VISHAY INTERTECHNOLOGY INC
Form S-4/A
June 21, 2001

1

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 21, 2001

REGISTRATION NO. 333-61740

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

AMENDMENT NO. 3

TO

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

VISHAY INTERTECHNOLOGY, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	3670	381686453
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

63 LINCOLN HIGHWAY
MALVERN, PENNSYLVANIA 19355-2121
(610) 644-1300
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

AVI D. EDEN
C/O VISHAY INTERTECHNOLOGY, INC.
63 LINCOLN HIGHWAY
MALVERN, PENNSYLVANIA 19355-2121
(610) 644-1300
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPY TO:
ABBE L. DIENSTAG, ESQ.
KRAMER LEVIN NAFTALIS & FRANKEL LLP
919 THIRD AVENUE
NEW YORK, NEW YORK 10022
(212) 715-9100

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: AS PROMPTLY AS

PRACTICABLE AFTER THIS REGISTRATION STATEMENT BECOMES EFFECTIVE AND UPON CONSUMMATION OF THE TRANSACTIONS DESCRIBED IN THE ENCLOSED PROSPECTUS.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: [ ]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SECTION 8(a), MAY DETERMINE.

2

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND WE ARE NOT SOLICITING OFFERS TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

OFFER OF

VISHAY TEMIC SEMICONDUCTOR ACQUISITION HOLDINGS CORP.
TO EXCHANGE
1.5 SHARES OF COMMON STOCK
OF

VISHAY INTERTECHNOLOGY, INC.
FOR
EACH OUTSTANDING SHARE
OF COMMON STOCK
OF

SILICONIX INCORPORATED

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, JUNE 22, 2001, UNLESS EXTENDED.

Vishay Intertechnology, Inc., through its wholly-owned subsidiary Vishay TEMIC Semiconductor Acquisition Holdings Corp., hereby offers, upon the terms and subject to the conditions set forth in this document and in the enclosed letter of transmittal, to exchange 1.5 shares of Vishay common stock for each outstanding share of common stock of Siliconix incorporated which is validly tendered and not properly withdrawn on or prior to the expiration date of the offer.

Vishay, through Vishay TEMIC, currently owns approximately 80.4% of the outstanding shares of Siliconix common stock. This offer is conditioned on the tender of at least a majority of the outstanding Siliconix shares that Vishay does not already own. We will not waive this condition in the offer.

Our obligation to exchange shares of Vishay common stock for shares of Siliconix common stock is also subject to the other conditions listed under "Conditions of the Offer."

If this offer is consummated, we will own more than 90% of the outstanding common stock of Siliconix. As soon as possible after consummation of the offer, we currently intend to effect a short-form merger of Siliconix with a subsidiary of Vishay, although we are not required to do so. If such a merger takes place and you have not validly tendered your shares of Siliconix common stock in the offer, your shares will be exchanged for the same consideration per Siliconix share you own that you would have received, without interest, if you had tendered your shares in the offer, unless you properly perfect your appraisal rights under Delaware law. See "Purpose of the Offer; The Merger; Appraisal Rights."

Vishay's common stock is listed on the New York Stock Exchange under the symbol "VSH." Siliconix's common stock is quoted on the Nasdaq National Market under the symbol "SILI."

SEE "RISK FACTORS" BEGINNING ON PAGE 10 FOR A DISCUSSION OF ISSUES THAT YOU SHOULD CONSIDER WITH RESPECT TO THE OFFER AND THE MERGER.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the Vishay common stock to be issued in the offer and the merger or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is June 21, 2001.

3

THIS DOCUMENT INCORPORATES IMPORTANT BUSINESS AND FINANCIAL INFORMATION ABOUT VISHAY AND SILICONIX FROM DOCUMENTS FILED WITH THE SEC THAT HAVE NOT BEEN INCLUDED IN OR DELIVERED WITH THIS DOCUMENT. THIS INFORMATION IS AVAILABLE AT A WEB SITE MAINTAINED BY THE SEC AT WWW.SEC.GOV, AS WELL AS FROM OTHER SOURCES. SEE "WHERE YOU CAN FIND MORE INFORMATION" BEGINNING ON PAGE 1.

YOU ALSO MAY REQUEST COPIES OF THESE DOCUMENTS FROM US, WITHOUT CHARGE, UPON WRITTEN OR ORAL REQUEST TO OUR INFORMATION AGENT, MACKENZIE PARTNERS, INC., 156 FIFTH AVENUE, NEW YORK, NEW YORK 10010, COLLECT AT 212-929-5500 OR TOLL-FREE AT 800-322-2885.

4

TABLE OF CONTENTS

PAGE

WHERE YOU CAN FIND MORE INFORMATION

Vishay and Siliconix file annual, quarterly and special reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934. You may read and copy this information at the Public Reference Room of the SEC, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

You may also obtain copies of this information by mail from the Public Reference Room of the SEC.

The SEC also maintains a web site that contains reports, proxy statements and other information about issuers, like Vishay and Siliconix, who file electronically with the SEC. The address of that site is www.sec.gov.

You can also inspect reports, proxy statements and other information about Vishay at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

Vishay filed a registration statement on Form S-4 to register with the SEC the Vishay common stock to be issued pursuant to the offer and the merger. This prospectus is a part of that registration statement. As allowed by SEC rules, this prospectus does not contain all the information you can find in the registration statement or the exhibits to the registration statement. We also filed with the SEC a statement on Schedule TO pursuant to Rule 14d-3 under the Exchange Act to furnish certain information about the offer and the merger. You may obtain copies of the Form S-4 and the Schedule TO (and any amendments to those documents) in the manner described above.

Siliconix is required to file with the SEC a Solicitation/Recommendation Statement on Schedule 14D-9 regarding the offer within ten business days from the commencement date of the offer and to disseminate this statement to Siliconix stockholders. You may obtain a copy of the Schedule 14D-9 after it is filed (and any amendments to that document) in the manner described above.

The SEC allows us to "incorporate by reference" information into this prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information contained directly in this prospectus. This prospectus incorporates by reference the documents set forth below that Vishay and Siliconix have previously filed with the SEC. These documents contain important information about Vishay and Siliconix and their finances.

VISHAY SEC FILINGS (FILE NO. 001-07416)	PERIOD
Annual Report on Form 10-K..................	Year ended December 31, 2000

Quarterly Report on Form 10-Q................	Quarterly period ended March 31, 2001
Current Report on Form 8-K...................	Filed on June 18, 2001
The description of Vishay common stock as set forth in its Registration Statement on Form S-3 (file no. 333-34178)...................	Filed on April 6, 2000
SILICONIX SEC FILINGS (FILE NO. 000-03698)	PERIOD
Annual Report on Forms 10-K and 10-K/A.......	Year ended December 31, 2000
Quarterly Report on Form 10-Q................	Quarterly period ended March 31, 2001
Current Report on Form 8-K...................	Filed on June 1, 2001

All documents filed by Vishay and Siliconix pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act with the SEC from the date of this prospectus to the date that Siliconix shares are accepted for exchange pursuant to our offer (or the date that our offer is terminated) shall also be deemed to be incorporated herein by reference.

1

7

Vishay has supplied all information contained or incorporated by reference in this document relating to Vishay and Vishay TEMIC. We have obtained the information contained in this document relating to Siliconix from Siliconix or from publicly available sources.

Documents incorporated by reference are available from us without charge upon request to our information agent, MacKenzie Partners, Inc., 156 Fifth Avenue, New York, New York 10010, collect at 212-929-5500 or toll-free at 800-322-2885. Exhibits to these documents will only be furnished if they are specifically incorporated by reference in this document. If you request any incorporated documents from us, we will mail them to you by first class mail, or another equally prompt means, within one business day after we receive your request.

WE HAVE NOT AUTHORIZED ANYONE TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION ABOUT OUR OFFER THAT IS DIFFERENT FROM, OR IN ADDITION TO, THAT CONTAINED IN THIS PROSPECTUS OR IN ANY OF THE MATERIALS THAT WE HAVE INCORPORATED BY REFERENCE INTO THIS PROSPECTUS. THEREFORE, IF ANYONE DOES GIVE YOU INFORMATION OF THIS SORT, YOU SHOULD NOT RELY ON IT. IF YOU ARE IN A JURISDICTION WHERE OFFERS TO EXCHANGE OR SELL, OR SOLICITATIONS OF OFFERS TO EXCHANGE OR PURCHASE, THE SECURITIES OFFERED BY THIS DOCUMENT ARE UNLAWFUL, OR IF YOU ARE A PERSON TO WHOM IT IS UNLAWFUL TO DIRECT THESE TYPES OF ACTIVITIES, THEN THE OFFER PRESENTED IN THIS DOCUMENT DOES NOT EXTEND TO YOU. THE INFORMATION CONTAINED IN THIS DOCUMENT SPEAKS ONLY AS OF THE DATE OF THIS DOCUMENT UNLESS THE INFORMATION SPECIFICALLY INDICATES THAT ANOTHER DATE APPLIES.

2

8

QUESTIONS AND ANSWERS ABOUT THE OFFER

Q. WHY IS VISHAY MAKING THIS OFFER?

A. Vishay, through Vishay TEMIC, currently owns approximately 80.4% of the outstanding Siliconix common stock. Our purpose in making the offer is to acquire all of the Siliconix shares that we do not already own. Our offer is conditioned on there being tendered a majority of the publicly held Siliconix shares. If that condition is satisfied and if the offer is consummated, we will own more than 90% of the Siliconix shares. As soon as practicable after the conclusion of the offer, we currently intend to effect a short-form merger of Siliconix with a subsidiary of Vishay, with the surviving company being a wholly-owned subsidiary of Vishay.

Q. WHAT WILL I RECEIVE IN EXCHANGE FOR MY SILICONIX SHARES IN THE OFFER?

A. You will be entitled to receive 1.5 shares of Vishay common stock in exchange for each share of Siliconix common stock that you validly tender in the offer. No fractional shares of Vishay common stock will be issued in the offer. Instead, any stockholder entitled to receive a fractional Vishay share will get cash in an amount equal to the fraction multiplied by the closing price of a Vishay share on the NYSE on the day the offer expires.

Q. IF I DECIDE NOT TO TENDER, HOW WILL THE OFFER AFFECT MY SILICONIX SHARES?

A. If you decide not to tender your shares in the offer and the offer is consummated and the short-form merger takes place, you will receive in the merger the same consideration per Siliconix share you own that you would have received, without interest, if you had tendered your shares in the offer, unless you properly perfect your appraisal rights under Delaware law. Although it is our current intention to effect the short-form merger, we are not required to do so. We would not effect the short-form merger if prevented from doing so by a court or, if in our judgment, it was advisable not to do so in order to settle litigation or avoid litigation risks. See "Purpose of the Offer; The Merger; Appraisal Rights" beginning on page 41.

Q. HOW LONG WILL IT TAKE TO COMPLETE THE OFFER AND THE MERGER?

A. We hope to complete the offer following its scheduled expiration on June 22, 2001. However, we may extend the offer if the conditions to the offer have not been satisfied at the scheduled expiration date or if we are required to extend by the rules of the SEC. We currently intend to complete the merger shortly after the consummation of the offer.

Q. HAS THE SILICONIX BOARD MADE A RECOMMENDATION CONCERNING THE OFFER?

A. As set forth in Siliconix's solicitation/recommendation statement filed with the SEC on June 8, 2001, the Siliconix board and the special committee of the Siliconix board are taking no position with respect to the offer and the merger.

Q. WHY HAS THE SILICONIX BOARD FORMED A SPECIAL COMMITTEE IN CONNECTION WITH VISHAY'S PROPOSAL TO ACQUIRE ALL OF SILICONIX?

A. Vishay owns approximately 80.4% of Siliconix's outstanding common stock. Four members of Siliconix's board of directors are employees or consultants of Vishay. King Owyang, Siliconix's president and chief executive officer, holds options to purchase 102,500 shares of Vishay common stock. Because of these significant conflicts of interest, after the board of directors of Siliconix was advised that Vishay had an interest in acquiring the shares of Siliconix that it did not already own, the Siliconix board established a special committee consisting of directors who were not then affiliated with Siliconix or Vishay, other than as Siliconix directors, and who held no management positions with Siliconix. The special committee retained its own counsel and investment advisor and was authorized to negotiate with Vishay concerning Vishay's initial proposal, to evaluate the proposal and to make a recommendation to the Siliconix stockholders. See "Background of the Offer" beginning on page 25. You should be aware, however, that members of the special committee have had prior business relationships with Vishay.

To find out more information about the conflicts of interest that exist between Vishay, the Siliconix board of directors and the special committee, please refer to "Interests of Certain Persons" on page 48.

Q. HAS THERE BEEN ANY OBJECTION BY SILICONIX STOCKHOLDERS TO VISHAY'S PROPOSAL TO ACQUIRE THE PUBLICLY HELD SHARES OF SILICONIX?

A. Yes. A number of class action lawsuits were filed in Delaware and California after Vishay announced its initial proposal to acquire the publicly held shares of Siliconix. These lawsuits allege, among other things, a breach of fiduciary duty by Vishay, Siliconix and certain members of the boards of directors of Vishay and Siliconix and the existence of conflicts of interest of members of the special committee. See "Certain Litigation" on page 29 for a more detailed discussion of these lawsuits. It is a condition to the offer that there be no litigation relating to the offer or the merger at the time shares are accepted for exchange, but we can waive this condition.

Q. WHAT PERCENTAGE OF VISHAY COMMON STOCK WILL SILICONIX STOCKHOLDERS OWN AFTER THE OFFER AND THE MERGER?

A. Immediately after consummation of the offer and the merger, we anticipate that the former public stockholders of Siliconix will hold approximately 6.0% of the outstanding shares of Vishay, including for this purpose Vishay's Class B common stock. This assumes 122,429,597 shares of Vishay common stock and 15,506,634 shares of Vishay Class B common stock outstanding before giving effect to the consummation of the offer and the merger, that 8,773,560 shares of Vishay common stock will be issued in the offer and the merger and that no stockholders exercise appraisal rights.

The holders of Vishay common stock are entitled to one vote for each share held, while the holders of Class B common stock are entitled to 10 votes for each share held. The former public stockholders of Siliconix, who are receiving common stock, will hold approximately 3.1% of the outstanding voting power of Vishay immediately following the offer and the merger. See "Risk Factors -- The holders of Class B common stock have voting control of Vishay" on page 15.

Q. WHAT ARE THE MOST SIGNIFICANT CONDITIONS TO THE OFFER?

A. The offer is subject to several conditions, including:

- at least a majority of the outstanding Siliconix common stock not held by Vishay or its subsidiaries having been validly tendered and not properly withdrawn;

- the registration statement of which this prospectus is a part having been declared effective by the SEC;

- the shares of Vishay common stock to be issued in the offer having been approved for listing on the NYSE;

- the tax opinion of Kramer Levin Naftalis & Frankel LLP, filed as an exhibit to the registration statement, not having been withdrawn;

- there not having occurred any other event that would reasonably be expected to have a material adverse effect on Siliconix;

- the absence of certain legal impediments to the offer or the merger; and

- the absence of certain litigation or other legal action by or before any court or governmental authority.

The minimum condition, the registration statement effectiveness condition and the listing condition will not be waived in this offer. These conditions and other conditions to the offer are discussed in this prospectus under "Conditions of the Offer" beginning on page 43.

Q. HOW DO I PARTICIPATE IN YOUR OFFER?

A. To tender your shares, you should do the following:

- If you hold shares in your own name, complete and sign the enclosed letter of transmittal and return it with your share certificates to American Stock Transfer & Trust Company, the exchange agent

for the offer, at the appropriate address specified on the back cover page of this prospectus before the expiration date of the offer.

- If you hold your shares in "street name" through a broker or other nominee, instruct your nominee to tender your shares before the expiration date.

Alternatively, you may comply with the guaranteed delivery procedures set forth in "Guaranteed Delivery" beginning on page 38. For more information on the timing of the offer, extensions of the offer period and your rights to withdraw your shares from the offer before the expiration date, please refer to "The Offer" beginning on page 35.

Q. WILL I BE TAXED ON THE VISHAY COMMON STOCK THAT I RECEIVE?

A. Your receipt of the Vishay common stock will generally be tax-free for United States federal income tax purposes. However, you may be subject to taxes for any cash received in lieu of a fraction of a share of Vishay common stock.

Q. WILL I HAVE TO PAY ANY FEES OR COMMISSIONS?

A. If you are the record owner of your Siliconix shares and you tender your shares directly to the exchange agent, you will not have to pay brokerage fees or incur similar expenses. If you own your shares through a broker or other nominee, and your broker tenders the shares on your behalf, your broker may charge you a fee for doing so. You should consult your broker or other nominee to determine whether any charges will apply.

Q. DO THE STATEMENTS ON THE COVER PAGE REGARDING THIS PROSPECTUS BEING SUBJECT TO CHANGE AND THE REGISTRATION STATEMENT FILED WITH THE SEC NOT YET BEING EFFECTIVE MEAN THAT THE OFFER HAS NOT COMMENCED?

A. No. Effectiveness of the registration statement is not necessary for the offer to commence. Last year, the SEC changed its rules to permit exchange offers to begin before the related registration statement has become effective, and we are taking advantage of the rule changes. We cannot, however, accept for exchange any shares tendered in the offer until the registration statement is declared effective by the SEC and the other conditions to our offer have been satisfied or, where permissible, waived.

Q. ARE VISHAY'S BUSINESS, PROSPECTS AND FINANCIAL CONDITION RELEVANT TO MY DECISION TO TENDER MY SHARES IN THE OFFER?

A. Yes. Shares of Siliconix accepted in the offer will be exchanged for Vishay common stock and so you should consider Vishay's business, prospects and financial condition before you decide to tender your shares in the offer. In considering Vishay's business, prospects and financial condition, you should review the documents incorporated by reference in this prospectus because they contain detailed business, financial and other information about us.

Q. WHERE CAN I FIND OUT MORE INFORMATION ABOUT VISHAY AND SILICONIX?

A. You can find out information about Vishay and Siliconix from various sources described under "Where You Can Find More Information" beginning on page 1.

Q. WHO CAN I CALL WITH QUESTIONS ABOUT THE OFFER?

A. You can contact our information agent, MacKenzie Partners, Inc., collect at 212-929-5500 or toll-free at 800-322-2885.

SUMMARY

This summary highlights selected information from this document and does not contain all of the information that is important to you. To better understand the offer and the short-form merger and for a more complete description of the legal terms of the offer and the merger, you should read carefully this entire document and the documents to which you have been referred. See "Where You Can Find More Information" beginning on page 1.

INTRODUCTION

We propose to acquire all the shares of common stock of Siliconix that we do not own. Currently, Vishay owns approximately 80.4% of Siliconix's outstanding shares. We are offering to exchange 1.5 shares of Vishay common stock for each outstanding share of Siliconix common stock validly tendered and not properly withdrawn in the offer. We will not accept any Siliconix shares for exchange in the offer unless the shares tendered constitute at least a majority of the publicly held shares. There are also other conditions to the offer.

We currently intend to merge Siliconix with a wholly-owned subsidiary of Vishay promptly after the consummation of the offer, by way of a short-form merger under Delaware law. Each share of Siliconix common stock which has not been exchanged or accepted for exchange in the offer would be converted in the merger into the same consideration per Siliconix share as is exchanged in the offer.

INFORMATION ABOUT VISHAY AND SILICONIX

VISHAY INTERTECHNOLOGY, INC.
63 Lincoln Highway
Malvern, Pennsylvania 19355
(610) 644-1300

Vishay, a Fortune 1000 Company, is the largest U.S. and European manufacturer of passive electronic components (resistors, capacitors, and inductors) and a leading producer of discrete semiconductor components (diodes, transistors and optoelectronic products). All of these components are vital to the operation of electronic circuits and can be found in computers, telephones, TVs, automobiles, household appliances, medical equipment, satellites and military and aerospace equipment. With headquarters in Malvern, Pennsylvania, Vishay employs over 20,000 people in over 66 facilities in the U.S., Mexico, Germany, Austria, the United Kingdom, France, Portugal, the Czech Republic, Israel, Japan, Taiwan (R.O.C.), China, and the Philippines. See Schedule I for certain information regarding the directors and executive officers of Vishay.

Vishay reviews acquisition opportunities in the ordinary course of business, some of which may be material and some of which are currently under investigation, discussion or negotiation. There can be no assurance that any of such acquisitions will be consummated.

SILICONIX INCORPORATED
2201 Laurelwood Road
Santa Clara, California 95054
(908) 958-8000

Siliconix designs, markets and manufactures power and analog semiconductor products. Siliconix focuses on technologies and products for the communications, computer and automotive markets; additionally, many of its products are also used in instrumentation and industrial applications.

THE OFFER (PAGE 35)

EXCHANGE OF SILICONIX SHARES; DELIVERY OF VISHAY COMMON STOCK

Upon the terms and subject to the conditions of the offer, we will accept for exchange, and will exchange, Siliconix shares validly tendered and not properly withdrawn as promptly as practicable after the expiration date of our offer.

