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

FORM 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 1-36900

(Exact name of registrant as specified in its charter)

Delaware	**47-3373056**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Two Penn Plaza New York, NY 10121

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(212) 465-6000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock	MSG	New York Stock Exchange

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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

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

Indicate by check mark whether each Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Exchange Act Rule 12b-2.

Large accelerated filer	☑	**Accelerated filer**	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	**Smaller reporting company**	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Aggregate market value of the voting and non-voting common equity held by non-affiliates of The Madison Square Garden Company as of June 30, 2019 computed by reference to the price at which the common equity was last sold on New York Stock Exchange as of December 31, 2018, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $5 billion

Number of shares of common stock outstanding as of July 31, 2019:

Class A Common Stock par value $0.01 per share	—	19,230,061
Class B Common Stock par value $0.01 per share	—	4,529,517

Documents incorporated by reference — Certain information required for Part III of this report is incorporated herein by reference to the proxy statement for the 2019 annual meeting of the Company's shareholders, expected to be filed within 120 days after the close of our fiscal year.

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PART I

Item 1. Business

The Madison Square Garden Company is a Delaware corporation with our principal executive offices at Two Pennsylvania Plaza, New York, NY, 10121. Unless the context otherwise requires, all references to "we," "us," "our," "Madison Square Garden," "MSG" or the "Company" refer collectively to The Madison Square Garden Company, a holding company, and its direct and indirect subsidiaries. We conduct substantially all of our business activities discussed in this Annual Report on Form 10-K through MSG Sports & Entertainment, LLC and its direct and indirect subsidiaries. Our telephone number is 212-465-6000, our website is http://www.themadisonsquaregardencompany.com and the investor relations section of our web site is http://investor.msg.com. We make available, free of charge through the investor relations section of our web site, annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as well as proxy statements, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission ("SEC"). References to our web site in this report are provided as a convenience and the information contained on, or available through, our web site is not part of this or any other report we file with or furnish to the SEC.

The Company was incorporated on March 4, 2015 as an indirect, wholly-owned subsidiary of MSG Networks Inc. ("MSG Networks"), formerly known as The Madison Square Garden Company. All the outstanding common stock of the Company was distributed to MSG Networks shareholders (the "2015 Distribution") on September 30, 2015 (the "2015 Distribution Date").

Potential Spin-off Transaction

On June 27, 2018, the Company announced that its board of directors ("Board") has authorized the Company's management to explore a possible spin-off that would create a separately-traded public company comprised of its sports businesses, including the New York Knicks and New York Rangers professional sports franchises ("Sports Spinco"). We refer to the potential spin-off as the "Sports Distribution." On October 4, 2018, in connection with the Sports Distribution, a subsidiary of the Company submitted an initial Registration Statement on Form 10 with the U.S. Securities and Exchange Commission (which has been amended). If the Company proceeds with the Sports Distribution, it would be structured as a tax-free transaction to all MSG shareholders. Upon completion of the contemplated separation, record holders of MSG common stock would receive a pro-rata distribution, expected to be equivalent, in aggregate, to an approximately two-thirds economic interest in Sports Spinco. The remaining common stock, expected to be equivalent to an approximately one-third economic interest in Sports Spinco, would be retained by the Company. There can be no assurance that the proposed transaction will be completed in the manner described above, or at all. The Sports Distribution is expected to be completed in the first quarter of calendar year 2020. Completion of the transaction is subject to various conditions, including certain league approvals, a private letter ruling from the Internal Revenue Service (the "IRS"), receipt of a tax opinion from counsel and final Board approval.

Overview

The Madison Square Garden Company is a leader in live experiences comprised of celebrated venues, legendary sports teams, exclusive entertainment productions, and other entertainment assets which include dining and nightlife venues and music festivals. Utilizing our powerful assets, brands and live event expertise, the Company delivers premium and unique experiences that set the standard for excellence and innovation while forging deep connections with diverse and passionate audiences. We manage our business through the following two operating segments:

MSG Sports: This segment includes the Company's professional sports franchises: the New York Knicks (the "Knicks") of the National Basketball Association (the "NBA"), the New York Rangers (the "Rangers") of the National Hockey League (the "NHL"), the Hartford Wolf Pack of the American Hockey League (the "AHL") and the Westchester Knicks of the NBA G League (the "NBAGL"). Our professional sports franchises are collectively referred to herein as "our sports teams." The MSG Sports segment also includes Counter Logic Gaming ("CLG"), a premier North American esports organization, and Knicks Gaming, MSG's franchise that competes in the NBA 2K League. CLG and Knicks Gaming are collectively referred to herein as "our esports teams," and, together with our sports teams, "our teams." In addition, the MSG Sports segment promotes, produces and/or presents a broad array of other live sporting events, including professional boxing, college basketball, college hockey, professional bull riding, mixed martial arts, esports, and college wrestling.

MSG Entertainment: This segment features the Company's live entertainment events — including concerts, and other live events such as family shows, performing arts and special events — which we present or host in our diverse collection of venues. Those venues are: Madison Square Garden ("The Garden"), Hulu Theater at Madison Square Garden, Radio City Music Hall, the Beacon Theatre, the Forum, and The Chicago Theatre. Our MSG Entertainment segment also includes our original production — *Christmas Spectacular Starring the Radio City Rockettes* ("*Christmas Spectacular*") — as well as Boston Calling Events, LLC ("BCE"), the entertainment production company that owns and operates the Boston Calling Music Festival, and TAO Group Holdings LLC ("TAO Group"), a hospitality group with globally-recognized entertainment dining and nightlife brands.

Our Strengths

- Ownership of legendary sports franchises;
- Iconic venues in top live entertainment markets;
- Marquee entertainment brands and content, including the *Christmas Spectacular* and the Radio City Rockettes ("Rockettes");
- Powerful presence in the New York City metropolitan area with established core assets and expertise for strategic expansion;
- Strong industry relationships that create opportunities for new content and brand extensions;
- Deep connections with loyal and passionate fan bases that span a wide demographic mix;
- First-class experience in managing venues, bookings, marketing, sales and hospitality in multiple markets;
- Ability to forge strategic partnerships that utilize the Company's assets, core competencies and scale, while allowing the Company to benefit from growth in those businesses;
- Established history of successfully planning and executing comprehensive venue design and construction projects;
- Extensive range of proprietary marketing assets, including a customer database that allows us to drive engagement with our brands; and
- Strong and seasoned management team.

Our Strategy

The Madison Square Garden Company pursues opportunities that strengthen our portfolio of live experiences and capitalize on our iconic venues, popular sports franchises and exclusive entertainment content, as well as our expertise in venue management, bookings, marketing, sales and hospitality. We believe the Company's unique assets and capabilities, coupled with our deep relationships in the sports and entertainment industries and our strong connection with our diverse and passionate audiences, are what set the Company apart. We continue to look for ways to improve our core operations, while we explore new opportunities to grow and innovate. Specific initiatives we are focused on include:

- *Developing championship caliber teams.* The core goal of our sports strategy is to develop teams that consistently compete for championships in their leagues and support and drive revenue streams across the Company. We continue to explore new ways to increase engagement and revenue opportunities across the teams' broad consumer and corporate customer bases.
- *Monetizing our exclusive sports content.* The Company has media rights agreements with MSG Networks that provide a significant recurring and growing revenue stream to the Company, subject to the terms of such agreements. In addition, these agreements and our relationship with MSG Networks provide our fans with the ability to watch locally televised home and away games of the Knicks and Rangers, as well as other programming related to our teams, on MSG Networks' award-winning regional sports networks.
- *Utilizing our integrated approach to marketing and sales.* The Company possesses powerful sports and entertainment assets that can create significant value for our business. For example:
    - Our integrated approach to marketing partnerships allows us to use and sell our broad array of assets together in order to maximize their collective value, both for the Company and for our marketing partners. Our ability to offer compelling, broad-based marketing platforms, which we believe are unparalleled in sports and entertainment, enables us to attract world-class partners, such as our "Marquee" marketing partner, JPMorgan Chase, and our "Signature" marketing partners, which include Anheuser-Busch, Charter Communications, Delta Air Lines, DraftKings, Kia, Lexus, PepsiCo, SAP and Squarespace.
    - We continue to forge deep direct-to-consumer relationships with customers and fans, with a focus on understanding how consumers interact with every aspect of the Company. A key component of this strategy is our large and growing proprietary customer database, which drives revenue and engagement across segments, benefiting the Company through ticket sales, merchandise sales and sponsorship activation. This database provides us with an opportunity to cross-promote our products and services, introducing customers to our wide range of assets and brands.
- *Utilizing a unique strategy for our performance venues.* The Company has a collection of performance venues through which we deliver high-quality live sports and entertainment. In addition to our New York venues: The Garden, Hulu Theater at Madison Square Garden, Radio City Music Hall and the Beacon Theatre, our portfolio includes: the Forum in Inglewood, CA and The Chicago Theatre. These venues, along with our venue management capabilities, effective bookings strategy and proven expertise in sponsorships, marketing, ticketing and hospitality, have positioned the Company as an industry leader in live entertainment. We intend to leverage our unique assets, expertise and approach to drive growth and stockholder value, and to ensure we continue to create unmatched experiences for the benefit of all our stakeholders.
    - *Maximizing the live entertainment experience for our customers.* We use our first-class operations, coupled with new innovations and our ability to attract top talent, to deliver unforgettable experiences for our customers — whether they are first-time visitors, repeat customers, season ticket holders, or suite holders — ensuring they return to our venues. We have a track record of designing world-class facilities that exceed our customers' expectations. This includes our renovations of Radio City Music Hall, the Beacon Theatre, The Garden and the Forum to deliver top-quality amenities such as state-of-the-art lighting, sound and staging, a full suite of hospitality offerings and enhanced premium products. In addition to better onsite amenities, we continue to explore new ways to utilize technology to improve the customer experience and create communities around our live events. From the way our customers buy their food and beverage; to how we market and process their tickets; to the content we provide them to enhance their sports and entertainment experience, we strive to give our customers the best in-venue experience in the industry.

