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AMC Networks Inc.
Form 10-Q
November 05, 2015

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

FORM 10-Q

☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2015

or

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

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

Delaware	27-5403694
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

11 Penn Plaza, New York, NY	10001
(Address of principal executive offices)	(Zip Code)
(212) 324-8500	
(Registrant's telephone number, including area code)	

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>
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Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of common stock outstanding as of October 31, 2015:

Class A Common Stock par value \$0.01 per share	60,904,498
Class B Common Stock par value \$0.01 per share	11,484,408

AMC NETWORKS INC. AND SUBSIDIARIES
FORM 10-Q
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

AMC NETWORKS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share amounts)

(unaudited)

	September 30, 2015	December 31, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 307,555	\$ 201,367
Accounts receivable, trade (less allowance for doubtful accounts of \$4,498 and \$4,276)	571,460	587,193
Amounts due from related parties, net	4,033	4,102
Current portion of program rights, net	477,218	437,302
Prepaid expenses and other current assets	83,531	74,294
Deferred tax asset, net	37,537	24,822
Total current assets	1,481,334	1,329,080
Property and equipment, net of accumulated depreciation of \$215,324 and \$186,242	145,217	133,844
Program rights, net	996,206	959,941
Deferred carriage fees, net	53,199	46,737
Intangible assets, net	549,599	590,824
Goodwill	717,057	734,356
Other assets	227,199	181,805
Total assets	\$ 4,169,811	\$ 3,976,587
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities:		
Accounts payable	\$ 135,788	\$ 101,866
Accrued liabilities	184,243	204,786
Current portion of program rights obligations	302,473	271,199
Deferred revenue	52,250	36,888
Promissory note payable	—	40,000
Current portion of long-term debt	129,500	74,000
Current portion of capital lease obligations	2,921	2,953
Total current liabilities	807,175	731,692
Program rights obligations	422,930	465,672
Long-term debt	2,576,446	2,685,566
Capital lease obligations	24,815	27,386
Deferred tax liability, net	127,455	128,066
Other liabilities	94,019	85,503
Total liabilities	4,052,840	4,123,885
Commitments and contingencies		
Redeemable noncontrolling interests	210,420	204,611
Stockholders' deficiency:		
Class A Common Stock, \$0.01 par value, 360,000,000 shares authorized, 62,108,853 and 61,762,944 shares issued and 60,898,582 and 60,552,673 shares outstanding, respectively	621	618
Class B Common Stock, \$0.01 par value, 90,000,000 shares authorized, 11,484,408 shares issued and outstanding, respectively	115	115
Preferred stock, \$0.01 par value, 45,000,000 shares authorized; none issued	—	—

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Paid-in capital	115,579	100,642	
Accumulated deficit	(65,190)) (341,889)
Treasury stock, at cost (1,210,271 shares Class A Common Stock, respectively)	(51,993)) (51,993)
Accumulated other comprehensive loss	(118,010)	) (79,248)
Total AMC Networks stockholders' deficiency	(118,878)	) (371,755)
Non-redeemable noncontrolling interests	25,429	19,846	
Total stockholders' deficiency	(93,449)	) (351,909)
Total liabilities and stockholders' deficiency	\$4,169,811	\$3,976,587	
See accompanying notes to condensed consolidated financial statements.			

AMC NETWORKS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues, net (including revenues, net from related parties of \$6,407, \$6,475, \$19,619 and \$21,689, respectively)	\$632,165	\$519,550	\$1,901,985	\$1,566,197
Operating expenses:				
Technical and operating (excluding depreciation and amortization)	293,096	252,556	814,999	701,771
Selling, general and administrative (including charges from related parties of \$972, \$928, \$3,190 and \$2,477, respectively)	156,308	132,851	469,767	420,097
Restructuring expense	2,631	5,619	5,941	6,772
Depreciation and amortization	20,862	18,295	62,429	50,220
Total operating expenses	472,897	409,321	1,353,136	1,178,860
Operating income	159,268	110,229	548,849	387,337
Other income (expense):				
Interest expense	(31,927	) (31,665	) (97,522	) (97,360
Interest income	557	349	1,786	1,008
Miscellaneous, net	(7,640	) (11,766	) (6,486	) (16,007
Total other income (expense)	(39,010	) (43,082	) (102,222	) (112,359
Income from continuing operations before income taxes	120,258	67,147	446,627	274,978
Income tax expense	(43,358	) (13,078	) (155,609	) (88,742
Net income from continuing operations	76,900	54,069	291,018	186,236
Loss from discontinued operations, net of income taxes	—	(966	) —	(3,448
Net income including noncontrolling interests	76,900	53,103	291,018	182,788
Net (income) loss attributable to noncontrolling interests	(4,130	) 57	(14,319	) 394
Net income attributable to AMC Networks' stockholders	\$72,770	\$53,160	\$276,699	\$183,182