TIMING OF THE OFFER

Our offer is currently scheduled to expire on Friday, June 22, 2001; however, we may extend our offer from time to time as necessary until all the conditions to the offer have been satisfied or, where permissible, waived. For further details, see "Extension, Termination and Amendment" beginning on page 35.

EXTENSION, TERMINATION AND AMENDMENT

We reserve the right, in our sole discretion, at any time or from time to time to extend the period of time during which our offer remains open, and we can do so by giving oral or written notice of such extension to the exchange agent. If we decide to extend our offer, we will make an announcement to that effect no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. We are not making any assurance that we will exercise our right to extend our offer, although we currently intend to do so until all conditions have been satisfied or, where permissible, waived. During any such extension, all Siliconix shares previously tendered and not withdrawn will remain subject to the offer, subject to your right to withdraw your Siliconix shares prior to the expiration date of the offer.

We reserve the right to increase or decrease the exchange ratio or to make any other changes in the terms and conditions of the offer. However, in no event will we consummate the offer unless the registration statement has been declared effective, the Vishay shares issuable in the offer have been listed on the NYSE and at least a majority of the publicly held shares of Siliconix have been validly tendered for exchange and not properly withdrawn.

Any increase or decrease in the exchange ratio or extension, termination, other amendment or delay of the offer will be made by giving written or oral notice to the exchange agent. We will follow any extension, termination, amendment or delay, as promptly as practicable, with a public announcement. In the case of an extension, any such announcement will be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. Subject to applicable law (including Rules 14d-4(c) and 14d-6(d) under the Exchange Act, which require that any material change in the information published, sent or given to stockholders in connection with the offer be promptly sent to stockholders in a manner reasonably designed to inform stockholders of such change) and without limiting the manner in which we may choose to make any public announcement, we assume no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to the Dow Jones News Service.

WITHDRAWAL RIGHTS

Siliconix shares tendered pursuant to the offer may be withdrawn at any time prior to the expiration date of the offer.

PROCEDURE FOR TENDERING SHARES

The method of tendering your shares in the offer will depend on whether the shares are held in certificate or book-entry form.

- If your shares are held in certificate form, you must deliver the certificates, a properly completed and duly executed letter of transmittal, or a manually executed facsimile of that document, and any other required documents to the exchange agent at one of its addresses set forth on the back cover

  of this prospectus. In the circumstances detailed in the letter of transmittal, the signatures on the letter of transmittal must be guaranteed.

- If your Siliconix shares are held in book-entry form, the shares must be tendered in accordance with the procedures for book-entry tender, and the exchange agent must receive a so-called "agent's message" and a confirmation of receipt of the tender. The procedures for book-entry transfer are described under "Procedure for Tendering Shares" beginning on page 37.

In all cases, deliveries must be made prior to the expiration of the offer.

If your shares are not currently available and you cannot now comply with the preceding requirements, you can still participate in the offer by complying with the guaranteed delivery procedures set forth under "Guaranteed Delivery" beginning on page 38.

APPRAISAL RIGHTS

Under Delaware law, you will not have any appraisal rights in connection with the offer. However, appraisal rights are available in connection with the short-form merger. For a detailed discussion of these appraisal rights, see

"Purpose of the Offer; The Merger; Appraisal Rights" beginning on page 41.

ACCOUNTING TREATMENT

The merger will be accounted for at historical costs, with the exception of the Siliconix minority interest acquired in the offer, and the merger which will be accounted for under the purchase method of accounting in accordance with United States generally accepted accounting principles. Accordingly, the cost to acquire the Siliconix minority interest in excess of its carrying value will be allocated on a pro rata basis to the assets acquired and liabilities assumed based on their fair values, with any excess being allocated to goodwill.

The acquisition of the Siliconix common stock would not be considered material to Vishay and, accordingly, Vishay is not required to include pro forma financial information in this prospectus, except as provided in "Comparative Per Share Information" on page 21.

POSITION OF THE BOARD OF DIRECTORS OF SILICONIX (PAGE 31)

The Siliconix board of directors and the special committee have determined to remain neutral and make no recommendation with respect to the offer and the merger.

RISK FACTORS (PAGE 11)

In deciding whether to tender your shares pursuant to the offer, you should read carefully this prospectus and the documents to which we refer you. You should carefully take into account the following risk factors:

- the market value of Vishay common stock at the time you tender may be different than at the time you receive your Vishay shares in the offer and the merger; the exchange ratio for the offer will not be adjusted based upon changes in the market price of Vishay stock;

- the price of Vishay common stock could depend upon factors different than those affecting the price of Siliconix common stock; the price of Vishay common stock could decline following the offer;

- there are risks associated with integrating Siliconix into Vishay, including the risk that the anticipated benefits of the business combination may not be fully realized; and

- there are general risks associated with Vishay's business, including competition, its ability to respond to technological change and the current softness in the electronic component industry.

See "Risk Factors" beginning on page 11 for a more complete discussion of these and other risk factors.

OTHER FACTORS TO CONSIDER BEFORE TENDERING YOUR SHARES (PAGE 32)

In addition to the risk factors, there are a variety of other factors that you should consider in determining whether to tender your shares in the offer. Among these are the anticipated competitive advantages that a fully combined entity could have and the larger trading volume and analyst coverage of the

Vishay common stock over the Siliconix common stock. You should also consider Siliconix's positive historical business performance, its historical stock price in relation to its earnings and Siliconix's other business strengths and innovative traditions from which you will benefit only indirectly as a stockholder of Vishay. See "Other Factors to Consider Before Tendering Your Shares" beginning on page 32 and "Relationships with Siliconix" beginning on page 46.

RISK FACTORS

In deciding whether to tender your shares pursuant to the offer, you should read carefully this prospectus and the documents to which we refer you. You should also carefully consider the following factors:

RISKS RELATED TO THE OFFER AND THE MERGER

THE NUMBER OF VISHAY SHARES THAT YOU RECEIVE IN THE OFFER WILL BE BASED UPON A FIXED EXCHANGE RATIO. THE VALUE OF THE VISHAY SHARES AT THE TIME YOU RECEIVE THEM COULD BE LESS THAN AT THE TIME YOU TENDER YOUR SILICONIX SHARES.

In the offer, each Siliconix share will be exchanged for 1.5 Vishay shares. This is a fixed exchange ratio. The offer does not provide for an adjustment in the exchange ratio even if there is a decrease in the market price of the Vishay common stock between the date of this prospectus and the expiration date of the offer. The market price of the Vishay common stock will likely be different on the date of the expiration of the offer than it is today because of changes in the business, operations or prospects of Vishay, market reactions to this offer, possible other Vishay acquisitions, issuances by Vishay of equity or debt securities, general market and economic conditions and other factors. Tendering stockholders of Siliconix are urged to obtain current market quotations for the Vishay common stock and the Siliconix common stock. See "Conditions of the Offer" beginning on page 43 and "Comparative Per Share Prices" on page 23.

BENEFITS OF THE COMBINATION MAY NOT BE REALIZED.

If we consummate the offer and the contemplated short-form merger, we will integrate two separate companies whose operations have until now been integrated in only limited ways. The successful combination of Vishay and Siliconix will require, among other things, integration of Vishay's and Siliconix's sales and marketing programs, their information and software systems, their employee retention, hiring and training programs, and their research and development efforts. The consolidation of business functions, the integration of departments, systems and procedures, and relocation of staff may present management challenges. We may not be able to fully integrate the operations of Siliconix with our operations without encountering difficulties. The integration may not be completed as rapidly as we expect or achieve anticipated benefits. Also, management's attention may be diverted by the integration effort, which could adversely affect the combined company's businesses.

WE MAY INCUR INTEGRATION AND RESTRUCTURING COSTS.

If the offer and the merger are consummated, we may incur significant charges as a result of rationalizing and integrating operations. These costs may include severance and related employee benefit costs and other restructuring costs, among others.

THE TRADING PRICE OF VISHAY COMMON STOCK MAY BE AFFECTED BY FACTORS DIFFERENT FROM THOSE AFFECTING THE PRICE OF SILICONIX COMMON STOCK. THE PRICE OF VISHAY COMMON STOCK COULD DECLINE FOLLOWING THE OFFER.

Upon consummation of the offer and the merger, holders of Siliconix common stock will become holders of Vishay common stock. Vishay's business differs from that of Siliconix, and Vishay's results of operations and business, as well as the trading price of Vishay common stock, may be affected by factors different from those affecting Siliconix's results of operations and business and the price of Siliconix common stock. The price of Vishay common stock may decrease after shares are accepted for exchange in the offer or after the merger is consummated.

OFFICERS AND DIRECTORS OF SILICONIX HAVE POTENTIAL CONFLICTS OF INTEREST IN THE OFFER.

On June 8, 2001, Siliconix filed with the SEC a solicitation/recommendation statement, in which it disclosed that the Siliconix board and the special committee have determined to remain neutral regarding

the offer and the merger. In evaluating the Siliconix position, you should be aware that there exist conflicts of interest among members of the Siliconix board. Not only does Vishay own approximately 80.4% of the outstanding Siliconix stock, but four of the seven members of the Siliconix board have affiliations with Vishay and King Owyang, president and chief executive officer of Siliconix, holds options to purchase Vishay stock. For this reason, the board of Siliconix designated a special committee of its directors to consider, evaluate and make a recommendation concerning Vishay's initial proposal to acquire all of Siliconix. Members of the special committee have no present relationships with Vishay, but in the past, they have had significant ties to Vishay. See "Interests of Certain Persons" on page 48.

RISKS RELATED TO VISHAY'S BUSINESS GENERALLY

VISHAY'S BUSINESS IS CYCLICAL AND CURRENT SOFTNESS IN THE ELECTRONIC COMPONENT INDUSTRY MAY CONTINUE AND MAY BECOME MORE PRONOUNCED.

Vishay and others in the electronic and semiconductor component industry have recently experienced softness in product demand on a global basis, resulting in order cancellations and deferrals. This softness is primarily attributable to a slowing of growth in the personal computer and cell phone product markets. This slowdown may continue and may become more pronounced. Such a slowdown in demand, as well as recessionary trends in the global economy in general or in specific countries or regions where we sell the bulk of our products, such as the U.S., Germany, France or the Pacific Rim, makes it more difficult for us to predict our future sales, which also makes it more difficult to manage our operations, and could adversely impact our results of operations. In the past, adverse economic trends that resulted in a slowdown in demand for electronic components materially and adversely impacted Vishay's results of operations. A decrease in the current demand for Vishay's products or an increase in supply due to the expansion of production capacity by Vishay's competitors could cause a significant drop in average sales prices, which could, in turn, cause a reduction in Vishay's gross margins and operating profits. In addition, at the initial stage of a business cycle increased efforts by distributors to sell inventory remaining from the prior cycle may cause average selling prices to decrease. Vishay's published first quarter 2001 operating results and those of its competitors can be viewed as being reflective of these industry trends. Although both Vishay and Siliconix operate in the electronic components industry, their businesses differ and the effects of the current slowdown on their operations and prospects may not be the same.

TO REMAIN SUCCESSFUL, VISHAY MUST CONTINUE TO INNOVATE.

Vishay's future operating results are dependent on its ability to continually develop, introduce and market new and innovative products, to modify existing products to respond to technological change and to customize certain products to meet customer requirements. There are numerous risks inherent in this process, including the risks that Vishay will be unable to anticipate the direction of technological change or that Vishay will be unable to develop and market new products and applications in a timely fashion to satisfy customer demands. If this occurs, Vishay could lose customers and experience adverse effects on its financial condition, results of operation and prospects. Siliconix has had a history of successful product innovation, including in the past year.

IN THE PAST VISHAY HAS GROWN THROUGH ACQUISITIONS BUT THIS MAY NOT CONTINUE.

Vishay's long-term historical growth in revenues and net earnings has resulted in large part from its strategy of expansion through acquisitions. However, we cannot assure you that Vishay will identify or succeed in consummating transactions with suitable acquisition candidates in the future. From time to time, when Vishay is in the process of pursuing a strategic acquisition, Vishay or the acquisition target may feel compelled in order to comply with applicable law or for other reasons to announce the potential acquisition or Vishay's desire to enter into a certain market prior to the parties' entering into formal agreements. If an acquisition is announced and then not consummated, Vishay's credibility in the financial markets could suffer.

If Vishay were to undertake a substantial acquisition for cash, the acquisition would likely need to be financed in part through bank borrowings or the issuance of public or private debt. This would decrease Vishay's ratio of earnings to fixed charges and adversely affect other leverage criteria. Under our existing credit facility we are required to secure any borrowings by pledges of our stock interest in, and obtain certain guarantees from, certain of our significant subsidiaries. In addition, this credit facility restricts us from paying cash dividends on our capital stock, requires us to comply with other covenants including the application of specific financial ratios and requires us to obtain the lenders' consent for certain additional debt financing. We cannot assure you that the necessary acquisition financing would be available to Vishay when required on acceptable terms. If Vishay were to undertake an acquisition for equity, the acquisition may have a dilutive effect on the interests of the holders of Vishay common stock.

VISHAY'S RESULTS ARE SENSITIVE TO RAW MATERIAL AVAILABILITY, QUALITY AND COST.

Many of Vishay's products require the use of raw materials which are produced in only a limited number of regions around the world or are available from only a limited number of suppliers. Vishay's results of operations may be adversely affected if Vishay has difficulty obtaining these raw materials, the quality of available raw materials deteriorates or there are significant price increases for these raw materials. For example, the prices for tantalum and palladium, two raw materials we use in our capacitors, are subject to fluctuation. For periods in which the prices of these raw materials are rising, we may be unable to pass on the increased cost to our customers and thereby experience decreased margins for the products in which they are used. For periods in which the prices are declining, we may be required to write down our inventory carrying cost of these raw materials which, depending on the extent of the difference between market price and our carrying cost, could have a material adverse effect on our net earnings. In addition, from time to time there have been short-term market shortages of these raw materials. While these shortages have not historically adversely affected our ability to increase production of products containing these raw materials, they have historically resulted in higher raw material costs for us. We cannot assure that any such market shortages in the future would not adversely affect our ability to increase production, particularly during periods of growing demand for our products.

Vishay is a major consumer of the world's annual production of tantalum, a material used in the manufacture of tantalum capacitors. There are currently three major suppliers that process tantalum ore into capacitor grade tantalum powder. Vishay believes that in the long term there exist sufficient tantalum ore reserves and a sufficient number of tantalum processors to satisfy demand. The market prices of tantalum ore are currently declining. Depending on the extent of this trend, we could be required to write down the carrying cost of our inventory of tantalum ore, which could have a material adverse effect on our net earnings.

Palladium, a metal used to produce multi-layer ceramic capacitors, is currently found primarily in South Africa and Russia. Palladium is a commodity product that is subject to price volatility. The price of palladium fluctuated in the range of approximately $201 to $970 per troy ounce during the three years ended December 31, 2000. Since that time, the price of palladium has been as high as $1,110 per troy ounce and as of May 25, 2001, it was approximately $660 per troy ounce.

VISHAY FACES INTENSE COMPETITION IN ITS BUSINESS.

Vishay's business is highly competitive worldwide, with low transportation costs and few import barriers. Vishay competes principally on the basis of product quality and reliability, availability, customer service, technological innovation, timely delivery and price. The electronics components industry has become increasingly concentrated and globalized in recent years and Vishay's major competitors, some of which are larger than Vishay, have significant financial resources and technological capabilities.

VISHAY'S BACKLOG IS SUBJECT TO CUSTOMER CANCELLATION.

Many of the orders that comprise Vishay's backlog may be canceled by customers without penalty. Customers may on occasion double and triple order components from multiple sources to ensure timely

delivery when backlog is particularly long. Customers often cancel orders when business is weak and inventories are excessive, a phenomenon that Vishay has experienced in the current economic slowdown. Therefore, Vishay cannot be certain the amount of its backlog does not exceed the level of orders that will ultimately be delivered. Vishay's results of operations could be adversely impacted if customers were to cancel a material portion of orders in Vishay's backlog.

VISHAY MAY NOT HAVE ADEQUATE FACILITIES TO SATISFY FUTURE INCREASES IN DEMAND FOR ITS PRODUCTS.

Vishay's business is cyclical and in periods of a rising economy may experience intense demand for its products. During such periods, Vishay may have difficulty expanding its manufacturing to satisfy demand. Factors which could limit such expansion include delays in procurement of manufacturing equipment, shortages of skilled personnel and capacity constraints at Vishay's facilities. If Vishay is unable to meet its customers' requirements and its competitors sufficiently expand production, Vishay could lose customers and/or market share. This could have an adverse effect on Vishay's financial condition, results of operations and prospects.

FUTURE CHANGES IN VISHAY'S ENVIRONMENTAL LIABILITY AND COMPLIANCE OBLIGATIONS MAY HARM VISHAY'S ABILITY TO OPERATE OR INCREASE COSTS.

Vishay's manufacturing operations, products and/or product packaging are subject to environmental laws and regulations governing air emissions, wastewater discharges, the handling, disposal and remediation of hazardous substances, wastes and certain chemicals used or generated in Vishay's manufacturing processes, employee health and safety labelling or other notifications with respect to the content or other aspects of Vishay's processes, products or packaging, restrictions on the use of certain materials in or on design aspects of Vishay's products or product packaging and responsibility for disposal of products or product packaging. More stringent environmental regulations may be enacted in the future, and Vishay cannot presently determine the modifications, if any, in Vishay's operations that any such future regulations might require, or the cost of compliance with these regulations. In order to resolve liabilities at various sites, Vishay has entered into various administrative orders and consent decrees, some of which may, under certain conditions, be reopened or subject to renegotiation.

RISKS RELATED TO VISHAY'S OPERATIONS OUTSIDE THE UNITED STATES

VISHAY DERIVES A SUBSTANTIAL AMOUNT OF ITS REVENUES FROM OUTSIDE THE UNITED STATES.

Approximately 56% of Vishay's revenues during 2000 were derived from sales to customers outside the United States. Vishay's operating results could be adversely affected by currency exchange rate fluctuations, regional inflation, changes in monetary policy and tariffs, changes in local laws and regulations in jurisdictions other than the U.S., international trade restrictions, intergovernmental disputes, local laws that increase labor costs and reduction or cancellation of government grants, tax benefits or other incentives.

VISHAY OBTAINS SUBSTANTIAL BENEFITS BY OPERATING IN ISRAEL, BUT THESE BENEFITS MAY NOT CONTINUE.

Vishay has increased its operations in Israel over the past several years. The low tax rates in Israel applicable to earnings of Vishay's operations in that country, compared to the rates in the U.S., have had the effect of increasing Vishay's net earnings. In addition, Vishay has taken advantage of certain incentive programs in Israel, which take the form of grants designed to increase employment in Israel. Any significant increase in the Israeli tax rates or reduction or elimination of the Israeli grant programs that have benefited Vishay could have an adverse impact on Vishay's results of operations. See Note 1 to the Consolidated Financial Statements in Vishay's 2000 Annual Report on Form 10-K incorporated by reference in this prospectus for a description of Vishay's accounting policy for grants received by certain subsidiaries from governments outside the United States.

VISHAY ATTEMPTS TO IMPROVE PROFITABILITY BY OPERATING IN COUNTRIES IN WHICH LABOR COSTS ARE LOW, BUT THE SHIFT OF OPERATIONS TO THESE REGIONS MAY ENTAIL CONSIDERABLE EXPENSE.

Vishay's strategy is aimed at achieving significant production cost savings through the transfer and expansion of manufacturing operations to and in countries with lower production costs, such as Israel, Mexico, Portugal, the Czech Republic, Taiwan and the People's Republic of China. In this process, Vishay may experience under-utilization of certain plants and factories in high labor cost regions and capacity constraints in plants and factories located in low labor cost regions. This may result initially in production inefficiencies and higher costs. Such costs include those associated with compensation in connection with work force reductions and plant closings in the higher labor cost regions, and start-up expenses, manufacturing and construction delays, and increased depreciation costs in connection with the initiation or expansion of production in lower labor cost regions. For example, during the first quarter of 2001 restructuring costs were $6.0 million as a result of Vishay's accelerated effort to streamline operations in response to the continued weakness in the electronic components market at the time, and we estimate that additional restructuring costs during 2001 will be approximately $30 million.

As Vishay implements transfers of certain of its operations it may experience strikes or other types of labor unrest as a result of lay-offs or termination of Vishay's employees in high labor cost countries.

RISKS RELATED TO VISHAY'S CAPITAL STRUCTURE

THE HOLDERS OF CLASS B COMMON STOCK HAVE VOTING CONTROL OF VISHAY.