- *Leveraging our live entertainment expertise to increase productivity across our performance venues.* Part of what drives our success is our "artist first" approach. This includes our renovation of the Forum, which set a new bar for the artist experience by delivering superior acoustics and an intimate feel, along with amenities such as nine star-caliber dressing rooms and dedicated areas for production and touring crews. This talent-friendly environment, coupled with more date availability and our top-tier service, is not only attracting artists to our West Coast venue, but also bringing them back for repeat performances. We will continue to use our "artist first" approach to attract the industry's top talent with the goal of increasing utilization across all our venues through more multi-night and multi-market concerts and other events, including more recurring high-profile shows that help expand our base of events. Examples of this strategy include our residencies, which feature legendary performers playing our venues each month, and have included Billy Joel at The Garden and Jerry Seinfeld at the Beacon Theatre.
- *Selectively expanding our performance venues in key music and entertainment markets.* We believe our proven ability to deliver entertainment-focused venues, coupled with our unique capabilities, technologies and "artist first" approach, can deliver a differentiated experience for artists, fans and partners. In May 2016, the Company announced plans to build a state-of-the-art new entertainment venue in Las Vegas, one of the world's most important entertainment destinations. In February 2018, we further unveiled our vision for MSG Sphere, which we believe will change entertainment by pioneering the next generation of immersive experiences. The Company broke ground in Las Vegas in September 2018 on its first MSG Sphere venue, which is currently under construction, with the goal to open the venue in calendar year 2021. In February 2018, we also announced the purchase of land in Stratford, London, which we expect — once we have received all necessary approvals and have further advanced our design for the venue — will become home to the second MSG Sphere. MSG Sphere venues will utilize advanced, cutting-edge technologies to create an entirely new platform that is expected to redefine how immersion and storytelling come together in entertainment experiences. Because of the transformative nature of these venues, we believe there will be other markets — both domestic and international — where MSG Sphere can be successful. The design of MSG Sphere will be flexible to accommodate a wide range of sizes and capacities — from large-scale to smaller and more intimate — based on the needs of the individual market. Controlling and booking a network of world-class venues provides the Company with a number of avenues for potential growth, including driving increased bookings and greater marketing and sponsorship opportunities. As we explore selectively extending the MSG Sphere network, we will be open to multiple types of transaction structures, including owned, operated, and joint ventures. As we work with various companies to develop the technologies needed for MSG Sphere venues, we are focused on obtaining appropriate strategic rights with respect to intellectual property.

- *Expanding our entertainment dining and nightlife venues.* The Company owns a controlling interest in TAO Group — a leader in the hospitality industry. TAO Group currently operates 29 entertainment dining and nightlife venues in New York City, Las Vegas, Los Angeles, Chicago, Singapore and Sydney, Australia with globally-recognized brands that include: TAO, Marquee, Lavo, Avenue, Beauty & Essex and Vandal. TAO Group is actively developing opportunities in select markets — both domestically and internationally — to expand. Over the past year, TAO Group opened TAO Chicago, along with new entertainment dining and nightlife venues as part of Moxy Chelsea hotel in New York City. TAO Group also debuted three new venues in Singapore — Marquee, Avenue, and KOMA.
- *Growing our portfolio of proprietary content.* We continue to explore the creation of proprietary content and attractions that enable us to benefit from being both content creator and venue operator. This includes opportunities to develop theatrical productions for our existing and planned venues. For our planned MSG Sphere venues, we are developing a set of tools that will allow both MSG and third parties to create content for the platform, making content creation an intuitive experience — whether someone is adapting existing content or developing original creations that maximize the potential of the venues' technologies. We expect to use these tools to create our own catalogue of content and original productions, establishing a library of unique and compelling material that can be used across MSG Sphere venues.
- *Exploring adjacencies that strengthen our business.* As part of our commitment to creating unmatched experiences, we explore adjacencies that strengthen our position in sports and entertainment. Potential opportunities include new types of events and festivals, and new opportunities in hospitality, clubs, and food and beverage. Examples over the last several years include the Company's purchase of a controlling interest in BCE, the entertainment production company known for creating and operating New England's premier music festival — the Boston Calling Music Festival; TAO Group, a hospitality group with globally-recognized entertainment dining and nightlife brands; and CLG, a premier North American esports organization.

- *Continuing to explore external strategic opportunities*. We continue to seek strategic opportunities to add compelling assets and brands that resonate with our customers and partners, fit with our core competencies and allow new opportunities for growth across the Company. One of the ways we try to capitalize on our unique combination of dynamic assets, established industry relationships and deep customer connections is through strategic partnerships that bring together the expertise and capabilities of each partner, and enable us to team with recognized leaders in their fields and benefit from growth in those businesses.

Our Business

MSG Sports

Our Company is synonymous with some of the greatest sporting events in history. Today that tradition continues with our commitment to delivering a broad array of world-class sporting events that create lasting and indelible memories for sports fans. Our MSG Sports segment includes some of the world's most recognized sports franchises, as well as a diverse selection of other live sporting events, that the Company promotes, produces and/or presents, primarily at The Garden, Hulu Theater at Madison Square Garden and the Forum.

Our Sports Franchises

The Knicks and Rangers are two of the most recognized franchises in professional sports, with storied histories and passionate, multi-generational fan bases. These teams are the primary occupants of The Garden, playing a combined total of 82 regular season home games, often to at or near capacity attendance. For all of our sports teams, the number of home games increases if they qualify for the playoffs.

New York Knicks

As an original franchise of the NBA, the Knicks have a rich history that includes eight trips to the NBA Finals and two NBA Championships, as well as some of the greatest athletes to ever play the game. Under the leadership of head coach, David Fizdale, the Knicks head into the 2019-20 season fielding a young and exciting team that includes Mitchell Robinson, an NBA All-Rookie Second Team selection; RJ Barrett, the number three overall pick in the 2019 NBA Draft; and a number of skilled players who were added to the team during the offseason. The Knicks ranked in the top three in the NBA for ticket sales receipts for the 2018-19 regular season.

New York Rangers

The Rangers hockey club is one of the NHL's "Original Six" franchises. Heading into its 92nd season, the Rangers are a storied franchise and one of the league's marquee teams, with four Stanley Cup Championships over its history. Under the leadership of new President, John Davidson, the Rangers are seeking to build the foundation for its next championship-caliber team, which for the 2019-20 season includes the addition of elite forward, Artemi Panarin, as well as Kaapo Kakko, the second overall pick in the 2019 NHL Entry Draft. The Rangers are known to have one of the most passionate, loyal and enthusiastic fan bases in all of sports, and ranked in the top three in the NHL for ticket sales receipts for the 2018-19 regular season.

Westchester Knicks

The Westchester Knicks, an NBAGL team, play their home games at the Westchester County Center in White Plains, NY and serve as the exclusive NBAGL affiliate of the Knicks. In the 2018-19 season, the Westchester Knicks finished with the franchise's second-most wins in a single season, including the first postseason win in its history.

Hartford Wolf Pack

The Hartford Wolf Pack, a minor-league hockey team, is the player development team for the Rangers and is also competitive in its own right in the AHL. The Rangers send draft picks and other players to the Hartford Wolf Pack for skill development and injury rehabilitation, and can call up players for the Rangers roster to enhance the team's competitiveness.

Esports

The Company's portfolio of live experiences includes a presence in the esports industry through a controlling interest in CLG, a premier North American esports organization, as well as Knicks Gaming, our franchise in the NBA 2K Esports League. Founded in 2010, CLG is one of the most established and successful organizations in the industry, operating six teams across several well-known esports games: "League of Legends," "Fortnite," "Counter-Strike: Global Offensive," and "Super Smash Bros." In 2018, Knicks Gaming made its debut as part of the league's inaugural season and went on to win the first-ever NBA 2K League championship.

The Role of the Leagues in Our Operations

As franchises in professional sports leagues, our teams are members of their respective leagues and, as such, are subject to certain limitations, under certain circumstances, on the control and management of their affairs. The respective league constitutions of our sports teams, under which each league is operated, together with the collective bargaining agreements (each a "CBA") each league has signed with its players' association, contain numerous provisions that, as a practical matter in certain circumstances, could impact the manner in which we operate our businesses. In addition, under the respective league constitutions of our sports teams, the commissioner of each league, either acting alone or with the consent of a majority (or, in some cases, a supermajority) of the other sports teams in the league, may be empowered in certain circumstances to take certain actions felt to be in the best interests of the league, whether or not such actions would benefit our sports teams and whether or not we consent or object to those actions.

While the precise rights and obligations of member teams vary from league to league, the leagues have varying degrees of control exercisable under certain circumstances over the length and format of the playing season, including preseason and playoff schedules; the number of games in a playing season; the operating territories of the member teams; national and international media and other licensing rights; admission of new members and changes in ownership; franchise relocations; indebtedness affecting the franchises; and labor relations with the players' associations, including collective bargaining, free agency, and rules applicable to player transactions, luxury taxes and revenue sharing. See "Part II — Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Business Overview — MSG Sports — Expenses." Additionally, CLG operates multiple teams that participate in several different esports leagues. The rights and obligations of each CLG team (and member teams generally) vary from league to league. The leagues are generally empowered to and have implemented rules with respect to our league participation, as well as operation, and monetization of the CLG teams and brand. From time to time, we may disagree with or challenge actions the leagues take or the power and authority they assert, although the leagues' governing documents and our agreements with the leagues purport to limit the manner in which we may challenge decisions and actions by a league commissioner or the league itself.

Other Sporting Events

The Company's MSG Sports segment also includes a broad array of live sporting events that the Company promotes, produces and/or presents, including professional boxing, college basketball, college hockey, professional bull riding, mixed martial arts, esports, and college wrestling. Many of these events are among the most popular in our history and are perennial highlights on our annual calendar, as well as some of The Garden's longest-running associations.

Professional boxing, beginning with John L. Sullivan in 1882, has had a long history with The Garden. The Arena famously hosted Muhammad Ali and Joe Frazier's 1971 "Fight of the Century," considered among the greatest sporting events in modern history, as well as numerous bouts featuring dozens of other boxing greats. These have included: Joe Louis, Rocky Marciano, Sugar Ray Robinson, Willie Pep, Emile Griffith, George Foreman, Roberto Duran, Oscar De La Hoya, Sugar Ray Leonard, Lennox Lewis, Roy Jones, Jr., Mike Tyson, Evander Holyfield, Miguel Cotto, and Wladimir Klitschko. In June 2019, The Garden hosted the World Heavyweight Championship, in a bout that saw champion Anthony Joshua, in his U.S. debut, fall in a stunning loss to Andy Ruiz Jr. in front of a sold-out crowd. Additionally, this past year the Company hosted top fighters Vasiliy Lomachenko, Daniel Jacobs, Demetrius Andrade, Gennady Golovkin, and Terence Crawford, as well as the New York debut of international boxing superstar Canelo Alvarez.

