our businesses are subject to risks of adverse regulation by foreign governments.

Programming businesses are subject to regulation on a country-by-country basis, including restrictions on types of advertising that can be sold on our networks, programming content requirements, requirements to make programming available on non-discriminatory terms, and local content quotas. Consequently, our businesses must adapt their ownership and organizational structure as well as their pricing and service offerings to satisfy the rules and regulations to which they are subject. A failure to comply with applicable rules and regulations could result in penalties, restrictions on our business or loss of required licenses or other adverse conditions.

Adverse changes in rules and regulations could have a significant adverse impact on our profitability.

Theft of our content, including digital copyright theft and other unauthorized exhibitions of our content, may decrease revenue received from our programming and adversely affect our businesses and profitability.

The success of our businesses depends in part on our ability to maintain and monetize our intellectual property rights to our entertainment content. We are fundamentally a content company and theft of our brands, television programming, digital content and other intellectual property has the potential to significantly affect us and the value of our content. Copyright theft is particularly prevalent in many parts of the world that lack effective copyright and technical protective measures similar to those existing in the United States or that lack effective enforcement of such measures, including some of the jurisdictions in which we operate. The interpretation of copyright, privacy and other laws as applied to our content, and piracy detection and enforcement efforts, remain in flux. The failure to strengthen, or the weakening of, existing intellectual property laws could make it more difficult for us to adequately protect our intellectual property and negatively affect its value.

Content theft has been made easier by the wide availability of higher bandwidth and reduced storage costs, as well as tools that undermine security features such as encryption and the ability of pirates to cloak their identities online. In addition, we and our numerous production and distribution partners operate various technology systems in connection with the production and distribution of our programming, and intentional or unintentional acts could result in unauthorized access to our content, a disruption of our services, or improper disclosure of confidential information. The increasing use of digital formats and technologies heightens this risk. Unauthorized access to our content could result in the premature release of television shows, which is likely to have a significant adverse effect on the value of the affected programming.

Copyright theft has an adverse effect on our business because it reduces the revenue that we are able to receive from the legitimate sale and distribution of our content, undermines lawful distribution channels and inhibits our ability to recoup or profit from the costs incurred to create such works. Efforts to prevent the unauthorized distribution, performance and copying of our content may affect our profitability and may not be successful in preventing harm to our business.

Litigation may be necessary to enforce our intellectual property rights, protect trade secrets or to determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect our business, financial condition and results of operations. Our failure to protect our intellectual property rights, particularly our brand, in a meaningful manner or challenges to related contractual rights could result in erosion of our brand and limit our ability to control marketing of our networks, which could have a materially adverse effect on our business, financial condition and results of operations.

Protection of electronically stored data is costly and if our data is compromised in spite of this protection, we may incur additional costs, lost opportunities and damage to our reputation.

We maintain information in digital form as necessary to conduct our business, including confidential and proprietary information regarding our distributors, advertisers, viewers and employees as well as personal information. Data maintained in digital form is subject to the risk of intrusion, tampering and theft. We develop and maintain systems to prevent this from occurring, but the development and maintenance of these systems is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. Moreover, despite our efforts, the possibility of intrusion, tampering and theft cannot be eliminated entirely, and risks associated with each of these remain. In addition, we provide confidential, proprietary and personal information to third parties when it is necessary to pursue business objectives. While we obtain assurances that these third parties will protect this information and, where appropriate, monitor the protections employed by these third parties, there is a risk the confidentiality of data held by third parties may be compromised. If our data systems are compromised, our ability to conduct our business may be impaired, we may lose profitable opportunities or the value of those opportunities may be diminished and, as described above, we may lose revenue as a result of unlicensed use of our intellectual property. Further, a penetration of our network security or other misappropriation or misuse of personal consumer or employee information could subject us to business, regulatory, litigation and reputation risk, which could have a negative effect on our business, financial condition and results of operations.

If our technology facilities fail or their operations are disrupted, or if we lose access to third party satellites, our performance could be hindered.

Our programming is transmitted using technology facilities at certain of our subsidiaries. These technology facilities are used for a variety of purposes, including signal processing, program editing, promotions, creation of programming segments to fill short gaps between featured programs, quality control, and live and recorded playback. These facilities are subject to interruption from fire, lightning, adverse weather conditions and other natural causes. Equipment failure, employee misconduct or outside interference could also disrupt the facilities' services. Although we have an arrangement with a third party to re-broadcast the previous seven days of our national networks' programming in the event of a disruption, we currently do not have a backup operations facility for our programming. In addition, we rely on third-party satellites in order to transmit our programming signals to our distributors. As with all satellites, there is a risk that the satellites we use will be damaged as a result of natural or man-made causes, or will otherwise fail to operate properly. Although we maintain in-orbit protection providing us with back-up satellite transmission facilities should our primary satellites fail, there can be no assurance that such back-up transmission facilities will be effective or will not themselves fail.

Any significant interruption at any of our technology facilities affecting the distribution of our programming, or any failure in satellite transmission of our programming signals, could have an adverse effect on our operating results and financial condition.

The loss of any of our key personnel and artistic talent could adversely affect our business.

We believe that our success depends to a significant extent upon the performance of our senior executives. We generally do not maintain “key man” insurance. In addition, we depend on the availability of third-party production companies to create most of our original programming. Some of the writers employed by one of our subsidiaries and some of the employees of third party production companies that create our original programming are subject to collective bargaining agreements. Any labor disputes or a strike by one or more unions representing our subsidiary's writers or employees of third-party production companies who are essential to our original programming could have a material adverse effect on our original programming and on our business as a whole. The loss of any significant personnel or artistic talent, or our artistic talent losing their audience base, could also have a material adverse effect on our business.

No assurance can be made that we will be successful in integrating any acquired business.

Integration of new businesses presents significant challenges, including: realizing economies of scale, eliminating duplicative overhead, and integrating networks, financial systems and operational systems. No assurance can be given that, with respect to any acquisition, we will realize anticipated benefits or successfully integrate any acquired business with our existing operations. In addition, while we intend to implement appropriate controls and procedures as we integrate acquired companies, we may not be able to certify as to the effectiveness of these companies' disclosure controls and procedures or internal control over financial reporting (as required by U.S. federal securities laws and regulations) until we have fully integrated them.

New acquisitions, equity method investments and other transactions may require the commitment of significant capital that would otherwise be directed to investments in our existing businesses or be distributed to shareholders.

We may have exposure to additional tax liabilities.

We are subject to income taxes as well as non-income based taxes, such as payroll, sales, use, value-added, net worth, property and goods and services taxes, in both the United States and various foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are regularly under audit by tax authorities in both the United States and various foreign jurisdictions. Although we believe that our tax estimates are reasonable, (1) there is no assurance that the final determination of tax audits or tax disputes will not be different from what is reflected in our historical income tax provisions, expense amounts for non-income based taxes and accruals and (2) any material differences could have an adverse effect on our financial position and results of operations in the period or periods for which determination is made.

Although a portion of our revenue and operating income is generated outside the United States, we are subject to potential current U.S. income tax on this income due to our being a U.S. corporation. Our worldwide effective tax rate may be reduced under a provision in U.S. tax law that defers the imposition of U.S. tax on certain foreign active income until that income is repatriated to the United States. Any repatriation of assets held in foreign jurisdictions or recognition of foreign income that fails to meet the U.S. tax requirements related to deferral of U.S. income tax may result in a higher effective tax rate for the Company. This includes what is referred to as “Subpart F Income,” which generally includes, but is not limited to, such items as interest, dividends, royalties, gains from the disposition of certain property, certain currency exchange gains in excess of currency exchange losses, and certain related party sales and services income. While the Company may mitigate this increase in its effective tax rate through claiming a foreign tax credit against its U.S. federal income taxes or potentially have foreign or U.S. taxes reduced under applicable income tax treaties, we are subject to various limitations on claiming foreign tax credits or we may lack treaty protections in certain jurisdictions that will potentially limit any reduction of the increased effective tax rate. A higher effective tax rate may also result to the extent that losses are incurred in non-U.S. subsidiaries that do not reduce our U.S. taxable income.

We are subject to changing tax laws, treaties and regulations in and between countries in which we operate, including treaties between the United States and other nations. A change in these tax laws, treaties or regulations, including those in and involving the United States, or in the interpretation thereof, could result in a materially higher income or non-income tax expense. Also, various income tax proposals in the countries in which we operate, such as those relating to fundamental U.S. international tax reform and measures in response to the economic uncertainty in certain European jurisdictions in which we operate, could result in changes to the existing tax laws under which our taxes are calculated. On February 2, 2015, the Obama Administration proposed amendments to the U.S. tax code to impose a 19% minimum tax on U.S. corporations’ future tax profits (with generally an 85% credit for associated foreign taxes paid) and to impose a one-time, immediate 14% tax on U.S. corporations’ current accumulated overseas earnings (with generally a 40% credit for associated foreign taxes paid). We are unable to predict whether any of these or other proposals in the United States or foreign jurisdictions will ultimately be enacted. Any such material changes could negatively impact our business.

Our substantial long-term debt and high leverage could adversely affect our business.

We have a significant amount of long-term debt. As of December 31, 2014, we have $2,780 million principal amount of total long-term debt (excluding capital leases), $1,480 million of which is senior secured debt under our Credit Facility and $1,300 million of which is senior unsecured debt.

Our ability to make payments on, or repay or refinance, our debt, and to fund planned distributions and capital expenditures, will depend largely upon our future operating performance. Our future performance, to a certain extent, is subject to general economic, financial, competitive, regulatory and other factors that are beyond our control. In addition, our ability to borrow funds in the future to make payments on our debt will depend on the satisfaction of the covenants in the Credit Facility and our other debt agreements, including the 7.75% Notes Indenture, the 4.75% Notes Indenture and other agreements we may enter into in the future.

Our substantial amount of debt could have important consequences. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;

- require us to dedicate a substantial portion of our cash flow from operations to make interest and principal payments on our debt, thereby limiting the availability of our cash flow to fund future programming investments, capital expenditures, working capital, business activities and other general corporate requirements;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared with our competitors; and
- limit our ability to borrow additional funds, even when necessary to maintain adequate liquidity.

In the long-term, we do not expect to generate sufficient cash from operations to repay at maturity our outstanding debt obligations. As a result, we will be dependent upon our ability to access the capital and credit markets. Failure to raise significant amounts of funding to repay these obligations at maturity could adversely affect our business. If we are unable to raise such amounts, we would need to take other actions including selling assets, seeking strategic investments from third parties or reducing other discretionary uses of cash. The Credit Facility, the 7.75% Notes Indenture and the 4.75% Notes Indenture will restrict, and market or business conditions may limit, our ability to do some of these things.

A significant portion of our debt bears interest at variable rates. While we have entered into hedging agreements limiting our exposure to higher interest rates, such agreements do not offer complete protection from this risk.

The agreements governing our debt, the Credit Facility, the 7.75% Notes Indenture and the 4.75% Notes Indenture, contain various covenants that impose restrictions on us that may affect our ability to operate our business.

The agreements governing the Credit Facility, the 7.75% Notes Indenture and the 4.75% Notes Indenture contain covenants that, among other things, limit our ability to:

- borrow money or guarantee debt;
- create liens;
- pay dividends on or redeem or repurchase stock;
- make specified types of investments;
- enter into transactions with affiliates; and
- sell assets or merge with other companies.

The Credit Facility requires us to comply with a Cash Flow Ratio and an Interest Coverage Ratio, each as defined in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Debt Financing Agreements.”

Compliance with these covenants may limit our ability to take actions that might be to the advantage of the Company and our stockholders.

Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants and maintain these financial ratios. Failure to comply with any of the covenants in our existing or future financing agreements could result in a default under those agreements and under other agreements containing cross-default provisions. A default would permit lenders to accelerate the maturity for the debt under these agreements and to foreclose upon any collateral securing the debt. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations. In addition, the limitations imposed by financing agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing.

Despite our current levels of debt, we may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial debt.

We may be able to incur additional debt in the future. The terms of the Credit Facility, the 7.75% Notes Indenture and the 4.75% Notes Indenture allow us to incur substantial amounts of additional debt, subject to certain limitations. In addition, we may refinance all or a portion of our debt, including borrowings under the Credit Facility, and obtain the ability to incur more debt as a result. If new debt is added to our current debt levels, the related risks we could face would be magnified.

A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may further increase our future borrowing costs and reduce our access to capital.

The debt ratings for our notes are below the “investment grade” category, which results in higher borrowing costs as well as a reduced pool of potential purchasers of our debt as some investors will not purchase debt securities that are not rated in an investment grade rating category. In addition, there can be no assurance that any rating assigned will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency, if in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. A lowering or withdrawal of a rating may further increase our future borrowing costs and reduce our access to capital.

A significant amount of our book value consists of intangible assets that may not generate cash in the event of a voluntary or involuntary sale.

At December 31, 2014, our consolidated financial statements included approximately $4.0 billion of consolidated total assets, of which approximately $1.3 billion were classified as intangible assets. Intangible assets primarily include affiliation agreements and affiliate relationships, advertiser relationships, trademarks and goodwill. While we believe that the carrying values of our intangible assets are recoverable, you should not assume that we would receive any cash from the voluntary or involuntary sale of these intangible assets, particularly if we were not continuing as an operating business.

We may have a significant indemnity obligation to Cablevision if the Distribution is treated as a taxable transaction.
Prior to the distribution of all of the outstanding common stock of the Company to Cablevision stockholders in the Distribution, Cablevision received a private letter ruling from the Internal Revenue Service ("IRS") to the effect that, among other things, the Distribution, and certain related transactions would qualify for tax-free treatment under the Internal Revenue Code (the "Code") to Cablevision, AMC Networks, and holders of Cablevision common stock. Although a private letter ruling from the IRS generally is binding on the IRS, if the factual representations or assumptions made in the letter ruling request were untrue or incomplete in any material respect, Cablevision would not be able to rely on the ruling. Furthermore, the IRS will not rule on whether a distribution satisfies certain requirements necessary to obtain tax-free treatment under the Code. Rather, the ruling was based upon representations by Cablevision that these conditions were satisfied, and any inaccuracy in such representations could invalidate the ruling.
If the Distribution does not qualify for tax-free treatment for United States federal income tax purposes, then, in general, Cablevision would be subject to tax as if it had sold the common stock of our Company in a taxable sale for its fair market value. Cablevision's stockholders would be subject to tax as if they had received a distribution equal to the fair market value of our common stock that was distributed to them, which generally would be treated first as a taxable dividend to the extent of Cablevision's earnings and profits, then as a non-taxable return of capital to the extent of each stockholder's tax basis in his or her Cablevision stock, and thereafter as capital gain with respect to the remaining value. It is expected that the amount of any such taxes to Cablevision's stockholders and Cablevision would be substantial.
As part of the Distribution, we entered into a tax disaffiliation agreement with Cablevision, which sets out each party's rights and obligations with respect to deficiencies and refunds, if any, of federal, state, local or foreign taxes for periods before and after the Distribution and related matters such as the filing of tax returns and the conduct of IRS and other audits. Pursuant to the tax disaffiliation agreement, we are required to indemnify Cablevision for losses and taxes of Cablevision relating to the Distribution or any related debt exchanges resulting from the breach of certain covenants, including as a result of certain acquisitions of our stock or assets or as a result of modification or repayment of certain related debt in a manner inconsistent with the private letter ruling or letter ruling request. If we are required to indemnify Cablevision under the circumstances set forth in the tax disaffiliation agreement, we may be subject to substantial liabilities, which could have a material negative effect on our business, results of operations, financial position and cash flows.
The tax disaffiliation agreement with Cablevision limits our ability to pre-pay certain of our indebtedness.
The tax disaffiliation agreement with Cablevision limits our ability to pre-pay, pay down, redeem, retire, or otherwise acquire the 7.75% Notes or the 4.75% Notes. These restrictions may for a time limit our ability to optimize our capital structure or to pursue other transactions that could increase the value of our business.
We are controlled by the Dolan family, which may create certain conflicts of interest and which means certain stockholder decisions can be taken without the consent of the majority of the holders of our Class A Common Stock.
We have two classes of common stock:

- Class B Common Stock, which is generally entitled to ten votes per share and is entitled collectively to elect 75% of our Board of Directors, and
- Class A Common Stock, which is entitled to one vote per share and is entitled collectively to elect the remaining 25% of our Board of Directors.