Vishay has two classes of common stock: common stock and Class B common stock. The holders of common stock are entitled to one vote for each share held, while the holders of Class B common stock are entitled to 10 votes for each share held. Currently, the holders of the Class B common stock hold 54.1% of the voting power of Vishay. This includes 41.3% of the total voting power owned or controlled by Dr. Felix Zandman, the Chairman of the Board and Chief Executive Officer of Vishay. As a result, the holders of Class B common stock are able to cause the election of the entire board of directors of Vishay. The holders of the Class B common stock may also be able to approve other action as stockholders without obtaining the votes of other stockholders of Vishay.

THE EXISTENCE OF THE CLASS B COMMON STOCK MAY DEPRIVE OTHER STOCKHOLDERS OF A PREMIUM VALUE FOR THEIR SHARES IN A TAKEOVER.

The effective control of Vishay by holders of the Class B common stock may make Vishay less attractive as a target for a takeover proposal. It may also render more difficult or discourage a merger proposal or proxy contest for the removal of the incumbent directors, even if such actions were favored by all stockholders of Vishay other than the holders of the Class B common stock. Accordingly, this may deprive the holders of common stock of an opportunity they might otherwise have to sell their shares at a premium over the prevailing market price in connection with a merger or acquisition of Vishay with or by another company.

FORWARD LOOKING INFORMATION

Certain statements contained in or incorporated by reference into this document are "forward looking statements." These forward looking statements generally can be identified by use of statements that include phrases such as "believe," "expect," "anticipate," "intend," "plan," "foresee," "likely," "will" or other similar words or phrases. Similarly, statements that describe our objectives, plans or goals are or may be forward looking statements. All forward looking statements involve risks and uncertainties. In particular, any statements regarding the benefits of the offer and the merger, as well as expectations with respect to future business performance, operating efficiencies and cost savings, are subject to known and unknown risks, uncertainties and contingencies, many of which are beyond the control of Vishay and Siliconix, which may cause actual results, performance or achievements to differ materially from anticipated results, performance or achievements. Factors that might affect such forward looking statements include, among other things:

- the ability to fully integrate Siliconix into Vishay's operations,

- overall economic and business conditions,

- the demand for Vishay's and Siliconix's goods and services,

- competitive factors in the industries in which Vishay and Siliconix compete,

- changes in government regulation,

- changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations,

- developments in and results of litigation, including the stockholder actions commenced after announcement of Vishay's initial proposal to acquire the publicly held shares of Siliconix,

- interest rate fluctuations, foreign currency rate fluctuations and other capital market conditions,

- economic and political conditions in international markets, including governmental changes and restrictions on the ability to transfer capital across borders,

- the timing, impact and other uncertainties of pending and future acquisitions by Vishay; and

- the ability to achieve anticipated synergies and other cost savings in connection with such future acquisitions.

These factors and the risk factors described in the previous section are not necessarily all of the important factors that could cause actual results, performance or achievements to differ materially from those expressed in any of our forward looking statements. Other unknown or unpredictable factors also could have material adverse effects on our future results, performance or achievements. The forward looking statements included in this document are made only as of the date of this document, and we do not have any obligation to publicly update any forward looking statements to reflect subsequent events or circumstances. We cannot assure you that projected results or events will be achieved or will occur.

SELECTED FINANCIAL DATA OF VISHAY AND SILICONIX

The following information is being provided to assist you in analyzing the financial aspects of the offer and the merger. The information for Vishay for the three months ended March 31, 2001 and 2000 was derived from the unaudited Consolidated Financial Statements included in Vishay's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2001. The data presented for Vishay for the three months ended March 31, 2001 and 2000 are unaudited but, in the opinion of Vishay's management, include all adjustments, consisting of normal recurring adjustments, necessary for the fair presentation of such data. Vishay's results for the three months ended March 31, 2001 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2001. The information for Vishay for each of the five years in the period ended December 31, 2000 was derived from the audited Consolidated Financial Statements included in Vishay's Annual Reports on Form 10-K. You should be aware that Vishay's financial statements reflect its ownership interest in Siliconix.

The information for Siliconix for the three months ended March 31, 2001 and April 2, 2000 was derived from the unaudited Consolidated Financial Statements included in Siliconix's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2001. The data presented for Siliconix for the three months ended March 31, 2001 and April 2, 2000 are unaudited but, in the opinion of Siliconix's management, include all adjustments, consisting of normal recurring adjustments, necessary for the fair presentation of such data. Siliconix's results for the three months ended March 31, 2001 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2001. The information for Siliconix for each of the five years in the period ended December 31, 2000 was derived from the audited Consolidated Financial Statements included in Siliconix's Annual Reports on Form 10-K.

The information should be read in conjunction with the historical financial statements and related notes contained in the annual, quarterly and other reports filed by Vishay and Siliconix with the SEC. See "Where You Can Find More Information" on page 1.

SELECTED HISTORICAL FINANCIAL DATA OF VISHAY

	(UNAUDITED) AS OF AND FOR THE THREE MONTHS ENDED MARCH 31,		AS OF AND FOR THE YEAR ENDED DECEMBER			
	2001	2000	2000	1999(1)	1998(2)	1997(3)
	(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)					
INCOME STATEMENT DATA:						
Net sales	$ 558.5	$ 538.9	$2,465.1	$1,760.1	$1,572.7	$1,125.2
Interest expense	2.9	12.5	25.2	53.3	49.0	18.8
Earnings before income taxes and minority interest	119.5	103.9	690.2	134.7	42.6	89.6
Income taxes	26.9	23.5	148.2	36.9	30.6	34.2
Minority interest	2.5	6.2	24.2	14.5	3.8	2.1
Net earnings	90.1	74.3	517.9	83.2	8.2	53.3
Basic earnings per share(5)	0.65	0.57	3.83	0.66	0.07	0.42
Diluted earnings per share(5)	0.65	0.56	3.77	0.65	0.07	0.42
Weighted average shares outstanding -- basic(5)	137.7	130.0	135.3	126.7	126.7	126.7
Weighted average shares outstanding -- diluted(5)	138.9	132.7	137.5	128.2	126.8	126.9
BALANCE SHEET DATA:						
Total assets	$2,933.0		$2,783.7	$2,323.8	$2,462.7	$1,719.6
Long-term debt	253.0		140.5	656.9	814.8	347.5
Working capital	1,230.4		1,057.2	604.2	650.5	455.1
Stockholders' equity	1,902.9		1,833.9	1,013.6	1,002.5	959.6

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(1) The sale of Nicolitch, S.A. and a tax rate change in Germany reduced net earnings by $14,562,000 ($0.11 per share).

(2) Includes the results from March 1, 1998 of TEMIC Semiconductor GmbH and special charges after taxes of $55,335,000 ($0.44 per share).

(3) Includes the results from July 1, 1997 of Lite-On Power Semiconductor Corporation and special charges after taxes of $27,692,000 ($0.22 per share).

(4) Includes restructuring expenses of $38,030,000 ($0.21 per share).

(5) Adjusted to reflect a three-for-two stock split distributed on June 9, 2000, a five-for-four stock split distributed on June 22, 1999 and 5% stock dividends paid on June 11, 1998, June 9, 1997 and June 7, 1996.

SELECTED HISTORICAL FINANCIAL DATA OF SILICONIX

	(UNAUDITED) AS OF AND FOR THE THREE MONTHS ENDED		AS OF AND FOR THE YEAR ENDED DECEM			
	MARCH 31, 2001	APRIL 2, 2000	2000	1999	1998	1997
	(IN MILLIONS, EXCEPT PER SHARE)					
INCOME STATEMENT DATA:						
Net sales............................	$ 88.1	$114.5	$473.1	$383.3	$282.3	$321.6
Operating income....................	12.5	35.0	137.2	92.2	5.4(1)	44.0
Net income..........................	10.2	26.7	107.6	66.1	.74	33.0
Net income (basic and diluted)(2)....	0.34	0.90	3.60	2.21	0.02	1.10
Shares used to compute basic and diluted net income per share(2)....	29.9	29.9	29.9	29.9	29.9	29.9
BALANCE SHEET DATA:						
Total assets........................	$459.2		$503.9	$346.7	$317.3	$281.5
Working capital.....................	203.7		190.1	96.9	53.7	50.2
Total long-term debt, including related party.....................	1.9		1.8	1.7	51.8	38.5
Stockholders' equity................	334.1		323.8	216.3	150.1	149.6

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(1) Included in operating income for 1998 is a restructuring charge of $19,751,000 relating to the acquisition on March 2, 1998 of the approximately 80.4% interest in Siliconix by Vishay TEMIC.

(2) Net income per share and average shares outstanding have been adjusted to give effect to the three-for-one split of Siliconix's common stock effected on February 29, 2000.

RECENT DEVELOPMENTS

On April 2, 2001, Vishay announced a proposal to acquire General Semiconductor, Inc., which is listed on the New York Stock Exchange under the symbol "SEM." Under the proposal, Vishay would exchange one share of Vishay common stock for every two shares of General Semiconductor. Vishay made its proposal to General Semiconductor through a letter which was sent by Vishay to General Semiconductor's President and Chief Executive Officer, Ronald A. Ostertag. General Semiconductor has rejected publicly the Vishay proposal.

On April 25, 2001, Siliconix filed a patent infringement lawsuit against General Semiconductor. The suit was filed in the United States District Court for the Northern District of California and alleged that certain General Semiconductor products infringe two patents held by Siliconix.

On June 4, 2001, Vishay completed the private offering of a series of zero-coupon convertible subordinated notes due 2021, known as Liquid Yield Option(TM) Notes (LYONs), having a yield to maturity of 3.0%. The LYONs were issued at an issue price of $551.26 per LYON (55.126% of the principal amount at maturity). The gross proceeds from the offering were approximately $303.2 million ($353.5 million if an over-allotment option is exercised in full). Vishay intends to use the proceeds of the offering to retire existing debt and for general corporate purposes. The LYONs will be convertible into approximately 9.7 million shares of Vishay common stock (11.3 million shares if the over-allotment option is fully exercised).

COMPARATIVE PER SHARE INFORMATION

The following table presents the Vishay and Siliconix historical and pro forma combined and Siliconix pro forma equivalent per share data as of and for the three months ended March 31, 2001 and as of and for the twelve months ended December 31, 2000. The information presented should be read in conjunction with the historical financial statements and related notes thereto of Vishay and Siliconix and the selected historical financial data including the notes thereto, each incorporated in or included elsewhere in this prospectus. Comparative pro forma data have been included for comparative purposes only and do not (i) purport to be indicative of (I) the results of operations or financial position which actually would have been obtained if the offer and the merger had been completed at the beginning of the period or as of the date indicated, or (II) the results of operations or financial position which may be obtained in the future or (ii) take into account Vishay's LYONs offering or the shares of Vishay common stock issuable upon conversion of the LYONs. See "Recent Developments" on page 20.

	VISHAY HISTORICAL PER SHARE DATA	SILICONIX HISTORICAL PER SHARE DATA	VISHAY AND SILICONIX UNAUDITED PRO FORMA COMBINED PER SHARE DATA(1)(2)	E UNAUD PER
THREE MONTHS ENDED MARCH 31, 2001 (UNAUDITED)				
Income from continuing operations per share of common stock:				

Basic..........................	$ 0.65	$ 0.34	$ 0.62
Diluted........................	0.65	0.34	0.61
Cash dividends per share of common stock...................	N/A	N/A	N/A
Book value per share of common stock(3).......................	13.80	11.18	12.98
YEAR ENDED DECEMBER 31, 2000			
Income from continuing operations per share of common stock:			
Basic..........................	$ 3.83	$ 3.60	$ 3.66
Diluted........................	3.77	3.60	3.61
Cash dividends per share of common stock...................	N/A	N/A	N/A
Book value per share of common stock(3).......................	13.30	10.84	12.57

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(1) The unaudited pro forma combined income and book value per share of common stock are based on Siliconix stockholders receiving 1.5 shares of Vishay common stock for each share of Siliconix common stock. The Siliconix equivalent unaudited pro forma per share data are calculated by multiplying the unaudited pro forma combined per share data by 1.5.

(2) Reflects the historical operations of Vishay and Siliconix adjusted to reflect the impact of purchase accounting by Vishay and the issuance of Vishay common stock in the offer and the merger (assumed to be 8,773,560 shares of Vishay common stock).

(3) Book value per share of common stock is computed by dividing stockholders' equity by the number of shares of common stock outstanding as of March 31, 2001 and December 31, 2000, respectively. Pro forma book value per share is computed by dividing pro forma stockholders' equity by the pro forma number of shares of common stock outstanding as of March 31, 2001 and December 31, 2000, respectively.

21

27

COMPARATIVE MARKET VALUE

The following table sets forth:

- the closing prices per share and aggregate market value of Vishay common stock and of Siliconix common stock on the New York Stock Exchange and on the Nasdaq National Market, respectively, on February 21, 2001, the last trading day prior to the public announcement of Vishay's initial cash offer, on May 24, 2001, the last trading day prior to the public announcement of this proposed offer, and on June 20, 2001, the last trading day prior to the date of this prospectus; and

- the equivalent price per share and equivalent market value of Siliconix common stock, based on the exchange ratio.

	VISHAY HISTORICAL	SILICONIX HISTORICAL	SILICONIX EQUIVALENT(1)

On February 21, 2001			
Closing price per share of common stock.....	$17.75	$26.13	$26.63
Market value of common stock(2)............	$2,448,605,861	$780,739,315	$795,678,835
On May 24, 2001			
Closing price per share of common stock.....	$25.81	$32.85	$38.72
Market value of common stock(2)............	$3,559,592,732	$981,526,464	$1,156,916,429
On June 20, 2001			
Closing price per share of common stock.....	$19.46	$30.28	$29.19
Market value of common stock(2)............	$2,684,239,055	$904,737,331	$872,169,178

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(1) The Siliconix equivalent data corresponds to an exchange ratio of 1.5 shares of Vishay common stock for each share of Siliconix common stock.

(2) Market value based on 137,949,626 shares of Vishay common stock (including Class B common stock on an as-converted basis) and 29,879,040 shares of Siliconix common stock outstanding as of February 21, 2001, 137,915,255 shares of Vishay common stock (including Class B common stock on an as-converted basis) and 29,879,040 shares of Siliconix common stock outstanding as of May 24, 2001, and 137,936,231 shares of Vishay common stock (including Class B common stock on an as-converted basis) and 29,879,040 shares of Siliconix common stock outstanding as of June 20, 2001, excluding shares held in treasury or by subsidiaries.

The market prices of shares of Vishay common stock and Siliconix common stock are subject to fluctuation. The actual value of the Vishay shares you receive in the offer may differ from the values illustrated. You are urged to obtain current market quotations. See the risk factor entitled "The number of Vishay shares that you receive in the offer will be based upon a fixed exchange ratio. The value of the Vishay shares at the time you receive them could be less than at the time you tender your Siliconix shares" on page 11.

COMPARATIVE PER SHARE PRICES

VISHAY

Vishay common stock is listed on the New York Stock Exchange under the symbol "VSH." The following table sets forth the high and low sales prices per share of Vishay common stock, as reported on the New York Stock Exchange for the quarterly periods presented below. The prices for the Vishay common stock have been adjusted to reflect a three-for-two stock split distributed on June 9, 2000, a five-for-four stock split distributed on June 22, 1999 and a 5% stock dividend paid on June 11, 1998.

	VISHAY COMMON STOCK	
	HIGH	LOW

1999:		
First Quarter	$ 8.27	$ 5.90
Second Quarter	14.04	7.80
Third Quarter	17.50	12.04
Fourth Quarter	21.33	14.17
2000:		
First Quarter	$40.88	$18.58
Second Quarter	62.63	35.00
Third Quarter	44.75	26.00
Fourth Quarter	31.75	13.88
2001:		
First Quarter	$22.75	$13.75
Second Quarter (through June 20, 2001)	27.98	17.15

See "Comparative Market Value" on page 22 for recent Vishay common stock price information. Stockholders are urged to obtain current market quotations. See also the risk factor entitled "The number of Vishay shares that you receive in the offer will be based upon a fixed exchange ratio. The value of the Vishay shares at the time you receive them could be less than at the time you tender your Siliconix shares" on page 11.

Vishay has not declared any cash dividends on its common stock and has no present intention of doing so. In addition, Vishay has entered into a credit agreement that restricts the payment of cash dividends.

SILICONIX

Siliconix common stock is quoted on the Nasdaq National Market under the symbol "SILI." The prices per share reflected in the table below represent the range of low and high sales prices of Siliconix common stock as reported on the Nasdaq National Market for the quarters presented below. The prices for the Siliconix common stock reflect the three-for-one stock split effected on February 29, 2000.

	SILICONIX COMMON STOCK	
	HIGH	LOW
1999:		
First Quarter	$ 8.08	$ 6.58
Second Quarter	14.17	6.38
Third Quarter	17.36	12.17
Fourth Quarter	48.33	15.08
2000:		
First Quarter	$144.50	$39.38
Second Quarter	95.75	51.50
Third Quarter	72.19	44.25
Fourth Quarter	46.50	19.69
2001:		
First Quarter	$ 33.00	$20.00
Second Quarter (through June 20, 2001)	37.54	28.19

See "Comparative Market Value" on page 22 for recent Siliconix common stock price information. Stockholders are urged to obtain current market quotations. See also the risk factor entitled "The number of Vishay shares that you receive in the offer will be based upon a fixed exchange ratio. The value of the Vishay shares at the time you receive them could be less than at the time you tender your Siliconix shares" on page 11.

Siliconix has not declared any cash dividends on its common stock and has no present intention to do so.

BACKGROUND OF THE OFFER

The following discussion presents background information concerning the offer and the short-form merger. Certain information on the actions of Siliconix's management, the special committee of the Siliconix board of directors and the Siliconix board of directors, and the advisors to Siliconix and its board and the special committee has been obtained from Siliconix.

EVENTS LEADING TO THE OFFER

Vishay, through Vishay TEMIC, owns approximately 80.4% of the outstanding shares of Siliconix common stock. Vishay acquired its interest in Siliconix from a division of the microelectronics consortium of Daimler-Benz AG, a German corporation, on March 2, 1998. In the transaction, Vishay acquired 8,010,000 of Siliconix's shares (pre-split) and TEMIC Semiconductor GmbH, a producer of discrete active electronic components, for a combined purchase price of $549,889,000 in cash. The acquisition agreement allocated approximately $234,667,000 of the combined purchase price to the acquisition of the Siliconix stock.

Upon consummation of the sale by Daimler-Benz to Vishay of the controlling interest in Siliconix, the three representatives of Daimler-Benz on Siliconix's board of directors resigned and three designees of Vishay, each of whom was a Vishay employee, were appointed to the board in their place.

On February 16, 2000, the stockholders of Siliconix approved a three-for-one split of Siliconix common stock which was effected on February 29, 2000, as a result of which the number of shares held by Vishay TEMIC was increased to 24,030,000, although its percentage interest remained unchanged.

Since Vishay TEMIC's acquisition of its interest in Siliconix, Siliconix's products have been marketed by Vishay's worldwide sales organization under the Siliconix brand name, and Siliconix's results of operations and other financial information have been consolidated in Vishay's financial statements.

On June 16, 2000, Siliconix's chief financial officer resigned, and William Clancy, Vishay's controller, became the acting chief accounting officer of Siliconix.

Vishay has from time to time considered increasing the size of its interest in Siliconix in a manner that would allow all other stockholders an equal opportunity to dispose of their shares. On occasion, representatives of Vishay have informally mentioned the possibility of such an offer to members of the board of Siliconix. With the recent slowing of growth in the technology sector and the accompanying pressure on the stock price of Siliconix, Vishay felt that stockholders might react favorably to an acquisition proposal by Vishay in which

Vishay would acquire their shares at a premium to current market prices. Accordingly, at its meeting on February 19, 2001, Vishay's board of directors authorized its management to contact Siliconix's board of directors to discuss a possible tender offer for any and all shares not already owned by Vishay.

On February 22, 2001, Vishay sent a letter to Siliconix's board of directors proposing to purchase the shares through a tender offer at a price of $28.82 per share in cash. Vishay did not retain any financial advisor to perform a valuation of Siliconix in connection with its proposal or otherwise with respect to the offer. Simultaneously with the letter, Vishay issued a press release disclosing the offer and its material terms to the public. The following is the text of Vishay's letter to the Siliconix board:

February 22, 2001

Mr. Glyndwr Smith
Chairman of the Board of Directors
Siliconix incorporated
2201 Laurelwood Road
Santa Clara, California 95054
Attention: Board of Directors

Gentlemen:

We are proposing to purchase any and all outstanding shares of common stock of Siliconix incorporated not already owned by Vishay Intertechnology, Inc. at a price of $28.82 per share in cash. The purchase would be made through a tender offer, subject to customary conditions, in accordance with the rules of the Securities and Exchange Commission.

Alternatively, we could offer to exchange the Siliconix shares for shares of common stock of Vishay. Depending upon whether such exchange would be tax-free to the Siliconix stockholders, we would expect that the value per share of Siliconix in the exchange would be somewhat less than the cash price.