In recent years, the Company has also expanded its presence in the popular sport of mixed martial arts. In June 2016, the Forum hosted its first-ever Ultimate Fighting Championship ("UFC") event with UFC 199. Since the return of professional mixed martial arts in New York State in 2016, The Garden has annually hosted UFC events, including the historic UFC 205 in November 2016 during which Conor McGregor knocked out Eddie Alvarez to become the first simultaneous two-weight champion in UFC history. Bellator MMA has also hosted internationally-broadcasted events at both The Garden and the Forum, including most recently Bellator 222 at The Garden in June 2019, which featured Rory MacDonald vs. Neiman Gracie in a welterweight title fight. The Professional Fighters League has also held events at Hulu Theater at Madison Square Garden, including its inaugural World Championships on New Year's Eve this past year, which featured six world title fights.

College sports have been a mainstay at The Garden for decades, with college basketball celebrating 85 years at The World's Most Famous Arena during the 2018-19 season. In addition to St. John's University calling The Garden its "home away from home," this past year the highly-anticipated Big East Tournament celebrated its 37th consecutive year at The Garden. Other college basketball highlights this past year included visits from Duke University's Blue Devils, where phenoms Zion Williamson and RJ Barrett entertained The Garden crowd in a showcase against Texas Tech, as well as the annual Jimmy V Classic and the 2K Empire Classic.

In 2007, The Garden sold out its first college hockey game — Red Hot Hockey featuring Cornell University versus Boston University — which has become a popular biennial event that Cornell won for the first time in 2017. College hockey has continued to grow at The Garden and become a fan-favorite over the last decade, attracting top national teams such as Boston College, North Dakota, Harvard, Michigan, and Minnesota.

Other recent world-class sporting events have included the NBA All-Star Game, which The Garden last hosted in 2015, marking the fifth time the arena has hosted the illustrious professional basketball event, and the NCAA Division I Men's Basketball East Regional Finals, which The Garden hosted in 2014 and 2017, and will again in 2020.

These live sporting events are not contemplated to be included as part of the potential Sports Distribution.

MSG Entertainment

Our Company delivers unforgettable entertainment experiences — including live events and spectacular productions — all in extraordinary settings that span some of the country's largest entertainment markets. This creates a significant demand for an association with our brands — by artists, premier companies and the public. And with a foundation of iconic venues, our Company has a proven ability to leverage the strength of our industry relationships, marketing assets, customer database and live event expertise to create performance, promotion and distribution opportunities for artists, events and productions, and to increase utilization of our venues.

Specifically, our MSG Entertainment segment produces, presents and hosts concerts, family shows, performing arts events, special events and wholly-owned productions at our venues, which are: The Garden, Hulu Theater at Madison Square Garden, Radio City Music Hall, the Beacon Theatre, the Forum and The Chicago Theatre. With seating capacities and configurations that range from 2,800 to 21,000, our collection of diverse venues enables us to showcase acts and events that cover a wide spectrum of genres and popular appeal.

Our MSG Entertainment segment also includes the beloved holiday show, the *Christmas Spectacular* — created for Radio City Music Hall and featuring the world-famous Rockettes.

Over the past several years, the Company has also been executing on its plans to build a robust, diversified portfolio of live experiences. In July 2016, the Company acquired a controlling interest in BCE, the entertainment production company that owns and operates the Boston Calling Music Festival. This was followed in January 2017 by the Company's purchase of a controlling interest in TAO Group, a hospitality group with globally-recognized entertainment dining and nightlife brands.

Our Live Entertainment Bookings

Our Company is an established industry leader that books a wide variety of live entertainment events in our venues, which perennially include some of the biggest names in music and entertainment. Over the last several years, our venues have been a key destination for artists such as the Eagles, U2, Pearl Jam, Foo Fighters, Paul McCartney, Drake, Bruno Mars, Justin Bieber, Dead and Company, Madonna, Mumford & Sons, Phish, Fleetwood Mac, Adele, Eric Clapton, Bruce Springsteen, Rihanna, Justin Timberlake, P!nk, Kanye West, Stevie Wonder, Ariana Grande and Dave Chappelle.

Our efforts to find new ways to increase the utilization of our venues and create unique experiences for artists and fans has led to the creation of various residencies — including The Garden's first music franchise: Billy Joel at The Garden. As part of this extraordinary residency, Billy Joel has appeared monthly at MSG since January 2014, for a total of 66 shows, bringing his overall performances at The World's Most Famous Arena to 112 overall (through July 2019). In 2016, the Company launched its second residency, as legendary New Yorker and comedian Jerry Seinfeld began a successful two-year run at the Beacon Theatre, with all 36 performances — which concluded in December 2017 — selling out. In 2019 Seinfeld resumed his successful residency, which now includes 56 total performances (through July 2019). This past year, the Company also announced a new multi-year, dual-city residency with Tedeschi Trucks Band at both the Beacon Theatre and The Chicago Theatre — the first residency to span two cities.

Our venues also attract family shows and theatrical productions, which this past year included: *PAW Patrol Live!, Sesame Street Live!, Dr. Seuss' How the Grinch Stole Christmas!, The Lightning Thief: The Percy Jackson Musical,* and *Pride & Joy: The Marvin Gaye Musical*. In addition, we frequently serve as the backdrop for high-profile special events such as the 60th Annual Grammy Awards, which returned to The Garden for the first time in 15 years in 2018. Other significant events that have been hosted in our venues include the Tony Awards, "America's Got Talent," the final season premiere of HBO's "Game of Thrones" and the MTV Video Music Awards; appearances by luminaries such as His Holiness Pope Francis, His Holiness the Dalai Lama and the Prime Minister of India, Narendra Modi; graduations, television upfronts, product launches and film premieres.

Although we primarily license our venues to third-party promoters for a fee, we also promote or co-promote shows where we have economic risk relating to the event. MSG Entertainment currently does not promote or co-promote events outside of our venues.

Our Productions

One of the Company's core properties, the *Christmas Spectacular* — created for Radio City Music Hall and featuring the world-famous Rockettes — has been performed at Radio City Music Hall for 86 years. The Rockettes, along with show-stopping performances, festive holiday scenes and state-of-the-art special effects, have played an important role in the critically-acclaimed show's enduring popularity. This past year the show featured several new technology enhancements, including an all-new groundbreaking finale scene, "Christmas Lights." Additionally, large-scale digital projections were incorporated to enhance both the finale and classic numbers throughout the show, creating an immersive environment that extended beyond the stage onto all eight of Radio City's proscenium arches. During the 2018 holiday season, the *Christmas Spectacular* once again sold more than one million tickets.

We acquired the rights to the *Christmas Spectacular* in 1997, and those rights are separate from, and do not depend on the continuation of, our lease of Radio City Music Hall. We also hold rights to the Rockettes brand in the same manner.

The Company believes it has a significant and unique asset in the Rockettes and continues to strengthen and broaden the Rockettes brand by targeting the most prominent and effective vehicles that elevate their visibility and underscore their reputation as beloved American cultural icons. The Rockettes have appeared or performed at high-profile events, including Presidential Inaugurations, the Macy's Thanksgiving Day Parade, Macy's 4th of July Fireworks event, the New Year's Eve Times Square Ball Drop, the Tony Awards, and television shows ("America's Got Talent," "Project Runway," "The Today Show," "Live with Kelly and Ryan," and "The Tonight Show with Jimmy Fallon"), among many others. We continue to pursue opportunities to generate greater brand awareness, including television and public appearances and dance education offerings.

Our Entertainment Dining and Nightlife Offerings

The Company owns a controlling interest in TAO Group, which strengthens the Company's portfolio of live offerings with a complementary, hospitality group with widely-recognized brands that include: TAO, Marquee, Lavo, Avenue, Beauty & Essex, and Vandal. Since 2000, TAO Group has been creating some of the most innovative premium experiences in the entertainment dining and hospitality industry. Today, TAO Group operates 29 venues – 12 venues in New York City, six venues in Las Vegas, five venues in Los Angeles, one venue in Chicago, four venues in Singapore and one venue in Sydney, Australia — and is actively developing opportunities to expand on their success with new venues. Over the past year, TAO Group opened TAO Chicago, along with new entertainment dining and nightlife venues as part of Moxy Chelsea hotel in New York City. TAO Group also debuted three new venues in Singapore — Marquee, Avenue, and KOMA.

Essentially all of the venues have either long-term leases or long-term management agreements with options to renew for multiple years.

Our Festival Offering

The Company owns a controlling interest in BCE, the entertainment production company known for successfully creating and operating New England's premier music festival — Boston Calling, which this year celebrated its 10th edition. The 2019 three-day festival took place over Memorial Day weekend at the Harvard Athletic Complex, and featured more than 50 performances from a diverse array of musicians, bands, and comedians, including headliners Twenty One Pilots, Tame Impala and Travis Scott.

Our Performance Venues

The Company operates a mix of iconic performance venues that continue to build on their historic prominence as destinations for unforgettable experiences and events. Individually, these venues are each premier showplaces, with a passionate and loyal following of fans, performers and events. Taken together, we believe they represent an outstanding collection of venues.

We own or operate under long-term leases a total of six venues in New York City, Chicago and Inglewood, CA. Our New York City venues are the Madison Square Garden Complex (which includes both The Garden and Hulu Theater at Madison Square Garden), Radio City Music Hall and the Beacon Theatre. Our portfolio of venues also includes the Forum in Inglewood, CA and The Chicago Theatre. The Company is also currently building a new venue in Las Vegas, MSG Sphere at The Venetian, and has announced plans to build an MSG Sphere venue in London, once we have received all necessary approvals and have further advanced our design for the venue.

The Garden

The Garden has been a celebrated center of New York life since it first opened its doors in 1879. Over its 140-year history, there have been four Garden buildings, each known for showcasing the best of the era's live sports and entertainment offerings. We believe that The Garden has come to epitomize the power and passion of live sports and entertainment to people around the world, with an appearance at The Garden often representing a pinnacle of an athlete's or performer's career. Known as "The World's Most Famous Arena," The Garden has been the site of some of the most memorable events in sports and entertainment, and, together with Hulu Theater at Madison Square Garden, has hosted hundreds of events and millions of visitors this past year. In 2009, Billboard Magazine ranked The Garden the number one venue of the decade in its respective class based upon gross ticket sales. Music industry subscribers of the trade magazine Pollstar have voted The Garden "Arena of the Year" 22 times since the inception of the awards in 1989. The Garden is the highest-grossing entertainment venue of its size in the world based on Billboard Magazine's 2019 mid-year rankings.