As of December 31, 2014, Charles F. Dolan, our Executive Chairman, and the Dolan family, including trusts for the benefit of members of the Dolan family, collectively own all of our Class B Common Stock, less than 2% of our outstanding Class A Common Stock and approximately 66% of the total voting power of all our outstanding common stock. The members of the Dolan family holding Class B Common Stock have entered into a stockholders agreement pursuant to which, among other things, the voting power of the holders of our Class B Common Stock will be cast as a block with respect to all matters to be voted on by holders of Class B Common Stock. The Dolan family is able to prevent a change in control of our Company and no person interested in acquiring us will be able to do so without obtaining the consent of the Dolan family.
Charles F. Dolan, members of his family and certain related family entities, by virtue of their stock ownership, have the power to elect all of our directors subject to election by holders of Class B Common Stock and are able

collectively to control stockholder decisions on matters on which holders of all classes of our common stock vote together as a single class. These matters could include the amendment of some provisions of our certificate of incorporation and the approval of fundamental corporate transactions.

In addition, the affirmative vote or consent of the holders of at least 66 2/3% of the outstanding shares of the Class B Common Stock, voting separately as a class, is required to approve:

- the authorization or issuance of any additional shares of Class B Common Stock, and
- any amendment, alteration or repeal of any of the provisions of our certificate of incorporation that adversely affects the powers, preferences or rights of the Class B Common Stock.

As a result, Charles F. Dolan, members of his family and certain related family entities also collectively have the power to prevent such issuance or amendment.

We have adopted a written policy whereby an independent committee of our Board of Directors will review and approve or take such other action as it may deem appropriate with respect to certain transactions involving the Company and its subsidiaries, on the one hand, and certain related parties, including Charles F. Dolan and certain of his family members and related entities on the other hand. This policy does not address all possible conflicts which may arise, and there can be no assurance that this policy will be effective in dealing with conflict scenarios.

We are a "controlled company" for The NASDAQ Stock Market LLC purposes, which allows us not to comply with certain of the corporate governance rules of The NASDAQ Stock Market LLC.

Charles F. Dolan, members of his family and certain related family entities have entered into a stockholders agreement relating, among other things, to the voting of their shares of our Class B Common Stock. As a result, we are a "controlled company" under the corporate governance rules of The NASDAQ Stock Market LLC ("NASDAQ"). As a controlled company, we have the right to elect not to comply with the corporate governance rules of NASDAQ requiring: (i) a majority of independent directors on our Board of Directors, (ii) an independent compensation committee and (iii) an independent corporate governance and nominating committee. Our Board of Directors has elected for the Company to be treated as a "controlled company" under NASDAQ corporate governance rules and not to comply with the NASDAQ requirement for a majority independent board of directors and an independent corporate governance and nominating committee because of our status as a controlled company. For purposes of this agreement, the term "independent directors" means the directors of the Company who have been determined by our Board of Directors to be independent directors for purposes of NASDAQ corporate governance standards.

Future stock sales, including as a result of the exercising of registration rights by certain of our shareholders, could adversely affect the trading price of our Class A Common Stock.

Certain parties have registration rights covering a portion of our shares. We have entered into registration rights agreements with Charles F. Dolan, members of his family, certain Dolan family interests and the Dolan Family Foundations that provide them with "demand" and "piggyback" registration rights with respect to approximately 13.4 million shares of Class A Common Stock, including shares issuable upon conversion of shares of Class B Common Stock. Sales of a substantial number of shares of Class A Common Stock could adversely affect the market price of the Class A Common Stock and could impair our future ability to raise capital through an offering of our equity securities.

We share certain executives and directors with Cablevision and The Madison Square Garden Company, which may give rise to conflicts.

Our Executive Chairman, Charles F. Dolan, also serves as the Chairman of Cablevision. In addition, Gregg G. Seibert was recently appointed as a Vice Chairman of the Company and he serves as a Vice Chairman of both Cablevision and The Madison Square Garden Company ("MSG"), an affiliate of Cablevision and the Company. As a result, two of our executives of the Company will not be devoting their full time and attention to the Company's affairs. In addition, eight members of our Board of Directors are also directors of Cablevision and six members of our Board are also directors of MSG. These directors may have actual or apparent conflicts of interest with respect to matters involving or affecting each company. For example, the potential for a conflict of interest exists when we on one hand, and Cablevision or MSG on the other hand, consider acquisitions and other corporate opportunities that may be suitable for us and either or both of them. Also, conflicts may arise if there are issues or disputes under the commercial arrangements that exist between Cablevision or MSG and us. In addition, certain of our directors and officers own Cablevision or MSG stock, restricted stock units and options to purchase, and stock appreciation rights in respect of, Cablevision or MSG stock, as well as cash performance awards with any payout based on Cablevision's or MSG's performance. These ownership interests could create actual, apparent or potential conflicts of interest when these individuals are faced with decisions that could have different implications for our Company, Cablevision or MSG. See

“Certain Relationships and Related Party Transactions—Certain Relationships and Potential Conflicts of Interest” in our proxy statement filed with the SEC on April 29, 2014 for a description of our related party transaction approval policy that we have adopted to help address such potential conflicts that may arise.

Our overlapping directors and executives with Cablevision and MSG may result in the diversion of corporate opportunities to and other conflicts with Cablevision or MSG and provisions in our amended and restated certificate of incorporation may provide us no remedy in that circumstance.

The Company’s amended and restated certificate of incorporation acknowledges that directors and officers of the Company may also be serving as directors, officers, employees, consultants or agents of Cablevision and its subsidiaries or MSG and its subsidiaries and that the Company may engage in material business transactions with such entities. The Company has renounced its rights to certain business opportunities and the Company’s amended and restated certificate of incorporation provides that no director or officer of the Company who is also serving as a director, officer, employee, consultant or agent of Cablevision and its subsidiaries or MSG and its subsidiaries will be liable to the Company or its stockholders for breach of any fiduciary duty that would otherwise exist by reason of the fact that any such individual directs a corporate opportunity (other than certain limited types of opportunities set forth in our certificate of incorporation) to Cablevision or any of its subsidiaries or MSG or any of its subsidiaries instead of the Company, or does not refer or communicate information regarding such corporate opportunities to the Company. These provisions in our amended and restated certificate of incorporation also expressly validate certain contracts, agreements, assignments and transactions (and amendments, modifications or terminations thereof) between the Company and Cablevision or any of its subsidiaries or MSG or any of its subsidiaries and, to the fullest extent permitted by law, provide that the actions of the overlapping directors or officers in connection therewith are not breaches of fiduciary duties owed to the Company, any of its subsidiaries or their respective stockholders.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We lease approximately 473,000 square feet of space in the U.S., including approximately 326,000 square feet of office space that we lease at 11 Penn Plaza, New York, NY 10001, under lease arrangements with remaining terms of up to twelve years. We use this space as our corporate headquarters and as the principal business location of our Company. We also lease approximately 60,000 square-feet of space for our broadcasting and technology center in Bethpage, New York under a lease arrangement with a remaining term of five years, from which AMC Networks Broadcasting & Technology conducts its operations. In addition, we lease other properties in New York, California and Florida.

We lease approximately 182,000 square feet of space outside of the U.S., including in the Netherlands, Hungary, Argentina, the United Kingdom and Spain that support our international operations.

We believe our properties are adequate for our use.

Item 3. Legal Proceedings.

On April 15, 2011, Thomas C. Dolan, a director of the Company and Executive Vice President, Strategy and Development, in the Office of the Chairman and a director of Cablevision, filed a lawsuit against Cablevision and RMH in New York Supreme Court. The lawsuit raises compensation-related claims (seeking approximately $11 million) related to events in 2005. The matter is being handled under the direction of an independent committee of the board of directors of Cablevision. In connection with the Distribution Agreement, Cablevision indemnified the Company and RMH against any liabilities and expenses related to this lawsuit. Based on the indemnification and Cablevision’s and the Company’s assessment of this possible loss contingency, no provision has been made for this matter in the consolidated financial statements.

In addition to the matters discussed above, the Company is party to various lawsuits and claims in the ordinary course of business. Although the outcome of these other matters cannot be predicted with certainty and the impact of the final resolution of these other matters on the Company’s results of operations in a particular subsequent reporting period is not known, 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.

Item 4. Mine Safety Disclosures.

Not applicable.

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Part II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our Class A Common Stock is listed on NASDAQ under the symbol “AMCX.” Our Class B Common Stock is not listed on any exchange. Our Class A Common Stock began trading on NASDAQ on July 1, 2011.

Performance Graph

The following graph compares the performance of the Company’s Class A Common Stock with the performance of the S&P Mid-Cap 400 Index and a peer group (the “Peer Group Index”) by measuring the changes in our Class A Common Stock prices from July 1, 2011, the first day our Class A Common Stock began regular-way trading on NASDAQ, through December 31, 2014. Because no published index of comparable media companies currently reports values on a dividends-reinvested basis, the Company has created a Peer Group Index for purposes of this graph in accordance with the requirements of the SEC. The Peer Group Index is made up of companies that engage in cable television programming as a significant element of their business, although not all of the companies included in the Peer Group Index participate in all of the lines of business in which the Company is engaged, and some of the companies included in the Peer Group Index also engage in lines of business in which the Company does not participate. Additionally, the market capitalizations of many of the companies included in the Peer Group are quite different from that of the Company. The common stocks of the following companies have been included in the Peer Group Index: Discovery Communications Inc., the Walt Disney Company, Scripps Networks Interactive Inc., Starz, Time Warner Inc., Twenty-First Century Fox Inc. and Viacom Inc. The chart assumes $100 was invested on July 1, 2011 in each of: i) Company’s Class A Common Stock, ii) the S&P Mid-Cap 400 Index, and iii) in this Peer Group weighted by market capitalization.

	INDEXED RETURNS							
	Period Ended							
Company Name / Index	Base Period 7/01/11	12/31/11	6/30/12	12/31/12	6/30/13	12/31/13	6/30/14	12/31/14
AMC Networks Inc.	100	94.30	89.21	124.22	163.94	170.92	154.30	160.03
S&P MidCap 400 Index	100	89.03	96.06	104.94	120.25	140.10	150.60	153.78
Peer Group	100	95.90	115.98	131.07	166.78	205.10	214.58	233.73

This performance graph shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or incorporated by reference into any of our filings under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

As of February 13, 2015 there were 826 holders of record of our Class A Common Stock and 33 holders of record of our Class B Common Stock. We did not pay any cash dividend on our common stock during 2014 and do not expect to pay a cash dividend on our common stock for the foreseeable future. Our Amended and Restated Credit Facility, the 7.75% Notes Indenture and the 4.75% Notes Indenture restrict our ability to declare dividends in certain situations.

Price Range of AMC Networks' Class A Common Stock

The following table sets forth for the periods indicated the intra-day high and low sales prices per share of the AMCX Class A Common Stock as reported on the NASDAQ:

Year Ended December 31, 2014	High	Low
First Quarter	$78.39	$61.27
Second Quarter	$77.30	$53.99
Third Quarter	$65.52	$58.06
Fourth Quarter	$65.48	$52.73

Year Ended December 31, 2013	High	Low
First Quarter	$63.26	$49.97
Second Quarter	$70.65	$59.56
Third Quarter	$72.46	$61.05
Fourth Quarter	$73.39	$61.69

Issuer Purchases of Equity Securities

Set forth below is information concerning acquisitions of AMC Networks' Class A Common Stock by the Company during the three months ended December 31, 2014.

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
October 1, 2014 to October 31, 2014	—	$—	N/A	N/A
November 1, 2014 to November 30, 2014	—	$—	N/A	N/A
December 1, 2014 to December 31, 2014	74,332	$59.03	N/A	N/A
Total	74,332	$59.03	N/A	

During the fourth quarter of 2014, certain restricted shares of AMC Networks' Class A common stock previously issued to an employee of the Company vested. In connection with the employees’ satisfaction of the statutory minimum tax withholding obligations for the applicable income and other employment taxes, 74,332 shares, with an aggregate value of approximately $4.4 million, were surrendered to the Company. The 74,332 acquired shares have been classified as treasury stock.

The table above does not include any shares received in connection with forfeitures of awards pursuant to the Company's Employee Stock Plan.

Item 6. Selected Financial Data.

The operating and balance sheet data included in the following selected financial data as of December 31, 2014 and 2013 and for each of the years in the three-year period ended December 31, 2014, have been derived from the audited consolidated financial statements of the Company included in this Annual Report. The balance sheet data included in the following selected financial data as of December 31, 2012, 2011 and 2010 and the operating data for the years ended December 31, 2011 and 2010 have been derived from the audited consolidated financial statements of the Company, not included in this Annual Report. The financial information presented below does not necessarily reflect what our results of operations and financial position would have been through 2011 if we had operated as a separate publicly-traded entity prior to July 1, 2011. The selected financial data below is also not necessarily indicative of results of future operations and should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the accompanying consolidated financial statements and related notes.

	Years Ended December 31,				
	2014	2013	2012	2011	2010
	(Dollars in thousands, except per share amounts)				
Operating Data:					
Revenues, net	$2,175,641	$1,591,858	$1,352,577	$1,187,741	$1,078,300
Operating expenses:					
Technical and operating (excluding depreciation and amortization shown below)	983,575	662,233	507,436	425,961	366,093
Selling, general and administrative	560,950	425,735	396,926	335,656	328,134
Restructuring expense (credit) (a)	15,715	—	(3)	(240)	(2,218)
Depreciation and amortization	69,048	54,667	85,380	99,848	106,455
Litigation settlement gain	—	(132,944)	—	—	—
	1,629,288	1,009,691	989,739	861,225	798,464
Operating income	546,353	582,167	362,838	326,516	279,836
Other income (expense)	(149,325)	(113,166)	(140,564)	(115,906)	(73,574)
Income from continuing operations before income taxes	397,028	469,001	222,274	210,610	206,262
Income tax expense	(129,155)	(178,841)	(86,058)	(84,248)	(88,073)
Income from continuing operations	267,873	290,160	136,216	126,362	118,189
(Loss) income from discontinued operations, net of income taxes	(3,448)	—	314	92	(38,090)
Net income including noncontrolling interests	264,425	290,160	136,530	126,454	80,099
Net (loss) income attributable to noncontrolling interests	(3,628)	578	—	—	—
Net income attributable to AMC Networks' stockholders	$260,797	$290,738	$136,530	$126,454	$80,099
Income from continuing operations per share:					
Basic (b)	$3.67	$4.06	$1.94	$1.82	$1.71
Diluted (b)	$3.63	$4.00	$1.89	$1.79	$1.71
Balance Sheet Data, at period end:					
Cash and cash equivalents	$201,367	$521,951	$610,970	$215,836	$79,960
Total assets	3,976,587	2,636,689	2,596,219	2,183,934	1,853,896
Long-term debt (including capital leases) (c)	2,789,905	2,171,288	2,168,977	2,306,957	1,118,875
Stockholders' (deficiency) equity (c)	(371,755)	(571,519)	(882,352)	(1,036,995)	24,831

(a) Restructuring expense in 2014 represents severance charges incurred related to employee terminations associated with the elimination of certain positions across the Company and other exit costs. See Note 5 to the accompanying consolidated financial statements. Restructuring credit in each of the years 2010 to 2012 relates to the decision to discontinue funding the domestic programming business of VOOM HD.