Basic net income per share attributable to AMC Networks' stockholders:

Net income from continuing operations	\$1.00	\$0.75	\$3.82	\$2.59	
Loss from discontinued operations	\$—	\$(0.01	) \$—	\$(0.04)
Net income	\$1.00	\$0.74	\$3.82	\$2.55	

Diluted net income per share attributable to AMC Networks' stockholders:

Net income from continuing operations	\$0.99	\$0.74	\$3.78	\$2.57	
Loss from discontinued operations	\$—	\$(0.01	) \$—	\$(0.05)
Net income	\$0.99	\$0.73	\$3.78	\$2.52	

Weighted average common shares:

Basic weighted average common shares	72,503	72,075	72,386	71,966	
Diluted weighted average common shares	73,222	72,890	73,108	72,604	

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income including noncontrolling interests	\$76,900	\$53,103	\$291,018	\$182,788
Other comprehensive income (loss):				
Foreign currency translation adjustment	(3,086	) (52,181	) (39,792	) (42,129
Unrealized gain on interest rate swaps	528	1,571	1,898	3,528
Other comprehensive loss, before income taxes	(2,558	) (50,610	) (37,894	) (38,601
Income tax expense	(4,532	) (569	) (868	) (1,291
Other comprehensive loss, net of income taxes	(7,090	) (51,179	) (38,762	) (39,892
Comprehensive income	69,810	1,924	252,256	142,896
Comprehensive (income) loss attributable to noncontrolling interests	(4,130	) 2,467	(14,319	) 1,957
Comprehensive income attributable to AMC Networks' stockholders	\$65,680	\$4,391	\$237,937	\$144,853

See accompanying notes to condensed consolidated financial statements.

AMC NETWORKS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2015	2014
Cash flows from operating activities:		
Net income including noncontrolling interests	\$291,018	\$182,788
Loss from discontinued operations	—	3,448
Adjustments to reconcile income from continuing operations to net cash from operating activities:		
Depreciation and amortization	62,429	50,220
Share-based compensation expense related to equity classified awards	23,910	21,569
Amortization and write-off of program rights	525,609	458,176
Amortization of deferred carriage fees	12,013	8,148
Unrealized foreign currency transaction loss	5,739	14,997
Unrealized loss (gain) on derivative contracts, net	1,355	(2,417)
Amortization of deferred financing costs and discounts on indebtedness	6,743	6,436
Bad debt expense	2,151	2,357
Deferred income taxes	(9,849)	(23,926)
Excess tax benefits from share-based compensation arrangements	(4,297)	(5,662)
Other, net	(2,073)	(2,113)
Changes in assets and liabilities:		
Accounts receivable, trade	6,155	7,712
Amounts due from related parties, net	69	3,301
Prepaid expenses and other assets	(43,665)	600
Program rights and obligations, net	(616,047)	(510,384)
Income taxes payable	16,107	18,553
Deferred revenue	15,446	16,219
Deferred carriage fees, net	(18,825)	(13,234)
Accounts payable, accrued expenses and other liabilities	26,985	25,042
Net cash provided by operating activities	300,973	261,830
Cash flows from investing activities:		
Capital expenditures	(48,810)	(24,340)
Payments for acquisition of a business, net of cash acquired	(6,545)	(1,024,427)
Purchases of investments	(24,250)	(3,984)
Proceeds from insurance settlements	—	654
Net cash used in investing activities	(79,605)	(1,052,097)
Cash flows from financing activities:		
Proceeds from the issuance of long-term debt	—	600,000
Principal payments on long-term debt	(55,500)	—
Payment of Promissory Note	(40,000)	—
Payments for financing costs	—	(9,266)
Deemed repurchases of restricted stock/units	(14,454)	(17,804)
Proceeds from stock option exercises	1,183	1,070
Excess tax benefits from share-based compensation arrangements	4,297	5,662
Principal payments on capital lease obligations	(2,392)	(2,707)
Distributions to noncontrolling interest	(3,154)	—
Contributions from noncontrolling interest	1,354	835

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Net cash (used in) provided by financing activities	(108,666) 577,790	
Net increase (decrease) in cash and cash equivalents from continuing operations	112,702	(212,477)
Cash flows from discontinued operations:			
Net cash used in operating activities	—	(2,955)
Net decrease in cash and cash equivalents from discontinued operations	—	(2,955)
Effect of exchange rate changes on cash and cash equivalents	(6,514	) (9,897)
Cash and cash equivalents at beginning of period	201,367	521,951	
Cash and cash equivalents at end of period	\$307,555	\$296,622	
See accompanying notes to condensed consolidated financial statements.			