If we hold at least 90 percent of the outstanding Siliconix shares following completion of our offer, we may effect a "short-form" merger of Siliconix with a Vishay subsidiary under Delaware law. If such a merger takes place promptly after the offer, the consideration given to stockholders in the merger would be the same as the consideration received by tendering stockholders in the offer.

We are not requesting that you enter into any agreement with respect to the offer or pay any sort of break-up or similar fee in the event that the offer is not consummated, including because of a higher offer from a subsequent bidder. Our offer would not foreclose any other person from making a higher offer for the shares that we do not already own.

We recognize that a majority of the board of directors of Siliconix is either affiliated with Vishay or serves with Siliconix management. We request the opportunity to discuss our offer with a special committee of independent, non-management Siliconix directors who are unaffiliated with Vishay. We only expect to proceed with our offer if the special committee, after consultations with its financial and legal advisors, concludes that the offer is fair to Siliconix stockholders. In addition, we could also determine not to proceed with the offer if in our sole judgment changes in economic, business or market conditions make the offer unadvisable.

Please call me at (610) 644-1300 at your earliest convenience to discuss this matter. We look forward to hearing from you.

Sincerely,

Avi D. Eden
Vice Chairman

On February 26, 2001, Siliconix's board of directors met by conference call to consider Vishay's proposal and to designate a special committee responsible for evaluating and negotiating the proposal. At that meeting, the board increased the authorized number of directors of Siliconix from six to eight and appointed Timothy V. Talbert to fill one of two newly-created vacancies on the board. The board of directors also established the special committee and named Mr. Talbert and another Siliconix director, Mark B. Segall, as the committee's two members. Neither Mr. Talbert nor Mr. Segall has any current interest in or affiliation with Siliconix or Vishay, other than as directors of Siliconix and the ownership for over ten years of 2,014 shares of Vishay stock by Mr. Talbert and his wife in individual retirement accounts. However, both Messrs. Talbert and Segall have had material relationships with Vishay in the

past. The Siliconix board did not name any other members of the full board to the special committee because, of its five other members, three (Lori Lipcaman, Everett Arndt and Glyndwr Smith) are management employees of Vishay, one (Michael Rosenberg) is a consultant to Vishay, and the fifth (King Owyang) is the president and chief executive officer of Siliconix and holds options to purchase 102,500 shares of Vishay common stock. See "Interests of Certain Persons" on page 48.

The Siliconix board of directors authorized and directed the special committee to assess Vishay's February 22, 2001 proposal. The full board also authorized the special committee to consider possible alternatives to the Vishay proposal. The board further authorized the special committee to communicate and, as the committee considered appropriate, negotiate directly with Vishay concerning the terms and conditions of Vishay's proposal. The special committee was also authorized to hire an investment banking firm and a law firm to provide the committee with financial and legal advice in performing these tasks.

On February 27, 2001, Siliconix sent a letter to Vishay acknowledging its receipt of the offer and informing Vishay of the formation of the special committee, which Siliconix announced to the public through the issuance of a press release on March 1, 2000. The following is the text of Siliconix's letter to Vishay:

February 27, 2001

Avi Eden, Esq.
Vice Chairman
Vishay Intertechnology, Inc.
63 Lincoln Highway
Malvern, PA 19355

Dear Mr. Eden:

The Siliconix Board of Directors has received your letter of February 22, 2001, in which you disclosed a proposal by Vishay Intertechnology, Inc. to purchase all of the shares of Siliconix incorporated that it does not already own for $28.82 in cash or, alternatively, for an undetermined number of shares of Vishay stock for each share of Siliconix stock.

The Siliconix Board has appointed a special committee of independent, non-management Siliconix directors who are unaffiliated with Vishay. This committee will evaluate your offer thoroughly and objectively and will advise the Siliconix Board accordingly. We will communicate our position to you thereafter.

Sincerely,

Glyndwr Smith
Chairman, Siliconix incorporated

The Siliconix special committee subsequently engaged the investment banking firm of Lehman Brothers Inc. as its financial advisor and the law firm of Heller Ehrman White & McAuliffe LLP as its legal counsel.

Over the next several weeks the special committee met on various occasions with its financial and legal advisors to discuss the Vishay proposal, the business and prospects of Siliconix and trends in the electronic components industry generally. Lehman Brothers conducted various financial diligence investigations of Siliconix during this period and Heller Ehrman conducted various legal investigations.

On April 5, 2001, the members of the special committee, together with their financial and legal advisors, met in New York City with representatives of Vishay and its legal advisor. The parties discussed the cash price that had been proposed by Vishay as well as structuring issues and other non-price terms of

the Vishay offer. The special committee and its financial advisor expressed the view that, despite the slow economy, the state of the semiconductor industry and the depressed stock market, they believed that $28.82 was not a fair price for the Siliconix shares. The parties agreed to resume their discussion after Lehman Brothers had completed its valuation work on Siliconix and the special committee had had an opportunity to review that work.

Lehman Brothers continued its work during the following weeks and communicated with the special committee to convey the results of its valuation analysis.

On May 2, 2001, the members of the special committee, together with their financial and legal advisors, again met in New York City with representatives of Vishay and its legal advisor. The special committee and its financial advisor reiterated their view that the $28.82 per share price that had been proposed by Vishay was inadequate. Vishay's representatives indicated that Vishay was prepared to offer a higher price but only in a transaction in which the consideration consisted primarily or exclusively of Vishay common stock. The parties then discussed this proposal, including a possible exchange ratio, possible adjustments to the exchange ratio depending on the price levels of Vishay stock, structuring issues and other non-cash terms of the offer. Although no agreement was reached on these issues, Lehman Brothers was directed to commence a diligence analysis of Vishay in order to form a view as to the value of Vishay stock as consideration in the offer.

In deciding to change its proposal from a cash offer to a stock offer, Vishay representatives reasoned that certain members of Vishay's senior management had questioned the value to Vishay of purchasing the 19.6% of Siliconix that Vishay did not already own; that at $28.82 per share Vishay would be paying almost as much for 19.6% of Siliconix as it had paid for 80.4% of Siliconix three years earlier; that management was therefore unwilling to recommend to the Vishay board a cash transaction at a price per share in excess of $28.82; but that management was prepared to recommend a share exchange at a ratio which would provide greater value per share of Siliconix stock but would not increase the cost of the transaction to Vishay based upon the price of Vishay's stock at the time Vishay first proposed to acquire all of Siliconix stock that it did not already own.

Following the May 2 meeting, counsel for Vishay and the special committee exchanged drafts of and comments upon a form of merger agreement between Vishay and Siliconix providing for a stock-for-stock transaction.

Based upon the prices of Vishay stock during the period prior to the announcement of the offer, the $28.82 cash offer was the equivalent of approximately 9 million shares of Vishay common stock, or 1.5 shares of Vishay common stock for each share of publicly traded Siliconix common stock. The 1.5 ratio multiplied by the prices for Vishay common stock in the range of approximately $24 to $28 during the week before the announcement of the offer on May 25, 2001 would have yielded a premium to the cash offer price, which Vishay believed would provide a basis for further consideration by the special committee.

Thereafter, as a result of movements in the stock market and Vishay's perception of a continuing deterioration in the electronic components market generally and in the space in which Siliconix operates in particular, Vishay formed a view that it was prepared to offer to acquire the publicly held stock of Siliconix in a stock-for-stock exchange offer without a merger agreement and without the advance approval of the special committee or favorable recommendation of the Siliconix board.

On May 23, 2001, Vishay informed the special committee that it was considering making an exchange offer for Siliconix stock at the ratio of 1.5 shares of Vishay common stock for each share of Siliconix common stock without first obtaining the special committee's approval. On May 24, 2001, the board of directors of Vishay met and determined to proceed with the offer.

On May 25, 2001, Vishay placed an advertisement in the Wall Street Journal and issued a press release announcing the commencement of the offer.

EVENTS OCCURRING AFTER THE COMMENCEMENT OF THE OFFER

On May 25, 2001, Vishay made a written request pursuant to Rule 14d-5(a) of the Exchange Act for Siliconix's stockholder list and security position listings.

On May 30, 2001, Vishay announced the private offering of a series of zero-coupon convertible subordinated notes due 2021, known as LYONs. See "Recent Developments" on page 20. Following the announcement of the offer and of the LYONs offering, the Vishay stock price experienced a marked decline, from an NYSE closing price of $25.81 on the day prior to the commencement of the offer to a closing price of $20.60 on May 31, 2001.

Following commencement of the offer, representatives of Vishay and of the Siliconix's special committee held informal discussions concerning the offer. During those discussions, the representatives of the special committee noted the decline in Vishay's stock price. Those representatives expressed the view that the special committee would not be likely to recommend the offer at the then current price levels of Vishay stock, which at such levels provided value of less than $34 per Siliconix share.

On June 8, 2001, Siliconix disseminated and filed with the SEC a solicitation/recommendation statement, in which it disclosed that the Siliconix board and the special committee were taking no position with respect to the offer and the merger.

CERTAIN LITIGATION

In February and March 2001, several purported class action complaints were filed in the Court of Chancery in and for New Castle County, Delaware and the Superior Court of the State of California against Vishay, Siliconix and the directors of Siliconix in connection with Vishay's announced proposal to purchase all issued and outstanding shares of Siliconix common stock not already owned by Vishay. The California class actions also name as defendants the directors of Vishay. The class actions, filed on behalf of all Siliconix stockholders other than Vishay, allege, among other things, that Vishay's $28.82 per share cash proposal was unfair and a breach of fiduciary duty. The actions seek injunctive relief, damages and other relief.

One of the Delaware class actions brought on behalf of all minority stockholders of Siliconix was filed on March 8, 2001, by Raymond L. Fitzgerald, allegedly a beneficial owner of over 137,000 shares of Siliconix common stock. This action claims that Vishay, Siliconix and six of the seven Siliconix directors breached their fiduciary duties to deal fairly with, and to pay a fair price to, the minority stockholders of Siliconix. This suit also contains derivative claims against Vishay on behalf of Siliconix alleging self-dealing and waste because Vishay purportedly usurped Siliconix's intellectual property and inventions, appropriated Siliconix's separate corporate identity and obtained a below-market loan from Siliconix.

Mr. Fitzgerald makes claims relating to, among other things, (i) the alleged unfair price and timing of the transaction proposed in Vishay's February 22, 2001 letter to the Siliconix board, (ii) the alleged unfair process employed by Vishay in pursuing the proposed transaction, including, in particular, the formation of, according to Mr. Fitzgerald, a sham and unempowered special committee by the Siliconix board of directors in an effort to mislead minority stockholders of Siliconix, (iii) alleged conflicts of interest of the special committee, (iv) alleged materially misleading statements or omissions made by Vishay and Siliconix with respect to the proposed transaction, and (v) Vishay's purported pattern over the years of enriching itself at the expense of Siliconix and its minority stockholders.

Mr. Fitzgerald has alleged that the special committee is not independent because, among other things, one of its two members, Mr. Mark Segall, should not be considered "unaffiliated" with Vishay. The complaint notes that until 1999, Mr. Segall was a partner with the law firm of Kramer Levin Naftalis & Frankel LLP during which time he represented Vishay as its corporate counsel and participated in the transaction in which Vishay first acquired its interest in Siliconix, and that Mr. Segall is listed as Vishay's representative, attorney or required recipient of any notice on certain of Vishay's SEC filings and corporate documents. The complaint also alleges that Mr. Segall acted as a representative of Vishay after his

departure from Kramer Levin. Mr. Fitzgerald has alleged that the special committee has been given no real bargaining power in the proposed transaction.

On May 2, 2001, Mr. Fitzgerald filed a request for admissions requesting certain admissions or denials relating to relationships between Mr. Timothy V. Talbert, Mr. Segall and Vishay. On May 11, 2001, Mr. Fitzgerald filed a motion to consolidate, and requested that he be named the lead plaintiff in the lawsuits in Delaware that have been filed in connection with the proposed transaction. On May 22, 2001, the Court of Chancery consolidated the Delaware actions under the caption "In re Siliconix Incorporated Shareholders Litigation." Mr. Fitzgerald's motion to be named lead plaintiff was initially opposed by other plaintiffs in the Delaware actions, and on May 24, 2001, plaintiff Griffin Portfolio Management Corp. also moved to be appointed as lead plaintiff. On May 30, 2001, plaintiffs Fitzgerald and Griffin Portfolio Management Corp. informed the court that they had agreed that Mr. Fitzgerald would be the sole lead plaintiff and counsel for Mr. Fitzgerald and Griffin Portfolio Management Corp. would be co-lead counsel for plaintiff and the proposed class.

On or about May 31, 2001, plaintiff Fitzgerald served an amended complaint, an application for a preliminary injunction against proceeding with or taking steps to give effect to the offer or the contemplated short-form merger, a motion to expedite proceedings and additional discovery requests. The amended complaint names as additional defendants Vishay TEMIC Semiconductor Acquisition Holdings Corp., Mr. Talbert and Dr. Zandman. In addition to his prior allegations, plaintiff claims, among other things, that in connection with the proposed offer and short-form merger, defendants have allegedly violated (i) their duty to deal fairly from a timing and process perspective with the minority stockholders of Siliconix, (ii) their duties of loyalty and candor, and (iii) Vishay's obligation to pay a fair price to the Siliconix minority stockholders. Plaintiff alleges, among other things, that Vishay has unfairly timed the proposed transaction to take advantage of the purported temporarily and artificially depressed market price for Siliconix stock. Plaintiff also contends that defendants breached fiduciary duties of candor and full disclosure by purportedly misleading the minority stockholders in connection with the alleged sham nature of the special committee, the timing of the proposed transactions, the prospects for and value of Siliconix and the prospects for and value of Vishay. Plaintiff further alleges that defendants have breached their purported fiduciary duty to pay a fair price in connection with the offer and short-form merger in that the proposed consideration is allegedly below the going concern value of Siliconix and what could be obtained in an arms' length, third party transaction.

Following expedited discovery and briefing, on June 15, 2001, the court heard argument on Mr. Fitzgerald's motion for a preliminary injunction to enjoin the offer. On June 19, 2001, the court issued an order denying the motion.

Vishay has moved to dismiss the amended complaint in the Delaware action. On April 9, 2001, Vishay and those defendants that had been served moved for a stay of the California actions. That motion is presently returnable on June 29, 2001.

Copies of various complaints filed in connection with the transaction proposed in Vishay's February 22, 2001 letter to the Siliconix board, including the ones filed by Mr. Fitzgerald and Griffin Portfolio Management Corp., as well as Mr. Fitzgerald's amended complaint filed after the commencement of the offer, are attached as exhibits to the registration statement. Also attached as an exhibit is the Court of Chancery's June 19, 2001 opinion. See also "Interests of Certain Persons" on page 48.

POSITION OF THE BOARD OF DIRECTORS OF SILICONIX

As set forth in Siliconix's a solicitation/recommendation statement disseminated and filed with the SEC on June 8, 2001, the Siliconix board and the special committee of the Siliconix board are taking no position with respect to the offer and the merger.

Information about the recommendation of the Siliconix board of directors and the special committee is more fully set forth in Siliconix's Solicitation/Recommendation Statement on Schedule 14D-9, which was mailed to Siliconix stockholders on or about June 8, 2001.

REASONS OF VISHAY FOR THE OFFER

At meetings of Vishay's board of directors held on February 19, 2001 and on May 24, 2001, Vishay's directors determined that the acquisition of the Siliconix shares that Vishay does not own was in keeping with its corporate strategy of complementing its internal growth with acquisitions that are likely to benefit from cost reductions and synergies when combined with Vishay's existing operations.

In reaching its decision to make the offer, Vishay's board of directors considered the following material factors, among others:

- the expectation that Siliconix's business could be further integrated with the business of Vishay, which would enhance prospects for both companies;

- the belief of Vishay's management that there are opportunities for reduction of Siliconix corporate costs, possible elimination of facilities of the combined company and potential cost reductions for purchased materials and services;

- the belief of Vishay's management that by acquiring all of Siliconix, Vishay could achieve synergies by consolidating the management of Siliconix's plants with those of Vishay and by unifying and optimizing cash management;

- the recent softening of the market for electronic components, as evidenced by first quarter results across the industry, and the particular need in this environment to focus on cost-cutting, operational efficiencies and product synergies;

- the prospects that the current downturn in the electronic component industry would extend into the third quarter of 2001, and possibly beyond, and that, as the 80.4% owner of Siliconix, Vishay stands to be most affected by a falling off in the operating results of Siliconix;

- stockholder allegations made from time to time, which Vishay believes are unfounded but which nonetheless have diverted management attention, that Vishay has used its position as controlling stockholder of Siliconix to usurp rights and opportunities of Siliconix to the detriment of Siliconix's minority stockholders; and

- Vishay's history of long-term growth through acquisitions, including its substantial experience integrating acquired businesses with existing operations and thereby achieving synergies and cost savings.

OTHER FACTORS TO CONSIDER BEFORE TENDERING YOUR SHARES

In determining whether or not to tender your Siliconix shares in the offer, you should consider the following factors, in addition to the risk factors and other factors identified in this document. See "Risk Factors" beginning on page 11:

Vishay Business Considerations

- Combining the business and operations of Vishay and Siliconix should result in operational efficiencies and cost savings that Vishay believes could not be achieved by Siliconix on a stand-alone basis. Vishay believes that these efficiencies and savings could be realized in administrative, human resources, information technology, purchasing, research and development, strategic planning and other corporate functions without impairing Siliconix's core operations.

- Vishay should have broader access to capital markets and greater borrowing capacity than Siliconix, which could be used to finance acquisitions and capital expansion at Siliconix that may be foreclosed to Siliconix as an independent public company that is majority-owned by Vishay.

- Because of the greater breadth of Vishay's operations and product lines, Vishay should experience less volatility in revenues and earnings than Siliconix, which has a much narrower product and operational base.

Vishay Stock and Market Considerations

- Stockholders of Vishay have an ownership interest in a larger and more diversified company than Siliconix.

- Vishay is actively covered by a number of members of the analyst community. Siliconix has no independent analyst coverage.

- The market for Siliconix stock is relatively illiquid compared to the market in Vishay stock, with the average daily trading volume for Vishay stock being over twenty times as great as the average daily volume for Siliconix stock.

- Because Vishay owns approximately 80.4% of the outstanding Siliconix stock, a sale of Siliconix in which stockholders would realize an acquisition premium is unlikely and cannot occur without the consent of Vishay.

Siliconix Business Considerations

- Siliconix has already acted to cut costs and reduce operating expenses in order to maintain profitability in the current adverse economic environment.

- Siliconix owns a valuable and extensive portfolio of intellectual property, and has a long tradition of innovative product development. Siliconix introduced 119 new products in 2000 alone.

- Siliconix had its best year ever in 2000, with record earnings of $107.6 million.

Siliconix Stock and Market Considerations

- Siliconix has traded as high as $88.06 in the last 52 weeks, and has already recovered from its 52 week low of $16.94.

- Siliconix stock price and operating performance can be expected to rebound further with improvements in the United States and world economy and when the inventory corrections in Siliconix's major markets have run their course.

- Historically, Siliconix has recovered from adverse economic conditions ahead of corresponding improvements in Vishay's business generally.

32

38

- As a Vishay stockholder, your interest in the performance and prospects of Siliconix will be indirect and in proportion to your relative holdings of Vishay stock. Accordingly, you may not realize the same financial benefit of future appreciation in the enterprise value of Siliconix that you would if you remained a Siliconix stockholder.

- Siliconix stock has often traded historically at higher price to earnings multiples than the stock of Vishay.

- Because Vishay owns approximately 80.4% of the outstanding Siliconix stock, there can be no effective "market check" on the Vishay offer. It is highly unlikely that any third party would bid for Siliconix in these circumstances.

Certain Allegations Against Vishay

- It is alleged in the current litigation described in "Certain Litigation" beginning on page 29, that Vishay has usurped for itself patented technology actually developed by employees of Siliconix.

- It has further been alleged that Vishay has caused Siliconix to lend funds to Vishay at rates that are below the rates that Siliconix could obtain from third party borrowers under similar circumstances.

- It has further been alleged that Vishay has usurped for itself the corporate identity of Siliconix by causing the name Vishay to appear prominently at Siliconix's headquarters, on the business cards of Siliconix employees and in other contexts in which Siliconix is mentioned.

- In the past, there have been claims that Vishay obtains products for resale from Siliconix at below market transfer prices.

- There have also been claims that by awarding Vishay stock options to Siliconix employees and management, Vishay incentivizes these Siliconix personnel to act in the interests of Vishay rather than Siliconix.

Vishay denies these claims and allegations.

FINANCIAL FORECASTS

As part of its business planning cycles, the management of each of Siliconix and Vishay from time to time have prepared internal financial forecasts regarding its anticipated future operations. In the course of the discussions described in "Background of the Offer," Vishay and Siliconix provided these internal forecasts to each other and to Siliconix's special committee's financial advisor.