The Garden is home to the Knicks and Rangers and is associated with countless "big events," inspired performances and one-of-a-kind moments. Highlights include: "The Fight of the Century" between Muhammad Ali and Joe Frazier in 1971; the 1970 Knicks' NBA Championship; the Rangers' 1994 Stanley Cup Championship; three Democratic National Conventions and one Republican National Convention; Marilyn Monroe's famous birthday serenade to President John F. Kennedy; Frank Sinatra's "Main Event" concert in 1974; the only U.S. concerts from the reunited Cream; the 25th Anniversary Rock and Roll Hall of Fame concerts; the 60th Annual Grammy Awards; and Billy Joel's record-breaking 112 total performances at The Garden (through July 2019). In September 2015, His Holiness Pope Francis celebrated Mass at The Garden as part of his successful U.S. visit, which marked the first time a current pope has visited The Garden since Pope John Paul II in 1979. The Garden has also hosted four prominent benefit concerts, which galvanized the public to respond to national and global crises, including the first of its kind, "The Concert for Bangladesh" in 1972, as well as "The Concert for New York City," following the events of 9/11; "From the Big Apple to the Big Easy," held after Hurricane Katrina in 2005; and "12-12-12, The Concert for Sandy Relief" in 2012.

The current Madison Square Garden Complex, located between 31st and 33rd Streets and Seventh and Eighth Avenues on Manhattan's West Side, opened on February 11, 1968 with a salute to the United Service Organizations hosted by Bob Hope and Bing Crosby. From a structural standpoint, the construction of the current Garden was considered an engineering wonder for its time, including its famous circular shape and unique, cable-supported ceiling, which contributes to its intimate feel. It was the first large structure built over an active railroad track. The builder, R.E. McKee, had a national reputation and was later recognized as a "Master Builder" by the construction industry. Architect Charles Luckman had one of the largest firms in the country and designed such buildings as the Prudential Tower in Boston, NASA's flight center in Houston and the Forum in Inglewood, CA.

Following a three-year, top-to-bottom transformation, in October 2013, the Company debuted a fully-transformed Garden, featuring improved sightlines; additional entertainment and dining options; new concourses; upgraded hospitality areas; new technology; unique historic exhibits; and a completely transformed interior, where the intimacy of the arena bowl and The Garden's world-famous ceiling were maintained. Focused on the total fan experience, the transformation was designed to benefit everyone in attendance, whether first time visitors, season ticket subscribers, athletes, artists, suite holders or marketing partners. The Garden's transformation ensured that attending an event at "The World's Most Famous Arena" remained unlike anywhere else.

We own the Madison Square Garden Complex, the platform on which it is built and development rights (including air rights) above our property. Madison Square Garden sits atop Pennsylvania Station ("Penn Station"), a major commuter hub in Manhattan, which is owned by the National Railroad Passenger Corporation (Amtrak). While the development rights we own would permit us to expand in the future, any such use of development rights would require various approvals from the City of New York. The Garden seats up to approximately 21,000 spectators for sporting and entertainment events and, along with Hulu Theater at Madison Square Garden, contains approximately 1,100,000 square feet of floor space over 11 levels.

Hulu Theater at Madison Square Garden

Hulu Theater at Madison Square Garden, which has approximately 5,600 seats, opened as part of the fourth Madison Square Garden Complex in 1968 with seven nights of performances by Judy Garland. Since then, some of the biggest names in live entertainment have played Hulu Theater at Madison Square Garden, including The Who, Bob Dylan, Diana Ross, Elton John, James Taylor, Mary J Blige, Pentatonix, John Legend, Ellie Goulding, Chris Rock, Neil Young, Bill Maher, Radiohead, Jerry Seinfeld and Van Morrison. Hulu Theater at Madison Square Garden has also hosted boxing events and the NBA Draft; award shows such as The Daytime Emmys; and other special events including "Wheel of Fortune" and audition shows for "America's Got Talent," as well as a variety of theatrical productions and family shows, including *A Christmas Story, Elf The Musical, Paw Patrol Live!,* and *Sesame Street Live!*. In March 2018, the Company and Hulu, a leading premium streaming service, announced a multi-faceted marketing partnership that included exclusive naming rights, after which the venue was rebranded as Hulu Theater at Madison Square Garden. Hulu Theater at Madison Square Garden is the seventh highest-grossing entertainment venue of its size in the world, based on Billboard Magazine's 2019 mid-year rankings.

Radio City Music Hall

Radio City Music Hall has a rich history as a national theatrical and cultural mecca since it was first built by theatrical impresario S.L. "Roxy" Rothafel in 1932. Known as "The Showplace of the Nation," it was the first building in the Rockefeller Center complex and, at the time, the largest indoor theater in the world. Radio City Music Hall, a venue with approximately 6,000 seats, hosts concerts, family shows and special events, and is home to the *Christmas Spectacular*. See "— MSG Entertainment — Our Productions." Over its history, entertainers who have graced the Great Stage include: Yes, Aretha Franklin, Lady Gaga, Brian Wilson, Harry Styles, Bastille, John Mulaney, Mariah Carey, Nine Inch Nails, Christina Aguilera, Britney Spears, Tony Bennett, Billie Eilish, Sebastian Maniscalco and Dave Chappelle. In 2009, Billboard Magazine ranked Radio City Music Hall the number one venue of the decade in its respective class based upon gross ticket sales. Radio City Music Hall is the highest-grossing entertainment venue of its size in the world, based on Billboard Magazine's 2019 mid-year rankings.

In 1978, Radio City Music Hall was designated a New York City landmark by the NYC Landmarks Preservation Commission and a national landmark on the National Register of Historic Places. We acquired the lease in 1997, and in 1999, we invested in a complete restoration that returned the legendary theater to its original grandeur. Our acclaimed restoration touched all aspects of the venue and included burnishing the ceilings of Radio City Music Hall with 720,000 sheets of gold and aluminum leaf, replacing the existing stage curtain with a new 112-foot wide golden silk curtain, and cleaning the three-story tall mural "The Fountain of Youth," by Ezra Winter, which looms above the grand staircase. State-of-the-art sound systems, lighting and HDTV capabilities were also installed.

We lease Radio City Music Hall, located at Sixth Avenue and 50th Street in Manhattan, pursuant to a long-term lease agreement. The lease on Radio City Music Hall expires in 2023. We have the option to renew the lease for an additional 10 years by providing two years' notice prior to the initial expiration date.

Beacon Theatre

In November 2006, we entered into a long-term lease agreement to operate the legendary Beacon Theatre, a venue with approximately 2,800 seats, which sits on the corner of Broadway and 74th Street in Manhattan. The Beacon Theatre was conceived of by S. L. "Roxy" Rothafel and is considered the "older sister" to Radio City Music Hall. Designed by Chicago architect Walter Ahlschlager, the Beacon Theatre opened in 1929 as a forum for vaudeville acts, musical productions, drama, opera, and movies. The Beacon Theatre was designated a New York City landmark by the NYC Landmarks Preservation Commission in 1979 and a national landmark on the National Register of Historic Places in 1982. Over its history, the Beacon Theatre has been a venerable rock and roll room for some of the greatest names in music including Steely Dan, Coldplay, Alice Cooper, Dave Matthews Band, Crosby Stills & Nash, Elton John, John Fogerty, Hozier, Tom Petty and the Heartbreakers, Tedeschi Trucks Band, Eddie Vedder and Bob Dylan, as well as The Allman Brothers Band, which played their 238th show at the Beacon Theatre in October 2014, marking their final concert as a band. The venue has also hosted special events such as film premieres for the Tribeca Film Festival and comedy events, including our Jerry Seinfeld residency, along with numerous luminaries such as His Holiness the Dalai Lama in 2009 and 2013, and President Bill Clinton in 2006 when the Rolling Stones played a private concert in honor of his 60th birthday.

In August of 2008 we closed the Beacon Theatre for a seven-month restoration project to return the theater to its original 1929 grandeur. The restoration of the Beacon Theatre focused on all historic, interior public spaces of the building, backstage and back-of-house areas, and was based on extensive historic research, as well as detailed, onsite examination of original, decorative painting techniques that had been covered by decades-old layers of paint. The Beacon Theatre has won several architectural awards recognizing its outstanding restoration. The widely acclaimed, comprehensive restoration was similar to our restoration of Radio City Music Hall, and reflects our commitment to New York City. The Beacon Theatre is the sixth highest-grossing entertainment venue of its size in the world, based on Billboard Magazine's 2019 mid-year rankings.

Our lease on the Beacon Theatre expires in 2026.

The Forum

In June 2012, we added a West Coast home with the purchase of the Forum in Inglewood, CA, which serves the Greater Los Angeles area. Following an extensive reinvention of the historic venue, on January 15, 2014, the Forum re-opened with the first of six concerts by the legendary Eagles and is once again a thriving destination for both artists and music fans. With both the Forum and The Garden, the Company has an iconic arena in each of the country's two largest entertainment markets.

The Forum is the only arena-sized venue in the country dedicated to music and entertainment, and offers something exceptional for everyone. Architecturally, the interior of the bowl has been completely modernized and features superior acoustics, along with flexible seating that ranges from 7,000 seats to 17,600 seats. Fans seated on the floor have access to one of the largest general admission floors in the country, with approximately 8,000 square feet of event level hospitality offerings. The Forum also offers exclusive spaces for VIP customers, including the historic Forum Club, and, for artists, delivers a first-class experience that includes nine, star-caliber dressing rooms with high-end amenities. Among the key features that were resurrected in an effort to replicate the original design is the exterior color of the venue, which was returned to the 1960's "California sunset red," and is now known as "Forum Red." Other outdoor features include the addition of a distinct and iconic Forum marquee and a 40,000-square foot terrace that surrounds the perimeter of the building.

The original Forum was designed by renowned architect, Charles Luckman, who also designed The Garden that opened in 1968. The historic West Coast venue, which opened in 1967, has played host to some of the greatest musical performers of all time, including The Rolling Stones, The Jackson 5, Bob Dylan, Led Zeppelin, Madonna, Van Halen, Coldplay, Prince and many others. In addition, the Forum was home to the Los Angeles Lakers and Los Angeles Kings until 1999.

Since re-opening in 2014, the Forum has received several architectural awards recognizing its outstanding restoration. The venue's impressive lineup of entertainers since the restoration has included: the Eagles, Justin Timberlake, U2, Drake, Kanye West, Eric Clapton, Guns N' Roses, Stevie Wonder, Aerosmith, Steely Dan, Fleetwood Mac, Jennifer Lopez, KISS, Mumford & Sons, Foo Fighters, The Weeknd, P!nk and Rihanna as well as His Holiness the Dalai Lama. The Forum has also hosted a number of special events such as the MTV Video Music Awards and Nickelodeon's Kids' Choice Awards, as well as select sporting events, including Championship Boxing and mixed martial arts. The Forum is the third highest-grossing entertainment venue of its size in the world, based on Billboard Magazine's 2019 mid-year rankings.