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts)

(unaudited)

Note 1. Description of Business and Basis of Presentation

Description of Business

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

National Networks: 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 (the Company refers 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, which primarily services most of the nationally distributed programming networks.

International and Other: Principally includes AMC Networks International, 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, the broadcast solutions unit of certain networks of AMC Networks International and third party networks; and various developing digital content distribution initiatives.

Basis of Presentation

Principles of Consolidation

These unaudited condensed consolidated financial statements include the accounts of AMC Networks and its majority owned or controlled subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. Investments in business entities in which the Company lacks control but does have the ability to exercise significant influence over operating and financial policies are accounted for using the equity method of accounting.

Unaudited Interim Financial Statements

These condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and Article 10 of Regulation S-X of the Securities and Exchange Commission (“SEC”), and should be read in conjunction with the Company’s consolidated financial statements and notes thereto for the year ended December 31, 2014 contained in the Company’s Annual Report on Form 10-K (“2014 Form 10-K”) filed with the SEC. The condensed consolidated financial statements presented in this Quarterly Report on Form 10-Q are unaudited; however, in the opinion of management, such financial statements reflect all adjustments, consisting solely of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods presented.

The results of operations for interim periods are not necessarily indicative of the results that might be expected for future interim periods or for the full year ending December 31, 2015.

Program Rights

The Company periodically reviews the programming usefulness of its licensed and owned original program rights based on a series of factors, including expected future revenue generation from airings on the Company’s networks and other exploitation opportunities, ratings, type and quality of program material, standards and practices, and fitness for exhibition through various forms of distribution. If it is determined that film or other program rights have no future programming usefulness, a write-off of the unamortized cost is recorded in technical and operating expense. Program rights write-offs included in technical and operating expense of \$13,199 and \$9,030 were recorded for the three months ended September 30, 2015 and 2014, respectively, and program rights write-offs of \$26,800 and \$16,523 were recorded for the nine months ended September 30, 2015 and 2014, respectively.

Use of Estimates

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

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(unaudited)

rights, the estimated useful lives of intangible assets, valuation and recoverability of goodwill and intangible assets and income tax assets and liabilities.

Reclassifications

Certain reclassifications were made to the prior period amounts to conform to the current period presentation.

Recently Issued Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03 Simplifying the Presentation of Debt Issuance Costs. ASU 2015-03 requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the debt. ASU 2015-03 will be applied retrospectively and is effective for the first quarter of 2016 with early adoption permitted. The adoption of ASU 2015-03, which is planned in the fourth quarter of 2015, is not expected to have a material impact on the Company's consolidated financial statements.

In February 2015, the FASB issued ASU No. 2015-02 Consolidation (Topic 810): Amendments to the Consolidation Analysis. ASU 2015-02 amends current GAAP principles relating to the requirements of the reporting entity to consolidate other legal entities, and may require reporting entities that hold variable interests in other legal entities to re-evaluate consolidation assessments and disclosures. The new standard (i) introduces a separate analysis specific to limited partnerships and similar entities for assessing if the equity holders at risk lack decision making rights, (ii) changes the manner in which a reporting entity assesses if an entity is a variable interest entity when decision-making over the entity's most significant activities has been outsourced, (iii) modifies the related-party requirement for the power and economics test when determining the primary beneficiary, and (iv) reduces situations where the related-party tiebreaker test is performed. ASU 2015-02 is effective for the first quarter of 2016 with early adoption permitted. The adoption of ASU 2015-02 is not expected to have a material impact 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. On July 9, 2015, the FASB voted to approve a one year delay of the effective date of the standard to the first quarter of 2018, and to permit companies to voluntarily adopt the new standard as of the original effective date of January 1, 2017. The Company is currently determining its implementation approach and assessing the impact the adoption will have on its consolidated financial statements.

Note 2. Acquisitions

BBC AMERICA

In October 2014, a subsidiary of AMC Networks entered into a membership interest purchase agreement with BBC Worldwide Americas, Inc. ("BBCWA"), pursuant to which such subsidiary acquired 49.9% of the limited liability company interests of New Video Channel America, L.L.C. ("New Video"), owner of the cable channel BBC AMERICA (the "Transaction"), for a purchase price of \$200,000. The Company funded the purchase price with cash on hand and a \$40,000 promissory note, which was paid on April 23, 2015. In addition to the purchase agreement, such subsidiary 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 and as a result consolidates the results of the joint venture from the date of closing. The joint venture is included in the National Networks operating segment. The Company views this joint venture as an important addition to its overall channel portfolio and programming content strategy.

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

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(unaudited)

The following table summarizes the preliminary valuation of the tangible and identifiable intangible assets acquired and liabilities assumed.