(b) Common shares assumed to be outstanding during the year ended December 31, 2010 totaled 69,161,000, representing the number of shares of AMC Networks common stock issued to Cablevision shareholders on the Distribution date, and excludes unvested outstanding restricted shares, based on the distribution ratio of one share of AMC Networks common stock for every four shares of Cablevision common stock outstanding.

(c) In 2011, as part of the Distribution, we incurred $2,425,000 of debt (the "Distribution Debt"), consisting of $1,725,000 aggregate principal amount of senior secured term loans and $700,000 aggregate principal amount of 7.75% senior unsecured notes. Approximately $1,063,000 of the proceeds of the Distribution Debt was used to repay all pre-Distribution outstanding Company debt (excluding capital leases), including principal and accrued and unpaid interest to the date of repayment, and, as partial consideration for Cablevision's contribution of the membership interests in RMH to the Company, $1,250,000, net of discount, of Distribution Debt was issued to CSC Holdings, a wholly-owned subsidiary of Cablevision.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.
Management’s discussion and analysis of financial condition and results of operations is a supplement to and should be read in conjunction with the accompanying consolidated financial statements and related notes. This section provides additional information regarding our businesses, recent developments, results of operations, cash flows, financial condition, contractual commitments and critical accounting policies.
All dollar amounts and subscriber data included in the following Management’s Discussion and Analysis of Financial Condition and Results of Operations are presented in thousands.
Introduction
Management’s discussion and analysis, or MD&A, of our results of operations and financial condition is provided as a supplement to, and should be read in conjunction with, the accompanying consolidated financial statements and notes thereto included elsewhere herein to enhance the understanding of our financial condition, changes in financial condition and results of our operations. Our 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 years ended December 31, 2014, 2013 and 2012. Our discussion is presented on both a consolidated and segment basis. Our two segments are: (i) National Networks and (ii) International and Other. (See "Business Overview" section for discussion of the change in components of our operating segments).
Liquidity and Capital Resources. This section provides a discussion of our financial condition as of December 31, 2014 as well as an analysis of our cash flows for the years ended December 31, 2014, 2013 and 2012. The discussion of our financial condition and liquidity includes summaries of (i) our primary sources of liquidity and (ii) our contractual obligations and off balance sheet arrangements that existed at December 31, 2014.
Critical Accounting Policies and Estimates. This section provides a discussion of our accounting policies considered to be important to an understanding of our financial condition and results of operations, and which require significant judgment and estimates on the part of management in their application. (See "Impairment of Long Lived and Indefinite-Lived Intangible Assets" section for a discussion of the change in our annual impairment test date).
Business Overview
We manage our business through the following two operating segments:

- National Networks: Principally includes five nationally distributed programming networks: AMC, WE tv, BBC AMERICA (joint venture interest acquired in October 2014, see discussion below), IFC, and SundanceTV. These programming networks are distributed throughout the United States via cable and other multichannel video programming distribution platforms, including direct broadcast satellite (“DBS”) and platforms operated by telecommunications providers (we refer collectively to these cable and other multichannel video programming distributors as “multichannel video programming distributors” or “distributors”). AMC, IFC and SundanceTV are also distributed in Canada. The National Networks operating segment also includes AMC Networks Broadcasting & Technology, the National Networks' technical services business, which primarily services most of the nationally distributed programming networks of the Company.
- International and Other: Principally includes AMC Networks International (formerly Chellomedia and AMC/Sundance Channel Global), the Company’s international programming businesses consisting of a portfolio of channels in Europe, Latin America, the Middle East and parts of Asia and Africa; IFC Films, the Company’s independent film distribution business; AMC Networks International - DMC (formerly Chello DMC), the broadcast solutions unit of certain networks of AMC Networks International and third party networks; and various developing on-line content distribution initiatives.

During 2014, the manner in which our President and Chief Executive Officer, who is the chief operating decision maker, evaluates performance and makes decisions about how to allocate resources changed, resulting in the reorganization of the Company's operating segments. As indicated above, the National Networks operating segment now includes the results of AMC and Sundance Channel in Canada and AMC Networks Broadcasting & Technology. Prior to 2014, the results of these operations were included in the International and Other operating segment. Operating segment information for prior periods has been recast to reflect these changes.

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

	Years Ended December 31,		
	2014	2013	2012
Revenues, net			
National Networks	$1,743,922	$1,536,287	$1,297,151
International and Other	434,221	55,887	57,612
Inter-segment eliminations	(2,502)	(316)	(2,186)
Consolidated revenues, net	$2,175,641	$1,591,858	$1,352,577
Operating income (loss)			
National Networks	$586,856	$516,953	$413,913
International and Other (a)	(41,977)	61,321	(54,936)
Inter-segment eliminations	1,474	3,893	3,861
Consolidated operating income	$546,353	$582,167	$362,838
AOCF (deficit)			
National Networks	$633,584	$576,772	$503,951
International and Other	24,421	(56,476)	(42,395)
Inter-segment eliminations	1,474	3,893	3,861
Consolidated AOCF	$659,479	$524,189	$465,417

(a) Amounts for the year ended December 31, 2013 include the litigation settlement gain of approximately $133,000 recorded in connection with the settlement with DISH Network. See DISH Network discussion below.

We evaluate segment performance based on several factors, of which the primary financial measure is operating segment AOCF. We define AOCF, which is a financial measure that is not calculated in accordance with generally accepted accounting principles ("GAAP"), as operating income (loss) before depreciation and amortization, share-based compensation expense or benefit, restructuring expense or credit and the litigation settlement gain recorded in connection with the settlement with DISH Network. We do not consider the one-time litigation settlement gain with DISH Network to be indicative of our ongoing operating performance.

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

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

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

	Years Ended December 31,		
	2014	2013	2012
Operating income	$546,353	$582,167	$362,838
Share-based compensation expense	28,363	20,299	17,202
Depreciation and amortization	69,048	54,667	85,380
Litigation settlement gain	—	(132,944)	—
Restructuring expense (credit)	15,715	—	(3)
AOCF	$659,479	$524,189	$465,417

Items Impacting Comparability

Acquisition of Chellomedia

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

The acquisition provides AMC Networks with television channels that are distributed to more than 390 million subscribers in over 130 countries and span a wide range of programming genres, most notably movie and entertainment networks. The acquisition of Chellomedia's operating businesses include: Chello Central Europe, Chello Latin America, Chello Multicanal, Chello Zone, Chello DMC (the broadcast solutions unit), and Atmedia (the advertising sales unit which was subsequently sold in September 2014). The acquisition provides us with the opportunity to accelerate and enhance our international expansion strategy. We view this international opportunity as one that has the potential to provide long-term growth and value. This acquisition has been included in our operating results since the acquisition date, January 31, 2014 (see Note 3 to the accompanying consolidated financial statements). As part of our integration efforts, the operating businesses of Chellomedia have been rebranded and are now included in AMC Networks International and referred to as AMC Networks International - Central Europe (formerly Chello Central Europe), AMC Networks International - Latin America (formerly Chello Latin America), AMC Networks International - Iberia (formerly Chello Multicanal), AMC Networks International - Zone (formerly Chello Zone), and AMC Networks International - DMC (formerly Chello DMC).

Acquisition of BBC AMERICA

In October 2014, the Company, through a wholly-owned subsidiary, AMC New Video Holdings LLC ("AMC New Video"), entered into a membership interest purchase agreement (the "Purchase Agreement") with BBC Worldwide Americas, Inc. ("BBCWA"), pursuant to which, AMC New Video acquired 49.9% of the limited liability company interests of New Video Channel America, L.L.C. ("New Video"), which owns the cable channel BBC AMERICA (the "Transaction"), for a purchase price of $200,000 (the "Purchase Price"). The Company funded the Purchase Price with cash on hand and a $40,000 promissory note payable on April 23, 2015. The Purchase Price is subject to working capital and other adjustments. In addition to the Purchase Agreement, AMC New Video entered into a Second Amended and Restated Limited Liability Company Agreement with BBCWA and one of its affiliates (the "Joint Venture Agreement") that sets forth certain rights and obligations of the parties, including certain put rights. The Company has operational control of New Video and the BBC AMERICA channel. The joint venture's results are consolidated in the financial results of AMC Networks from the date of closing (October 23, 2014) (see Note 3 to the accompanying consolidated financial statements).

The comparability of our results of operations between the years ended December 31, 2014 and December 31, 2013 have been impacted by these acquisitions.

DISH Network

DISH Network L.L.C. ("DISH Network"), VOOM HD Holdings LLC ("VOOM HD") and CSC Holdings, LLC ("CSC Holdings"), a wholly owned subsidiary of Cablevision, entered into a confidential settlement agreement on October 21, 2012 (the "Settlement Agreement") to settle the litigation between VOOM HD and DISH Network (see Note 19 to the accompanying consolidated financial statements). In connection with the Settlement Agreement, DISH Network entered into a long-term affiliation agreement with certain subsidiaries of the Company that provided for the carriage of AMC, IFC, SundanceTV and WE tv. In addition, DISH Network paid $700,000 to an account for the benefit of Cablevision and the Company which was initially distributed equally to each of the Company and Cablevision, pending a determination of the allocation of the settlement proceeds. In April 2013, Cablevision and the Company entered into an agreement (the "DISH Network Proceeds Allocation Agreement") whereby the Company paid to Cablevision $175,000 of the settlement proceeds. Additionally, during the second quarter of 2013, the Company recorded a litigation settlement gain of approximately $133,000, included in operating income within the International and Other segment, representing the deferred litigation settlement proceeds liability of approximately $308,000 recorded in the consolidated balance sheet at December 31, 2012 less the $175,000 paid to Cablevision.

National Networks

In our National Networks segment, which accounted for 80% of our consolidated revenues, net for the year ended December 31, 2014, we earn revenue principally from the distribution of our programming and the sale of advertising. Distribution revenue primarily includes affiliation fees paid by distributors to carry our programming networks and the licensing of original programming for digital, foreign and home video distribution. Affiliation fees paid by distributors represents the largest component of distribution revenue. Our affiliation fee revenues are generally based on a per subscriber fee under multi-year contracts, commonly referred to as “affiliation agreements,” which generally provide for annual affiliation rate increases. The specific affiliation fee revenues we earn vary from period to period, distributor to distributor and also vary among our networks, but are generally based upon the number of each distributor’s subscribers who receive our programming, referred to as viewing subscribers.

The terms of certain other affiliation agreements provide that the affiliation fee revenues we earn are a fixed contractual monthly fee, which could be adjusted for acquisitions and dispositions of multichannel video programming systems by the distributor. Revenue from the licensing of original programming for digital and foreign distribution is recognized upon availability or distribution by the licensee.

Under affiliation agreements with our distributors, we have the right to sell a specified amount of national advertising time on our programming networks. Our advertising revenues are more variable than affiliation fee revenues because the majority of our advertising is sold on a short-term basis, not under long-term contracts. Our advertising arrangements with advertisers provide for a set number of advertising units to air over a specific period of time at a negotiated price per unit. Additionally, in these advertising sales arrangements, our programming networks generally guarantee specified viewer ratings for their programming. If these guaranteed viewer ratings are not met, we are generally required to provide additional advertising units to the advertiser at no charge. For these types of arrangements, a portion of the related revenue is deferred if the guaranteed viewer ratings are not met and is subsequently recognized either when we provide the required additional advertising time, the guarantee obligation contractually expires or performance requirements become remote. Most of our advertising revenues vary based upon the popularity of our programming as measured by Nielsen Media Research ("Nielsen"). Our national programming networks have advertisers representing companies in a broad range of sectors, including the health, automotive, food, insurance, and entertainment industries. All of our National Networks distributed throughout the U.S. use a traditional advertising sales model. Prior to September 2013, SundanceTV principally sold sponsorships.

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

Our principal goal is to increase our revenues by increasing distribution and penetration of our services, and increasing our ratings. To do this, we must continue to contract for and produce high-quality, attractive programming. As competition for programming increases and alternative distribution technologies continue to emerge and develop in the industry, costs for content acquisition and original programming may increase. There is a concentration of subscribers in the hands of a few distributors, which could create disparate bargaining power between the largest distributors and us by giving those distributors greater leverage in negotiating the price and other terms of affiliation agreements.

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

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

Most original series require us to make up-front investments, which are often significant amounts. Not all of our programming efforts are commercially successful, which could result in a write-off of program rights. If it is determined that programming rights have no future programming usefulness based on actual demand or market conditions, a write-off of the unamortized cost is recorded in technical and operating expense. Program rights write-offs of $44,204, $61,005 and $9,990 were recorded for the years ended December 31, 2014, 2013 and 2012, respectively. Program rights write-offs in 2014 primarily related to certain pilot costs and unscripted series at AMC and a canceled scripted original series at WE tv. Program rights write-offs in 2013 primarily related to two scripted original series: The Killing and Low Winter Sun, each of which was canceled in 2013.

See "— Critical Accounting Policies and Estimates" for a discussion of the amortization and write-off of program rights.

International and Other

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

In our International and Other segment, which accounted for 20% of our consolidated revenues for the year ended December 31, 2014, we earn revenue principally from the international distribution of programming and to a lesser extent, the sale of advertising. Distribution revenues primarily include affiliation fees paid by distributors to carry our programming networks. Affiliation fees paid by distributors represents the largest component of distribution revenue. Our affiliation fee revenues are generally based on either a per-subscriber fee or a fixed contractual monthly fee, under multi-year affiliation agreements, which may provide for annual affiliation rate increases. For the year ended December 31, 2014, distribution revenues represented 87% of the revenues of the International and Other segment. Most of these revenues are derived primarily from Europe and to a lesser extent, Latin America, the Middle East and parts of Asia and Africa. The International and Other segment also includes IFC Films, our independent film distribution business where revenues are derived principally from theatrical, digital and licensing distribution.