The Chicago Theatre

In October 2007, to provide us with an anchor for content and distribution in a key market in the Midwest, we purchased the legendary Chicago Theatre, a venue with approximately 3,600 seats. The Chicago Theatre, which features its famous six-story-high "C-H-I-C-A-G-O" marquee, was built in 1921 and designed in the French Baroque style by architects Cornelius W. Rapp and George L. Rapp. It is the oldest surviving example of this architectural style in Chicago today, and was designated a Chicago landmark building in 1983 by the Mayor of Chicago and the Chicago City Council.

The Chicago Theatre has become a highly attractive destination for concerts, comedy shows and other live events, hosting a wide range of entertainers, including Bob Dylan, Mumford & Sons, David Byrne, Neil Young, Janelle Monae, Jerry Seinfeld, Janet Jackson, Bob Weir, Jim Gaffigan, Conan O'Brien, Amy Schumer and Steely Dan. The venue has also hosted theatrical tours such as *A Christmas Story, The Wizard of Oz, Paw Patrol Live!* and *Dr. Seuss' How The Grinch Stole Christmas! The Musical*. The Chicago Theatre is the fifth highest-grossing entertainment venue of its size in the world, based on Billboard Magazine's 2019 mid-year rankings.

MSG Sphere

The Company is progressing with its plans to create the "venue of the future" with MSG Sphere, which will utilize cutting-edge technologies to create the next-generation of immersive experiences. Key design features of MSG Sphere are expected to include:

- a fully-programmable LED exterior and an interior bowl that features the world's largest and highest resolution LED screen known today — more than 160,000 square feet of display surface;
- an advanced acoustics system featuring beamforming technology that will deliver crystal clear audio;
- a custom video system capable of capturing, curating and distributing both today's and tomorrow's content;
- an infrasound haptic system that will use deep vibrations so guests can "feel" the experience; and
- an advanced architecture for connectivity that will enable a broader range of content, greater interaction among guests and more immersive entertainment experiences.

These technologies will come together to create a powerful platform, which we believe will make MSG Sphere the venue of choice for a wide variety of content — including attractions, concerts, residencies, corporate events, award shows, product launches and select sporting events.

The Company will build its first MSG Sphere in Las Vegas on land leased from Las Vegas Sands Corp. ("Sands"), which is adjacent to The Venetian Resort. The Company broke ground on the approximately 17,500-seat venue in September 2018 with the start of site preparations, and construction is currently ongoing. Our goal is to open MSG Sphere in Las Vegas in calendar year 2021. Sands will provide us with $75 million to help fund the construction costs, including the cost of a pedestrian bridge that links MSG Sphere in Las Vegas to the Sands Expo Convention Center. Sands will receive priority access to purchase tickets to events at the venue for inclusion in hotel packages or other uses, as well as certain rent-free use of the venue to support its Expo Center business. The ground lease has no fixed rent; however, if certain return objectives are achieved, Sands will receive 25% of the after-tax cash flow in excess of such objectives. The lease is for a term of 50 years.
In February 2018, we announced the purchase of land in Stratford, London, which we expect will become home to the Company's second MSG Sphere and first large-scale international venue. The Company submitted a planning application to the local planning authority in March 2019 and expects a planning determination by the end of calendar year 2019 (which may become the subject of further discussions with the planning authority). Our plan is to begin construction on the MSG Sphere venue in London only once we have received all necessary approvals and have further advanced our design for the venue. We currently expect that MSG Sphere in London will be substantially similar to MSG Sphere in Las Vegas, including having approximately the same seating capacity.

We continue to explore additional domestic and international markets where next-generation venues can be successful. The design of MSG Sphere will be flexible to accommodate a wide range of sizes and capacities — from large-scale to smaller and more intimate — based on the needs of any individual market. As we explore selectively extending the MSG Sphere network, we will be open to multiple types of transaction structures, including owned, operated, and joint ventures.

See "Part II — Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — MSG Spheres."

Our Interactive Initiatives

The Company has a digital presence that includes web sites, social networking sites and mobile applications for our sports and entertainment properties. In 2017, the Company consolidated a collection of individual web sites dedicated to our venues into a new platform, MSG.com, designed to deliver greater value to our customers by providing one place where they can explore upcoming events in all our venues, learn more about our brands, and purchase tickets. Web sites dedicated to our teams (nhl.com/rangers, nba.com/knicks, westchester.gleague.nba.com, hartfordwolfpack.com, clg.gg, knicksgaming.nba.com) remain separate from MSG.com, as do the web sites for TAO Group (taogroup.com) and Boston Calling (bostoncalling.com). Like our MSG Sports business, the online operations relating to our teams may, in certain circumstances, be subject to certain agreements, rules, policies, regulations and directives of the leagues in which the respective team operates. See "— Our Business — Regulation." In addition to driving ticket sales to our events, this interactive business generates revenue for the Company's segments via the sale of advertising and sponsorships on these digital properties. Additionally, it offers strategic marketing assets that create opportunities to market directly to our fans and cross-promote our businesses.

Other Investments

We continue to explore additional opportunities that strengthen our existing position within the sports and entertainment landscape and/or allow us to exploit our assets and core competencies for growth.

In July 2018, the Company acquired a 30% interest in SACO, a global provider of high-performance LED video lighting and media solutions for a total consideration of approximately $47.2 million. The Company is utilizing SACO as a preferred display technology provider for MSG Spheres and is benefiting from agreed upon commercial terms.

In addition, the Company also has other investments in various sports and entertainment companies and related technologies, accounted for either under the equity method or at fair value.

Garden of Dreams Foundation

Our Company has a close association with The Garden of Dreams Foundation (the "Foundation"), a 501(c)(3) non-profit charity that is dedicated to making dreams come true for children facing obstacles. The Foundation works with 30 partner organizations throughout the tristate area, including hospitals, wish organizations and community-based organizations, to reach children who are facing challenges such as homelessness, extreme poverty, illness and foster care. Since it began in 2006, Garden of Dreams has used the magic of The Madison Square Garden Company — including the Rangers, Knicks, Rockettes and famed showplaces — to brighten the lives of more than 375,000 children and their families. The Foundation takes pride in its commitment to truly change lives, hosting more than 500 events and programs each year. They include: events with the Knicks and Rangers; special celebrations and event attendance at The Garden, Radio City Music Hall and the Beacon Theatre; visits by Madison Square Garden celebrities; The Garden of Dreams Talent Show, where children perform on the Great Stage at Radio City Music Hall; The Garden of Dreams Prom, which brings together teens who may not otherwise have the opportunity to attend their own proms; toy drives; and the "Make A Dream Come True Program," where children enjoy unforgettable experiences with celebrities and at events. In addition, through its Garden of Dreams Giving program, the Foundation helps its partner organizations meet the critical needs of the children they serve through direct support of scholarships and tangible, targeted community projects. To date, the Foundation has awarded scholarships to 77 children. Garden of Dreams has also served its partners by refurbishing pediatric wards at area hospitals, activity rooms and gymnasiums at community facilities and by creating brand new spaces such as music and dance studios — with plans for many more vital civic enhancements in the years to come.

Regulation

Our sports and entertainment businesses are subject to legislation governing the sale and resale of tickets and consumer protection statutes generally.

In addition, our venues, like all public spaces, are subject to building and health codes and fire regulations imposed by the state and local governments in the jurisdictions in which they are located. Our venues are also subject to zoning and outdoor advertising regulations, and, with respect to Radio City Music Hall and the Beacon Theatre, landmark regulations which restrict us from making certain modifications to our facilities as of right or from operating certain types of businesses. Our venues also require a number of licenses in order for us to operate, including occupancy permits, exhibition licenses, food and beverage permits, liquor licenses and other authorizations and, with respect to The Garden, a zoning special permit granted by the New York City Planning Commission. In the jurisdictions in which our venues are located, we are subject to statutes that generally provide that serving alcohol to a visibly intoxicated or minor patron is a violation of the law and may provide for strict liability for certain damages arising out of such violations. In addition, our venues are subject to the federal Americans with Disabilities Act (and related state and local statutes), which requires us to maintain certain accessibility features at each of our facilities. We and our venues are also subject to environmental laws and regulations. See "Item 1A. Risk Factors — General Risks — We Are Subject to Extensive Governmental Regulation and Our Failure to Comply with These Regulations May Have a Material Negative Effect on Our Business and Results of Operations." The professional sports leagues in which we operate, primarily the NBA and NHL, have the right under certain circumstances to regulate important aspects of our sports business and our team-related online and mobile businesses. See "— Our Business — MSG Sports — The Role of the Leagues in Our Operations."

Our sports and entertainment businesses are also subject to certain regulations applicable to our Internet web sites and mobile applications. We maintain various web sites and mobile applications that provide information and content regarding our businesses, offer merchandise and tickets for sale, make available sweepstakes and/or contests and offer hospitality services. The operation of these web sites and applications may be subject to a range of federal, state and local laws such as privacy and protection of personal information, accessibility for persons with disabilities and consumer protection regulations. In addition, to the extent any of our web sites collect information from children under 13 years of age or are intended primarily for children under 13 years of age, we must comply with certain limits on commercial matter.

Our businesses are also subject to regulation regarding working conditions and minimum wage requirements. See "Item 1A. Risk Factors — Risks Relating to Our Entertainment Business — Increases in Labor Costs Could Slow the Growth of or Harm TAO Group."

Our international operations are subject to laws and regulations of the countries in which they operate, as well as international bodies, such as the European Union. We are subject to laws and regulations relating to, among other things, foreign privacy and data protection, such as the E.U. General Data Protection Regulation, currency and repatriation of funds, anti-bribery, anti-money laundering and anti-corruption, such as the Foreign Corrupt Practices Act and the U.K. Bribery Act. These laws and regulations apply to the activities of the Company and, in some cases, to individual directors, officers, and employees of the Company and agents acting on our behalf. Certain of these laws impose stringent requirements on how we can conduct our foreign operations and could place restrictions on our business and partnering activities.