Cash paid, net of cash acquired	\$ 159,889	
Promissory note	40,000	
Total consideration transferred	199,889	
Redeemable noncontrolling interest	200,000	
	\$399,889	
Preliminary allocation:		
Prepaid expenses and other current assets	621	
Accounts receivable, trade	32,211	
Program rights	73,242	
Deferred carriage fees	567	
Property and equipment	111	
Intangible assets	113,528	
Other assets	46,000	
Accounts payable and accrued liabilities	(5,376)
Program rights obligations	(30,645)
Deferred revenue	(3,378)
Fair value of net assets acquired	226,881	
Goodwill	173,008	
	\$399,889	

Chellomedia

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

Unaudited Pro Forma Financial Information

The following unaudited pro forma financial information is based on (i) the historical consolidated financial statements of the Company, (ii) the historical financial statements of New Video and (iii) the historical combined financial statements of Chellomedia, and is intended to provide information about how these acquisitions and related financing may have affected the Company's historical consolidated financial statements if they had occurred as of January 1, 2014. The unaudited pro forma financial information has been prepared for comparative purposes only and includes adjustments for additional interest expense associated with the terms of the Company's amended and restated credit agreement, estimated additional depreciation and amortization expense as a result of tangible and identifiable intangible assets acquired, and the reclassification of the operating results of the Atmedia business to discontinued operations (see Note 4). The pro forma financial information is not necessarily indicative of the results of operations that would have been achieved had these acquisitions taken place on the date indicated or that may result in the future.

	Pro Forma Financial Information for the	
	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
Revenues, net	\$560,315	\$1,717,917
Income from continuing operations, net of income taxes	\$57,011	\$197,201
Net income per share, basic	\$0.79	\$2.74
Net income per share, diluted	\$0.78	\$2.72

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(unaudited)

Other Acquisitions

In February 2015 and July 2014, the Company acquired the shares of two small international channels. These acquisitions are included in the International and Other segment and build on the Company's international expansion strategy and the potential to provide international long-term growth and value.

Pro forma financial information related to these acquisitions is not provided as the impact was not material to the Company's condensed consolidated financial statements.

Note 3. Net Income per Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Basic weighted average common shares outstanding	72,503,000	72,075,000	72,386,000	71,966,000
Effect of dilution:				
Stock options	117,000	214,000	162,000	174,000
Restricted stock/units	602,000	601,000	560,000	464,000
Diluted weighted average common shares outstanding	73,222,000	72,890,000	73,108,000	72,604,000

For the three and nine months ended September 30, 2015 and September 30, 2014, there were no restricted stock units that would have been anti-dilutive to the diluted weighted average common shares outstanding. Approximately 125,000 and 476,000 restricted stock units for the three and nine months ended September 30, 2015 and September 30, 2014, respectively, have been excluded from diluted weighted average common shares outstanding since a performance condition on these awards was not met in each of the respective periods.

Note 4. Discontinued Operations

In connection with the acquisition of Chellomedia (see Note 2), management committed to a plan to dispose of the operations of Chellomedia's advertising sales unit, Atmedia, which was completed in August 2014. The operating results of discontinued operations included revenues, net of \$4,117 and \$22,288, and a net loss of \$966 and \$3,448 for the three and nine months ended September 30, 2014, respectively.

Note 5. Restructuring

The Company incurred restructuring expense primarily related to severance charges and other exit costs associated with the elimination of certain positions across the Company and the elimination of distribution in certain territories.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
National Networks	\$100	\$2,462	\$817	\$2,462
International & Other	2,531	3,157	5,124	4,310
Total restructuring expense	\$2,631	\$5,619	\$5,941	\$6,772

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(unaudited)

The following table summarizes the accrued restructuring costs:

	Severance and employee-related costs	Other exit costs	Total
Balance at December 31, 2014	\$ 6,525	\$885	\$7,410
Charges incurred	2,380	3,561	5,941
Cash payments	(7,778	) (342	) (8,120
Non-cash adjustments	—	(3,401	) (3,401
Currency translation	(35	) (171	) (206
Balance at September 30, 2015	\$ 1,092	\$532	\$1,624

Liabilities for restructuring costs of \$1,556 and \$68 are included in accrued liabilities and other liabilities, respectively, in the condensed consolidated balance sheet at September 30, 2015. The Company expects that the restructuring will be substantially completed during 2015 and the majority of severance and other costs will be paid in 2015.

Note 6. Goodwill and Other Intangible Assets

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

	National Networks	International and Other	Total
December 31, 2014	\$250,595	\$483,761	\$734,356
Additions and purchase accounting adjustments	(3,363	) 3,796	433
Amortization of "second component" goodwill	(1,893	) —	(1,893
Foreign currency translation	—	(15,839	) (15,839
September 30, 2015	\$245,339	\$471,718	\$717,057

Additions and purchase accounting adjustments included in the National Networks and the International and Other segments relate to the acquisition of New Video and a small international channel, respectively.