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

We view our international expansion as an important long-term strategy. We may experience an adverse impact to the International and Other segment's operating results and cash flows in periods of increased international investment by the Company. Similar to our domestic businesses, the most significant business challenges we expect to encounter in our international business include programming competition (from both foreign and domestic programmers), limited channel capacity on distributors' platforms, the growth of subscribers on those platforms and economic pressures on affiliation fees. Other significant business challenges unique to international expansion include increased programming costs for international rights and translation (i.e. dubbing and subtitling), a lack of availability of international rights for a portion of our domestic programming content, increased distribution costs for cable, satellite or fiber feeds and a limited physical presence in each territory. See also the risk factors described under Item 1A, "Risk Factors - We face risks from doing business internationally." in in this Annual Report.

Corporate Expenses

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

Impact of Economic Conditions

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

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

Consolidated Results of Operations

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

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

	Years Ended December 31,					
	2014		2013			
	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$2,175,641	100.0 %	$1,591,858	100.0 %	$583,783	36.7 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	983,575	45.2	662,233	41.6	321,342	48.5
Selling, general and administrative	560,950	25.8	425,735	26.7	135,215	31.8
Restructuring expense	15,715	0.7	—	—	15,715	n/m
Depreciation and amortization	69,048	3.2	54,667	3.4	14,381	26.3
Litigation settlement gain	—	—	(132,944)	(8.4)	132,944	(100.0)
Total operating expenses	1,629,288	74.9	1,009,691	63.4	619,597	61.4
Operating income	546,353	25.1	582,167	36.6	(35,814)	(6.2)%
Other income (expense):						
Interest expense, net	(128,829)	(5.9)	(115,041)	(7.2)	(13,788)	12.0
Write-off of deferred financing costs	—	—	(4,007)	(0.3)	4,007	(100.0)
Loss on extinguishment of debt	—	—	(1,087)	(0.1)	1,087	(100.0)
Miscellaneous, net	(20,496)	(0.9)	6,969	0.4	(27,465)	(394.1)
Total other income (expense)	(149,325)	(6.9)	(113,166)	(7.1)	(36,159)	32.0
Income from continuing operations before income taxes	397,028	18.2	469,001	29.5	(71,973)	(15.3)
Income tax expense	(129,155)	(5.9)	(178,841)	(11.2)	49,686	(27.8)
Income from continuing operations	267,873	12.3	290,160	18.2	(22,287)	(7.7)
Income from discontinued operations, net of income taxes	(3,448)	(0.2)	—	—	(3,448)	n/m
Net income including noncontrolling interests	264,425	12.2 %	290,160	18.2 %	(25,735)	(8.9)
Net (income) loss attributable to noncontrolling interests	(3,628)	(0.2)%	578	— %	(4,206)	(727.7)
Net income attributable to AMC Networks' stockholders	$260,797	12.0 %	$290,738	18.3 %	$(29,941)	(10.3)%

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

	Years Ended December 31,			
	2014	2013	$ change	% change
Operating income	$546,353	$582,167	$(35,814)	(6.2)%
Share-based compensation expense	28,363	20,299	8,064	39.7
Depreciation and amortization	69,048	54,667	14,381	26.3
Litigation settlement gain	—	(132,944)	132,944	(100.0)
Restructuring expense	15,715	—	15,715	n/m
Consolidated AOCF	$659,479	$524,189	$135,290	25.8 %

National Networks Segment Results

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

	Years Ended December 31,					
	2014		2013			
	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$1,743,922	100.0 %	$1,536,287	100.0 %	$207,635	13.5 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	728,690	41.8	608,656	39.6	120,034	19.7
Selling, general and administrative	403,232	23.1	368,642	24.0	34,590	9.4
Restructuring expense	3,664	0.2	—	—	3,664	n/m
Depreciation and amortization	21,480	1.2	42,036	2.7	(20,556)	(48.9)
Operating income	$586,856	33.7 %	$516,953	33.6 %	$69,903	13.5 %
Share-based compensation expense	21,584	1.2	17,783	1.2	3,801	21.4
Depreciation and amortization	21,480	1.2	42,036	2.7	(20,556)	(48.9)
Restructuring expense	3,664	0.2	—	—	3,664	n/m
AOCF	$633,584	36.3 %	$576,772	37.5 %	$56,812	9.8 %

International and Other Segment Results

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

	Years Ended December 31,					
	2014		2013			
	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$434,221	100.0 %	$55,887	100.0 %	$378,334	677.0 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	258,803	59.6	57,782	103.4	201,021	347.9
Selling, general and administrative	157,776	36.3	57,097	102.2	100,679	176.3
Restructuring expense	12,051	2.8	—	—	12,051	n/m
Depreciation and amortization	47,568	11.0	12,631	22.6	34,937	276.6
Litigation settlement gain	—	— %	(132,944)	(237.9)%	132,944	(100.0)
Operating (loss) income	$(41,977)	(9.7)%	$61,321	109.7 %	$(103,298)	(168.5)%
Share-based compensation expense	6,779	1.6	2,516	4.5	4,263	169.4
Depreciation and amortization	47,568	11.0	12,631	22.6	34,937	276.6
Litigation settlement gain	—	—	(132,944)	(237.9)	132,944	(100.0)
Restructuring expense	12,051	2.8	—	—	12,051	n/m
AOCF (deficit)	$24,421	5.6 %	$(56,476)	(101.1)%	$80,897	(143.2)%

Revenues, net

Revenues, net increased $583,783 to $2,175,641 for the year ended December 31, 2014 as compared to the year ended December 31, 2013. The net change by segment was as follows:

	Years Ended December 31,					
	2014	% of total	2013	% of total	$ change	% change
National Networks	$1,743,922	80.2 %	$1,536,287	96.5 %	$207,635	13.5 %
International and Other	434,221	20.0	55,887	3.5	378,334	677.0
Inter-segment eliminations	(2,502)	(0.1)	(316)	—	(2,186)	691.8
Consolidated revenues, net	$2,175,641	100.0 %	$1,591,858	100.0 %	$583,783	36.7 %

National Networks

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

	Years Ended December 31,					
	2014	% of total	2013	% of total	$ change	% change
Advertising	$764,610	43.8 %	$662,789	43.1 %	$101,821	15.4 %
Distribution	979,312	56.2	873,498	56.9	105,814	12.1
	$1,743,922	100.0 %	$1,536,287	100.0 %	$207,635	13.5 %

- Advertising revenues increased $101,821 across all of our networks, with the largest increase at AMC. This increase resulted from higher pricing per unit sold due to an increased demand for our programming by advertisers at all of our networks, led by The Walking Dead. Prior to September 2013, SundanceTV principally sold sponsorships, but since then it migrated to a traditional advertising sales model. The increase in advertising revenues was also impacted by the inclusion of the results of BBC AMERICA from the date of acquisition of October 23, 2014. As previously discussed, most of our advertising revenues vary based on the timing of our original programming series and the popularity of our programming as measured by Nielsen. Due to these factors, we expect advertising revenues to vary from quarter to quarter.
- Distribution revenues increased $105,814 principally due to an increase of $57,303 principally from licensing and home video revenues derived from our original programming, primarily at AMC, and to a lesser extent at Sundance TV and WE tv, and an increase of $48,511 in affiliation fee revenues. The increase in affiliation fee revenues resulted from an increase in viewing subscribers, primarily at IFC and WE tv, and an increase in rates, primarily at AMC. In addition, the increase in distribution revenues was also impacted by the inclusion of the results of BBC AMERICA from the date of acquisition of October 23, 2014. Distribution revenues vary based on the timing of availability of our programming to distributors. Because of these factors, we expect distribution revenues to vary from quarter to quarter.

The following table presents certain subscriber information at December 31, 2014 and December 31, 2013:

	Estimated Domestic Subscribers [1]	
	December 31, 2014	December 31, 2013
National Programming Networks:		
AMC	95,000	97,400
WE tv	85,400	84,000
BBC AMERICA [2]	78,200	79,500
IFC	73,700	69,900
SundanceTV	56,600	56,200

(1) Estimated U.S. subscribers as measured by Nielsen.
(2) Acquired in October 2014 (see discussion above).

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

International and Other

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

	Years Ended December 31,					
	2014	% of total	2013	% of total	$ change	% change
Advertising	$55,726	12.8 %	$—	— %	$55,726	n/m
Distribution	378,495	87.2	55,887	100.0	322,608	577.3
	$434,221	100.0 %	$55,887	100.0 %	$378,334	677.0 %

Advertising and distribution revenues increased $357,632 at AMC Networks International primarily due to the inclusion of the results of Chellomedia from the acquisition date of January 31, 2014. Distribution revenues also increased $21,321 at IFC Films principally due to an increase in theatrical and participation revenues primarily driven by the performance of the theatrical release of the film, Boyhood.

Technical and operating expense (excluding depreciation and amortization)

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

Technical and operating expense (excluding depreciation and amortization) increased $321,342 to $983,575 for 2014 as compared to 2013. The net change by segment was as follows:

	Years Ended December 31,			
	2014	2013	$ change	% change
National Networks	$728,690	$608,656	$120,034	19.7 %
International and Other	258,803	57,782	201,021	347.9
Inter-segment eliminations	(3,918)	(4,205)	287	(6.8)
Total	$983,575	$662,233	$321,342	48.5 %
Percentage of revenues, net	45.2 %	41.6 %		

National Networks

The increase in the National Networks segment was attributable to increased program rights amortization expense of $52,960 and an increase of $67,074 for other direct programming related costs, primarily including participation and residuals, and development costs. The increase in program rights amortization expense is due to our increased investment in owned original series primarily at AMC, and to a lesser extent WE tv, SundanceTV, and IFC. Program rights amortization expense for the year ended December 31, 2014 included write-offs of $44,000 primarily related to management's assessment of programming usefulness of certain pilot costs and unscripted series at AMC based on management's decision to focus on scripted series and a canceled scripted original series at WE tv. Program rights write-offs of $61,005 in 2013 primarily related to two AMC scripted original series which were canceled in 2013, and to a lesser extent to programming at SundanceTV as we prepared our programming schedule for the transition to a traditional advertising model. There may be significant changes in the level of our technical and operating expenses due to the amortization of content acquisition and/or original programming costs and/or the impact of management’s periodic assessment of programming usefulness. Such costs will also fluctuate with the level of revenues derived from owned original programming in each period as these costs are amortized based on the film-forecast-computation method. As additional competition for programming increases and alternate distribution technologies continue to develop in the industry, costs for content acquisition and original programming may increase.

International and Other

The increase in the International and Other segment was primarily due to increased program rights amortization expense of $77,592 and an increase of $123,429 for other direct programming related costs, including costs of origination and transmission, principally due to the impact of the acquisition of Chellomedia from the date of acquisition, January 31, 2014.

Selling, general and administrative expense

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

Selling, general and administrative expense increased $135,215 to $560,950 for 2014 as compared to 2013. The net change by segment was as follows:

	Years Ended December 31,			
	2014	2013	$ change	% change
National Networks	$403,232	$368,642	$34,590	9.4 %
International and Other	157,776	57,097	100,679	176.3
Inter-segment eliminations	(58)	(4)	(54)	1,350.0
Total	$560,950	$425,735	$135,215	31.8 %
Percentage of revenues, net	25.8 %	26.7 %		

National Networks

The increase in the National Networks segment was primarily attributable to increased advertising sales related expenses of $14,034 primarily related to the overall increase in advertising sales revenues, increased general and administration expenses of $9,198 primarily due to an increase in professional fees including $5,955 in acquisition-related professional fees related to BBC AMERICA, employee-related expenses and other corporate expenses, increased corporate allocations of $7,191 and increased share-based compensation expense and expenses relating to long-term incentive compensation of $4,126. There may be significant changes in the level of our selling, general and administrative expense from quarter to quarter and year to year due to the timing of promotion and marketing of original programming series and subscriber retention marketing efforts.

International and Other

The increase in the International and Other segment was primarily due to an increase at AMC Networks International of $88,066 principally due to the inclusion of the results of Chellomedia from the acquisition date of January 31, 2014, including increased acquisition-related professional fees incurred of $8,457 primarily due to the acquisition and integration of Chellomedia, an increase in marketing and selling expenses of $7,790 at IFC Films principally due to the exploitation of Boyhood, and increased share-based compensation expense and expenses relating to long-term incentive compensation of $6,217, partially offset by a decrease in legal fees and other related costs and expenses of $2,255 compared to the same period in 2013 in connection with the DISH Network contract dispute.

Restructuring expense

Restructuring expense of $15,715 is due to $3,664 in the National Networks segment and $12,051 in the International and Other segment. Restructuring expense at both the National Networks and International and Other segments primarily represents severance charges incurred related to employee terminations associated with the elimination of certain positions.

Depreciation and amortization

Depreciation and amortization increased $14,381 to $69,048 for 2014 as compared to 2013. The net change by segment was as follows:

	Years Ended December 31,			
	2014	2013	$ change	% change
National Networks	$21,480	$42,036	$(20,556)	(48.9)%
International and Other	47,568	12,631	34,937	276.6
	$69,048	$54,667	$14,381	26.3 %

The decrease in depreciation and amortization expense in the National Networks segment was primarily attributable to a decrease in amortization expense of $20,655, principally at AMC as certain intangible assets became fully amortized in the third quarter of 2013, partially offset by an increase in amortization of $1,209 related to identifiable intangible assets acquired in connection with the BBC AMERICA acquisition.

The increase in depreciation and amortization expense in the International and Other segment was primarily attributable to an increase in amortization expense of $19,582 principally related to the amortization of identifiable intangible assets and an

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increase in depreciation expense of $15,085 principally related to property and equipment acquired in connection with the Chellomedia acquisition.

Litigation settlement gain

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

AOCF

AOCF increased $135,290 to $659,479 for 2014 as compared to 2013. The net change by segment was as follows:

	Years Ended December 31,			
	2014	2013	$ change	% change
National Networks	$633,584	$576,772	$56,812	9.8 %
International and Other	24,421	(56,476)	80,897	(143.2)
Inter-segment eliminations	1,474	3,893	(2,419)	(62.1)
AOCF	$659,479	$524,189	$135,290	25.8 %

National Networks AOCF increased due to an increase in revenues, net of $207,635, partially offset by an increase in technical and operating expenses of $120,034 resulting primarily from an increase in program rights and an increase in selling and administrative expenses of $30,788. As a result of the factors discussed above impacting the variability in revenues and operating expenses, we expect AOCF to vary from quarter to quarter.

International and Other AOCF increased due to an increase in revenues, net of $378,334, partially offset by an increase in technical and operating expenses of $201,021 and an increase in selling, general and administrative expenses of $96,416 due principally to the inclusion of the results of the Chellomedia acquisition from the acquisition date of January 31, 2014.

Interest expense, net

The increase in interest expense, net of $13,788 from 2013 to 2014 was attributable to the following:

Higher average debt balances	$13,351
Change in fair value of interest rate swap contracts	(344)
Increase in interest income	(885)
Increase in capital leases	1,463
Other	203
	$13,788

The increase in interest expense due to higher average debt balances is a result of incurring additional indebtedness of $600,000 under our Term Loan A Facility (defined below) on January 31, 2014 to partially fund the acquisition of Chellomedia. See "Amended and Restated Senior Secured Credit Facility" discussion below.

Write-off of deferred financing costs

On December 16, 2013, we entered into an amended and restated credit agreement. This credit agreement amended and restated AMC Networks’ June 30, 2011 original credit agreement in its entirety. In connection with this amendment, we recorded a write-off of deferred financing costs of $4,007 for the year ended December 31, 2013, which includes certain unamortized deferred financing costs associated with the original credit agreement of $3,719 and certain financing costs relating to the amended and restated credit agreement of $288.