Competition

Competition in Our Sports Business

Our sports business operates in a market in which numerous sports and entertainment opportunities are available. In addition to the NBA, NHL, AHL and NBAGL teams that we own and operate, the New York City metropolitan area is home to two Major League Baseball teams (the New York Yankees (the "Yankees") and the New York Mets (the "Mets")), two National Football League teams (the New York Giants (the "Giants") and the New York Jets (the "Jets")), two additional NHL teams (the New York Islanders (the "Islanders") and the New Jersey Devils (the "Devils")), a second NBA team (the Brooklyn Nets (the "Nets") and two Major League Soccer franchises (the New York Red Bulls and the New York City Football Club). In addition, there are a number of other amateur and professional teams that compete in other sports, including at the collegiate and minor league levels. New York is also home to the U.S. Open tennis event each summer, as well as many other non-sports related entertainment options.

As a result of the large number of options available, we face strong competition for the New York area sports fan. We must compete with these other sporting events in varying respects and degrees, including on the basis of the quality of the teams we field, their success in the leagues in which they compete, our ability to provide an entertaining environment at our games and the prices we charge for our tickets. In addition, for fans who prefer the unique experience of NHL hockey, we must compete with the Islanders and Devils as well as, in varying respects and degrees, with other NHL hockey teams and the NHL itself. Similarly, for those fans attracted to the equally unique experience of NBA basketball, we must compete with the Nets as well as, in varying respects and degrees, with other NBA teams and the NBA itself. In addition, we also compete to varying degrees with other productions and live entertainment events for advertising and sponsorship dollars.

The amount of revenue we earn is influenced by many factors, including the popularity and on-court or on-ice performance of our sports teams and general economic conditions. In particular, when our sports teams have strong on-court and on-ice performance, we benefit from increased demand for tickets, potentially greater food and merchandise sales from increased attendance and increased sponsorship opportunities. When our sports teams qualify for the playoffs, we also benefit from the attendance and in-game spending at the playoff games. The year-to-year impact of team performance is somewhat moderated by the fact that a significant portion of our revenue derives from rights fees, suite rental fees and sponsorship and signage revenue, all of which are generally contracted on a multi-year basis. Nevertheless, the long-term performance of our business is tied to the success and popularity of our sports teams and our ability to attract other compelling sports content.

We own a controlling interest in CLG, a premier North American esports organization. Due to the nature of esports, CLG competes with other teams across North America and globally. CLG competes for sponsorship, merchandise rights, media rights, and event prize winnings. Esports teams vary in their amount of funding, size of existing business, and amount of social following, among other factors, which can impact our ability to compete effectively.

See "Item 1A. Risk Factors — Risks Relating to Our Sports Business — Our Sports Business Faces Intense and Wide-Ranging Competition, Which May Have a Material Negative Effect on Our Business and Results of Operations" and "— Our Businesses Are Substantially Dependent on the Continued Popularity and/or Competitive Success of the Knicks and Rangers, Which Cannot Be Assured."

Competition in Our Entertainment Business

Our entertainment business competes, in certain respects and to varying degrees, with other live performances, sporting events, movies, home entertainment (including the Internet and online services, social media and social networking platforms, television, video and gaming devices), restaurants and nightlife venues, and the large number of other entertainment and public attraction options available to members of the public. Our businesses typically represent alternative uses for the public's entertainment dollars. The primary geographic area in which we operate, New York City, is among the most competitive entertainment markets in the world, with the world's largest live theater industry and extensive performing arts venues, 12 major professional sports teams, thousands of restaurants and nightlife venues, numerous museums, galleries and other attractions, and numerous movie theaters available to the public. We also have significant operations in Los Angeles and Las Vegas. Our venues and live offerings outside of New York City similarly compete with other entertainment, dining and nightlife options in their respective markets and elsewhere. We compete with these other entertainment options on the basis of the quality of our productions, the public's interest in our content, the price of our tickets, the quality, location and atmosphere, including the nature and condition of the setting, of our venues, our service, the price, quality and presentation of our food and the overall experience we provide.

We compete for bookings with a large number of other venues both in the cities in which our venues are located and in alternative locations capable of booking the same productions and events. Generally, we compete for bookings on the basis of the size, quality, expense and nature of the venue required for the booking. Some of our competitors may have a larger network of venues and/or greater financial resources.

In addition to competition for ticket sales and bookings, we also compete to varying degrees with other productions and sporting events for advertising and sponsorship dollars.

See "Item 1A. Risk Factors — Risks Relating to Our Entertainment Business — Our Entertainment Business Faces Intense and Wide-Ranging Competition Which May Have a Material Negative Effect on Our Business and Results of Operations," "— The Success of Our Entertainment Business Depends on the Continued Popularity of Our Live Productions, Particularly the Christmas Spectacular, the Decline of Which Could Have a Material Negative Effect on Our Business and Results of Operations," "— The Geographic Concentration of Our Businesses Could Subject Us to Greater Risk Than Our Competitors and Have a Material Negative Effect on Our Business and Results of Operations" and " — Negative Publicity with Respect to Any of the Existing or Future TAO Group Brands Could Reduce Sales at One or More of the Existing or Future TAO Group Venues and Make the TAO Group Brands Less Valuable, Which Could Have a Material Negative Effect on Our Business and Results of Operations."

Employees

As of June 30, 2019, we had approximately 2,900 full-time union and non-union employees and 10,100 part-time union and non-union employees. Approximately 52% of our employees were represented by unions as of June 30, 2019. Approximately 13% of such union employees are subject to CBAs that were expired as of June 30, 2019 and approximately 36% are subject to CBAs that will expire by June 30, 2020 if they are not extended prior thereto. Labor relations in general and in the sports and entertainment industry in particular can be volatile, though our current relationships with our unions taken as a whole are positive. We have from time to time faced labor action or had to make contingency plans because of threatened or potential labor actions.

The NHL players and the NBA players are covered by CBAs between the NHL Players' Association ("NHLPA") and the NHL and between the National Basketball Players Association ("NBPA") and the NBA, respectively. Both the NHL and the NBA have experienced labor difficulties in the past and may have labor issues in the future. On June 30, 2011 the prior CBA between the NBA and NBPA expired and there was a work stoppage for approximately five months until a new CBA was entered into in December 2011. On September 15, 2012 the prior CBA between the NHL and NHLPA expired and there was a work stoppage for approximately four months until a new CBA was entered into in January 2013. See "Item 1A. Risk Factors — General Risks — Organized Labor Matters May Have a Material Negative Effect on Our Business and Results of Operations."

Financial Information about Segments and Geographic Areas

Substantially all of the Company's revenues and a significant majority of assets are attributed to or located in the United States and are primarily concentrated in the New York City metropolitan area. Financial information by business segments for each of the years ended June 30, 2019, 2018, and 2017 is set forth in "Part II — Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Part II — Item 8. Financial Statements and Supplementary Data — Consolidated Financial Statements — Notes to Consolidated Financial Statements — Note 19. Segment Information."

Item 1A. Risk Factors

Risks Relating to Our Sports Business

Our Sports Business Faces Intense and Wide-Ranging Competition, Which May Have a Material Negative Effect on Our Business and Results of Operations.

The success of a sports business, like ours, is dependent upon the performance and/or popularity of its franchises. Our Knicks and Rangers and other sports franchises compete, in varying respects and degrees, with other live sporting events, and with sporting events delivered over television networks, radio, the Internet and online services, mobile applications and other alternative sources. For example, our sports teams compete for attendance, viewership and advertising with a wide range of alternatives available in the New York City metropolitan area. During some or all of the basketball and hockey seasons, our sports teams face competition, in varying respects and degrees, from professional baseball (including the Yankees and the Mets), professional football (including the Giants and the Jets), professional soccer (including the New York Red Bulls and the New York City Football Club) and each other. For fans who prefer the unique experience of NHL hockey, we must compete with two other NHL hockey teams located in the New York City metropolitan area (the Islanders and the Devils) as well as, in varying respects and degrees, with other NHL hockey teams and the NHL itself. Similarly, for those fans attracted to the equally unique experience of NBA basketball, we must compete with another NBA team located in the New York City metropolitan area (the Nets) as well as, in varying respects and degrees, with other NBA teams and the NBA itself.

As a result of the large number of options available, we face strong competition for the New York City metropolitan area sports fan. We must compete with these other sports teams and sporting events, in varying respects and degrees, including on the basis of the quality of the teams we field, their success in the leagues in which they compete, our ability to provide an entertaining environment at our games, prices we charge for tickets and the viewing availability of our teams on multiple media alternatives. Given the nature of sports, there can be no assurance that we will be able to compete effectively, including with companies that may have greater resources than we have, and as a consequence, our business and results of operations may be materially negatively affected.

The success of our sports business is largely dependent on our ability to attract strong attendance to our professional sports franchises' home games at The Garden. Our sports business also competes, in certain respects and to varying degrees, with other leisure-time activities and entertainment options in the New York CIty metropolitan area, such as television, motion pictures, concerts and other live performances, restaurants and nightlife venues, the Internet, social media and social networking platforms and online and mobile services, including sites for online content distribution, video on demand and other alternative sources of entertainment.

Our sports teams also compete with other teams in their leagues to attract free agents. Players who are free agents are generally permitted to sign with the team of their choice. These players may make their decision based upon any number of factors, including the compensation they are offered, the makeup and competitiveness of the team bidding for their services, geographic preferences and other non-economic factors.

Our Businesses Are Substantially Dependent on the Continued Popularity and/or Competitive Success of the Knicks and Rangers, Which Cannot Be Assured.

Our financial results have historically been dependent on, and are expected to continue to depend in large part on, the Knicks and Rangers remaining popular with our fan bases and, in varying degrees, on the teams achieving on-court and on-ice success, which can generate fan enthusiasm, resulting in sustained ticket, premium seating, suite, sponsorship, food and beverage and merchandise sales during the season. In addition, the popularity of our sports teams can impact television ratings, which could affect the long-term value of the media rights for the Knicks and/or Rangers. Furthermore, success in the regular season may qualify one of our sports teams for participation in post-season playoffs, which provides us with additional revenue by increasing the number of games played by our sports teams and, more importantly, by generating increased excitement and interest in our sports teams, which can help drive a number of our revenue streams, including by improving attendance and television ratings, in subsequent seasons. There can be no assurance that any of our sports teams, including the Knicks and Rangers, will maintain continued popularity or compete in post-season play in the future.

Our Basketball and Hockey Decisions, Especially Those Concerning Player Selection and Salaries, May Have a Material Negative Effect on Our Business and Results of Operations.