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

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(unaudited)

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

	September 30, 2015			
	Gross	Accumulated Amortization	Net	Estimated Useful Lives
Amortizable intangible assets:				
Affiliate and customer relationships	\$547,531	\$(103,141)	) \$444,390	17 to 25 years
Advertiser relationships	46,282	(3,939)	) 42,343	11 years
Trade names	46,743	(3,788)	) 42,955	20 years
Other amortizable intangible assets	15	(4)	) 11	
Total amortizable intangible assets	640,571	(110,872)	) 529,699	
Indefinite-lived intangible assets:				
Trademarks	19,900	—	19,900	
Total intangible assets	\$660,471	\$(110,872)	) \$549,599	
	December 31, 2014			
	Gross	Accumulated Amortization	Net	
Amortizable intangible assets:				
Affiliate and customer relationships	\$555,742	\$(80,351)	) \$475,391	
Advertiser relationships	45,827	(655)	) 45,172	
Trade names	52,698	(2,351)	) 50,347	
Other amortizable intangible assets	16	(2)	) 14	
Total amortizable intangible assets	654,283	(83,359)	) 570,924	
Indefinite-lived intangible assets:				
Trademarks	19,900	—	19,900	
Total intangible assets	\$674,183	\$(83,359)	) \$590,824	

Aggregate amortization expense for amortizable intangible assets for the nine months ended September 30, 2015 and 2014 was \$32,482 and \$21,807, respectively. Estimated aggregate amortization expense for intangible assets subject to amortization for each of the following five years is:

Years Ending December 31,	
2015	\$41,755
2016	37,972
2017	37,972
2018	37,969
2019	37,969

Note 7. Accrued Liabilities

Accrued liabilities consist of the following:

	September 30, 2015	December 31, 2014
Interest	\$21,687	\$28,685
Employee related costs	95,066	102,608
Income taxes payable	22,917	11,876
Other accrued expenses	44,573	61,617
Total accrued liabilities	\$184,243	\$204,786

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

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Note 8. Long-term Debt

The Company's long-term debt consists of:

	September 30, 2015	December 31, 2014
Senior Secured Credit Facility: ^(a)		
Term Loan A Facility	\$ 1,424,500	\$ 1,480,000
Senior Notes:		
7.75% Notes due July 2021	700,000	700,000
4.75% Notes due December 2022	600,000	600,000
Total long-term debt	2,724,500	2,780,000
Unamortized discount	(18,554)	(20,434)
Long-term debt, net	2,705,946	2,759,566
Current portion of long-term debt	129,500	74,000
Noncurrent portion of long-term debt	\$ 2,576,446	\$ 2,685,566

(a) The Company's \$500,000 revolving credit facility remains undrawn at September 30, 2015. Total undrawn revolver commitments are available to be drawn for general corporate purposes of the Company.

Note 9. Fair Value Measurement

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

Level I - Quoted prices for identical instruments in active markets.

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

Level III - Instruments whose significant value drivers are unobservable.

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

	Level I	Level II	Total
At September 30, 2015:			
Assets:			
Cash equivalents	\$36,112	\$—	\$36,112
Foreign currency derivatives	\$—	\$3,665	\$3,665
Liabilities:			
Interest rate swap contracts	\$—	\$3,359	\$3,359
Foreign currency derivatives	\$—	\$2,853	\$2,853
At December 31, 2014:			
Assets:			
Cash equivalents	\$11,058	\$—	\$11,058
Foreign currency derivatives	\$—	\$3,949	\$3,949
Liabilities:			
Interest rate swap contracts	\$—	\$6,613	\$6,613
Foreign currency derivatives	\$—	\$2,346	\$2,346

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The Company's cash equivalents represents investment in funds that invest primarily in money market securities and are classified within Level I of the fair value hierarchy because they are valued using quoted market prices.

The Company's interest rate swap contracts and foreign currency derivatives (see Note 10) are classified within Level II of the fair value hierarchy and their fair values are determined based on a market approach valuation technique that uses readily observable market parameters and the consideration of counterparty risk.

The Company does not have any recurring assets or liabilities measured at fair value that would be considered Level III.

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

Credit Facility Debt and Senior Notes

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

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

	September 30, 2015	
	Carrying Amount	Estimated Fair Value
Debt instruments:		
Term Loan A Facility	\$1,423,417	\$1,410,255
7.75% Notes due July 2021	690,594	740,320
4.75% Notes due December 2022	591,935	573,000
	\$2,705,946	\$2,723,575
	December 31, 2014	
	Carrying Amount	Estimated Fair Value
Debt instruments:		
Term Loan A Facility	\$1,478,659	\$1,465,200
7.75% Notes due July 2021	689,659	761,250
4.75% Notes due December 2022	591,248	585,000
	\$2,759,566	\$2,811,450

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

Note 10. Derivative Financial Instruments

Interest Rate Risk

To manage interest rate risk, the Company enters into interest rate swap contracts to adjust the amount of total debt that is subject to variable interest rates.