The internal financial forecasts regarding Siliconix prepared by Siliconix's management reflected the following forecasted information (in thousands, except per share amounts):

CALENDAR YEAR	SALES	EBITDA	NET INCOME	EPS
2001	$325,000	$ 78,700	$ 29,000	$0.99
2002	460,000	159,600	92,500	3.10
2003	545,000	184,200	111,600	3.74
2004	630,000	209,500	130,900	4.38
2005	720,000	234,100	151,400	5.07

The internal financial forecasts regarding Vishay prepared by Vishay's management reflected the following forecasted information, exclusive of restructuring charges (in thousands, except per share amounts):

CALENDAR YEAR	SALES	EBITDA	NET INCOME	EPS
2001	$1,880,000	$437,000	$215,000	$1.55
2002	1,927,000	399,000	181,000	1.30

The above forecasts of Siliconix and Vishay were prepared for internal budgeting and planning purposes only and not with a view to public disclosure or compliance with published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants regarding projections or forecasts. While presented with numerical specificity, the forecasts are based upon a variety of assumptions relating to the business of Siliconix and Vishay and are inherently subject to significant uncertainties and contingencies that are beyond the control of the management of Siliconix and Vishay. These include the impact of general economic and business conditions, the competitive environment in which each operates and other factors. See "Forward Looking

Information" on page 16. Accordingly, actual results may differ materially from those forecasted.

The inclusion of the forecasts herein should not be regarded as a representation by Siliconix or Vishay or any other person that such forecasts are or will prove to be correct. By including the projections of Siliconix in this document, Vishay does not adopt those projections. As a matter of course, neither Siliconix nor Vishay makes public projections or forecasts of its anticipated financial position or results of operations. Except to the extent required under applicable securities laws, neither Siliconix nor Vishay intends to make publicly available any update or other revisions to any of the forecasts to reflect circumstances existing after the date of preparation of such forecasts.

THE OFFER

We are offering to exchange 1.5 shares of Vishay common stock for each outstanding share of Siliconix common stock which is validly tendered and not properly withdrawn on or prior to the expiration date of the offer, subject to the terms and conditions described in this prospectus and the related letter of transmittal.

The term "expiration date" means 12:00 midnight, New York City time, on Friday, June 22, 2001, unless we extend the period of time for which the offer is open, in which case the term "expiration date" means the latest time and date on which the offer, as so extended, expires.

You will not receive any fractional shares of Vishay common stock in the offer or the merger. In lieu of any fractional share, you will receive cash equal to the product of such fractional share, after combining all fractional shares to which you would otherwise be entitled, and the closing price of Vishay common stock as reported on the NYSE on the expiration date of the offer.

If you are the record owner of your shares and you tender your shares directly to the exchange agent, you will not be obligated to pay any charges or expenses of the exchange agent or any brokerage commissions. If you own your shares through a broker or other nominee, and your broker tenders the shares on your behalf, your broker may charge you a fee for doing so. You should consult your broker or nominee to determine whether any charges will apply.

Our obligation to exchange Vishay shares for Siliconix shares in the offer is subject to several conditions referred to below under "Conditions of the Offer."

TIMING OF THE OFFER

Our offer is scheduled to expire at 12:00 midnight, New York City time, on Friday, June 22, 2001. For more information, see the discussion under "Extension, Termination and Amendment" below.

EXTENSION, TERMINATION AND AMENDMENT

We expressly reserve the right, in our sole discretion, at any time or from time to time to extend the period of time during which our offer remains open, and we can do so by giving oral or written notice of such extension to the exchange agent. If we decide to extend our offer, we will make an announcement to that effect no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. We are not making any assurance that we will exercise our right to extend our offer, although we currently intend to do so until all conditions have been satisfied or, where permissible, waived. During any such extension, all Siliconix shares previously tendered and not withdrawn will remain subject to the offer, subject to your right to withdraw your Siliconix shares prior to the expiration date.

Subject to the SEC's applicable rules and regulations, we also reserve the right, in our sole discretion, at any time or from time to time, to delay our acceptance for exchange or our exchange of any Siliconix shares pursuant to our offer, regardless of whether we previously accepted Siliconix shares for exchange, or to terminate our offer and not accept for exchange or exchange any Siliconix shares not previously accepted for exchange or exchanged, upon the failure of any of the conditions of the offer to be satisfied or, where permissible, waived, or otherwise to amend the offer in any respect (except as described below), by giving oral or written notice of such delay, termination or amendment to the exchange agent and by making a public announcement. We will follow any extension, delay, termination or amendment, as promptly as practicable, with a public announcement. In the case of an extension, any such announcement will be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. Subject to applicable law (including Rules 14d-4(c) and 14d-6(d) under the Exchange Act, which require that any material change in the information published, sent or given to the stockholders in connection with the offer be promptly sent to stockholders in a manner reasonably designed to inform stockholders of such change) and without limiting the manner in which we may choose to make any public announcement, we assume no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to the Dow Jones News Service.

We expressly reserve the right, at any time and from time to time, to modify the terms and conditions of the offer, except that the minimum condition, the registration statement effectiveness condition and the listing condition may not be modified or waived.

If we make a material change in the terms of the offer or the information concerning the offer, or if we waive a material condition of the offer, we will extend the offer to the extent required under the Exchange Act. If, prior to the expiration date, we change the consideration offered to you, that change will apply to all holders whose Siliconix shares are accepted for exchange pursuant to the offer. If at the time notice of that change is first published, sent or given to you, the offer is scheduled to expire at any time earlier than the tenth business day from and including the date that the notice is first so published, sent or given, we will extend the offer until the expiration of that ten business-day period. For purposes of the offer, a "business day" means any day other than a Saturday, Sunday or federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, New York City time.

EXCHANGE OF SILICONIX SHARES; DELIVERY OF VISHAY COMMON STOCK

Upon the terms and subject to the conditions of the offer (including, if the offer is extended or amended, the terms and conditions of the extension or amendment), we will accept for exchange Siliconix shares validly tendered and not properly withdrawn as promptly as permitted to do so under applicable law and will exchange Vishay common stock for the shares of Siliconix common stock promptly thereafter. In all cases, exchange of Siliconix shares tendered and accepted for exchange pursuant to the offer will be made only after timely receipt by the exchange agent of certificates for those Siliconix shares (or a timely confirmation of a book-entry transfer of those Siliconix shares in the exchange agent's account at The Depository Trust Company), a properly completed and duly executed letter of transmittal (or a manually signed facsimile of that document), and any other required documents, or you must comply with the guaranteed delivery procedures set forth in "Guaranteed Delivery" beginning on page 38.

For purposes of the offer, we will be deemed to have accepted for exchange Siliconix shares validly tendered and not properly withdrawn when, as and if we notify the exchange agent of our acceptance of the tenders of those Siliconix shares pursuant to the offer. The exchange agent will deliver shares of Vishay common stock in exchange for Siliconix shares pursuant to the offer and cash instead of a fraction of a share of Vishay common stock (as specified in this document) as soon as practicable after receipt of our notice. The exchange agent will act as agent for tendering stockholders for the purpose of receiving Vishay common stock and cash to be paid instead of a fraction of a share of Vishay common stock and transmitting such stock and cash to you. You will not receive any interest on any cash that we pay you, even if there is a delay in making the exchange.

If we do not accept any tendered Siliconix shares for exchange pursuant to the terms and conditions of the offer for any reason, or if certificates are submitted for more Siliconix shares than are tendered, we will return certificates for sun" SIZE="2">Loss from discontinued operations

$

$
(0.12
)

$

$
(0.40
)

Net income

$
0.55

$
0.37

$
1.38

$
0.88

Diluted weighted average common shares	
	72,268
	69,161
	70,209
	69,161

See accompanying notes to consolidated financial statements.

4

Table of Contents

AMC NETWORKS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS (DEFICIENCY) EQUITY

Nine Months Ended September 30, 2011

(Dollars in thousands)

(Unaudited)

Balance, December 31, 2010	$ 24,831
Cash capital contributions from Cablevision	20,813
Cash capital distributions to Cablevision	(20,813)
Non-cash capital distribution to Cablevision related to employee benefit plans as a result of the Distribution (see Note 4)	(6,602)
Non-cash capital distribution associated with the issuance of debt to Cablevision (see Note 1)	(1,250,000)
Non-cash capital contribution, net related to adjustments to liability for uncertain tax positions and net deferred tax assets as a result of the Distribution (see Note 5)	44,508
Non-cash capital contribution related to the utilization of Cablevision tax losses (see Note 5)	37,912
Non-cash capital distribution of promissory note receivable to Cablevision (see Note 4)	(17,113)
Non-cash capital contribution related to the allocation of Cablevision share-based compensation expense	8,343
Other non-cash capital distributions, net	(156)
Share-based compensation expense subsequent to the Distribution	4,320
Proceeds from exercise of stock options	2,460
Treasury stock acquired from forfeiture and acquisition of restricted shares (see Note 13)	(83)
Accumulated other comprehensive loss relating to interest rate swap contracts designated as cash flow hedges, net of income taxes (see Note 9)	(10,893)
Net income	96,976
Balance, September 30, 2011	$ (1,065,497)

See accompanying notes to consolidated financial statements.

5

Table of Contents

AMC NETWORKS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine Months Ended September 30, 2011 and 2010

(Dollars in thousands)

(Unaudited)

	2011	2010
Cash flows from operating activities:		
Income from continuing operations	$ 97,097	$ 88,282
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	75,197	79,896
Share-based compensation expense related to equity classified awards	4,320	
Share-based compensation expense allocations related to Cablevision equity classified awards prior to the Distribution	8,343	12,053
Amortization and write-off of program rights	174,216	149,855
Amortization of deferred carriage fees	17,972	18,879
Amortization of deferred financing costs and discounts on indebtedness	3,863	2,828
Write-off of deferred financing costs	5,703	
Loss on extinguishment of debt	14,535	
Provision for doubtful accounts	670	424
Deferred income taxes	53,275	60,239
Changes in assets and liabilities:		
Accounts receivable, trade	9,419	(16,932)
Amounts due from/to affiliates, net	(9,333)	8,956
Prepaid expenses and other assets	(11,279)	31,928
Program rights	(346,269)	(275,409)
Deferred carriage fees	(1,865)	(2,038)
Accounts payable, accrued expenses and other liabilities	(13,484)	(5,868)
Program rights obligations	121,320	41,511
Deferred carriage fees payable	(1,339)	(221)
Net cash provided by operating activities	202,361	194,383
Cash flows from investing activities:		
Capital expenditures	(7,129)	(7,021)
Payment for acquisition of a business	(270)	(320)
Proceeds from sale of equipment, net of costs of disposal	13	326
Net cash used in investing activities	(7,386)	(7,015)
Cash flows from financing activities:		
Capital contributions from Cablevision	20,813	190,918
Capital distributions to Cablevision	(20,813)	(39,890)
Repayment of credit facility debt	(826,488)	(58,750)
Redemption of senior notes	(300,000)	
Redemption of senior subordinated notes, including tender premium and fees	(338,365)	
Additions to deferred financing costs	(26,599)	
Proceeds from credit facility debt	1,442,364	
Purchase of treasury stock	(83)	
Proceeds from stock option exercises	2,460	

Repayment of note payable to affiliate		(190,000)
Principal payments on capital lease obligations	(3,417)	(3,048)
Net cash used in financing activities	(50,128)	(100,770)
Net increase in cash and cash equivalents from continuing operations	144,847	86,598
Cash flows from discontinued operations:		
Net cash used in operating activities	(410)	(37,667)
Net cash provided by (used in) investing activities	562	(5,685)
Net cash used in financing activities		
Effect of change in cash related to net assets distributed to Cablevision		(5,917)
Net increase (decrease) in cash and cash equivalents from discontinued operations	152	(49,269)
Cash and cash equivalents at beginning of period	79,960	29,828
Cash and cash equivalents at end of period	$ 224,959	$ 67,157

See accompanying notes to consolidated financial statements.

6

Table of Contents

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts)

(Unaudited)

Note 1. Business

Nature of Operations

AMC Networks Inc. (AMC Networks) and collectively with its subsidiaries (the Company) own and operate entertainment businesses and assets. On June 30, 2011, Cablevision Systems Corporation (Cablevision Systems Corporation and its subsidiaries are referred to as Cablevision) spun-off the Company (the Distribution) and the Company became an independent public company. The Company is comprised of two reportable segments:

National Networks: Includes four nationally distributed programming networks: AMC, WE tv, IFC and Sundance Channel. These programming networks are distributed throughout the United States (U.S.) via cable and other multichannel distribution platforms, including direct broadcast satellite and platforms operated by telecommunications providers (we refer collectively to these cable and other multichannel distributors as multichannel video distributors or distributors); and

International and Other: Principally includes AMC/Sundance Channel Global, the Company s international programming business; IFC Films, the Company s independent film distribution business; and AMC Networks Broadcasting & Technology (formerly Rainbow Network Communications), the Company s network technical services business, which supplies an array of services to the network programming industry, primarily to the programming networks of the Company. AMC and Sundance Channel are distributed in Canada and Sundance Channel and WE tv are distributed in other countries throughout Europe and Asia. The International and Other reportable segment also includes VOOM HD Holdings LLC (VOOM HD), which distributes programming content in Latin America. VOOM HD ceased distributing the Rush HD channel in Europe in April 2011.

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. On June 30, 2011, Cablevision effected the Distribution of all of AMC Networks outstanding common stock. In the Distribution, each holder of Cablevision NY Group (CNYG) Class A common stock of record on June 16, 2011 received one share of AMC Networks Class A common stock for every four shares of CNYG Class A common stock held on the record date, which resulted in the issuance of approximately 57,813,000 shares of Class A common stock. Each record holder of CNYG Class B common stock received one share of AMC Networks Class B common stock for every four shares of CNYG Class B common stock held on the record date, which resulted in the issuance of approximately 13,534,000 shares of Class B common stock. Immediately prior to the Distribution, the Company was an indirect wholly-owned subsidiary of Cablevision. The Company became an independent public company on June 30, 2011, the date of the Distribution. Both Cablevision and AMC Networks continue to be controlled by Charles F. Dolan, members of his immediate family and certain family related entities (collectively the Dolan Family).

As part of the Distribution, the Company incurred $2,425,000 of debt (the New AMC Networks Debt), consisting of $1,725,000 aggregate principal amount of senior secured term loans and $700,000 aggregate principal amount of senior unsecured notes (see Note 7). Approximately $1,063,000 of the proceeds of the New AMC Networks 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 New AMC Networks Debt was issued to CSC Holdings, LLC (CSC Holdings), a wholly-owned subsidiary of Cablevision, which is reflected as a deemed capital distribution in the consolidated statement of stockholders (deficiency) equity for the nine months ended September 30, 2011. CSC Holdings used such New AMC Networks Debt to satisfy and discharge outstanding CSC Holdings debt, which ultimately resulted in such New AMC Networks Debt being held by third party investors.

Table of Contents

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

On December 31, 2010, Rainbow Media Holdings LLC (RMH) transferred its membership interests in News 12 (regional news programming services), Rainbow Advertising Sales Corporation (a cable television advertising company) and certain other businesses to wholly-owned subsidiaries of Cablevision in contemplation of the Distribution. The operating results of these transferred entities through the date of the transfer have been presented in the consolidated statements of income as discontinued operations for all periods presented. Additionally, the net operating results following the sale of our ownership interests in the Lifeskool and Sportskool video-on-demand services in September and October 2008, respectively, which were recorded under the installment sales method, have been classified as discontinued operations for all periods presented.

Note 2. Basis of Presentation

These unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) and Article 10 of Regulation S-X of the Securities and Exchange Commission (SEC) for interim financial information. Accordingly, these unaudited consolidated financial statements do not include all the information and notes required for complete annual financial statements.

These interim unaudited consolidated financial statements should be read in conjunction with the Company s audited consolidated financial statements and notes thereto for the year ended December 31, 2010 contained in the Company s Registration Statement on Form 10 filed with the SEC.

The Company s consolidated financial statements for periods prior to the Distribution have been derived from the consolidated financial statements and accounting records of Cablevision and reflect certain assumptions and allocations. The financial position, results of operations and cash flows of the Company for those periods could differ from those that might have resulted had the Company been operated autonomously or as an entity independent of Cablevision. The Company s consolidated financial statements after the Distribution reflect certain revenues and expenses related to transactions with or charges from Cablevision and other affiliates as described in Note 15.

The consolidated financial statements as of September 30, 2011 and for the three and nine months ended September 30, 2011 and 2010 are unaudited; however, in the opinion of management, such consolidated financial statements include all adjustments, consisting solely of normal recurring adjustments, necessary for a fair presentation of the results for the periods presented. All significant intercompany transactions and balances have been eliminated in consolidation.

The results of operations for the 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, 2011, including as a result of the Company becoming a separate independent entity and the incurrence of the New AMC Networks Debt. The Company s capital structure after the Distribution is different from the capital structure presented in the historical consolidated financial statements for periods prior to the Distribution and accordingly, interest expense through the Distribution date is not necessarily indicative of the interest expense that the Company would have incurred as a separate independent entity.

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.

Recently Adopted Accounting Pronouncements

In December 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-28, Intangibles - Goodwill and Other (Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts (ASU 2010-28). ASU 2010-28 modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. The Company adopted ASU 2010-28 effective January 1, 2011. The adoption of this authoritative guidance did not have any impact on the Company s consolidated financial statements.

Table of Contents

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

In January 2010, the FASB issued ASU No. 2010-06, Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurement, that outlines certain new disclosures and clarifies some existing disclosure requirements about fair value measurement as set forth in Accounting Standards Codification Topic 820-10 which became effective and was adopted by the Company on January 1, 2011. The adoption of this authoritative guidance did not have any impact on the Company s consolidated financial statements.

In October 2009, the FASB issued ASU No. 2009-13, Multiple-Deliverable Revenue Arrangements (ASU 2009-13), which provides amendments that (a) update the criteria for separating consideration in multiple-deliverable arrangements, (b) establish a selling price hierarchy for determining the selling price of a deliverable, and (c) replace the term fair value in the revenue allocation guidance with the term selling price to clarify that the allocation of revenue is based on entity-specific assumptions. ASU 2009-13 eliminates the residual method of allocating arrangement consideration to deliverables, requires the use of the relative selling price method and requires that a vendor determine its best estimate of selling price in a manner consistent with that used to determine the price to sell the deliverable on a stand-alone basis. ASU 2009-13 requires a vendor to significantly expand the disclosures related to multiple-deliverable revenue arrangements with the objective to provide information about the significant judgments made and changes to those judgments and how the application of the relative selling-price method affects the timing or amount of revenue recognition. ASU 2009-13 was adopted on a prospective basis to revenue arrangements entered into or materially modified on or after January 1, 2011. The adoption of this authoritative guidance did not have any impact on the Company s consolidated financial statements.

Recently Issued But Not Yet Adopted Accounting Pronouncements

In June 2011, the FASB issued ASU No. 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income. The provisions of ASU 2011-05 provide that an entity that reports items of other comprehensive income has the option to present comprehensive income as (i) a single statement that presents the components of net income and total net income, the components of other comprehensive income and total other comprehensive income, and a total for comprehensive income or (ii) in a two-statement approach, whereby an entity must present the components of net income and total net income in the first statement and that statement is immediately followed by a financial statement that presents the components of other comprehensive income, a total for other comprehensive income, and a total for comprehensive income. The option in current GAAP that permits the presentation of other comprehensive income in the statement of stockholders equity has been eliminated. ASU 2011-05 is to be applied retrospectively and early adoption is permitted. ASU 2011-05 is effective for the Company on January 1, 2012. The Company has not yet determined which presentation method it will adopt.

Note 3. Net Income (Loss) per Share

Basic net income (loss) per share (EPS) is based upon net income (loss) divided by the weighted-average number of shares outstanding during the period. Diluted EPS reflects the dilutive effects of stock options (including those held by directors and employees of affiliates of the Company) and restricted shares (including those held by employees of affiliates of the Company).

The following is a reconciliation between basic and diluted weighted average shares outstanding for the three and nine months ended September 30, 2011 and 2010:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Basic weighted average shares outstanding	69,284,000	69,161,000	69,203,000	69,161,000
Effect of dilution:				

Stock options	1,083,000		365,000	
Restricted shares	1,901,000		641,000	
Diluted weighted average shares outstanding	72,268,000	69,161,000	70,209,000	69,161,000

Approximately 149,000 restricted shares issued pursuant to the Company s employee stock plan have been excluded from the diluted weighted average shares outstanding for the three and nine months ended September 30, 2011, respectively, since the performance criteria on these awards has not yet been satisfied.