Loss on extinguishment of debt

As discussed above, in connection with entering into the amended and restated credit agreement on December 16, 2013, we also recorded a loss on extinguishment of debt of $1,087 for the year ended December 31, 2013 related to a portion of the unamortized discount associated with the June 30, 2011 original credit agreement that was written off.

Miscellaneous, net

The decrease in miscellaneous, net of $27,465 is primarily the result of $29,325 of net foreign currency unrealized transaction losses principally from the translation of monetary assets and liabilities that are denominated in currencies other than the underlying

functional currency of the applicable entity and a realized loss of $3,009 on derivative contracts primarily related to foreign currency option contracts which prior to their expiration, and in connection with the purchase of Chellomedia on January 31, 2014, were settled with the counterparties, partially offset by a gain of $4,789 realized on the sale of an investment.

Income tax expense

Income tax expense attributable to continuing operations was $129,155 for the year ended December 31, 2014, representing an effective tax rate of 32%. The effective tax rate differs from the federal statutory rate of 35% due primarily to state income tax expense of $7,941, tax benefit from foreign subsidiary earnings indefinitely reinvested outside of the U.S. of $7,407, tax benefit from the domestic production activities deduction of $9,873, tax benefit of $5,065 related to uncertain tax positions, including accrued interest and tax expense of $5,705 resulting from an increase in the valuation allowance relating primarily to certain foreign and local income tax credit carry forwards. The tax benefit relating to reductions in uncertain tax positions is primarily due to an audit settlement.

Income tax expense attributable to continuing operations was $178,841 for the year ended December 31, 2013, representing an effective tax rate of 38%. The effective tax rate differs from the federal statutory rate of 35% due primarily to state income tax expense of $8,786, tax expense of $9,089 related to uncertain tax positions, including accrued interest and tax expense of $5,179 resulting from an increase in the valuation allowance relating primarily to certain foreign and local income tax credit carry forwards.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

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

	Years Ended December 31,					
	2013		2012			
	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$1,591,858	100.0 %	$1,352,577	100.0 %	$239,281	17.7 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	662,233	41.6	507,436	37.5	154,797	30.5
Selling, general and administrative	425,735	26.7	396,926	29.3	28,809	7.3
Restructuring credit	—	—	(3)	—	3	(100.0)
Depreciation and amortization	54,667	3.4	85,380	6.3	(30,713)	(36.0)
Litigation settlement gain	(132,944)	(8.4)	—	—	(132,944)	n/m
Total operating expenses	1,009,691	63.4	989,739	73.2	19,952	2.0
Operating income	582,167	36.6	362,838	26.8	219,329	60.4 %
Other income (expense):						
Interest expense, net	(115,041)	(7.2)	(127,276)	(9.4)	12,235	(9.6)
Write-off of deferred financing costs	(4,007)	(0.3)	(1,862)	(0.1)	(2,145)	115.2
Loss on extinguishment of debt	(1,087)	(0.1)	(10,774)	(0.8)	9,687	(89.9)
Miscellaneous, net	6,969	0.4	(652)	—	7,621	n/m
Total other income (expense)	(113,166)	(7.1)	(140,564)	(10.4)	27,398	(19.5)
Income from continuing operations before income taxes	469,001	29.5	222,274	16.4	246,727	111.0
Income tax expense	(178,841)	(11.2)	(86,058)	(6.4)	(92,783)	107.8
Income from continuing operations	290,160	18.2	136,216	10.1	153,944	113.0
Income from discontinued operations, net of income taxes	—	—	314	—	(314)	(100.0)
Net income including noncontrolling interests	290,160	18.2 %	136,530	10.1 %	153,630	112.5
Net loss attributable to noncontrolling interests	578	— %	—	— %	578	n/m
Net income attributable to AMC Networks' stockholders	$290,738	18.3 %	$136,530	10.1 %	$154,208	112.9 %

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

	Years Ended December 31,			
	2013	2012	$ change	% change
Operating income	$582,167	$362,838	$219,329	60.4 %
Share-based compensation expense	20,299	17,202	3,097	18.0
Depreciation and amortization	54,667	85,380	(30,713)	(36.0)
Litigation settlement gain	(132,944)	—	(132,944)	n/m
Restructuring credit	—	(3)	3	(100.0)
Consolidated AOCF	$524,189	$465,417	$58,772	12.6 %

National Networks Segment Results

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

	Years Ended December 31,					
	2013		2012			
	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$1,536,287	100.0 %	$1,297,151	100.0 %	$239,136	18.4 %
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	608,656	39.6	466,735	36.0	141,921	30.4
Selling, general and administrative	368,642	24.0	341,404	26.3	27,238	8.0
Depreciation and amortization	42,036	2.7	75,099	5.8	(33,063)	(44.0)
Operating income	$516,953	33.6 %	$413,913	31.9 %	$103,040	24.9 %
Share-based compensation expense	17,783	1.2	14,939	1.2	2,844	19.0
Depreciation and amortization	42,036	2.7	75,099	5.8	(33,063)	(44.0)
AOCF	$576,772	37.5 %	$503,951	38.9 %	$72,821	14.5 %

International and Other Segment Results

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

	Years Ended December 31,					
	2013		2012			
	Amount	% of Revenues, net	Amount	% of Revenues, net	$ change	% change
Revenues, net	$55,887	100.0 %	$57,612	100.0 %	$(1,725)	(3.0)%
Operating expenses:						
Technical and operating (excluding depreciation and amortization)	57,782	103.4	46,748	81.1	11,034	23.6
Selling, general and administrative	57,097	102.2	55,522	96.4	1,575	2.8
Restructuring credit	—	—	(3)	—	3	(100.0)
Depreciation and amortization	12,631	22.6	10,281	17.8	2,350	22.9
Litigation settlement gain	(132,944)	(237.9)	—	—	(132,944)	n/m
Operating income (loss)	$61,321	109.7 %	$(54,936)	(95.4)%	$116,257	(211.6)%
Share-based compensation expense	2,516	4.5	2,263	3.9	253	11.2
Depreciation and amortization	12,631	22.6	10,281	17.8	2,350	22.9
Litigation settlement gain	(132,944)	(237.9)	—	—	(132,944)	n/m
Restructuring credit	—	—	(3)	—	3	(100.0)
AOCF deficit	$(56,476)	(101.1)%	$(42,395)	(73.6)%	$(14,081)	33.2 %

Revenues, net

Revenues, net increased $239,281 to $1,591,858 for the year ended December 31, 2013 as compared to the year ended December 31, 2012. The net change by segment was as follows:

	Years Ended December 31,					
	2013	% of total	2012	% of total	$ change	% change
National Networks	$1,536,287	96.5 %	$1,297,151	95.9 %	$239,136	18.4 %
International and Other	55,887	3.5	57,612	4.3	(1,725)	(3.0)
Inter-segment eliminations	(316)	—	(2,186)	(0.2)	1,870	(85.5)
Consolidated revenues, net	$1,591,858	100.0 %	$1,352,577	100.0 %	$239,281	17.7 %

National Networks

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

	Years Ended December 31,								
	2013	% of total		2012	% of total		$ change	% change	
Advertising	$662,789	43.1	%	$522,917	40.3	%	$139,872	26.7	%
Distribution	873,498	56.9		774,234	59.7		99,264	12.8	
	$1,536,287	100.0	%	$1,297,151	100.0	%	$239,136	18.4	%

- Advertising revenues increased $139,872 across all of our networks, with the largest increase at AMC. This increase resulted from higher pricing per unit sold due to an increased demand for our programming by advertisers, led by The Walking Dead, and an increased number of original programming series that aired on AMC in 2013 as compared to the number of original programming series that aired on AMC at 2012. This increase was also impacted by a decrease in advertising revenues in the 2012 associated with the temporary DISH Network carriage termination of all our networks for approximately four months in 2012.
- Distribution revenues increased $99,264 principally due to an increase of $64,015 in affiliation fee revenues resulting from an increase in rates, primarily at AMC. As previously discussed, affiliation fee revenues and subscribers were negatively impacted in 2012 due to the temporary DISH Network carriage termination of all our networks for approximately four months in 2012. Distribution revenues increased $35,249 principally from licensing and digital distribution revenues derived from our original programming, primarily at AMC and IFC.

The following table presents certain subscriber information at December 31, 2013 and December 31, 2012:

	Estimated Domestic Subscribers (1)	
	December 31, 2013	December 31, 2012
National Programming Networks:		
AMC	97,400	98,900
WE tv	84,000	81,500
IFC	69,900	69,600
SundanceTV	56,200	54,100

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

The increase in subscribers reflects the repositioning of WE tv and SundanceTV with certain operators to more widely distributed tiers of service. Additionally, the number of reported subscribers may be impacted by changes in the Nielsen sample and does not necessarily correlate to changes in viewing subscribers.

International and Other

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

	Years Ended December 31,										
	2013	% of total		2012	% of total		$ change		% change		
Advertising	$—	—	%	$—	—	%	$—		—		%
Distribution	55,887	100.0		57,612	100.0		(1,725	)	(3.0	)	
	$55,887	100.0	%	$57,612	100.0	%	$(1,725	)	(3.0	)%	

Distribution revenues decreased primarily due to a decrease in revenue of $4,886 at IFC Films primarily due to a decrease in home video distribution revenues and lower performance of theatrical titles. These decreases were partially offset by an increase in foreign affiliation fee revenues of $3,776 principally from our expanded distribution of Sundance Channel in Europe.

Technical and operating expense (excluding depreciation and amortization)

Technical and operating expense (excluding depreciation and amortization) increased $154,797 to $662,233 for 2013 as compared to 2012. The net change by segment was as follows:

	Years Ended December 31,			
	2013	2012	$ change	% change
National Networks	$608,656	$466,735	$141,921	30.4 %
International and Other	57,782	46,748	11,034	23.6
Inter-segment eliminations	(4,205)	(6,047)	1,842	(30.5)
Total	$662,233	$507,436	$154,797	30.5 %
Percentage of revenues, net	41.6 %	37.5 %		

National Networks

The increase in the National Networks segment was attributable to increased program rights amortization expense of $127,020 and an increase of $14,901 for other direct programming related costs, primarily including participation and residuals, and development costs. The increase in program rights expense is due to our increased investment in scripted original series primarily at AMC and SundanceTV and includes write-offs of $61,005 based on management's assessment of programming usefulness, primarily at AMC due to the cancellation of The Killing and Low Winter Sun, and to a lesser extent to programming at SundanceTV as we prepared our programming schedule for the transition to a traditional advertising model.

International and Other

The increase in the International and Other segment was primarily due to an increase in program rights amortization expense of $8,166 related to higher content acquisition costs at IFC Films and an increase of $4,389 at AMC/Sundance Channel Global primarily related to program rights and programming related expenses as we expand internationally.

Selling, general and administrative expense

Selling, general and administrative expenses increased $28,809 to $425,735 for 2013 as compared to 2012. The net change by segment was as follows:

	Years Ended December 31,			
	2013	2012	$ change	% change
National Networks	$368,642	$341,404	$27,238	8.0 %
International and Other	57,097	55,522	1,575	2.8
Inter-segment eliminations	(4)	—	(4)	n/m
Total	$425,735	$396,926	$28,809	7.3 %
Percentage of revenues, net	26.7 %	29.3 %		

National Networks

The increase in the National Networks segment was primarily attributable to increased general and administration expenses of $9,901 primarily due to an increase in professional fees, employee related expenses and other corporate expenses and increased share-based compensation expense and expenses relating to long-term incentive compensation of $8,563. In addition, sales and marketing expenses increased $9,887. Marketing costs increased for the year ended December 31, 2013 compared to the same period in 2012 primarily at AMC due to the airing of a higher number of original programming series; however, this amount was substantially offset by a decrease in marketing costs for subscriber retention marketing efforts as compared to those incurred in 2012 associated with the DISH Network carriage termination for approximately four months in 2012.

International and Other

The increase in the International and Other segment was primarily due to an increase in general and administrative expenses of $552 principally for employee related expenses and increased share-based compensation expense and expenses relating to long-term incentive compensation of $1,048. Additionally, during 2013, we incurred acquisition related professional fees of $8,898 primarily related to the Chellomedia acquisition which were substantially offset by a decrease in legal fees and other related costs and expenses of $8,887 compared to the same period in 2012 in connection with the DISH Network contract dispute related to VOOM HD.

Depreciation and amortization

Depreciation and amortization decreased $30,713 to $54,667 for 2013 as compared to 2012. The net change by segment was as follows:

	Years Ended December 31,			
	2013	2012	$ change	% change
National Networks	$42,036	$75,099	$(33,063)	(44.0)%
International and Other	12,631	10,281	2,350	22.9
	$54,667	$85,380	$(30,713)	(36.0)%

The decrease in depreciation and amortization expense in the National Networks segment is primarily attributable to a decrease in amortization expense of $32,858 at AMC and at SundanceTV as certain intangible assets became fully amortized in the second quarter of 2012 (SundanceTV) and in the third quarter 2013 (AMC).

Litigation settlement gain

Litigation settlement gain relates to the final allocation of the proceeds from the settlement of litigation with DISH Network (see “DISH Network” discussion above). The deferred litigation settlement proceeds liability of approximately $308,000 recorded in the consolidated balance sheet at December 31, 2012 less the $175,000 paid to Cablevision on April 9, 2013 resulted in a gain of $132,944 for the year ended December 31, 2013 included in the International and Other segment. See the income tax expense discussion for the increase in income taxes paid, net in connection with this litigation settlement.

AOCF

AOCF increased $58,772 for 2013 as compared to 2012. The net change by segment was as follows:

	Years Ended December 31,			
	2013	2012	$ change	% change
National Networks	$576,772	$503,951	$72,821	14.5%
International and Other	(56,476)	(42,395)	(14,081)	33.2
Inter-segment eliminations	3,893	3,861	32	0.8
AOCF	$524,189	$465,417	$58,772	12.6%

National Networks AOCF increased due to an increase in revenues, net of $239,136, partially offset by an increase in technical and operating expenses of $141,922 resulting primarily from an increase in program rights including programming rights write-off of $61,005 and an increase in selling and administrative expenses of $24,393.

International and Other AOCF deficit increased primarily due to an increase in technical and operating expenses of $11,034 due principally to content acquisitions costs at IFC Films and a decrease in revenues, net of $1,725.

Interest expense, net

The increase in interest expense, net of $12,235 from 2012 to 2013 was attributable to the following:

Change in fair value of interest rate swap contracts (a)	$(11,660)
Increase in interest income	(317)
Other	(258)
	$(12,235)

(a) During 2012, in connection with the repayment of the outstanding principal amount under the term loan B facility, we recorded an unrealized loss of $8,725, included in interest expense, on the related interest rate swap contracts previously designated as cash flow hedges of a portion of the term loan B facility as the related interest rate swap contracts no longer qualified for hedge accounting.

Write-off of deferred financing costs

On December 16, 2013, we entered into an amended and restated credit agreement. This credit agreement amended and restated AMC Networks’ June 30, 2011 original credit agreement in its entirety. In connection with this amendment, we recorded a write-off of deferred financing costs of $4,007 for the year ended December 31, 2013, which includes certain unamortized deferred financing costs associated with the original credit agreement of $3,719 and certain financing costs relating to the amended and restated credit agreement of $288.