Creating and maintaining our sports teams' popularity and/or on-court and on-ice competitiveness is key to the success of our sports business. Accordingly, efforts to improve our revenues and earnings from operations from period to period may be secondary to actions that management believes will generate long-term growth and asset value creation. As with other sports teams, the competitive positions of our sports teams depend primarily on our ability to develop, obtain and/or retain talented players, coaches and team executives, for which we compete with other professional sports teams. Our efforts in this regard may include, among other things, trading for highly compensated players, signing draft picks, free agents or current players to new contracts, engaging in salary arbitration with existing players, terminating and waiving players and replacing coaches and team executives. Any of these actions could increase expenses for a particular period, subject to any salary cap restrictions contained in the respective leagues' CBAs. There can be no assurance that any actions taken by management to generate and increase our long-term growth and asset value creation will be successful.

A significant factor in our ability to attract and retain talented players is player compensation. NBA and NHL player salaries have generally increased significantly and may continue to increase. Although CBAs between the NBA and the NBPA and the NHL and the NHLPA generally cap league-wide player salaries at a prescribed percentage of league-wide revenues, we may pay our players different aggregate salaries and a different proportion of our revenues than other NBA or NHL franchises. In addition, both of the NBA and NHL CBAs include salary floors, which limit our ability to decrease costs below a certain amount. Future CBAs may increase the percentage of league-wide revenues to which NBA or NHL players are entitled or impose other conditions, which may further increase our costs. In addition, we have paid the NBA a luxury tax in the past and we may also be obligated to pay the NBA a luxury tax in future years, the calculation of which is determined by a formula based on the aggregate salaries paid to our NBA players. See "Part II — Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — MSG Sports — Expenses — Player Salaries, Escrow System/Revenue Sharing and NBA Luxury Tax."

We have incurred, and may in the future incur, significant charges for costs associated with transactions relating to players on our sports teams for season-ending and career-ending injuries and for trades, waivers and contract terminations of players and other team personnel, including team executives. These transactions can result in significant charges as the Company recognizes the estimated ultimate costs of these events in the period in which they occur, although amounts due to these individuals may be paid over their remaining contract terms. These expenses add to the volatility of the results of our MSG Sports segment.

The Actions of the Basketball and Hockey Leagues May Have a Material Negative Effect on Our Business and Results of Operations.

The governing bodies of the NBA (including the NBAGL) and the NHL have certain rights under certain circumstances to take actions that they deem to be in the best interests of their respective leagues, which may not necessarily be consistent with maximizing our results of operations and which could affect our sports teams in ways that are different than the impact on other sports teams. Certain of these decisions by the NBA or the NHL could have a material negative effect on our business and results of operations. From time to time, we may disagree with or challenge actions the leagues take or the power and authority they assert. The following discussion highlights certain areas in which decisions of the NBA and the NHL could materially affect our businesses.

The NBA and the NHL may assert control over certain matters, under certain circumstances, that may affect our revenues such as the local, national and international rights to telecast the games of league members, including the Knicks and Rangers, licensing of the rights to produce and sell merchandise bearing the logos and/or other intellectual property of our sports teams and the leagues, and the Internet and mobile-based activities of our sports teams. The NBA and NHL have each entered into agreements regarding the national and international telecasts of NBA and NHL games. We receive a share of the income the NBA and the NHL generate from these contracts, which expire from time to time. There can be no assurance that the NBA or the NHL will be able to renew these contracts following their expiration on terms as favorable to us as those in the current agreements or that we will continue to receive the same level of revenues in the future. We receive significant revenues from MSG Networks for the right to telecast games of the Knicks and Rangers. Changes to league rules, regulations and/or agreements, including national and international media rights, could impact the availability of games covered by our local media rights and could negatively affect the rights fees we receive from MSG Networks and our business and results of operations. The sports leagues have asserted control over certain other important decisions, under certain circumstances, such as the length and format of, and the number of games in, the playing season, preseason and playoff schedules, the operating territories of the member teams, admission of new members, franchise relocations, labor relations with the players associations, collective bargaining, free agency, luxury taxes and revenue sharing. The esports leagues have adopted a number of rules and regulations governing the length and format of the playing season, how teams may generate revenue, and player rosters.

Decisions on these matters, some of which are also subject to the terms of a CBA, may materially negatively affect our business and results of operations. In addition, the NBA imposes a luxury tax and escrow system with respect to player salaries and a revenue sharing plan, and the NHL imposes an escrow system with respect to player salaries and a revenue sharing plan. For fiscal year 2019, the Knicks and Rangers recorded approximately $59.3 million in estimated revenue sharing expenses, net of escrow receipts. The actual amounts for the 2018-19 season may vary significantly from the estimate based on actual operating results for the respective leagues and all teams for the season and other factors. For a discussion of the NBA luxury tax impacts, see "— Our Basketball and Hockey Decisions, Especially Those Concerning Player Selection and Salaries, May Have a Material Negative Effect on Our Business and Results of Operations."

The NBA and the NHL have imposed certain restrictions on the ability of owners to undertake some types of transactions in respect of teams, including a change in ownership and a relocation of a team. The NBA and NHL have also imposed restrictions on certain types and/or amounts of financing transactions. In certain instances, these restrictions could impair our ability to proceed with a transaction that is in the best interest of the Company and its stockholders if we were unable to obtain any required league approvals in a timely manner or at all.

The leagues impose certain rules that define, under certain circumstances, the territories in which we operate, including the markets in which our games can be telecast. Changes to these rules could have a material negative effect on our business and results of operations.

Each league's governing body has imposed a number of rules, regulations, guidelines, bulletins, directives, policies and agreements upon its teams. Changes to these provisions may apply to our teams and their personnel, and the Company as a whole, regardless of whether we agree or disagree with such changes, have voted against such changes or have challenged them through other means, and it is possible that any such changes could materially negatively affect our business and results of operations to the extent they are ultimately determined to bind our teams. The commissioners of each of the NBA and NHL assert significant authority to take certain actions on behalf of their respective leagues under certain circumstances. Decisions by the commissioners of the NBA and the NHL, including on the matters described above, may materially negatively affect our businesses and results of operations. The leagues' governing documents and our agreements with the leagues purport to limit the manner in which we may challenge decisions and actions by a league commissioner or the league itself.

Injuries to Players on Our Sports Teams Could Hinder Our Success.

To the degree that our financial results are dependent on our sports teams' popularity and/or on-court and on-ice success, the likelihood of achieving such popularity or competitive success may, given the nature of sports, be substantially impacted by serious and/or untimely injuries to key players. Nearly all of our Knicks and Rangers players, including those with multi-year contracts, have partially or fully guaranteed contracts, meaning that in some cases (subject to the terms of the applicable player contract and CBA), a player or his estate may be entitled to receive his salary even if the player dies, or is unable to play as a result of injury. These salaries represent significant financial commitments for our sports teams. We maintain insurance against having to pay certain player salaries in the event of a player's death or disability. In the event of injuries sustained resulting in lost services (as defined in the applicable insurance policies), generally the insurance policies provide for payment to us of a portion of the player's salary for the remaining term of the contract or until the player can resume play, in each case following a deductible number of missed games. Such insurance may not be available in every circumstance or on terms that are commercially feasible or such insurance may contain significant dollar limits and/or exclusions from coverage for preexisting medical conditions. We may choose not to obtain (or may not be able to obtain) such insurance in some cases and we may change coverage levels (or be unable to change coverage levels) in the future.

In the absence of disability insurance, we may be obligated to pay all of an injured player's salary. In addition, player disability insurance policies do not cover any NBA luxury tax that we may be required to pay under the NBA CBA. For purposes of determining NBA luxury tax under the NBA CBA, salary payable to an injured player is included in team salary, unless and until that player's salary is removed from the team salary for purposes of calculating NBA luxury tax which, pursuant to the terms of the NBA CBA, requires a waiting period of one year and satisfaction of other conditions. Replacement of an injured player may result in an increase in salary and NBA luxury tax expense for us.

Risks Relating to Our Entertainment Business

Our Entertainment Business Faces Intense and Wide-Ranging Competition Which May Have a Material Negative Effect on Our Business and Results of Operations.

Our entertainment business competes, in certain respects and to varying degrees, with other leisure-time activities such as television, radio, motion pictures, sporting events, other live performances, restaurants and nightlife venues, the Internet, social media and social networking platforms, and online and mobile services, including sites for online content distribution, video on demand and other alternative sources of entertainment and information, in addition to competing for concerts with other event venues, and other restaurants and nightlife venues, for total entertainment dollars in our marketplace. The success of our entertainment business is largely dependent on the continued success of our *Christmas Spectacular* and the TAO Group business, and the availability of, and our venues' ability to attract, concerts, family shows and other events, competition for which is intense, and the ability of acts to attract strong attendance at our venues. For example, The Garden, Hulu Theater at Madison Square Garden, Radio City Music Hall and the Beacon Theatre all compete with other entertainment options in the New York City metropolitan area. The Forum and The Chicago Theatre face similar competition from other entertainment options in their respective markets and elsewhere. A new entertainment complex, which will include both a football stadium and a 6,000 seat performing arts venue, is under construction in Inglewood, CA adjacent to the Forum, and is reportedly scheduled to open during the summer of 2020. In addition, the Los Angeles Clippers NBA team has announced plans to open a new multi-purpose, 18,000 to 20,000-seat arena, by 2024, featuring NBA basketball, concerts and other events to be located in Inglewood, CA, approximately one mile from the Forum. The Company has filed a lawsuit against the City of Inglewood and other defendants contending that, among other claims, the City of Inglewood's entry into exclusive negotiations with the Los Angeles Clippers, and other actions in support of the proposed arena, breach the Development Agreement between the City of Inglewood and the Company, and that the Company's decision to enter into a termination agreement with respect to its lease and option to buy a portion of the property where the proposed arena would be built was procured by fraud and should be rescinded. Such an entertainment complex could, and the Los Angeles Clippers arena would, materially adversely affect the performance and operations of the Forum. The restaurant, nightlife and hospitality industries are intensely competitive with respect to, among other things, service, price, food quality and presentation, location, atmosphere, overall experience, and the nature and condition of the setting. Competitors of TAO Group business include a large and diverse group of well-recognized upscale restaurants and nightlife venues and brands. Some of our competitors may have a larger network of venues and/or greater financial resources.