9

Table of Contents

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

The number of shares used to compute basic and diluted income per share for the three and nine months ended September 30, 2010 of approximately 69,161,000, represents the number of shares of Company common stock issued to Cablevision shareholders on the Distribution date, and excludes unvested outstanding restricted shares, based on a distribution ratio of one share of AMC Networks common stock for every four shares of Cablevision common stock outstanding. The dilutive effect of the Company s share-based awards that were issued in connection with the adjustment or conversion of Cablevision s share-based awards upon the Distribution (including Cablevision options and restricted share awards previously granted prior to the Distribution) and subsequent Company grants, are included in the computation of diluted net income per share in periods subsequent to the Distribution.

Note 4. Cash Flows

For purposes of the unaudited consolidated statements of cash flows, the Company considers the balance of its investments in funds that substantially hold securities that mature within three months or less from the date the fund purchases these securities to be cash equivalents. The carrying amount of cash and cash equivalents either approximates fair value due to the short-term maturity of these instruments or are at fair value.

During the nine months ended September 30, 2011 and 2010, the Company s non-cash investing and financing activities and other supplemental data were as follows:

	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Non-Cash Investing and Financing Activities:		
Continuing Operations:		
Deemed capital contributions related to the utilization of Cablevision tax losses (see Note 5)	$ 37,912	$ 48,235
Deemed capital contribution, net related to adjustments to liability for uncertain tax positions and net deferred tax assets as a result of the Distribution (see Note 5)	44,508	
Capital distribution for the transfer of a promissory note receivable to Cablevision (see Promissory Note discussion below)	(17,113)	
Deemed capital distribution to Cablevision related to employee benefit plans as a result of the Distribution (see Employee Matters Agreement discussion below)	(6,602)	
Deemed capital distribution associated with the issuance of debt to Cablevision (see Note 1)	(1,250,000)	
Increase in capital lease obligations and related assets	39	
Deemed capital contribution related to the allocation of Cablevision share-based compensation expense	8,343	12,053
Supplemental Data:		
Cash interest paid continuing operations	64,300	69,580
Cash interest paid discontinued operations		
Income taxes paid continuing operations	8,289	3,861
Income taxes paid discontinued operations		5

Promissory Note

In September 2009, RMH and one of its subsidiaries that was transferred by the Company to Cablevision on December 31, 2010 agreed to the terms of a promissory note having an initial principal amount of $0 and increasing from time to time by advances made by RMH, with an interest rate of 8.625%. As of December 31, 2010, RMH had extended advances against this promissory note aggregating $16,832. Interest income recognized by RMH related to this note amounted to $0 and $169 for the three months ended September 30, 2011 and 2010, respectively, and $120 and $362 for the nine months ended September 30, 2011 and 2010, respectively. On January 31, 2011, RMH distributed to a subsidiary of Cablevision all of its rights, title and interest in and to the promissory note. This distribution amounting to $17,113, including principal and accrued and unpaid interest, is

Table of Contents

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

reflected as a capital distribution in the consolidated statement of stockholders (deficiency) equity for the nine months ended September 30, 2011.

Employee Matters Agreement

In connection with the Distribution, AMC Networks entered into an Employee Matters Agreement with Cablevision which allocated assets, liabilities and responsibilities with respect to certain employee compensation and benefit plans and programs and certain other related matters. As a result of such agreement, AMC Networks recorded a net receivable from Cablevision of $876, an increase in accrued employee related costs of $7,478 and a capital distribution of $6,602 which decreased additional paid in capital in the Company s statement of stockholders (deficiency) equity for the transfer to the Company from Cablevision of the obligations related to the Company s employees participant accounts in the Cablevision Excess Savings Plan $(3,616) and the Cablevision Excess Cash Balance Pension Plan $(3,862) and for the Company s obligation to Cablevision for the $6,193 unfunded liability associated with Company employee participants in Cablevision s Cash Balance Pension Plan. In addition, the Company reduced its long-term incentive plan and stock appreciation right (SAR) liabilities and increased due to affiliates by $6,742 for its obligation to pay Cablevision for its allocated share of the related expense for Cablevision corporate employees through June 30, 2011.

Note 5. Income Taxes

Income tax expense attributable to continuing operations was $22,440 and $65,388 for the three and nine months ended September 30, 2011, respectively, representing an effective tax rate of 36% and 40%, respectively. The effective tax rate differs from the federal statutory rate of 35% due primarily to state income tax expense of $1,272 and $6,562, tax benefit of $2,674 and $2,182 resulting from a decrease in the valuation allowance with regard to certain local income tax credit carry forwards, and tax expense of $839 and $2,908 related to uncertain tax positions, including accrued interest, for the three and nine months ended September 30, 2011, respectively.

Income tax expense attributable to continuing operations was $25,144 and $65,787 for the three and nine months ended September 30, 2010, respectively, representing an effective tax rate of 43% in both periods. The effective tax rate differs from the federal statutory rate of 35% due primarily to state income tax expense of $3,219 and $8,381, tax expense of $397 and $1,104 resulting from an increase in the valuation allowance with regard to certain local income tax credit carry forwards, and tax expense of $446 and $1,248 related to uncertain tax positions, including accrued interest, for the three and nine months ended September 30, 2010, respectively.

At September 30, 2011, the Company had estimated federal net operating loss carry forwards (NOLs) of approximately $184,000, expiring on various dates from 2024 through 2026, and foreign tax credit carry forwards of approximately $12,000, expiring on various dates from 2014 through 2021.

At September 30, 2011, the liability for uncertain tax positions was $10,052, excluding the accrued interest liability of $2,021 and associated deferred tax assets of $4,267. All of such unrecognized tax benefits, if recognized, would reduce the Company s income tax expense and effective tax rate. The Company s policy is to include any interest on income taxes in income tax expense. As of the Distribution date, liabilities for uncertain tax positions of $56,409, accrued interest of $1,284, and the associated deferred tax assets of $2,358 were eliminated and recorded as a deemed capital contribution, net in the consolidated statement of stockholders (deficiency) equity as the liability for such uncertain tax positions became an obligation of Cablevision. Under the Company s Tax Disaffiliation Agreement with Cablevision, Cablevision is liable for all income taxes of the Company for periods prior to the Distribution except for New York City Unincorporated Business Tax.

In January 2011, the Company settled a New York City Unincorporated Business Tax audit for the years 2003 through 2005 for $2,253, including accrued interest, which approximated the related uncertain tax position liability as of December 31, 2010. The City of New York is currently auditing the Company s Unincorporated Business Tax returns for the years 2006 through 2008.

For periods prior to the Distribution, the Company s taxable income or loss was included in the consolidated federal and certain state and local income tax returns of Cablevision. The reductions in taxes payable realized by the Company through the utilization of Cablevision s NOLs during such periods are reflected as deemed capital contributions in the periods of utilization and are adjusted for true-ups in subsequent periods. Accordingly, a deemed capital contribution, net of $37,912 was recorded in the consolidated statement of stockholders (deficiency) equity for the nine months ended September 30, 2011 to reflect the estimated NOLs of Cablevision used by the Company.

Table of Contents

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

As a result of the Distribution, the following adjustments to the deferred tax assets and liabilities were recorded as a deemed capital distribution, net in the consolidated statement of stockholders (deficiency) equity as of the Distribution date: (i) a decrease in the net deferred tax assets of $2,392 to reflect the lower stand-alone estimated applicable corporate tax rates, (ii) a decrease in the deferred tax asset for share-based awards of $7,292 to eliminate the portion of the deferred tax asset relating to share-based compensation expense attributable to Cablevision corporate employees that was allocated to the Company prior to the Distribution; and (iii) a decrease in the deferred tax asset of $1,314 to reflect that certain compensation awards are no longer anticipated to be realized as a tax deduction pursuant to Internal Revenue Code Section 162(m).

Note 6. Intangible Assets

The following table summarizes information relating to the Company s acquired intangible assets at September 30, 2011 and December 31, 2010:

	September 30, 2011	December 31, 2010	Estimated Useful Lives
Gross carrying amount of amortizable intangible assets			
Affiliation agreements and affiliate relationships	$ 911,357	$ 911,357	4 to 25 years
Advertiser relationships	103,723	103,723	3 to 10 years
Other amortizable intangible assets	24,840	24,840	4 to 10 years
	1,039,920	1,039,920	
Accumulated amortization			
Affiliation agreements and affiliate relationships	619,518	565,893	
Advertiser relationships	90,296	84,684	
Other amortizable intangible assets	24,556	24,461	
	734,370	675,038	
Amortizable intangible assets, net of accumulated amortization	305,550	364,882	
Indefinite-lived intangible assets			
Trademarks	19,900	19,900	
Goodwill	83,173	83,173	
Total intangible assets, net	$ 408,623	$ 467,955	
Aggregate amortization expense			
Nine months ended September 30, 2011	$ 59,332		

Estimated amortization expense

Year ending December 31, 2011	$ 79,109
Year ending December 31, 2012	64,436
Year ending December 31, 2013	31,678
Year ending December 31, 2014	9,765
Year ending December 31, 2015	9,746

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

Note 7. Debt

Senior Secured Credit Facility

On June 30, 2011 (the Closing Date), AMC Networks, as Borrower, and substantially all of its subsidiaries, as restricted subsidiaries, entered into a credit agreement (the Credit Facility). The Credit Facility provides AMC Networks with senior secured credit facilities consisting of a $1,130,000 term loan A facility (the Term A Facility), a $595,000 term loan B facility (the Term B Facility) and a $500,000 revolving credit facility (the Revolving Facility). The Term A Facility and the Term B Facility were discounted $5,650 and $12,986, respectively, upon original issuance. The Term A Facility matures June 30, 2017, the Term B Facility matures December 31, 2018 and the Revolving Facility matures June 30, 2016. On the Closing Date, AMC Networks borrowed $1,130,000 under the Term A Facility and $595,000 under the Term B Facility, of which approximately $577,000 was issued to CSC Holdings as partial consideration for the transfer to AMC Networks of the RMH businesses on June 6, 2011 pursuant to the Contribution Agreement, among AMC Networks, CSC Holdings and Cablevision, and was in connection with the Distribution of AMC Networks from Cablevision consummated on June 30, 2011. The issuance of debt to CSC Holdings is reflected as a deemed capital distribution in the consolidated statement of stockholders (deficiency) equity for the nine months ended September 30, 2011.

The Revolving Facility was not drawn upon on the Closing Date and remains undrawn at September 30, 2011. Total undrawn revolver commitments are available to be drawn for general corporate purposes of the Company.

In connection with the Credit Facility, AMC Networks incurred deferred financing costs of $26,328, which are being 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 AMC Networks may be (1) for the Term A Facility and the Revolving Facility, 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), 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), and (2) for the Term B Facility, either (a) 2.00% per annum above the base rate, or (b) 3.00% per annum above a Eurodollar rate (and subject to a LIBOR floor of 1.00% per annum). At September 30, 2011, the interest rate on the Term A Facility and the Term B Facility was 2.23% and 4.00%, respectively, reflecting a Eurodollar rate for each plus the additional rate as described herein.

All obligations under the Credit Facility are guaranteed jointly and severally by substantially all of AMC Networks existing and future domestic restricted subsidiaries as primary obligors in accordance with the Credit Facility. All obligations under the Credit Facility, including the guarantees of those obligations, are secured by substantially all of the assets of AMC Networks and these subsidiaries. Cablevision is not a guarantor of, and does not otherwise have any obligations relating to, the Credit Facility or any of the Company s other indebtedness.

The borrowings under the Term A Facility and Revolving Facility portions of the Credit Facility may be voluntarily prepaid without premiums and penalty at any time (see below for a discussion of voluntary prepayments of the Term A facility made during the third quarter of 2011 and October 2011). The Credit Facility agreement also provides for various mandatory prepayments, including with the proceeds from certain dispositions of property and borrowings. The Term A Facility is required to be repaid in quarterly installments of $14,125 beginning September 30, 2012 through June 30, 2013, $28,250 beginning September 30, 2013 through June 30, 2014, $42,375 beginning September 30, 2014 through June 30, 2015, $56,500 beginning September 30, 2015 through March 31, 2017 and $395,500 on June 30, 2017, the Term A Facility maturity date. The Term B Facility is required to be repaid in quarterly installments of approximately $1,488 beginning September 30, 2011 through September 30, 2018 and approximately $551,863 on December 31, 2018, the Term B Facility maturity date. The Term B Facility is not payable before maturity other than through repayments as noted above or through a refinancing with debt having a maturity date no earlier than December 31, 2018. Any amounts outstanding under the Revolving Facility are due at maturity on June 30, 2016.

The Credit Facility contains certain affirmative and negative covenants and also requires AMC Networks to comply with the following financial covenants effective September 30, 2011: (i) a maximum ratio of net debt to annual operating cash flow (each defined in the Credit Facility) of 7.00:1 initially, and decreasing in increments to 5.50:1 for periods on and after January 1, 2015;

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

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 initially, increasing to 2.75:1 for periods on and after January 1, 2014.

The Credit Facility requires AMC Networks 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 Facility. AMC Networks is also 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.

The Company may request an increase in the Term A Facility and/or Revolving Facility by an aggregate amount not exceeding the greater of $400,000 and an amount, which after giving effect to such increase, would not cause the ratio of senior debt to annual operating cash flow, as defined, to exceed 4.75:1. As of September 30, 2011, the Company does not have any commitments for an incremental facility.

AMC Networks was in compliance with all of its financial covenants under its Credit Facility as of September 30, 2011.

Voluntary Prepayments of Term A Facility

During the third quarter of 2011, the Company voluntarily prepaid $50,000 of the outstanding balance under the Term A Facility. In October 2011, the Company voluntarily prepaid an additional $50,000 of the outstanding balance under the Term A Facility. These voluntary prepayments were applied to the earliest required quarterly installments due. As a result, the next required quarterly installment under the Term A Facility is due on December 31, 2013 in the amount of $13,000. Quarterly installments due under the Term A Facility subsequent to December 31, 2013 remain unchanged.

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 Notes) to CSC Holdings, as partial consideration for the transfer to AMC Networks of the RMH businesses on June 6, 2011, which is reflected as a deemed capital distribution in the consolidated statement of stockholders (deficiency) equity for the nine months ended September 30, 2011. The transfer was made pursuant to the Contribution Agreement. CSC Holdings used the Company s Notes to satisfy and discharge outstanding CSC Holdings debt. The recipients of the Notes or their affiliates then offered the Notes to investors, through an offering memorandum dated June 22, 2011, which ultimately resulted in the Notes being held by third party investors.

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

In connection with the issuance of the Notes, AMC Networks incurred deferred financing costs of $1,150, which are being amortized, utilizing the effective interest method, to interest expense over the term of the Notes.

Interest on the 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, commencing on January 15, 2012.

The 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 Indenture), the holders of the Notes may require AMC Networks to repurchase for cash all or a portion of their 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 operations of its own. The Notes are guaranteed on a senior unsecured basis by certain of AMC Networks existing and future domestic restricted subsidiaries (the Subsidiary Guarantors), in accordance with the Indenture. The guarantees under the Notes are full and unconditional and joint and several. Cablevision is not a guarantor of, and does not otherwise have any obligations relating to, the Notes.

Table of Contents

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

The Indenture contains certain affirmative and negative covenants applicable to AMC Networks and its subsidiary guarantors, including restrictions on their ability to incur additional indebtedness, consummate certain asset sales, make investments in entities that are not Restricted Subsidiaries (as defined in the Indenture), 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 entered into a registration rights agreement, dated as of June 30, 2011 (the Registration Rights Agreement), among AMC Networks, the Subsidiary Guarantors and the initial purchasers of the Notes, pursuant to which AMC Networks agreed to file a registration statement with the SEC with respect to an offer to exchange the Notes for registered notes which will have terms identical in all material respects to the Notes except that the registered notes will not contain terms that provide for restrictions on transfer, and use its commercially reasonable best efforts to cause the exchange offer registration statement to be declared effective by the SEC by July 1, 2012. In certain circumstances, AMC Networks may be required to file a shelf registration statement with the SEC registering the resale of the Notes by the holders thereof, in lieu of an exchange offer to such holders. AMC Networks will be required to pay specified additional interest on the Notes if it fails to comply with its registration obligations under the Registration Rights Agreement.

Summary of Debt Maturities

Total amounts payable by the Company under its various debt obligations (excluding capital leases) outstanding as of September 30, 2011 are as follows:

Years Ending December 31,	
2011	$ 1,488
2012	5,950
2013	68,950
2014	147,200
2015	203,700
Thereafter	1,946,225

RNS Senior Notes and Senior Subordinated Notes Redemption

RNS Senior Notes

In April 2011, Rainbow National Services LLC (RNS), a wholly-owned indirect subsidiary of the Company, issued a notice of redemption to holders of its 8-3/4% senior notes due September 2012. In connection therewith, on May 13, 2011 RNS redeemed 100% of the outstanding senior notes at a redemption price equal to 100% of the principal amount of the notes of $300,000, plus accrued and unpaid interest of $5,250 to the redemption date. In order to fund the May 13, 2011 redemption, the Company borrowed $300,000 under its $300,000 revolving credit facility which existed prior to the Closing Date. The Company used cash on hand to fund the payment of accrued and unpaid interest of $5,250. In connection with the redemption, the Company recorded a write-off of the related unamortized deferred financing costs and a loss on extinguishment of debt of $1,186 and $350, respectively, in the consolidated statement of income for the nine months ended September 30, 2011.

RNS Senior Subordinated Notes (tender prices per note in dollars)

On June 15, 2011, RNS announced that it commenced a cash tender offer (the Tender Offer) for all of its outstanding $325,000 aggregate principal amount 10-3/8% senior subordinated notes due 2014 (the RNS Senior Subordinated Notes) for total consideration of $1,039.58 per

$1,000 principal amount of notes tendered for purchase, consisting of tender offer consideration of $1,029.58 per $1,000 principal amount of notes plus an early tender premium of $10 per $1,000 principal amount of notes. The Tender Offer was made in connection with the Distribution of AMC Networks by Cablevision and was subject to certain conditions, including the completion of the Distribution.

In connection with the tender offer, on June 30, 2011 RNS redeemed 100% of the outstanding $325,000 aggregate principal amount of the RNS Senior Subordinated Notes. The Company used proceeds from borrowings under the Credit Facility to fund the redemption, and payment of fees and accrued and unpaid interest of $11,146. Tender premiums aggregating $12,864, along with accretion to the principal amount and other transaction costs of $1,321 have been recorded in loss on extinguishment of debt in the

Table of Contents

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

consolidated statement of income for the nine months ended September 30, 2011. The related unamortized deferred financing costs aggregating approximately $2,455 were written off and recorded in write-off of deferred financing costs in the consolidated statement of income for the nine months ended September 30, 2011.

RNS Credit Facility Repayment

In connection with the Distribution, RNS repaid amounts then outstanding under its RNS credit facility at June 30, 2011 of $412,500 under its term A loan facility and $300,000 under its revolving credit facility which aggregated $713,785, including accrued and unpaid interest and fees to the repayment date of June 30, 2011. The Company used proceeds from borrowings under the Credit Facility to fund the repayment. The related unamortized deferred financing costs aggregating approximately $2,062 were written off and recorded in write-off of deferred financing costs in the consolidated statement of income for the nine months ended September 30, 2011.

Note 8. Fair Value Measurement

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

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

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

Level III - Instruments whose significant value drivers are unobservable.

The following table presents for each of these hierarchy levels, the Company s financial assets and liabilities that are measured at fair value on a recurring basis at September 30, 2011 and December 31, 2010:

	Level I	Level II	Level III	Total
At September 30, 2011:				
Assets:				
Cash equivalents [(a)]	$ 212,681	$	$	$ 212,681
Liabilities:				
Interest rate swap contracts	$	$ 17,290	$	$ 17,290
At December 31, 2010:				
Assets:				
Cash equivalents [(a)]	$ 78,908	$	$	$ 78,908

(a) Represents the Company s investment in funds that invest primarily in money market securities.

The Company s cash equivalents at September 30, 2011 and December 31, 2010 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 (discussed in Note 9 below) at September 30, 2011 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.

Table of Contents

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate fair value of each class of financial instruments for which it is practicable to estimate that value:

Credit Facility Debt, Senior Notes and Senior Subordinated 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 consolidated balance sheets are summarized as follows:

	September 30, 2011	
	Carrying Amount	Estimated Fair Value
Debt instruments:		
Credit facility debt	$ 1,655,518	$ 1,605,623
Senior notes	686,217	717,500
	$ 2,341,735	$ 2,323,123

	December 31, 2010	
	Carrying Amount	Estimated Fair Value
Debt instruments:		
Credit facility debt [(a)]	$ 475,000	$ 475,000
Senior notes	299,552	300,750
Senior subordinated notes	324,071	337,188
	$ 1,098,623	$ 1,112,938

(a) The carrying value of the Company s credit facility debt at December 31, 2010, which bore interest at variable rates, approximated its fair value.