The write-off of deferred financing costs of $1,862 for the year ended December 31, 2012 represents $964 of deferred financing costs written off in connection with the $150,000 of voluntary prepayments of the term loan A facility during 2012 and $898 of deferred financing costs written off in connection with the repayment of the outstanding amount of the term loan B facility in December 2012.

Loss on extinguishment of debt

As discussed above, in connection with entering into the amended and restated credit agreement on December 16, 2013, we also recorded a loss on extinguishment of debt of $1,087 for the year ended December 31, 2013 related to a portion of the unamortized discount associated with the June 30, 2011 original credit agreement that was written off.

In December 2012, we issued $600,000 aggregate principal amount of 4.75% senior notes due December 15, 2022. We used the net proceeds from the issuance of the notes to repay the outstanding amount under the term loan B facility of approximately $587,600, with the remaining proceeds used for general corporate purposes. In connection with this repayment, we recorded a loss on extinguishment of debt of $10,774 for the year ended December 31, 2012 representing the excess of the principal amount repaid over the carrying value of the term loan B facility.

Miscellaneous, net

The increase in miscellaneous, net primarily relates to an increase in unrealized transaction gains associated with the strengthening of the euro compared to the U.S. dollar related to the translation of euro denominated cash and cash equivalents at December 31, 2013 in anticipation of closing of the Chellomedia acquisition (see "Chellomedia Acquisition" discussion above).

Income tax expense

Income tax expense attributable to continuing operations was $178,841 for the year ended December 31, 2013, representing an effective tax rate of 38%. The effective tax rate differs from the federal statutory rate of 35% due primarily to state income tax expense of $8,786, tax expense of $9,089 related to uncertain tax positions, including accrued interest and tax expense of $5,179 resulting from an increase in the valuation allowance relating primarily to certain foreign and local income tax credit carry forwards.

In addition, income taxes paid, net increased by $95,186 to $135,708 for the year ended December 31, 2013 as compared to the year ended December 31, 2012. The increase was due primarily to the utilization of our net operating loss carry forward in 2012 and the increase in operating income in 2013. In addition, approximately $23,000 of such increase was a result of the VOOM HD Settlement Agreement and the DISH Network Proceeds Allocation Agreement, which increased tax payments (in the first quarter of 2013) by $81,000, and reduced tax payments (in the remaining quarters of 2013) by $58,000.

Income tax expense attributable to continuing operations was $86,058 for the year ended December 31, 2012, representing an effective tax rate of 39%. The effective tax rate differs from the federal statutory rate of 35% due primarily to state income tax expense of $4,970, tax expense of $4,685 related to uncertain tax positions, including accrued interest and a tax benefit of $2,344 resulting from a decrease in the valuation allowance relating primarily to certain foreign and local income tax credit carry forwards.

Liquidity and Capital Resources

Overview

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

Sources of cash primarily include cash flow from operations, amounts available under our revolving credit facility (as described below) and access to capital markets. Although we currently believe that amounts available under our revolving credit facility will be available when and if needed, we can provide no assurance that access to such funds will not be impacted by adverse conditions in the financial markets. The obligations of the financial institutions under our revolving credit facility are several and not joint and, as a result, a funding default by one or more institutions does not need to be made up by the others. As a public company, we may have access to other sources of capital such as the public bond markets. On December 10, 2012, we filed a Registration Statement on Form S-3 ("Shelf Registration") with the SEC in which we registered debt securities.

Our principal uses of cash include the acquisition and production of programming, investments and acquisitions, debt service and payments for income taxes. 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 2015. Historically, our businesses have not required significant capital expenditures, however, we expect capital expenditures in 2015 will be higher than historical years primarily related to investments in our broadcasting and technology facilities.

As of December 31, 2014, our consolidated cash and cash equivalents balance includes approximately $88,484 held by foreign subsidiaries, some of which have earnings that have not been subject to U.S. tax. Repatriation of earnings not previously subject to U.S. tax would generally require us to accrue and pay U.S. taxes on such amount. However, we intend to either permanently reinvest these funds or repatriate them in a tax-free manner. We have estimated the unrecognized deferred tax liability for temporary differences related to these earnings to be immaterial as of December 31, 2014.

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

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

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

Cash Flow Discussion

The following table is a summary of cash flows provided by (used in) continuing operations and discontinued operations for the periods indicated:

	Years Ended December 31,		
	2014	2013	2012
Continuing operations:			
Cash flow provided by (used in) operating activities	$375,762	$(49,463)	$569,132
Cash flow used in investing activities	(1,223,210)	(26,146)	(19,392)
Cash flow provided by (used in) financing activities	574,877	(19,953)	(155,087)
Net (decrease) increase in cash from continuing operations	(272,571)	(95,562)	394,653

Discontinued operations:			
Net (decrease) increase in cash flow from discontinued operations	$(2,955)	$—	$481

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Continuing Operations

Operating Activities

Net cash provided by (used in) operating activities amounted to $375,762 for the year ended December 31, 2014 as compared to $(49,463) for the year ended December 31, 2013. In 2014, net cash provided by operating activities resulted from $1,031,242 of net income before depreciation and amortization and other non-cash items, which was partially offset by payments for program rights of $690,237. Additionally, changes in all other assets and liabilities during the year resulted in an increase of 34,757.

Net cash (used in) provided by operating activities amounted to $(49,463) for the year ended December 31, 2013 compared to $569,132 for the year ended December 31, 2012. The December 31, 2013 net cash used in operating activities resulted from $1,041,196 of net income before depreciation and amortization and other non-cash items and an increase of $17,789 in accounts payable, accrued expenses and other liabilities which was more than offset by payments for program rights of $517,343, a net decrease in deferred revenue and deferred litigation settlement proceeds of $337,700 primarily due to the final allocation of the Settlement Funds (see “DISH Network” discussion above), a decrease in income taxes payable of $111,881, an increase in accounts receivable, trade of $80,083, an increase in prepaid expenses and other assets of $52,836, as well as a net decrease in other net liabilities of $8,605.

Net cash provided by operating activities amounted to $569,132 for the year ended December 31, 2012. The 2012 net cash provided by operating activities resulted from $536,042 of net income before depreciation and amortization and other non-cash items, an increase in deferred revenue and deferred litigation settlement proceeds of $337,207 primarily related to the temporary allocation of the VOOM HD lawsuit settlement proceeds (see “DISH Network” discussion above), an increase in income taxes payable of $116,740 and an increase of other net liabilities of $7,247. These increases were partially offset by payments for program rights of $412,493, an increase in accounts receivable, trade of $11,717, and deferred carriage fee payments of $3,894.

Investing Activities

Net cash used in investing activities for the years ended December 31, 2014, 2013 and 2012 was $1,223,210, $26,146 and $19,392, respectively. In 2014, net cash used in investing activities was primarily related to payments for the acquisitions of Chellomedia, BBC AMERICA and a small international channel, net of cash acquired of $1,184,587. Net cash used in investing activities also included capital expenditures of $39,739, $24,303 and $18,557 for the years ended December 31, 2014, 2013 and 2012, respectively, primarily for the purchase of information technology hardware and software and transmission related equipment.

Financing Activities

Net cash provided by (used in) financing activities amounted to $574,877 for the year ended December 31, 2014 as compared to $(19,953) for the year ended December 31, 2013. In 2014, financing activities consisted of proceeds from the issuance of long-term debt of $600,000, which was used to fund a portion of the Chellomedia purchase price, the excess tax benefits from share-based compensation arrangements of $6,798, and proceeds from stock option exercises of $1,103, partially offset by treasury stock acquired from the acquisition of restricted shares of 22,192, payments for financing costs of $9,266, and principal payments on capital lease obligations of $2,401.

Net cash used in financing activities amounted to $19,953 for the year ended December 31, 2013 compared to $155,087 for the year ended December 31, 2012. In 2013, financing activities consisted of payments for financing costs of $12,994, treasury stock acquired from the acquisition of restricted shares of $12,135 and principal payments on capital leases of $1,558, partially offset by the excess tax benefits from share-based compensation arrangements of $4,975 and proceeds from stock option exercises of $1,759.

Net cash used in financing activities amounted to $155,087 for the year ended December 31, 2012. In 2012, financing activities consisted of repayments of indebtedness under our Credit Facility of $742,025, treasury stock acquired from the acquisition of restricted shares of $15,989, principal payments on capital leases of $1,413 and payments for financing costs of $1,421, partially offset by the net proceeds from the issuance of 4.75% senior notes of $589,500, proceeds from stock option exercises of $8,777 and the excess tax benefits from share-based compensation arrangements of $7,484.

Debt Financing Agreements

Amended and Restated Senior Secured Credit Facility

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

The amended and restated credit agreement provides the Borrowers with senior secured credit facilities consisting of (a) an initial $880,000 term loan A that was used by AMC Networks to retire the then outstanding term loan A facility provided under the June 30, 2011 original credit agreement, (b) a subsequent $600,000 term loan A (collectively, the “Term Loan A Facility”)

which was drawn on January 31, 2014 upon the satisfaction of certain conditions related to consummation of the Chellomedia Acquisition, see “Acquisition of Chellomedia” discussed above, and (c) a $500,000 revolving credit facility (together with the Term Loan A Facility, collectively, the “Credit Facility”). The Term Loan A Facility matures on December 16, 2019. The revolving credit facility matures on December 16, 2018.
The revolving credit facility was not drawn upon at December 31, 2014. Total undrawn revolver commitments are available to be drawn for our general corporate purposes.
In connection with the subsequent $600,000 term loan A facility, AMC Networks incurred deferred financing costs of $9,266 and $12,669 as of December 31, 2014 and 2013, which are amortized to interest expense, utilizing the effective interest method, over the term of each respective component of the Credit Facility.
Borrowings under the Credit Facility bear interest at a floating rate, which at the option of the Borrowers may be either (a) a base rate plus an additional rate ranging from 0.50% to 1.25% per annum (determined based on a cash flow ratio) (the “Base Rate”), or (b) a Eurodollar rate plus an additional rate ranging from 1.50% to 2.25% per annum (determined based on a cash flow ratio) (the “Eurodollar Rate”). At December 31, 2014, the interest rate on the Term Loan A Facility was 1.91%, reflecting a Eurodollar Rate plus the additional rate as described herein.
The Credit Facility requires the Borrowers to pay a commitment fee of between 0.25% and 0.50% (determined based on a cash flow ratio) in respect of the average daily unused commitments under the revolving credit facility. The Borrowers also are required to pay customary letter of credit fees, as well as fronting fees, to banks that issue letters of credit pursuant to the Credit Facility.
All obligations under the Credit Facility are guaranteed, jointly and severally, by certain of AMC Networks’ existing and future domestic restricted subsidiaries in accordance with the Credit Facility. All obligations under the Credit Facility, including the guarantees of those obligations, are secured by certain assets of the Borrowers and certain of its restricted subsidiaries.
Borrowings under the Credit Facility may be voluntarily prepaid without premium and penalty at any time. The Term Loan A Facility also provides for various mandatory prepayments, including with the proceeds from certain dispositions of property and borrowings. The Term Loan A Facility is required to be repaid in quarterly installments of $18,500 from March 31, 2015 through December 31, 2015, $37,000 beginning March 31, 2016 through December 31, 2016, $55,500 beginning March 31, 2017 through December 31, 2017, $74,000 beginning March 31, 2018 through September 30, 2019 and $518,000 on December 16, 2019, which is the Term Loan A Facility maturity date. Any amounts outstanding under the revolving credit facility are due at maturity on December 16, 2018.
The Credit Facility contains certain affirmative and negative covenants applicable to the Borrowers and certain of their restricted subsidiaries. These include restrictions on the Borrowers’ and certain of their restricted subsidiaries ability to incur indebtedness, make investments in entities that are not restricted subsidiaries, place liens on assets, enter into certain affiliate transactions and make certain restricted payments, including restrictions on AMC Networks’ ability to pay dividends on its common stock. The Credit Facility also requires the Borrowers to comply with the following financial covenants: (i) a maximum ratio of net debt to annual operating cash flow (each defined in the Credit Facility) of 6.50:1 initially, and decreasing to 6.00:1 on and after January 1, 2016; and (ii) a minimum ratio of annual operating cash flow to annual total interest expense (as defined in the Credit Facility) of 2.50:1.
AMC Networks was in compliance with all of its covenants under the Credit Facility as of December 31, 2014.
Original Credit Facility
On June 30, 2011, AMC Networks, as borrower, and substantially all of its subsidiaries, as restricted subsidiaries, entered into the Original Credit Facility. Under the terms governing the Original Credit Facility, AMC Networks was provided with senior secured credit facilities consisting of a $1,130,000 term loan A facility, a $595,000 term loan B facility and a $500,000 revolving credit facility (collectively, the "Original Credit Facility"). The term loan A facility and the term loan B facility were discounted $5,650 and $12,986, respectively, upon original issuance. On June 30, 2011, approximately $577,000 of the Original Credit Facility debt was issued to CSC Holdings as partial consideration for the transfer to AMC Networks of the RMH businesses in June 2011 in connection with the Distribution of AMC Networks from Cablevision, which was consummated on June 30, 2011.
On December 16, 2013, we used the proceeds from the borrowings under the Term Loan A Facility to repay the outstanding amount under the term loan A facility of the Original Credit Facility. Additionally, we recorded a write-off of deferred financing costs of $4,007 for the year ended December 31, 2013, which includes certain

unamortized deferred financing costs associated with the Original Credit Facility of $3,719 and certain financing costs relating to the Credit Facility of $288 as well as a a loss on extinguishment of debt of $1,087 for the year ended December 31, 2013 related to a portion of the unamortized discount associated with the Original Credit Facility that was written off.

On December 17, 2012, AMC Networks issued $600,000 in aggregate principal amount of its 4.75% Notes (see "4.75% Senior Notes due 2022" discussion below) and used the net proceeds of the offering to repay the outstanding amount under the term loan B facility.

7.75% Senior Notes due 2021

On June 30, 2011, AMC Networks issued $700,000 in aggregate principal amount of its 7.75% senior notes, net of an original issue discount of $14,000, due July 15, 2021 (the “7.75% Notes”) to CSC Holdings, as partial consideration for the transfer to AMC Networks of the RMH businesses in June 2011, which is reflected as a deemed capital distribution in the consolidated statement of stockholders’ deficiency for the year ended December 31, 2011. CSC Holdings used the Company’s 7.75% Notes to satisfy and discharge outstanding CSC Holdings debt. The recipients of the 7.75% Notes or their affiliates then offered the 7.75% Notes to investors, through an offering memorandum dated June 22, 2011, which ultimately resulted in the 7.75% Notes being held by third party investors.

The 7.75% Notes were issued under an indenture dated as of June 30, 2011 (the “7.75% Notes Indenture”).

In connection with the issuance of the 7.75% Notes, AMC Networks incurred deferred financing costs of $1,533, which are being amortized, using the effective interest method, to interest expense over the term of the 7.75% Notes.

Interest on the 7.75% Notes accrues at the rate of 7.75% per annum and is payable semi-annually in arrears on January 15 and July 15 of each year.