As of September 30, 2015, the Company had interest rate swap contracts outstanding with notional amounts aggregating \$269,188, which consists of interest rate swap contracts with notional amounts of \$69,188 that are designated as cash flow hedges

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

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and interest rate swap contracts with notional amounts of \$200,000 that are not designated as hedging instruments. The Company's outstanding interest rate swap contracts have varying maturities ranging from October 2015 to July 2017. At September 30, 2015, the Company's interest rate swap contracts designated as cash flow hedges were highly effective.

Foreign Currency Exchange Rate Risk

We are exposed to foreign currency risk to the extent that we enter into transactions denominated in currencies other than our or our subsidiaries' respective functional currencies (non-functional currency risk), such as affiliation agreements, programming contracts, certain accounts payable and trade receivables (including intercompany amounts) that are denominated in a currency other than the applicable functional currency.

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

	Balance Sheet Location	September 30, 2015	December 31, 2014
Derivatives designated as hedging instruments:			
Liabilities:			
Interest rate swap contracts	Accrued liabilities	\$ 17	\$2,388
Derivatives not designated as hedging instruments:			
Assets:			
Foreign currency derivatives	Prepaid expenses and other current assets	1,520	1,808
Foreign currency derivatives	Other assets	2,145	2,141
Liabilities:			
Interest rate swap contracts	Accrued liabilities	924	—
Interest rate swap contracts	Other liabilities	2,418	4,225
Foreign currency derivatives	Accrued liabilities	1,292	914
Foreign currency derivatives	Other liabilities	1,561	1,432

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

	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion)	Location of Gain or (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion)(a)
	Three Months Ended September 30, 2015		Three Months Ended September 30, 2015
Derivatives in cash flow hedging relationships:			
Interest rate swap contracts	\$(126) \$185	Interest expense	\$654 \$(1,386)

There were no gains or losses recognized in earnings related to any ineffective portion of hedging relationships or (a) related to any amount excluded from the assessment of hedge effectiveness for the three months ended

September 30, 2015 and 2014.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

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	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion)	Location of Gain or (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion)(a)
	Nine Months Ended September 30, 2015		Nine Months Ended September 30, 2015
	2014		2014

Derivatives in cash flow

hedging relationships:

Interest rate swap contracts	\$ (595)	\$ (451)	Interest expense	\$ 2,493	\$ 3,979
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There were no gains or losses recognized in earnings related to any ineffective portion of hedging relationships or (a) related to any amount excluded from the assessment of hedge effectiveness for the nine months ended

September 30, 2015 and 2014.

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

	Location of Gain or (Loss) Recognized in Earnings on Derivatives	Amount of Gain or (Loss) Recognized in Earnings on Derivatives	Amount of Gain or (Loss) Recognized in Earnings on Derivatives
		Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
		2014	2014
Derivatives not designated as hedging relationships:			
Interest rate swap contracts	Interest expense	\$ (89)	\$ (584)
Foreign currency option contracts	Miscellaneous, net	—	(1,754)
Foreign currency derivatives	Miscellaneous, net	1,501	415
Total		\$ 1,412	\$ (584)

Note 11. Income Taxes

For the three and nine months ended September 30, 2015, income tax expense attributable to continuing operations was \$43,358 and \$155,609, respectively, representing an effective tax rate of 36% and 35%, respectively. The effective tax rate differs from the federal statutory rate of 35% due primarily to state and local income tax expense of \$2,775 and \$9,335, tax benefit of \$409 and \$6,610 from foreign subsidiary earnings indefinitely reinvested outside the U.S., tax benefit from the domestic production activities deduction of \$4,332 and \$14,515 and tax expense of \$3,261 and \$10,049 resulting from an increase in the valuation allowances for foreign and local taxes for the three and nine months ended September 30, 2015, respectively.

For the three and nine months ended September 30, 2014, income tax expense attributable to continuing operations was \$13,078 and \$88,742, respectively, representing an effective tax rate of 20% and 32%, respectively. The effective tax rate differs from the federal statutory rate of 35% due to state and local income tax expense of \$872 and \$4,675, tax benefit from foreign subsidiary earnings indefinitely reinvested outside the U.S. of \$3,176 and \$10,367, tax benefit of \$5,709 and tax expense of \$715 relating to uncertain tax positions (including accrued interest), tax benefit from the domestic production activities deduction of \$2,990 and \$8,414, tax expense of \$1,930 and \$5,089 resulting from an increase in valuation allowances for foreign and local taxes partially offset by a decrease in the valuation allowance

for foreign tax credits and tax benefit of \$1,350 and tax expense of \$802 for the effect of acquisition costs and other items for the three and nine months ended September 30, 2014. The tax benefit relating to reductions in uncertain tax positions is primarily due to an audit settlement and a re-evaluation of certain prior year positions.