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 9. Derivative Financial Instruments

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. Such contracts effectively fix the borrowing rates on floating rate debt to limit the exposure against the risk of rising interest rates. The Company does not enter into interest rate swap contracts for speculative or trading purposes and it has only entered into interest rate swap contracts with financial institutions that it believes are creditworthy counterparties. The Company monitors the financial institutions that are counterparties to its interest rate swap contracts and to the extent possible diversifies its swap contracts among various counterparties to mitigate exposure to any single financial institution.

During the third quarter of 2011, the Company entered into primarily amortizing interest rate swap contracts to effectively fix borrowing rates on a substantial portion of the Company s floating rate debt. These contracts are designated as cash flow hedges for accounting and tax purposes and have varying maturities ranging from September 2015 to July 2017. The Company assesses, both at the hedge s inception and on an ongoing basis, hedge effectiveness based on the overall changes in the fair value of the interest rate swap contracts. Hedge effectiveness of the interest rate swap contracts is based on a hypothetical derivative methodology. Any ineffective portion of the interest rate swap contracts is recorded in current-period earnings.

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

As of September 30, 2011, the Company has interest rate swap contracts outstanding with notional amounts aggregating $972,500, which includes swap contracts with notional amounts aggregating $200,000 that are effective beginning July 2012. The aggregate fair values of interest rate swap contracts at September 30, 2011 were a liability of $17,290 (included in other liabilities). Accumulated other comprehensive loss consists of $10,893 of cumulative unrealized losses, net of tax, on the floating-to-fixed interest rate swaps. As a result of these transactions, the interest rate paid on approximately 62% of the Company s debt (excluding capital leases) as of September 30, 2011 is effectively fixed (29% being fixed rate obligations and 33% effectively fixed through utilization of these interest rate swap contracts). At September 30, 2011, the Company s interest rate cash flow hedges were highly effective, in all material respects.

The Company s risk management objective and strategy with respect to interest rate swap contracts is to protect the Company against adverse fluctuations in interest rates by reducing its exposure to variability in cash flows relating to interest payments on a portion of its outstanding debt. The Company is meeting its objective by hedging the risk of changes in its cash flows (interest payments) attributable to changes in the LIBOR index rate, the designated benchmark interest rate being hedged (the hedged risk), on an amount of the Company s debt principal equal to the then-outstanding swap notional. The forecasted interest payments are deemed to be probable of occurring.

Note 10. Segment Information

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

The Company generally allocates all corporate overhead costs, 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, to the Company s two reportable segments.

The Company evaluates segment performance based on several factors, of which the primary financial measure is business 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), a non-GAAP measure. The Company has presented the components that reconcile adjusted operating cash flow to operating income, an accepted GAAP measure. Information as to the operations of the Company s reportable segments is set forth below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenues, net from continuing operations				
National Networks	$ 258,347	$ 248,541	$ 776,920	$ 721,974
International and Other	30,720	27,005	86,327	70,228
Inter-segment eliminations	(5,153)	(4,113)	(14,465)	(12,384)
Total	$ 283,914	$ 271,433	$ 848,782	$ 779,818

Table of Contents

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

Inter-segment eliminations are primarily revenues recognized by the International and Other segment for the licensing of its program rights by the national programming networks and transmission revenues recognized by AMC Networks Broadcasting & Technology.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Inter-segment revenues				
National Networks	$ (125)	$	$ (380)	$ (325)
International and Other	(5,028)	(4,113)	(14,085)	(12,059)
	$ (5,153)	$ (4,113)	$ (14,465)	$ (12,384)

Reconciliation (by Segment and in Total) of Adjusted Operating Cash Flow to Operating Income (Loss) from Continuing Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Adjusted operating cash flow (deficit) from continuing operations				
National Networks	$ 123,228	$ 106,231	$ 346,476	$ 315,293
International and Other	(21)	802	(11,883)	(14,747)
Inter-segment eliminations	(245)	248	(52)	650
	$ 122,962	$ 107,281	$ 334,541	$ 301,196

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Depreciation and amortization included in continuing operations				
National Networks	$ (21,453)	$ (23,172)	$ (64,505)	$ (69,534)
International and Other	(3,559)	(3,370)	(10,692)	(10,362)
	$ (25,012)	$ (26,542)	$ (75,197)	$ (79,896)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010

Share-based compensation expense included in continuing operations				
National Networks	$ (3,053)	$ (3,527)	$ (9,838)	$ (10,083)
International and Other	(644)	(859)	(2,349)	(2,461)
	$ (3,697)	$ (4,386)	$ (12,187)	$ (12,544)

19

Table of Contents

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Restructuring credit included in continuing operations				
National Networks	$	$	$	$
International and Other	191	579	240	839
	$ 191	$ 579	$ 240	$ 839

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Operating income (loss) from continuing operations				
National Networks	$ 98,722	$ 79,532	$ 272,133	$ 235,676
International and Other	(4,033)	(2,848)	(24,684)	(26,731)
Inter-segment eliminations	(245)	248	(52)	650
	$ 94,444	$ 76,932	$ 247,397	$ 209,595

A reconciliation of reportable segment amounts to the Company s consolidated balances is as follows:

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Income from continuing operations before income taxes				
Total operating income for reportable segments	$ 94,444	$ 76,932	$ 247,397	$ 209,595
Items excluded from operating income:				
Interest expense	(31,789)	(18,709)	(65,492)	(57,136)
Interest income	318	595	938	1,702
Write-off of deferred financing costs			(5,703)	
Loss on extinguishment of debt	(17)		(14,535)	
Miscellaneous, net	(199)	67	(120)	(92)
Income from continuing operations before income taxes	$ 62,757	$ 58,885	$ 162,485	$ 154,069

The following table summarizes the Company s capital expenditures by reportable segment for the nine months ended September 30:

	2011	2010

Capital expenditures		
National Networks	$ 2,256	$ 757
International and Other	4,873	6,264
	$ 7,129	$ 7,021

Substantially all revenues and assets of the Company are attributed to or located in the U.S.

Table of Contents

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

Note 11. Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and trade accounts receivable. Cash is invested in money market funds and bank time deposits. The Company monitors the financial institutions and money market funds where it invests its cash and cash equivalents with diversification among counterparties to mitigate exposure to any single financial institution. The Company s emphasis is primarily on safety of principal and liquidity and secondarily on maximizing the yield on its investments.

The following individual customers accounted for the following percentages of the Company s net revenues for the nine months ended September 30:

	2011	2010
Customer 1	11%	12%
Customer 2	13%	13%

At September 30, 2011, Customer 2 represented 11% of the Company s net trade receivable balances.

Note 12. Commitments and Contingencies

Commitments

As of September 30, 2011, the Company s off-balance sheet arrangements not reflected on the Company s consolidated balance sheet increased approximately $116,300 to approximately $333,300 as compared to approximately $217,000 at December 31, 2010. The increase relates primarily to an increase in commitments for future program rights obligations.

Legal Matters

DISH Network Contract Dispute

In 2005, subsidiaries of the Company entered into agreements with EchoStar Communications Corporation and its affiliates by which EchoStar Media Holdings Corporation acquired a 20% interest in VOOM HD and EchoStar Satellite LLC (the predecessor to DISH Network, LLC (DISH Network)) agreed to distribute VOOM on DISH Network for a 15-year term. The affiliation agreement with DISH Network for such distribution provides that if VOOM HD fails to spend $100,000 per year (subject to reduction to the extent that the number of offered channels is reduced to fewer than 21), up to a maximum of $500,000 in the aggregate, on VOOM, DISH Network may seek to terminate the agreement under certain circumstances. On January 30, 2008, DISH Network purported to terminate the affiliation agreement, effective February 1, 2008, based on its assertion that VOOM HD had failed to comply with this spending provision in 2006. On January 31, 2008, VOOM HD sought and obtained a temporary restraining order from the New York Supreme Court for New York County prohibiting DISH Network from terminating the affiliation agreement. In conjunction with its request for a temporary restraining order, VOOM HD also requested a preliminary injunction and filed a lawsuit against DISH Network asserting that DISH Network did not have the right to terminate the affiliation agreement. In a decision filed on May 5, 2008, the court denied VOOM HD s motion for a preliminary injunction. On or about May 13, 2008, DISH Network ceased distribution of VOOM on its DISH Network. On May 27, 2008, VOOM HD amended its complaint to seek damages for DISH Network s improper termination of the affiliation agreement. On June 24, 2008, DISH Network answered VOOM HD s amended complaint and asserted counterclaims alleging breach of contract and breach of the duty of good faith and fair dealing with respect to the affiliation agreement. On July 14, 2008, VOOM HD replied to DISH Network s counterclaims. The Company believes that the counterclaims asserted by DISH Network are without merit. VOOM HD and DISH Network each filed cross-motions for summary judgment. In November 2010, the court denied both parties cross-motions for summary judgment. The court also granted VOOM HD s motion for sanctions based on DISH Network s spoliation of evidence and its motion to exclude DISH Network s principal damages expert. The trial will be scheduled after DISH Network s appeal of the latter two rulings.

In connection with the Distribution, CSC Holdings and AMC Networks and Rainbow Programming Holdings, LLC, an indirect wholly-owned subsidiary of AMC Networks (collectively, the AMC Parties) entered into an agreement (the VOOM Litigation Agreement) which provides that from and after the Distribution date, CSC Holdings retains full control over the pending litigation with DISH Network. Any decision with respect to settlement will be made jointly by CSC Holdings and the AMC Parties. CSC

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

Holdings and the AMC Parties will share equally in the proceeds (including in the value of any non-cash consideration) of any settlement or final judgment in the pending litigation with DISH Network that are received by subsidiaries of the Company from VOOM HD. CSC Holdings and the AMC Parties will also bear equally the legal fees and expenses in excess of amounts currently budgeted by the AMC Parties for the remainder of 2011.

Broadcast Music, Inc. Matter

Broadcast Music, Inc. (BMI), an organization that licenses the performance of musical compositions of its members, had alleged that certain of the Company s subsidiaries require a license to exhibit musical compositions in its catalog. BMI agreed to interim fees based on revenues covering certain periods (generally the period commencing from the launch or acquisition of each of the Company s programming networks). In May 2011, the parties reached an agreement with respect to the license fees for an amount that approximated the amount previously accrued, which was $7,040 at December 31, 2010.

Other Legal Matters

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 $11,000) 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.

Note 13. Equity Plans

Treatment of Share-Based Payment Awards After the AMC Networks Distribution

In connection with the Distribution and as provided for in Cablevision s equity plans, each stock option and SAR outstanding at the effective date of the Distribution became two options or two SARs, as the case may be: (i) one with respect to Cablevision s CNYG Class A common stock and (ii) one with respect to the Company s Class A common stock. The existing exercise price of each option/SAR was allocated between the existing Cablevision option/SAR and the Company s new option/SAR based on the weighted average trading price of Cablevision s and the Company s common shares, respectively, for the 10 trading days subsequent to the Distribution and the underlying share amount took into account the 1:4 distribution ratio. As a result of this adjustment, approximately 73.59% of the pre-Distribution exercise price of options/SARs was allocated to the Cablevision options/SARs and approximately 26.41% was allocated to the Company s new options/SARs.

Table of Contents

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

Stock Option Award Activity

The following table summarizes activity relating to Company employees who held AMC Networks stock options for the period from July 1, 2011 (the day following the Distribution) to September 30, 2011:

	Shares Under Option		Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value(a)
	Time Vesting Options	Performance Vesting Options			
Balance, July 1, 2011	149,147	2,500	$ 10.81	3.43	$ 4,404
Exercised	(3,496)		11.91		
Balance, September 30, 2011	145,651	2,500	$ 10.78	3.19	$ 3,136
Options exercisable at September 30, 2011	114,333	2,500	$ 11.27	3.25	$ 2,416
Options expected to vest in the future	31,318		$ 8.95	2.93	$ 720

(a) The aggregate intrinsic value is calculated as the difference between (i) the exercise price of the underlying award and (ii) the quoted price of AMC Networks Class A common stock on September 30, 2011 or July 1, 2011, as indicated, and September 30, 2011 in the case of the options expected to vest in the future.

In addition, the following table summarizes activity relating to Cablevision and The Madison Square Garden Company and its subsidiaries (MSG) employees who held AMC Networks stock options from July 1, 2011 (the day following the Distribution) to September 30, 2011:

	Shares Under Option		Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value(a)
	Time Vesting Options	Performance Vesting Options			
Balance, July 1, 2011	1,503,558	106,400	$ 11.77	3.74	$ 45,206
Exercised	(162,140)	(28,000)	12.72		
Forfeited/Expired	(20,708)		8.95		
Balance, September 30, 2011	1,320,710	78,400	$ 11.68	3.46	$ 28,354
Options exercisable at September 30, 2011	913,867	78,400	$ 11.69	2.38	$ 20,106

Options expected to vest in the future	406,843	$ 11.68	3.74	$ 8,248

(a) The aggregate intrinsic value is calculated as the difference between (i) the exercise price of the underlying award and (ii) the quoted price of AMC Networks Class A common stock on September 30, 2011 or July 1, 2011, as indicated, and September 30, 2011 in the case of the options expected to vest in the future.

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

The Company does not record any share-based compensation expense for AMC Networks stock options held by Cablevision and MSG employees, however such stock options do have a dilutive effect on the Company s net income per share. The Company records share-based compensation expense for Cablevision and MSG stock options held by the Company s employees.

Restricted Share Award Activity

The following table summarizes activity relating to Company employees who held AMC Networks restricted shares from July 1, 2011 (the day following the Distribution) to September 30, 2011:

	Number of Restricted Shares	Number of Performance Restricted Shares	Weighted Average Fair Value Per Share at Date of Grant
Unvested award balance, July 1, 2011	435,150	19,022	$ 20.67
Granted	227,304	53,006	$ 43.50
Forfeited	(6,676)		$ 23.24
Unvested award balance, September 30, 2011	655,778	72,028	$ 29.44

The following table summarizes activity relating to Cablevision and MSG employees who held AMC Networks restricted shares from July 1, 2011 (the day following the Distribution) to September 30, 2011:

	Number of Restricted Shares	Number of Performance Restricted Shares	Weighted Average Fair Value Per Share at Date of Grant
Unvested award balance, July 1, 2011	1,526,412	205,975	$ 18.95
Vested	(4,217)		$ 12.87
Forfeited	(28,113)	(14,375)	$ 20.34
Unvested award balance, September 30, 2011	1,494,082	191,600	$ 18.93

During the three months ended September 30, 2011, 4,217 shares of AMC Networks Class A common stock previously issued to employees of Cablevision and MSG vested. In connection with the employees satisfaction of the statutory minimum tax withholding obligations for the applicable income and other employment taxes, 2,258 of these shares, with an aggregate value of $82, were surrendered to the Company. These acquired shares, as well as 49,164 forfeited unvested restricted shares have been classified as treasury stock.

AMC Networks recognizes share-based compensation expense for restricted shares issued to its employees based on the grant date price of Class A common stock using a straight-line amortization method, over the service period. The Company does not record any share-based compensation expense for AMC Networks restricted shares held by Cablevision and MSG employees, however such restricted shares do have a dilutive effect on the Company s net income per share. The Company records share-based compensation expense for Cablevision and MSG restricted shares held by the Company s employees.

In August 2011, the Company granted 38,951 restricted share units to non-employee directors.

Share-based compensation expense included in continuing operations, a component of selling, general and administrative expense, for the three and nine months ended September 30, 2011 was $4,320 and $12,663, respectively, related to equity classified awards. For the three and nine months ended September 30, 2010, share-based compensation expense was $4,218 and $12,053, respectively, related to equity classified awards. Share-based compensation expense (credit) included in continuing operations for liability classified awards (SARs) was $(623) and $(476) for the three and nine months ended September 30, 2011, respectively, and $168 and $491 for the three and nine months ended September 30, 2010, respectively. For periods prior to the Distribution, the

Table of Contents

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

Company s share-based compensation includes amounts related to Company employees participating in the Cablevision equity awards programs, as well as amounts related to Cablevision corporate employees and non-employee directors to the extent allocated to the Company. For periods after the Distribution, the Company no longer receives an allocation of share-based compensation expense for Cablevision corporate employees and non-employee directors, including expense related to the Company s Executive Chairman with respect to his participation in the Cablevision equity awards program (since he remained an executive officer of Cablevision).

Note 14. Comprehensive Income

	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2011
Net income	$ 40,003	$ 96,976
Other comprehensive loss:		
Unrealized losses on interest rate swaps	(17,290)	(17,290)
Other comprehensive loss, before income taxes	(17,290)	(17,290)
Income tax benefit related to items of other comprehensive loss	6,397	6,397
Other comprehensive loss, net of income taxes	(10,893)	(10,893)
Comprehensive income	$ 29,110	$ 86,083

Comprehensive income equals net income for the three and nine months ended September 30, 2010. Interest expense in the consolidated statements of income for the three and nine months ended September 30, 2011 includes $2,376 relating to the interest rate swap contracts.

Note 15. Affiliate Transactions

Allocations

The Company provides services to and receives services from Cablevision and MSG. Until the Distribution date, the consolidated financial statements of the Company reflect the application of certain cost allocation policies of Cablevision. Management believes that these allocations were made on a reasonable basis. However, it is not practicable to determine whether the charged amounts represent amounts that might have been incurred on a stand-alone basis, including as a separate independent publicly owned company, as there are no company-specific or comparable industry benchmarks with which to make such estimates. Further, as many of these transactions are conducted between subsidiaries under common control of the Dolan Family, amounts charged for these services may not represent amounts that might have been received or incurred if the transactions were based upon arm s length negotiations.

Table of Contents

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

The following is a summary of the revenues and expenses included in the Company s consolidated statements of income for the three and nine months ended September 30, 2011 and 2010 related to transactions with or charges from Cablevision and MSG:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenues, net	$ 7,901	$ 7,211	$ 23,869	$ 21,737
Operating expenses:				
Technical and operating expenses:				
Production services	$	$ (190)	$	$ (582)
Other support functions	97	144	367	420
Health and welfare plans	1,195	960	3,526	3,133
Total technical and operating expenses	$ 1,292	$ 914	$ 3,893	$ 2,971
Selling, general and administrative expenses:				
Corporate general and administrative costs, net	$ 1,266	$ 8,070	$ 16,733	$ 24,344
Management fees		6,646	13,958	19,303
Health and welfare plans	1,369	980	3,665	3,017
Advertising expense	600	1,100	1,931	1,680
Production services	(236)		(793)	
Other support functions	214	7	574	19
Sales support and other functions, net	(29)	717	2,091	2,187
Cablevision allocations of share-based compensation expense		4,386	8,490	12,544
Cablevision allocations of long-term incentive plans expense		3,973	7,285	11,738
Total selling, general and administrative expenses	$ 3,184	$ 25,879	$ 53,934	$ 74,832

Revenues, net

The Company recorded affiliation fee revenues earned, net of amortization of deferred carriage fees, under affiliation agreements with companies owned by Cablevision. In addition, AMC Networks Broadcasting & Technology has entered into agreements with an affiliate to provide various transponder, technical and support services through 2020.

Operating Expenses

Production Services

The Company provides various studio production services to certain affiliates, for which the charges are reflected as a reduction of the related expenses.

Other Support Functions

Certain affiliates provide various digital media and administrative support functions which primarily include salaries and facilities costs charged to the Company.

Health and Welfare Plans

Employees of the Company participate in health and welfare plans sponsored by Cablevision. Health and welfare benefit costs have generally been charged by Cablevision based upon the proportionate number of participants in the plans.

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

Corporate General and Administrative Costs, net

Through the Distribution date, general and administrative costs, including costs of maintaining corporate headquarters, facilities and common support functions (such as executive management, human resources, legal, finance, tax, accounting, audit, treasury, risk management, strategic planning, information technology, etc.), have been charged to the Company by Cablevision. Additionally, the Company charges certain affiliates for a portion of the Company s leased facilities utilized by such affiliates. Such costs allocated to the Company have been included in selling, general and administrative expenses and such cost reimbursements are recorded as a reduction to selling, general and administrative expenses. Subsequent to the Distribution date, amounts charged by Cablevision represent charges pursuant to a transition services agreement. See also Transition Services Agreement discussion below.

Management Fees

Through the Distribution date, the Company paid Cablevision a management fee pursuant to a consulting agreement between Cablevision and certain of the Company s subsidiaries. The consulting agreement was terminated on the Distribution date and the Company did not replace it.

Advertising

The Company incurs advertising expenses charged by subsidiaries of Cablevision and other affiliates.

Sales Support and Other Functions, net

Through the Distribution date, certain affiliates provided advertising sales support functions to the Company, which primarily included salaries and general and administrative costs, which were recorded as a charge to selling, general and administrative expenses. Additionally, the Company provides affiliation support functions to certain affiliates, which primarily includes salaries, facilities, and general and administrative costs. These charges are recorded as a reduction to selling, general and administrative expenses.