The 7.75% Notes may be redeemed, in whole or in part, at any time on or after July 15, 2016, at a redemption price equal to 103.875% of the principal amount thereof (plus accrued and unpaid interest thereon, if any, to the date of such redemption), declining annually to 100% of the principal amount thereof (plus accrued and unpaid interest thereon, if any, to the date of such redemption) beginning on July 15, 2019.

In addition, if AMC Networks experiences a Change of Control (as defined in the 7.75% Notes Indenture), the holders of the 7.75% Notes may require AMC Networks to repurchase for cash all or a portion of their 7.75% Notes at a price equal to 101% of the principal amount thereof (plus accrued and unpaid interest thereon, if any, to the date of such repurchase).

AMC Networks is a holding company and has no independent assets or operations of its own. The 7.75% Notes are guaranteed on a senior unsecured basis by certain of AMC Networks’ existing and future domestic restricted subsidiaries, in accordance with the 7.75% Notes Indenture. The guarantees under the 7.75% Notes are full and unconditional and joint and several.

The 7.75% Notes Indenture contains certain affirmative and negative covenants applicable to AMC Networks and its restricted subsidiaries including restrictions on their ability to incur additional indebtedness, consummate certain assets sales, make investments in entities that are not restricted subsidiaries, create liens on their assets, enter into certain affiliate transactions and make certain restricted payments, including restrictions on AMC Networks’ ability to pay dividends on, or repurchase, its common stock.

AMC Networks was in compliance with all of its covenants under its 7.75% Notes Indenture as of December 31, 2014.

4.75% Senior Notes due 2022

On December 17, 2012, AMC Networks issued $600,000 in aggregate principal amount of its 4.75% senior notes, net of an issuance discount of $10,500, due December 15, 2022 (the “4.75% Notes”). AMC Networks used the net proceeds of this offering to repay the outstanding amount under its term loan B facility of approximately $587,600, with the remaining proceeds used for general corporate purposes. The 4.75% Notes were issued pursuant to an indenture dated as of December 17, 2012 (the “Base Indenture,” and together with the First Supplemental Indenture, the “4.75% Notes Indenture”).

In connection with the issuance of the 4.75% Notes, AMC Networks incurred deferred financing costs of $1,393, which are being amortized, using the effective interest method, to interest expense over the term of the 4.75% Notes.

Interest on the 4.75% Notes accrues at the rate of 4.75% per annum and is payable semi-annually in arrears on June 15 and December 15 of each year.

The 4.75% Notes may be redeemed, in whole or in part, at any time on or after December 15, 2017, at a redemption price equal to 102.375% of the principal amount thereof (plus accrued and unpaid interest thereon, if any, to the date of such redemption), declining annually to 100% of the principal amount thereof (plus accrued and unpaid interest thereon, if any, to the date of such redemption) beginning on December 15, 2020.

In addition, if AMC Networks experiences a Change of Control (as defined in the 4.75% Notes Indenture), the holders of the 4.75% Notes may require AMC Networks to repurchase for cash all or a portion of their 4.75% Notes at a price equal to 101% of the principal amount thereof (plus accrued and unpaid interest thereon, if any, to the date of such repurchase).

The 4.75% Notes are guaranteed on a senior unsecured basis by certain of AMC Networks' existing and future domestic restricted subsidiaries in accordance with the 4.75% Notes Indenture. The guarantees under the 4.75% Notes are full and unconditional and joint and several.
The 4.75% Notes Indenture contains certain affirmative and negative covenants applicable to AMC Networks and its restricted subsidiaries including restrictions on their ability to incur additional indebtedness, consummate certain assets sales, make investments in entities that are not restricted subsidiaries, create liens on their assets, enter into certain affiliate transactions and make certain restricted payments, including restrictions on AMC Networks' ability to pay dividends on, or repurchase, its common stock.
AMC Networks was in compliance with all of its covenants under its 4.75% Notes Indenture as of December 31, 2014.
Contractual Obligations and Off Balance Sheet Arrangements
Contractual Obligations
Our contractual obligations as of December 31, 2014 are summarized in the following table:

	Payments due by period				
	Total	Year 1	Years 2 - 3	Years 4 - 5	More than 5 years
Debt obligations:					
Principal payments	$2,780,000	$74,000	$370,000	$1,036,000	$1,300,000
Interest payments (1)	772,489	117,447	239,376	221,666	194,000
Program rights obligations	736,871	271,199	293,299	134,543	37,830
Purchase obligations (2)	1,029,665	256,239	176,869	89,563	506,994
Operating lease obligations	280,524	27,535	52,570	43,933	156,486
Guarantees (3)	87,933	87,933	—	—	—
Contract obligations (4)	61,987	32,155	25,145	4,308	379
Capital lease obligations (5)	47,778	6,145	12,290	11,373	17,970
Total	$5,797,247	$872,653	$1,169,549	$1,541,386	$2,213,659

(1) Interest on variable rate debt and the variable portion of interest rate swap contracts is estimated based on a LIBOR yield curve as of December 31, 2014.
(2) Purchase obligation amounts not reflected on the balance sheet consist primarily of program rights obligations and transmission commitments that have not yet met the criteria to be recorded in the balance sheet.
(3) Consists primarily of a guarantee of payments to a production service company for certain production related costs.
(4) Represents primarily accrued participation obligations and marketing commitments.
(5) Capital lease obligation amounts include imputed interest.

The contractual obligations table above does not include any liabilities for uncertain income tax positions due to the fact that we are unable to reasonably predict the ultimate amount or timing of any related payments in settlement of our liabilities for uncertain income tax positions. At December 31, 2014, the liability for uncertain tax positions was $17,099, excluding the related accrued interest liability of $1,388 and deferred tax assets of $3,760. See Note 14 to the accompanying consolidated financial statements for further discussion of the Company's income taxes.
In connection with the acquisition of New Video, the terms of the agreement provide BBCWA with a right to put all of its 50.1% noncontrolling interest to the Company at the greater of the then fair value or the fair value of the initial equity interest at inception. The put option is exercisable on the fifteenth and twenty-fifth year anniversary of the agreement. Additionally, in connection with the creation of a joint venture entity in 2013, the terms of the agreement provide the noncontrolling member with a right to put all of its interest to the Company at the then fair value. The above table does not include any future payments that would be required upon the exercise of these put rights.
Off-Balance Sheet Arrangements
We have no material off-balance sheet arrangements (as defined in Item 303(a)(4) of Regulation S-K).

Critical Accounting Policies and Estimates

In preparing our financial statements, we are required to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. These judgments can be subjective and complex and, consequently, actual results could differ materially from those estimates and assumptions. We base our estimates on historical experience and various other assumptions believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. As with any set of assumptions and estimates, there is a range of reasonably likely amounts that may be reported.

The following critical accounting policies have been identified as those that affect the more significant judgments and estimates used in the preparation of the consolidated financial statements:

Acquisition Method of Accounting

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

Impairment of Long Lived and Indefinite-Lived Intangible Assets

Long-Lived Assets and Amortizable Intangible Assets

We review our long-lived assets (property and equipment, and intangible assets subject to amortization that arose from acquisitions) for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the expected cash flows, undiscounted and without interest, is less than the carrying amount of the asset, an impairment loss is recognized as the amount by which the carrying amount of the asset exceeds its fair value.

Goodwill

During the fourth quarter of 2014, we changed the timing of our annual goodwill impairment testing date from February 28 to December 1. This change was made to better align our annual impairment testing procedures with our budget and planning process and with our year-end financial reporting. We have determined that this accounting change is preferable.

Goodwill and identifiable intangible assets that have indefinite useful lives are not amortized, but instead are tested annually for impairment and upon the occurrence of certain events or substantive changes in circumstances.

The annual goodwill impairment test allows for the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. An entity may choose to perform the qualitative assessment on none, some or all of its reporting units or an entity may bypass the qualitative assessment for any reporting unit and proceed directly to step one of the quantitative impairment test. If it is determined, on the basis of qualitative factors, that the fair value of a reporting unit is, more likely than not, less than its carrying value, the quantitative impairment test is required. The quantitative impairment test is a two-step process. The first step compares the carrying amount of a reporting unit, including goodwill, with its fair value utilizing an enterprise-value based approach. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of the goodwill impairment loss, if any. The second step compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill that would be recognized in a business combination.

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

	December 31, 2014
National Networks	$250,595
International and Other	483,761
	$734,356

Based on our annual impairment test for goodwill as of December 1, 2014, no impairment charge was required for any of the reporting units. We performed a quantitative assessment for all reporting units, other than the AMC Networks Broadcasting & Technology reporting unit, and the fair value exceeded the carrying value (including allocated goodwill) for each reporting unit. In order to evaluate the sensitivity of the estimated fair value calculations, we applied a hypothetical 20% decrease in the fair value of each reporting unit. This hypothetical decrease would have no impact on the conclusion reached in the goodwill impairment analysis of the National Programming Networks reporting unit. Based on the quantitative assessment of the International Programming Networks reporting unit, if the fair value of the reporting unit decreased by 4%, we would be required to perform step-two of the quantitative assessment.

We performed a qualitative assessment for the AMC Networks Broadcasting & Technology reporting unit. The qualitative assessment included, but was not limited to, consideration of the historical significant excesses of the estimated fair value of the reporting unit over its carrying value (including allocated goodwill), macroeconomic conditions, industry and market considerations, cost factors and historical and projected cash flows.

In assessing the recoverability of goodwill, we must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. These estimates and assumptions could have a significant impact on whether an impairment charge is recognized and also the magnitude of any such charge. Fair value estimates are made at a specific point in time, based on relevant information. These estimates are subjective in nature and involve uncertainties and matters of significant judgments and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates. Estimates of fair value for goodwill impairment testing are primarily determined using discounted cash flows and comparable market transactions methods. These valuation methods are based on estimates and assumptions including projected future cash flows, discount rate and determination of appropriate market comparables and determination of whether a premium or discount should be applied to comparables. Projected future cash flows also include assumptions for renewals of affiliation agreements, the projected number of subscribers and the projected average rates per basic and viewing subscribers and growth in fixed price contractual arrangements used to determine affiliation fee revenue, access to program rights and the cost of such program rights, amount of programming time that is advertiser supported, number of advertising spots available and the sell through rates for those spots, average fee per advertising spot and operating margins, among other assumptions. If these estimates or material related assumptions change in the future, we may be required to record impairment charges related to goodwill.

Indefinite-Lived Intangible Assets

Indefinite-lived intangible assets established in connection with business combinations primarily consist of trademarks. The impairment test for identifiable indefinite-lived intangible assets consists of a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Based on our impairment test for identifiable indefinite-lived intangible assets, no impairment charge was required. Indefinite-lived intangible assets relate to SundanceTV trademarks, which were valued using a relief-from-royalty method in which the expected benefits are valued by discounting estimated royalty revenue over projected revenues covered by the trademarks. In order to evaluate the sensitivity of the fair value calculations for the identifiable indefinite-lived intangible assets, we applied a hypothetical 20% decrease to the estimated fair value of the identifiable indefinite-lived intangible assets. This hypothetical decrease in estimated fair value would not result in an impairment. Significant judgments inherent in estimating the fair value of indefinite-lived intangible assets include the selection of appropriate discount and royalty rates, estimating the amount and timing of estimated future cash flows and identification of appropriate continuing growth rate assumptions. The discount rates used in the analysis are intended to reflect the risk inherent in the projected future cash flows generated by the respective intangible assets.

Useful Lives of Finite-Lived Intangible Assets

We have recognized intangible assets for affiliation agreements and affiliate relationships, advertiser relationships and other intangible assets as a result of our accounting for business combinations. We have determined that such intangible assets have finite lives. The estimated useful lives and net carrying values of these intangible assets at December 31, 2014 are as follows:

Estimated

	Net Carrying Value at, December 31, 2014	Useful Lives in Years
Affiliate and customer relationships	$475,391	17 to 25 years
Advertiser relationships	45,172	11 years
Trade names	50,347	20 years
Other amortizable intangible assets	14	
	$570,924	

The useful lives for the affiliate relationships were determined based upon an analysis of the weighted average remaining terms of existing agreements we had in place with our major customers at the time that purchase accounting was applied, plus an estimate for renewals of such agreements. We have been successful in renewing our major affiliation agreements and maintaining customer relationships in the past and believe we will be able to renew our major affiliation agreements and maintain those customer relationships in the future. However, it is possible that we will not successfully renew such agreements as they expire or that if we do, the net revenue earned may not equal or exceed the net revenue currently being earned, which could have a significant adverse impact on our business and the carrying values of the related intangible assets.

There have been periods when an existing affiliation agreement has expired and the parties have not finalized negotiations of either a renewal of that agreement or a new agreement for certain periods of time. In substantially all these instances, the affiliates continued to carry and pay for the service under oral or written interim agreements until execution of definitive replacement agreements or renewals. If an affiliate were to cease carrying a service on an other-than-temporary basis, we would record an impairment charge for the then remaining carrying value of that affiliation agreement intangible asset. If we were to renew an affiliation agreement at rates that produced materially less net revenue compared to the net revenue produced under the previous agreement, we would evaluate the impact on our cash flows and, if necessary, would further evaluate such indication of potential impairment by following the policy described above under “Impairment of Long-Lived and Indefinite-Lived Assets” for the asset group containing that intangible asset. We also would evaluate whether the remaining useful life of the affiliate relationship intangible asset remained appropriate. Based on December 31, 2014 carrying values, if the estimated remaining life of affiliate relationships and other amortizable intangible assets were shortened by 10%, the effect on amortization for the year ending December 31, 2014 would be to increase our annual amortization expense by approximately $3,300.

Program Rights

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

Our owned original programming is primarily produced by production companies, with the remainder produced by us. Owned original programming costs, including certain development and estimated participation and residual costs, qualifying for capitalization as program rights are amortized to technical and operating expense over their estimated useful lives, commencing upon the first airing, based on attributable revenue for airings to date as a percentage of total projected attributable revenue, or ultimate revenue (film-forecast-computation method). Projected attributable revenue is based on previously generated revenues for similar content in established markets, primarily consisting of distribution and advertising revenues, and projected program usage. Projected program usage is based on the current expectation of future exhibitions taking into account historical usage of similar content. Projected attributable revenue can change based upon programming market acceptance, levels of distribution and advertising revenue, and decisions regarding planned program usage. These calculations require management to make assumptions and to apply judgment regarding revenue and planned usage. We periodically review revenue estimates and planned usage and revise our assumptions if necessary, which could either accelerate or delay the timing of amortization expense or result in a write-down of the program right to net realizable value. We believe the most sensitive factor affecting our estimate of ultimate revenues is the program’s audience ratings. A program’s strong performance could result in increased usage and increased revenues in a particular period resulting in accelerated amortization of production costs in that period. Poor ratings may result in the reduction of planned usage or the abandonment of a program, which would require a write-off of any unamortized production costs. A failure to adjust for a downward change in estimates of ultimate revenues could result in the understatement of program rights amortization expense for the period. Historically, actual ultimate revenue amounts have not significantly differed from our estimates of ultimate revenue.

We periodically review the programming usefulness of our licensed and owned original program rights based on a series of factors, including expected future revenue generation from airings on our 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 no future programming usefulness, a write-off of the unamortized cost is recorded in technical and operating expense. Any capitalized pilot costs for programs that we determine will not be produced are also written off. Program rights write-offs of $44,204, $61,005 and $9,990 were recorded for the years ended December 31, 2014, 2013 and 2012.