At September 30, 2015, the Company had foreign tax credit carry forwards of approximately \$35,000, expiring on various dates from 2016 through 2025. For the nine months ended September 30, 2015, excess tax benefits of \$4,297 relating to share-based compensation awards and \$1,200 relating to amortization of tax deductible second component goodwill were realized as a reduction in tax liability (as determined on a 'with-and-without' approach).

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

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Note 12. Commitments

As of September 30, 2015, the Company's contractual obligations not reflected on the Company's condensed consolidated balance sheet increased \$66,074 to \$1,473,227 as compared to \$1,407,153 at December 31, 2014. The increase relates primarily to program rights obligations and transmission commitments.

Note 13. Equity Plans

On June 9, 2015, AMC Networks granted 22,659 restricted stock units under the AMC Networks Inc. Amended and Restated 2011 Non-Employee Directors Plan to non-employee directors that vested on the date of grant.

On May 26, 2015, AMC Networks granted 39,099 restricted stock units to an employee under the AMC Networks Inc. Amended and Restated 2011 Employee Stock Plan that vest in equal annual installments over a three year period. On March 6, 2015, AMC Networks granted 437,717 restricted stock units to certain executive officers and employees under the AMC Networks Inc. Amended and Restated 2011 Employee Stock Plan that vest on the third anniversary of the grant date. The vesting criteria for 125,465 restricted stock units include the achievement of certain performance targets by the Company.

During the nine months ended September 30, 2015, 416,945 restricted stock units of AMC Networks Class A Common Stock previously issued to employees of the Company vested. On the vesting date, 172,947 restricted stock units were surrendered to the Company to cover the required statutory tax withholding obligations and 243,998 new shares of the Company's Class A Common Stock were issued in respect of the remaining restricted stock units. The units surrendered to satisfy the employees' statutory minimum tax withholding obligations for the applicable income and other employment tax had an aggregate value of \$14,454, which has been reflected as a financing activity in the condensed consolidated statement of cash flows for the nine months ended September 30, 2015.

Share-based compensation expense included in selling, general and administrative expense, for the three and nine months ended September 30, 2015 was \$7,821 and \$23,910, respectively and \$7,730 and \$21,569 for the three and nine months ended September 30, 2014, respectively.

As of September 30, 2015, there was \$64,451 of total unrecognized share-based compensation cost related to outstanding unvested restricted stock units. The unrecognized compensation cost is expected to be recognized over a weighted-average remaining period of approximately 2.9 years.

Note 14. Redeemable Noncontrolling Interests

In connection with the acquisition of the 49.9% interest in New Video in October 2014, 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 anniversaries of the Joint Venture Agreement.

Additionally, in connection with the creation of another 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.

Because exercise of these put rights is outside of the Company's control, the noncontrolling interest in each entity is presented as redeemable noncontrolling interests outside of stockholders' deficiency in the Company's condensed consolidated balance sheet. The activity reflected within redeemable noncontrolling interest for the nine months ended September 30, 2015 is presented below.

	Nine Months Ended September 30, 2015
Beginning balance	\$204,611
Net earnings	8,988
Distributions	(3,154)
Other	(25)
Ending balance	\$210,420

Note 15. Related Party Transactions

Members of the Dolan Family, for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended, including trusts for the benefit of the Dolan Family, collectively beneficially own all of the Company's outstanding Class B Common Stock and own less than 2% of the Company's outstanding Class A Common Stock. Such shares of the Company's Class A Common

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Stock and Class B Common Stock, collectively, represent approximately 66% of the aggregate voting power of the Company's outstanding common stock. Members of the Dolan Family are also the controlling stockholders of both Cablevision Systems Corporation and its subsidiaries ("Cablevision") and The Madison Square Garden Company and its subsidiaries ("MSG").

In connection with the spin off from Cablevision in 2011, the Company entered into various agreements with Cablevision, and certain related party arrangements. These agreements govern certain of the Company's relationships with Cablevision subsequent to the spin-off and provide for the allocation of employee benefits, taxes and certain other liabilities and obligations attributable to periods prior to the spin-off as well as a number of on-going commercial relationships. The distribution agreement provides that the Company and Cablevision agree to provide each other with indemnities with respect to liabilities arising out of the businesses Cablevision transferred to the Company.

The Company records revenues, net from subsidiaries of Cablevision and MSG. Revenues, net from related parties amounted to \$6,407 and \$6,475 for the three months ended September 30, 2015 and 2014, respectively. Revenues, net from related parties amounted to \$19,619 and \$21,689 for the nine months ended September 30, 2015 and 2014, respectively.