Share-based Compensation and Long-Term Incentive Plans Expense

Cablevision charged the Company through the Distribution date its proportionate share of expenses or benefits related to Cablevision s employee stock plans and Cablevision s long-term incentive plans. Such amounts are included in selling, general and administrative expenses in the consolidated statements of income. The long-term incentive plans are funded by the Company and aggregate liabilities of $20,728 and $28,934 related to these plans are included in accrued employee related costs and other long-term liabilities in the Company s consolidated balance sheets at September 30, 2011 and December 31, 2010, respectively. These liabilities include certain performance-based awards for which the performance criteria had not been met as of September 30, 2011 as such awards are based on achievement of certain performance criteria through December 31, 2013. The Company has accrued the amount that it currently believes will ultimately be paid based upon the performance criteria established for these performance-based awards. If it is subsequently determined that the performance criteria for such awards is not probable of being achieved, the Company would reverse the accrual in respect of such award at that time.

Treatment of Long-Term Incentive Plans After the Distribution

In 2011, 2010 and 2009, Cablevision granted three-year performance awards to certain executive officers and other members of the Company s management under Cablevision s 2006 Cash Incentive Plan. It is expected that the calculations relating to the performance metrics in the awards granted in 2010 and 2009 will be adjusted in light of the Distribution and the separation of the Company from the business of Cablevision. The awards granted to certain executive officers and other members of the Company s management in March 2011 under the Cablevision 2006 Cash Incentive Plan were replaced in July 2011 by awards granted under the Company s 2011 Cash Incentive Plan, and the Cablevision performance metrics related to those awards were replaced with Company performance metrics. Amounts applicable to employees of the Company are and will continue to be reflected as liabilities in the Company s consolidated balance sheets until settled.

Deferred compensation awards granted by Cablevision pursuant to Cablevision s Long-Term Incentive Plan (which was superseded by the Cablevision Cash Incentive Plan in 2006) will be unaffected by the Distribution. Amounts applicable to employees of the Company are reflected as liabilities in the Company s consolidated balance sheets until settled.

Table of Contents

AMC NETWORKS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

Transition Services Agreement

In connection with the Distribution, Cablevision and AMC Networks entered into a Transition Services Agreement under which, in exchange for the fees specified in such agreement, Cablevision agreed to provide transition services with regard to such areas as accounting, information systems, risk management and employee services, compensation and benefits. Under the Transition Services Agreement, AMC Networks also provides certain services to Cablevision and MSG on behalf of Cablevision. The Company incurred net fees of $1,318 under the Transition Services Agreement for the three months ended September 30, 2011, which were recorded as a charge to selling, general and administrative expenses.

Under the Transition Services Agreement, AMC Networks provides transition services to Cablevision and MSG with regard to its information technology systems that AMC Networks, Cablevision and MSG may share. AMC Networks and Cablevision, as parties receiving services under the agreement, have agreed to indemnify the party providing services for losses incurred by such party that arise out of or are otherwise in connection with the provision by such party of services under the agreement, except to the extent that such losses result from the providing party s gross negligence, willful misconduct or breach of its obligations under the agreement. Similarly, each party providing services under the agreement has agreed to indemnify the party receiving services for losses incurred by such party that arise out of or are otherwise in connection with the indemnifying party s provision of services under the agreement if such losses result from the providing party s gross negligence, willful misconduct or breach of its obligations under the agreement.

Table of Contents

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

This Management s Discussion and Analysis of Financial Condition and Results of Operations contains statements that constitute forward-looking information within the meaning of the Private Securities Litigation Reform Act of 1995. In this Management s Discussion and Analysis of Financial Condition and Results of Operations there are statements concerning our future operating results and future financial performance. Words such as expects, anticipates, believes, estimates, may, will, should, could, potential, continue, intends, words and terms used in the discussion of future operating results and future financial performance identify forward-looking statements. Investors 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;
- demand for advertising inventory;
- market demand for new programming services;
- the demand for our programming among cable and other multichannel distribution platforms, including direct broadcast satellite (DBS) and platforms operated by telecommunications providers (we refer collectively to these cable and other multichannel distributors as multichannel video distributors) and our ability to maintain and renew affiliation agreements with multichannel video distributors;
- the cost of, and our ability to obtain or produce, desirable programming content for our networks and film distribution businesses;
- the highly competitive nature of the cable programming industry;
- changes in both domestic and foreign laws or regulations under which we operate;
- the outcome of litigation and other proceedings, including the matters described in the notes to our consolidated financial statements;
- general economic conditions in the areas in which we operate;
- market demand for our services internationally and for our film distribution business, and our ability to profitably provide those services;
- the loss of any of our key personnel and artistic talent;
- 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;
- 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; and
- the factors described under Risk Factors in our Registration Statement on Form 10, as filed with the Securities and Exchange Commission (SEC).

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

Table of Contents

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 unaudited consolidated financial statements and notes thereto included elsewhere herein to help provide an understanding of our financial condition, changes in financial condition and results of our operations. Additional context can also be found in our Registration Statement on Form 10 filed with the SEC. Unless the context otherwise requires, all references to we, us, our, AMC Networks or the Company refer to AMC Networks Inc., together with its direct and indirect subsidiaries. Our MD&A is organized as follows:

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

Consolidated Results of Operations. This section provides an analysis of our results of operations for the three and nine months ended September 30, 2011 compared to the three and nine months ended September 30, 2010. Our discussion is presented on both a consolidated and segment basis. Our two segments are: (i) National Networks and (ii) International and Other.

Liquidity and Capital Resources. This section provides a discussion of our financial condition as of September 30, 2011, as well as an analysis of our cash flows for the nine months ended September 30, 2011 and 2010. 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 September 30, 2011.

Business Overview

We manage our business through two reportable segments: (i) National Networks, which includes our four national programming networks (AMC, WE tv, IFC and Sundance Channel); and (ii) International and Other, which includes AMC/Sundance Channel Global, our international programming business; IFC Films, our independent film distribution business; AMC Networks Broadcasting & Technology, our network technical services business; and VOOM HD. Our national networks are distributed throughout the United States (U.S.) by multichannel video distributors. In addition to our extensive U.S. distribution, AMC and Sundance Channel are distributed in Canada and Sundance Channel and WE tv are distributed in certain other countries throughout Europe and Asia.

VOOM HD historically offered a suite of channels, produced exclusively in HD and marketed for distribution to DBS and cable television distributors (VOOM). VOOM was available in the U.S. only on Cablevision s cable television systems and on DISH Network. In December 2008, VOOM HD terminated the domestic offerings of VOOM. VOOM HD distributes programming content in Latin America. VOOM HD ceased distributing the Rush HD channel in Europe in April 2011. See also Note 12, Commitments and Contingencies, to the accompanying consolidated financial statements.

We evaluate segment performance based on several factors, of which the primary financial measure is business segment adjusted operating cash flow (AOCF) (defined as operating income (loss) before depreciation and amortization, share-based compensation expense or benefit and restructuring expense or credit). We have presented the components that reconcile AOCF to operating income. The table below sets forth, for the periods presented, certain historical financial information for our reportable segments. For more discussion of the historical financial information for our reportable segments, see Note 10, Segment Information, in the accompanying consolidated financial statements.

30

Table of Contents

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Revenues, net from continuing operations				
National Networks	$ 258,347	$ 248,541	$ 776,920	$ 721,974
International and Other	30,720	27,005	86,327	70,228
Inter-segment eliminations	(5,153)	(4,113)	(14,465)	(12,384)
	$ 283,914	$ 271,433	$ 848,782	$ 779,818
Operating income (loss) from continuing operations				
National Networks	$ 98,722	$ 79,532	$ 272,133	$ 235,676
International and Other	(4,033)	(2,848)	(24,684)	(26,731)
Inter-segment eliminations	(245)	248	(52)	650
	$ 94,444	$ 76,932	$ 247,397	$ 209,595
Adjusted operating cash flow (deficit) from continuing operations				
National Networks	$ 123,228	$ 106,231	$ 346,476	$ 315,293
International and Other	(21)	802	(11,883)	(14,747)
Inter-segment eliminations	(245)	248	(52)	650
	$ 122,962	$ 107,281	$ 334,541	$ 301,196

National Networks

In our National Networks segment, which accounted for 92% of our consolidated revenues, net of inter-segment eliminations, for the nine months ended September 30, 2011, we earn revenues in two principal ways. First, we receive affiliation payments from distributors. These 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 affiliation agreements provide that the affiliation fee revenues we earn are a fixed contractual monthly fee.

The second principal source of revenues is from advertising. Under our affiliation agreements with our distributors, we have the right to sell a specified amount of national advertising time on certain of our programming networks. Our advertising revenues are more variable than affiliation fee revenues because virtually all 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. In certain 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 Media Research (Nielsen). In 2010, our national programming networks had approximately 800 advertisers representing companies in a broad range of sectors, including the food, health, retail and automotive industries. Our AMC, WE tv and IFC (since December 2010) programming networks use a traditional advertising sales model, while Sundance Channel principally sells sponsorships. Prior to December 2010, IFC principally sold sponsorships, but since then it migrated to a traditional advertising sales model.

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, has a more limited ability to increase its penetration than do WE tv, IFC and Sundance Channel. WE tv, IFC and Sundance Channel, although carried by all of the larger distributors, have higher growth opportunities due to their current penetration levels with those distributors. IFC and Sundance Channel are currently carried

Table of Contents

primarily on digital tiers, while WE tv is carried on either analog expanded basic or digital tiers. Therefore, WE tv, IFC and Sundance Channel penetration rates may increase if distributors are successful in converting their analog subscribers to digital tiers of service that include those networks.

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 in some instances made 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 number of minutes of national advertising sold and by increasing the rates we charge for such advertising, but, ultimately, the level of our advertising revenues, in most cases, is directly related to the overall distribution of our programming, penetration of our services and the popularity (particularly within desirable demographic groups) of our services as measured by Nielsen.

Our principal goals are to increase our affiliation fee revenues and our advertising 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. There is an increasing 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.

International and Other

Our International and Other segment includes the operations of AMC/Sundance Channel Global, our international programming business; IFC Films, our independent film distribution business; AMC Networks Broadcasting & Technology, our network technical services business; and VOOM HD.

Although we view our international expansion as an important long-term strategy, international expansion is currently expected to represent only a small amount of our projected overall financial results over the next five years. However, international expansion could provide a benefit to our financial results if we were able to grow this portion of our business faster than expected. 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.

Corporate Expenses

Our historical results of operations reflected in our consolidated financial statements, for periods prior to the Distribution, include management fee charges and the allocation of expenses related to certain corporate functions historically provided by Cablevision. Our results of operations after the Distribution reflect certain revenues and expenses related to transactions with or charges from affiliates as described in Note 15, Affiliate Transactions, in the accompanying consolidated financial statements. As a separate, stand-alone public company, we have expanded and are continuing to expand our financial, administrative and other staff to support these new requirements. In addition, we are adding staff and systems to replace many of the functions previously provided by Cablevision. However, our corporate operating costs as a separate company subsequent to the Distribution, including those associated with being a publicly-traded company, through September 30, 2011 have been, and are expected to continue to be, lower than the historical allocation of expenses related to certain corporate functions (including management fee charges). Pursuant to a consulting agreement with Cablevision, until the Distribution date the Company paid a management fee calculated based on certain of our subsidiaries gross revenues (as defined under the terms of the consulting agreement) on a monthly basis. We terminated the consulting agreement on the Distribution date and did not replace it.

Cautionary Note Concerning Historical Financial Statements

The Company s consolidated financial statements for periods prior to the Distribution have been derived from the consolidated financial statements and accounting records of Cablevision and reflect certain assumptions and allocations. The financial position, results of operations and cash flows of the Company could differ from those that might have resulted had the Company been operated autonomously or as an entity independent of Cablevision.

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.

Additional 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. We have experienced some of the effects of the recent economic downturn. Continuation of events such as these may adversely impact our results of operations, cash flows and financial position.

Consolidated Results of Operations

The following table sets forth on a historical basis certain items related to operations as a percentage of revenues, net for the periods indicated.

STATEMENT OF OPERATIONS DATA

	Three Months Ended September 30,				
	2011		2010		
	Amount	% of Net Revenues	Amount	% of Net Revenues	Favorable (Unfavorable)
Revenues, net	$ 283,914	100%	$ 271,433	100%	$ 12,481
Operating expenses:					
Technical and operating (excluding depreciation and amortization shown below)	96,420	34	87,801	32	(8,619)
Selling, general and administrative	68,229	24	80,737	30	12,508
Restructuring credit administrative	(191)		(579)		(388)
Depreciation and amortization	25,012	9	26,542	10	1,530
Operating income	94,444	33	76,932	28	17,512
Other income (expense):					
Interest expense, net	(31,471)	(11)	(18,114)	(7)	(13,357)
Loss on extinguishment of debt	(17)				(17)
Miscellaneous, net	(199)		67		(266)
Income from continuing operations before income taxes	62,757	22	58,885	22	3,872
Income tax expense	(22,440)	(8)	(25,144)	(9)	2,704
Income from continuing operations	40,317	14	33,741	12	6,576
Loss from discontinued operations, net of income taxes	(314)		(8,482)	(3)	8,168
Net income	$ 40,003	14%	$ 25,259	9%	$ 14,744

Table of Contents

The following is a reconciliation of operating income to AOCF:

	Three Months Ended September 30, 2011 Amount	2010 Amount	Favorable (Unfavorable)
Operating income	$ 94,444	$ 76,932	$ 17,512
Share-based compensation	3,697	4,386	(689)
Restructuring credit	(191)	(579)	388
Depreciation and amortization	25,012	26,542	(1,530)
AOCF	$ 122,962	$ 107,281	$ 15,681

	Nine Months Ended September 30, 2011		2010		
	Amount	% of Net Revenues	Amount	% of Net Revenues	Favorable (Unfavorable)
Revenues, net	$ 848,782	100%	$ 779,818	100%	$ 68,964
Operating expenses:					
Technical and operating (excluding depreciation and amortization shown below)	282,714	33	254,694	33	(28,020)
Selling, general and administrative	243,714	29	236,472	30	(7,242)
Restructuring credit	(240)		(839)		(599)
Depreciation and amortization	75,197	9	79,896	10	4,699
Operating income	247,397	29	209,595	27	37,802
Other income (expense):					
Interest expense, net	(64,554)	(8)	(55,434)	(7)	(9,120)
Write-off of deferred financing costs	(5,703)	(1)			(5,703)
Loss on extinguishment of debt	(14,535)	(2)			(14,535)
Miscellaneous, net	(120)		(92)		(28)
Income from continuing operations before income taxes	162,485	19	154,069	20	8,416
Income tax expense	(65,388)	(8)	(65,787)	(8)	399
Income from continuing operations	97,097	11	88,282	11	8,815
Loss from discontinued operations, net of income taxes	(121)		(27,489)	(4)	27,368
Net income	$ 96,976	11%	$ 60,793	8%	$ 36,183

Table of Contents

The following is a reconciliation of operating income to AOCF:

	Nine Months Ended September 30, 2011	2010	
	Amount	Amount	Favorable (Unfavorable)
Operating income	$ 247,397	$ 209,595	$ 37,802
Share-based compensation	12,187	12,544	(357)
Restructuring credit	(240)	(839)	599
Depreciation and amortization	75,197	79,896	(4,699)
AOCF	$ 334,541	$ 301,196	$ 33,345

Comparison of Consolidated Results Overview

Consolidated Results AMC Networks Inc.

We classify our operations into two reportable segments:

- *National Networks*, consisting of our four nationally distributed programming networks, AMC, WE tv, IFC and Sundance Channel, which are distributed throughout the U.S. by multichannel video distributors; and

- *International and Other,* consisting principally of AMC/Sundance Channel Global, our international programming business; IFC Films, our independent film distribution business, and AMC Networks Broadcasting & Technology, our network technical services business, which supplies an array of services to the network programming industry, primarily to the programming networks of the Company. AMC and Sundance Channel are distributed in Canada and Sundance Channel and WE tv are distributed in other countries throughout Europe and Asia. The International and Other reportable segment also includes VOOM HD.

On December 31, 2010, Rainbow Media Holdings LLC (RMH) transferred its membership interests in News 12 (regional news programming services), Rainbow Advertising Sales Corporation (RASCO) (a cable television advertising company) and certain other businesses to wholly-owned subsidiaries of Cablevision in contemplation of the Distribution. The operating results of these transferred entities through the date of the transfer have been presented in the consolidated statements of operations as discontinued operations for all periods presented. Additionally, the net operating results following the sale of our ownership interests in the Lifeskool and Sportskool video-on-demand services in September and October 2008, respectively, which were recorded under the installment sales method, have been classified as discontinued operations for all periods presented.

We allocate certain amounts of our 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.

Our capital structure after the Distribution is different from the capital structure presented in the historical consolidated financial statements for periods prior to the Distribution and accordingly, interest expense in periods after June 30, 2011 as a separate independent entity has been, and we expect will continue to be, materially higher than the interest expense reflected in our historical consolidated financial statements in periods prior to June 30, 2011.

Our consolidated results discussion focuses primarily on the relative performance of our two segments National Networks and International and Other. Immediately following this discussion are sections that separately address the performance of each of our segments. In those sections, we provide more detailed analysis of the reasons for increases or decreases in the various line items at the segment level.

Comparison of Consolidated Three and Nine Months Ended September 30, 2011 Versus Three and Nine Months Ended September 30, 2010

Revenues, net for the three and nine months ended September 30, 2011 increased 12,481 (5%) and $68,964 (9%) respectively, as compared to revenues, net for the same periods in the prior year. The net increases are attributable to the following:

	Three Months	Nine Months
	Ended September 30, 2011	
Increase (decrease) in:		
Revenues of the National Networks segment	$ 9,806	$ 54,946
Revenues of the International and Other segment	3,715	16,099
Inter-segment eliminations	(1,040)	(2,081)
	$ 12,481	$ 68,964

Technical and operating expenses (excluding depreciation and amortization) include primarily:

amortization of program rights, including those for feature films and non-film programming, participation and residual costs, and distribution and production related costs; and

origination, transmission, uplinking, encryption and other programming operating costs.

Technical and operating expenses (excluding depreciation and amortization) for the three and nine months ended September 30, 2011 increased $8,619 (10%) and $28,020 (11%) respectively, as compared to the same periods in 2010. The net increases are attributable to the following:

	Three Months	Nine Months
	Ended September 30, 2011	
Increase (decrease) in:		
Expenses of the National Networks segment	$ 4,433	$ 15,767
Expenses of the International and Other segment	4,554	13,337
Inter-segment eliminations	(368)	(1,084)
	$ 8,619	$ 28,020

As a percentage of revenues, technical and operating expenses were 34% and 33% for three and nine months ended September 30, 2011, respectively, compared to 32% and 33% for the same periods in the prior year.

Selling, general and administrative expenses include primarily sales, marketing and advertising expenses, administrative costs, and costs of facilities. Selling, general and administrative expenses decreased $12,508 (15%) and increased $7,242 (3%) for the three and nine months ended September 30, 2011, respectively, as compared to the same periods in 2010. The net changes are attributable to the following:

	Three Months	Nine Months
	Ended September 30, 2011	
Increase (decrease) in:		
Expenses of the National Networks segment	$ (12,098)	$ 7,751
Expenses of the International and Other segment	(231)	(214)
Inter-segment eliminations	(179)	(295)
	$ (12,508)	$ 7,242

As a percentage of revenues, selling, general and administrative expenses were 24% and 29% for the three and nine months ended September 30, 2011, respectively, compared to 30% for both the three and nine months ended September 30, 2010.

Depreciation and amortization decreased $1,530 (6%) and $4,699 (6%) for the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. The net decreases are attributable to the following:

	Three Months	Nine Months
	Ended September 30, 2011	
Increase (decrease) in:		
Expenses of the National Networks segment	$ (1,719)	$ (5,029)
Expenses of the International and Other segment	189	330
	$ (1,530)	$ (4,699)

Table of Contents

Adjusted operating cash flow increased $15,681 (15%) and $33,345 (11%) for the three and nine months ended September 30, 2011, respectively, as compared to the same periods in 2010. The net increases are attributable to the following:

	Three Months	Nine Months
	Ended September 30, 2011	
Increase (decrease) in:		
AOCF of the National Networks segment	$ 16,997	$ 31,183
AOCF of the International and Other segment	(823)	2,866
Inter-segment eliminations	(493)	(704)
	$ 15,681	$ 33,345

Interest expense, net increased $13,357 (74%) and $9,120 (16%) for the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. The net increases are attributable to the following:

	Three Months	Nine Months
	Ended September 30, 2011	
Increase (decrease) due to:		
Indebtedness incurred in connection with the Distribution	$ 26,754	$ 27,127
The repayment of the RNS senior notes in May 2011 and the RNS credit facility and the RNS senior subordinated notes in June 2011	(17,252)	(20,996)
Interest rate swap contracts	2,376	2,376
The repayment of the promissory note to MSG in March 2010		(914)
A decrease in interest income	277	764
Other	1,202	763