Income Taxes

Judgment is required in determining the provision for income taxes and related accruals, deferred tax assets and liabilities. Consequently, changes in our estimates with regard to uncertain tax positions and the realization of deferred tax assets will impact our results of operations and financial position. Deferred tax assets are evaluated quarterly for expected future realization and reduced by a valuation allowance to the extent management believes it is more likely than not that a portion will not be realized. See Note 14 to the accompanying consolidated financial statements for further discussion of the Company’s income taxes.

Recently Issued Accounting Pronouncements

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

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

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

Item 7A. Quantitative and Qualitative Disclosure About Market Risk.

Fair Value of Debt

Based on the level of interest rates prevailing at December 31, 2014, the fair value of our fixed rate debt of $1,346,250 was more than its carrying value of $1,280,907 by $65,343. 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 December 31, 2014 would increase the estimated fair value of our fixed rate debt by approximately $51,240 to approximately $1,397,490.

Managing our Interest Rate Risk

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

As of December 31, 2014, we have $2,685,566 of debt outstanding (excluding capital leases), of which $1,404,659 outstanding under the Credit Facility is subject to variable interest rates. A hypothetical 100 basis point increase in interest rates prevailing at December 31, 2014 could increase our annual interest expense by approximately $14,050.

As of December 31, 2014, we have interest rate swap contracts outstanding with notional amounts aggregating $519,313. The aggregate fair values of interest rate swap contracts at December 31, 2014 was a liability of $6,613 (consisting of $2,388 included in accrued liabilities and $4,225 in other liabilities). As a result of these transactions, the interest rate paid on approximately 67% of our debt (excluding capital leases) as of December 31, 2014 is effectively fixed (48% being fixed rate obligations and 19% effectively fixed through utilization of these interest rate swap contracts). Cumulative unrealized losses, net of tax on the portion of floating-to-fixed interest rate swaps designated as cash flow hedges was $(1,756) and is included in accumulated other comprehensive loss. At December 31, 2014, our interest rate swap contracts designated as cash flow hedges were highly effective, in all material respects.

Managing our Foreign Currency Exchange Rate Risk

Historically, our exposure to foreign currency fluctuations had been limited to certain trade receivables from the distribution of our programming in certain territories outside of the U.S. that are denominated in a foreign currency. Following the Chellomedia acquisition, we are exposed to foreign currency risk to the extent that we enter into transactions denominated in currencies other than our 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.

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

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

The Company recognized $(23,729), $7,322 and $(231) of foreign currency transaction (losses) gains for the years ended December 31, 2014, 2013 and 2012, respectively, resulting from the translation of monetary assets and liabilities that are denominated in currencies other than the underlying functional currency of the applicable entity. Unrealized foreign currency transaction gains or losses are computed based on period-end exchange rates and are non-cash in nature until such time as the amounts are settled. Such amount is included in miscellaneous, net in the consolidated statement of income.

As a result of our international expansion over the past year, we expect the exposure to foreign currency fluctuations will have a more significant impact on our financial position and results of operations.

We also are exposed to fluctuations of the U.S. dollar (our reporting currency) against the currencies of our operating subsidiaries when their respective financial statements are translated into U.S. dollars for inclusion in our 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 8. Financial Statements and Supplementary Data.

The Financial Statements required by this Item 8 appear beginning on page 67 of this Annual Report, and are incorporated by reference herein.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

(a) Evaluation of 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 December 31, 2014, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective.

(b) Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting, as such term is defined under the Securities Exchange Act of 1934 Rule 13a-15(f). The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements prepared for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including the Company's Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control — Integrated Framework (1992 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in Internal Control — Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2014.

Management excluded Chellomedia, acquired January 31, 2014, and BBC AMERICA, acquired October 23, 2014, from its assessment of internal control over financial reporting as of December 31, 2014, as permitted by the guidance issued by the Office of the Chief Accountant of the Securities and Exchange Commission. Due to the timing of the acquisitions, management did not assess the effectiveness of internal control over financial reporting. Revenues, net and total assets represented 17% and 15%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2014.

The attestation report of the independent registered public accounting firm on the Company's internal control over financial reporting is included in this report appearing on page F-1.

(c) Attestation Report of Independent Registered Public Accounting Firm

The effectiveness of the Company's internal control over financial reporting as of December 31, 2014 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their attestation report appearing on page F-1.

(d) Changes in Internal Control over Financial Reporting

During the three months ended December 31, 2014, 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.

Item 9B. Other Information.

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance.

Information relating to our directors, executive officers and corporate governance will be included in our definitive Proxy Statement for our 2015 Annual Meeting of Stockholders, which will be filed within 120 days of the year ended December 31, 2014 (the “2015 Proxy Statement”), which is incorporated herein by reference.

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Item 11. Executive Compensation.

Information relating to executive compensation will be included in the 2015 Proxy Statement, which is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Information relating to the beneficial ownership of our common stock will be included in the 2015 Proxy Statement, which is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Information relating to certain relationships and related transactions and director independence will be included in the 2015 Proxy Statement, which is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

Information relating to principal accounting fees and services will be included in the 2015 Proxy Statement, which is incorporated herein by reference.

Part IV

Item 15. Exhibits, Financial Statement Schedules.

(a) Documents filed as part of the Form 10-K:

The following items are filed as part of this Annual Report:

(1) The financial statements as indicated in the index set forth on page 67.

(2) Financial statement schedule:

Schedule II—Valuation and Qualifying Accounts

Schedules other than that listed above have been omitted, since they are either not applicable, not required or the information is included elsewhere herein.

(3) Exhibits:

The exhibits listed in the accompanying Exhibit Index are filed or incorporated by reference as part of this Annual Report.

INDEX TO EXHIBITS

Exhibit Number	Description of Exhibit
2.1	Distribution Agreement between Cablevision Systems Corporation and AMC Networks Inc. (incorporated by reference to Exhibit 2.1 to the Company’s Amendment No. 6 to Registration Statement on Form 10 filed on June 10, 2011).
2.2	Stock Purchase Agreement dated October 28, 2013, by and among AMC Networks Inc., AMC Acquisition Company LLC, AMC Chello Zone Holdings Ltd., AMC Minority Holdings B.V., AMC DMC Holdings B.V., Chellomedia Programming B.V., Chellomedia Programming Financing Holdco II B.V., Chellomedia Direct Programming B.V., United Latin America Programming LLC, LMINT Holdings LLC, LGI Ventures B.V., Chellomedia CEE Holdco B.V. and Liberty Global Inc., the Sellers’ Guarantor (incorporated by reference to Exhibit 2.1 to the Company’s Current Report on Form 8-K filed on October 30, 2013).
3.1(i)	Amended and Restated Certificate of Incorporation of AMC Networks Inc. (incorporated by reference to Exhibit 99.4 to the Company’s Current Report on Form 8-K filed on July 1, 2011).
3.1(ii)	Amended and Restated By-Laws of AMC Networks Inc. (incorporated by reference to Exhibit 99.5 to the Company’s Current Report on Form 8-K filed on July 1, 2011).
4.1	Form of Registration Rights Agreement between AMC Networks Inc. and The Charles F. Dolan Children Trusts (incorporated by reference to Exhibit 3.5 to the Company’s Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
4.2	Form of Registration Rights Agreement between AMC Networks Inc. and The Dolan Family Affiliates (incorporated by reference to Exhibit 3.6 to the Company’s Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
4.3	Indenture dated as of June 30, 2011, by and among AMC Networks Inc., as Issuer, each of the guarantors party thereto and U.S. Bank National Association, as Trustee, relating to the AMC Networks Inc. 7.75% Senior Notes due July 15, 2021 (incorporated by reference to Exhibit 99.1 to the Company’s Current Report on Form 8-K filed on July 1, 2011).
4.4	Registration Rights Agreement, dated as of June 30, 2011, among AMC Networks Inc., the subsidiary guarantors named therein, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, as representatives of the several initial purchasers (incorporated by reference to Exhibit 99.2 to the Company’s Current Report on Form 8-K filed on July 1, 2011).
4.5	Indenture by and among AMC Networks Inc., as Issuer, each of the guarantors party thereto and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Company’s Registration Statement on Form S-3 filed on December 10, 2012).
4.6	First Supplemental Indenture dated as of December 17, 2012, by and among AMC Networks Inc., as Issuer, each of the guarantors party thereto and U.S. Bank National Association, as Trustee, relating to the AMC Networks Inc. 4.75% Senior Notes due December 15, 2022 (incorporated by reference to Exhibit 4.1 to the Company’s Current Report on Form 8-K filed on December 17, 2012).
10.1	

	Form of Tax Disaffiliation Agreement between Cablevision Systems Corporation and AMC Networks Inc. (incorporated by reference to Exhibit 10.2 to the Company's Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.2	Form of Employee Matters Agreement between Cablevision Systems Corporation and AMC Networks Inc. (incorporated by reference to Exhibit 10.3 to the Company's Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.3	Form of Equity Administration Agreement between The Madison Square Garden Company and AMC Networks Inc. (incorporated by reference to Exhibit 10.4 to the Company's Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.4	Form of Standstill Agreement by and among AMC Networks Inc. and The Dolan Family Group (incorporated by reference to Exhibit 10.5 to the Company's Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.5	AMC Networks Inc. Amended and Restated 2011 Employee Stock Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012).
10.6	AMC Networks Inc. Amended and Restated 2011 Stock Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012).
10.7	AMC Networks Inc. Amended and Restated 2011 Cash Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012).

10.8	Form of Time Sharing Agreement between Rainbow Media Holdings LLC and CSC Transport, Inc. (incorporated by reference to Exhibit 10.9 to the Company’s Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.9	Form of Time Sharing Agreement between Rainbow Media Holdings LLC and Dolan Family Office, LLC (incorporated by reference to Exhibit 10.10 to the Company’s Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.10	Form of Aircraft Dry Lease Agreement between Rainbow Media Holdings LLC and New York Aircam Corp. (incorporated by reference to Exhibit 10.11 to the Company’s Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.11	Form of Aircraft Management Agreement between Rainbow Media Holdings LLC and CSC Transport, Inc. (incorporated by reference to Exhibit 10.12 to the Company’s Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.12	Form of Employment Agreement by and between AMC Networks Inc. and Charles F. Dolan (incorporated by reference to Exhibit 10.13 to the Company’s Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.13	Amended and Restated Employment Agreement dated April 24, 2014, between AMC Networks Inc. and Joshua W. Sapan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 29, 2014).
10.14	Restricted Stock Units Agreement dated April 25, 2014, between AMC Networks Inc. and Joshua W. Sapan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 29, 2014).
10.15	Employment Agreement by and between AMC Networks Inc. and Edward A. Carroll (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on April 24, 2013).
10.16	Employment Agreement by and between AMC Networks Inc. and Sean S. Sullivan (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on March 18, 2013).
10.17	Employment Agreement by and between AMC Networks Inc. and James G. Gallagher (incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed on March 18, 2013).
10.18	Form of AMC Networks Inc. Option Agreement in respect of Cablevision Options granted on and prior to November 8, 2005 (incorporated by reference to Exhibit 10.17 to the Company’s Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.19	Form of AMC Networks Inc. Rights Agreement (incorporated by reference to Exhibit 10.18 to the Company’s Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.20	Form of AMC Networks Inc. Option Agreement in respect of Vested Cablevision Options granted on June 5, 2006 and October 19, 2006 (incorporated by reference to Exhibit 10.19 to the Company’s Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.21	Form of AMC Networks Inc. Option Agreement in respect of Cablevision Options granted on January 20, 2009 (incorporated by reference to Exhibit 10.20 to the Company’s Amendment No. 5 to

	Registration Statement on Form 10 filed on June 6, 2011).
10.22	Form of AMC Networks Inc. Option Agreement in respect of Cablevision Options granted on March 5, 2009 (incorporated by reference to Exhibit 10.21 to the Company's Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.23	Form of AMC Networks Inc. Non-Employee Director Award Agreement (incorporated by reference to Exhibit 10.22 to the Company's Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.24	Form of Letter Agreement from CSC Holdings, LLC to AMC Networks Inc. regarding VOOM Litigation (incorporated by reference to Exhibit 10.25 to the Company's Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.25	Form of Termination Agreement among CSC Holdings, LLC, American Movie Classics Company LLC and WE: Women's Entertainment LLC (incorporated by reference to Exhibit 10.26 to the Company's Amendment No. 5 to Registration Statement on Form 10 filed on June 6, 2011).
10.26	Amended and Restated Credit Agreement, dated December 16, 2013 among AMC Networks Inc. and AMC Network Entertainment LLC, as the Initial Borrowers, certain subsidiaries of AMC Networks Inc. named therein, as restricted subsidiaries, JPMorgan Chase Bank, N.A., as Administrative Agent, Collateral Agent and L/C Issuer, the lenders party thereto and the other financial institutions party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 19, 2013).

10.27	Amendment No 1. to the Amended and Restated Credit Agreement, dated January 29, 2015, among AMC Networks Inc. and AMC Network Entertainment LLC, as the Initial Borrowers, certain subsidiaries of AMC Networks Inc. named therein, as restricted subsidiaries, JPMorgan Chase Bank, N.A., as Administrative Agent, Collateral Agent and L/C Issuer, the lenders party thereto and the other financial institutions party thereto.
10.28	Form of AMC Networks Inc. Non-Employee Director Agreement (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012).
*10.29	Confidential Settlement Agreement and Release dated as of October 21, 2012 by and between VOOM HD Holdings LLC, CSC Holdings, LLC, DISH Network L.L.C., and for certain limited purposes, MSG Holdings, L.P., The Madison Square Garden Company and EchoStar Corporation (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012).
10.30	Form of Performance Award Agreement under the Amended and Restated 2011 Cash Incentive Plan (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013).
10.31	Form of Restricted Stock Units Award Agreement under the Amended and Restated 2011 Employee Stock Plan (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013).
12	Ratio of Earnings to Fixed Charges.
21	Subsidiaries of the Registrant.
23	Consent of Independent Registered Public Accounting Firm.
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.

* Portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission in accordance with a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of

1934, as amended.

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: February 26, 2015	By:	/s/ Sean S. Sullivan
		Sean S. Sullivan
		Executive Vice President and Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Joshua W. Sapan and Sean S. Sullivan, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him in his name, place and stead, in any and all capacities, to sign this report, and file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Joshua W. Sapan Joshua W. Sapan	President and Chief Executive Officer (Principal Executive Officer)	February 26, 2015
/s/ Sean S. Sullivan Sean S. Sullivan	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 26, 2015
/s/ John P. Giraldo John P. Giraldo	Chief Accounting Officer (Principal Accounting Officer)	February 26, 2015
/s/ Charles F. Dolan Charles F. Dolan	Chairman of the Board of Directors	February 26, 2015
/s/ Neil M. Ashe Neil M. Ashe	Director	February 26, 2015
/s/ William J. Bell William J. Bell	Director	February 26, 2015
/s/ James L. Dolan James L. Dolan	Director	February 26, 2015
/s/ Kristin A. Dolan Kristin A. Dolan	Director	February 26, 2015

Name	Title	Date
/s/ Marianne Dolan Weber Marianne Dolan Weber	Director	February 26, 2015
/s/ Patrick F. Dolan	Director	