In addition, the Company and its related parties routinely enter into transactions with each other in the ordinary course of business. Amounts charged to the Company, included in selling, general and administrative expenses, pursuant to transactions with its related parties amounted to \$972 and \$928 for the three months ended September 30, 2015 and 2014, respectively. Selling, general and administrative expenses with its related parties amounted to \$3,190 and \$2,477 for the nine months ended September 30, 2015 and 2014, respectively.

Note 16. Cash Flows

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

	Nine Months Ended September 30,	
	2015	2014
Non-Cash Investing and Financing Activities:		
Continuing Operations:		
Increase in capital lease obligations	—	9,599
Capital expenditures incurred but not yet paid	1,393	1,461
Supplemental Data:		
Cash interest paid — continuing operations	98,028	98,592
Income taxes paid, net — continuing operations	146,264	75,656

Note 17. Accumulated Other Comprehensive (Loss) Income

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

	Nine Months Ended September 30, 2015			Nine Months Ended September 30, 2014		
	Currency Translation Adjustment	Gains (Losses) on Cash Flow Hedges	Accumulated Other Comprehensive Income (Loss)	Currency Translation Adjustment	Gains (Losses) on Cash Flow Hedges	Accumulated Other Comprehensive Income (Loss)
Beginning balance	\$(77,492)	\$(1,756)	\$(79,248)	\$—	\$(4,495)	\$(4,495)
Other comprehensive (loss) income before reclassifications	(39,792)	(595)	(40,387)	(42,129)	(451)	(42,580)
Amounts reclassified from accumulated other comprehensive loss	—	2,493	2,493	—	3,979	3,979
	(39,792)	1,898	(37,894)	(42,129)	3,528	(38,601)

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Net current-period other comprehensive (loss) income, before income taxes							
Income tax expense	(174	) (694	) (868	) —	(1,291	) (1,291)
Net current-period other comprehensive (loss) income, net of income taxes	(39,966) 1,204	(38,762) (42,129) 2,237	(39,892)
Ending balance	\$(117,458) \$(552) \$(118,010) \$(42,129) \$(2,258) \$(44,387)

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

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

Note 18. Segment Information

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

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

The Company evaluates segment performance based on several factors, of which the primary financial measure is operating segment adjusted operating cash flow (defined as operating income (loss) before depreciation and amortization, share-based compensation expense or benefit, and restructuring expense or credit). The Company has presented the components that reconcile adjusted operating cash flow to operating income, an accepted GAAP measure and other information as to the continuing operations of the Company's reportable segments below.

	Three Months Ended September 30, 2015			
	National Networks	International and Other	Inter-segment eliminations	Consolidated
Revenues, net				
Advertising	\$210,194	\$20,645	\$—	\$230,839
Distribution	311,446	93,458	(3,578)	) 401,326
Consolidated revenues, net	\$521,640	\$114,103	\$(3,578)	) \$632,165
Adjusted operating cash flow	\$186,574	\$6,749	\$(2,741)	) \$190,582
Depreciation and amortization	(7,337)	) (13,525)	) —	(20,862)
Share-based compensation expense	(6,039)	) (1,782)	) —	(7,821)
Restructuring expense	(100)	) (2,531)	) —	(2,631)
Operating income (loss)	\$173,098	\$(11,089)	) \$(2,741)	) \$159,268

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

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

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	Nine Months Ended September 30, 2015			
	National Networks	International and Other	Inter-segment eliminations	Consolidated
Revenues, net				
Advertising	\$656,345	\$61,226	\$—	\$717,571
Distribution	916,751	272,115	(4,452)	1,184,414
Consolidated revenues, net	\$1,573,096	\$333,341	\$(4,452)	\$1,901,985
Adjusted operating cash flow	\$622,385	\$21,038	\$(2,294)	\$641,129
Depreciation and amortization	(21,911)	(40,518)	—	(62,429)
Share-based compensation expense	(18,492)	(5,418)	—	(23,910)
Restructuring expense	(817)	(5,124)	—	(5,941)
Operating income (loss)	\$581,165	\$(30,022)	\$(2,294)	\$548,849
Capital expenditures	\$17,095	\$31,715	\$—	\$48,810

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Inter-segment revenues				
National Networks	\$(3,563)	\$(407)	\$(4,351)	\$(1,397)
International and Other	(15)	(170)	(101)	(395)
	\$(3,578)	\$(577)	\$(4,452)	\$(1,792)

The table below summarizes revenues based on customer location:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues				
United States	\$512,062	\$399,597	\$1,548,145	\$1,232,357
Europe	84,415	89,088	238,357	252,724
Other	35,688	30,865	115,483	81,116
	\$632,165	\$519,550	\$1,901,985	\$1,566,197

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