Further, in order to maintain the competitive positions of The Garden and our other venues, we must invest on a continuous basis in state-of-the-art technology. In addition, we must maintain a competitive pricing structure for events that may be held in our venues, many of which have alternative venue options available to them in New York and other cities. In addition, we invest a substantial amount in our *Christmas Spectacular* and in new productions to continue to attract audiences. We cannot be assured that such investments will generate revenues that are sufficient to justify our investment or even that exceed our expenses. For a discussion of substantial investments in state-of-the-art technology by the Company in connection with the MSG Sphere, see "— We Are Building and Plan to Build and Operate Entertainment Venues in Las Vegas and London and are Exploring Other Potential Sites. These State-of-the-Art Venues Will Use Cutting-Edge Technologies and Will Require Significant Capital Investment by the Company. There Can Be No Assurance That the MSG Spheres Will Be Successful."

The Success of Our Entertainment Business Depends on the Continued Popularity of Our Live Productions, Particularly the Christmas Spectacular, the Decline of Which Could Have a Material Negative Effect on Our Business and Results of Operations.

The financial results of our entertainment business are dependent on the popularity of our live productions, particularly the *Christmas Spectacular*, which represented 16% of our MSG Entertainment segment's revenues in fiscal year 2019. Should the popularity of the *Christmas Spectacular* decline, our revenues from ticket sales, and concession and merchandise sales would likely also decline, and we might not be able to replace the lost revenue with revenues from other sources.

We Are Building and Plan to Build and Operate Entertainment Venues in Las Vegas and London and are Exploring Other Potential Sites. These State-of-the-Art Venues Will Use Cutting-Edge Technologies and Will Require Significant Capital Investment by the Company. There Can Be No Assurance That the MSG Spheres Will Be Successful.

The Company is progressing with its venue strategy to create, build and operate new music and entertainment-focused venues — called MSG Sphere — that will use cutting-edge technologies to create the next generation of immersive experiences. There is no assurance that the MSG Sphere in Las Vegas or London will be successful. We have begun building the first MSG Sphere in Las Vegas with the goal of opening in calendar year 2021. The Company submitted a planning application for the MSG Sphere in London to the local planning authority in March 2019 and expects a planning determination by the end of calendar year 2019 (which may become the subject of further discussions with the planning authority). Our plan is to begin construction on the MSG Sphere venue in London only once we have received all necessary approvals and have further advanced our design for the venue. Our primary focus now is to build the Las Vegas and London MSG Spheres, but we also continue to explore additional domestic and international markets where these next-generation venues can be successful. While both the Las Vegas and London venues would have a scalable capacity of approximately 17,500 seats, moving forward, our goal is to develop a venue model that will accommodate a wide range of sizes and seating capacities — from large-scale to more intimate — based on the needs of any individual market.

We expect the costs of the MSG Spheres in Las Vegas and London to be substantial. While it is always difficult to provide a definitive construction cost estimate for large-scale construction projects, it is particularly challenging for one as unique as MSG Sphere. For more information regarding the costs of MSG Spheres, see "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — MSG Spheres."

As the Company moves forward with the planning and construction of these and other major new venues, the Company may face unexpected project delays, costs and other complications. Our agreement with Sands to lease the land where the MSG Sphere in Las Vegas is being constructed requires that we start, and complete, construction within specified time periods. The failure to meet these specified deadlines could result in a termination of the lease. In light of the ambitious and unique design of MSG Sphere, including the use of technologies that have not previously been employed in major entertainment venues, the risk of delays and higher than anticipated costs are elevated. In connection with the construction of the MSG Sphere venues, the Company will need to obtain additional capital beyond what is available from cash on hand, cash flows from operations and borrowings under our revolving credit facilities. There is no assurance that we will be able to obtain such capital. The NBA and NHL have imposed restrictions on certain types and/or amounts of financing transactions. See also "— The Actions of the Basketball and Hockey Leagues May Have a Material Negative Effect on Our Business and Results of Operations."

The MSG Sphere will employ novel and transformative technologies and new applications of existing technologies. As a result, there can be no assurance that the MSG Sphere will achieve the technical, operational and artistic goals the Company is seeking. Any failure to do so could have a material negative effect on our business and results of operations.

While the Company believes that these next-generation venues will enable new experiences and innovative opportunities to engage with audiences, there can be no assurance that customers, artists, promoters, advertisers and marketing partners will embrace this new platform. The cost of building the MSG Sphere in Las Vegas will be substantial and may constrain the Company's ability to undertake other initiatives during the multi-year construction period.

Our Entertainment Business is Highly Sensitive to Customer Tastes and Depends on Our Ability to Attract Artists and Events.

The success of our entertainment business depends in part upon our ability to offer live entertainment that is popular with customers. We contract with promoters and others to provide performers and events at our venues. There may be a limited number of popular artists, groups or events that can attract audiences to our venues, and our entertainment segment would suffer to the extent that we are unable to continue to attract such artists, groups and events to perform at our venues.

We Depend on Licenses from Third Parties for the Performance of Musical Works at Our Venues, the Loss of Which or Renewal of Which on Less Favorable Terms May Have a Negative Effect on Our Business and Results of Operations.

We are required to obtain public performance licenses from music performing rights organizations, commonly known as "PROs" in connection with the performance of musical works at concerts and certain other live events held at our venues. In exchange for public performance licenses, PROs are paid a per-event royalty, calculated either as a percentage of ticket revenue or a per-ticket amount. The PRO royalty obligation is generally paid by, or charged to, the promoter of the event concerned.

If we are unable to obtain these licenses, or are unable to obtain them on terms consistent with past practice, it may have a negative effect on our business and results of operations. An increase in the royalty rate and/or the revenue base on which the royalty rate is applied could substantially increase the cost of presenting concerts and certain other live events at our venues. If we are no longer able to pass all or a portion of these royalties on to promoters, it may have a negative effect on our business and results of operations.

Our Strategy for Our Entertainment Business Includes the Development of New Live Productions and the Possible Addition of New Venues, Each of Which Could Require Us to Make Considerable Investments for Which There Can Be No Guarantee of Success.

As part of our business strategy, we intend to develop new productions, attractions and live entertainment events, which may include expansions or enhancements of our existing productions or relationships or the creation of entirely new live productions. Expansion or enhancement of productions and/or the development of new productions, attractions and live entertainment events could require significant upfront investment in sets, staging, creative processes, commissioning and/or licensing of intellectual property, casting and advertising and dislocation of other alternative sources of entertainment that may have played in our venues absent these productions. To the extent that any efforts at expanding or enhancing productions or creating new productions do not result in a viable live show, or to the extent that any such productions do not achieve expected levels of popularity among audiences, we may be subject to a write-down of all or a portion of such investments. In addition, any delay in launching such productions or enhancements could result in the incurrence of operating costs which may not be recouped. For example, in fiscal 2016 we wrote off approximately $41.8 million of deferred production costs of the *New York Spectacular Starring the Radio City Rockettes* ("*New York Spectacular*") and in fiscal 2017 we wrote off the remaining balance of $33.6 million of deferred production costs related to the *New York Spectacular*.

The Geographic Concentration of Our Businesses Could Subject Us to Greater Risk Than Our Competitors and Have a Material Negative Effect on Our Business and Results of Operations.

The Company primarily operates in three markets — New York City, Las Vegas and Los Angeles — and, as a result, is subject to greater degrees of risk than competitors with more operating properties or that operate in more markets. The Garden, Hulu Theater at Madison Square Garden, Radio City Music Hall and the Beacon Theatre are all located in New York City, our sports teams are all based in the New York City metropolitan area, and TAO Group currently operates 12 venues in New York City, including the food and beverage operations at the Dream Downtown and Dream Midtown hotels. In addition, TAO Group currently operates six venues in Las Vegas, where the Company is constructing its first MSG Sphere. The Forum is located in Inglewood, California, which is adjacent to Los Angeles, where TAO Group currently operates five venues. Therefore, the Company is particularly vulnerable to adverse events (including acts of terrorism, natural disasters, weather conditions, labor market disruptions and government actions) and economic conditions in New York City, Las Vegas, Los Angeles and surrounding areas. Any adverse event or conditions in those markets could have a material negative effect on our business and results of operations.

TAO Group's Revenue Growth Depends Upon its Strategy of Adding New Venues and TAO Group Plans to Add a Significant Number of New Venues. This Will Require Additional Capital and There Can Be No Guarantee of Success.

TAO Group's ability to increase its revenues depends upon opening new venues. TAO Group has plans to open new venues both domestically and internationally. In pursuing its expansion strategy, TAO Group faces risks associated with cost overruns and construction delays, obtaining financing and operating in new or existing markets. In addition, TAO Group faces the risk that new venues may not be successful and that TAO Group may lose all or a part of its investment in such new venues, which could have a material negative effect on our business and results of operations.

A Lack of Availability of Suitable Locations for New TAO Group Venues or a Decline in the Quality of the Locations of Current TAO Group Venues May Have a Material Negative Effect on Our Business and Results of Operations.

The success of the existing TAO Group venues depends in large part on their locations. Possible declines in neighborhoods where TAO Group venues are located or adverse economic conditions in areas surrounding those neighborhoods could result in reduced sales in those venues. Further, TAO Group's growth strategy is based, in part, on the expansion of TAO Group venues into new geographic markets where its business has not previously operated. Desirable locations for new openings or for the relocation of existing venues may not be available at an acceptable cost when TAO Group identifies a particular opportunity for a new venue or relocation. In addition, the success of new TAO Group venues tends to expand or revive interest in TAO Group venues that have been in operation for an extended period of time. Thus, the inability to successfully open new TAO Group venues could also negatively impact the existing TAO Group business. The occurrence of one or more of these events could have a material negative effect on our business and results of operations.

The Success of TAO Group Depends in Part Upon the Continued Retention of Certain Key Personnel.

The success of TAO Group depends, in part, on certain key members of its management, including its four original founders. The expertise of TAO Group's senior management team in developing, acquiring, reinventing, integrating and growing businesses, particularly those focused on entertainment and hospitality, has been and will continue to be a significant factor in the growth of TAO Group's business and the ability of TAO Group to execute its business strategy. The loss of such key personnel could have a material negative effect on our business and results of operations.

Negative Publicity with Respect to Any of the Existing or Future TAO Group Brands Could Reduce Sales at One or More of the Existing or Future TAO Group Venues and Make the TAO Group Brands Less Valuable, Which Could Have a Material Negative Effect on Our Business and Results of Operations.

The success of TAO Group depends upon the reputation and popularity of the TAO Group venues and brands. If customers have a poor experience at a restaurant or nightlife venue owned, operated or managed by TAO Group, the TAO Group venues may experience a decrease in customer traffic. Negative publicity with respect to any of the TAO Group brands could adversely affect TAO Group. Such publicity could relate to food quality, illness, injury or other health concerns, poor service, negative experiences or other problems and reduce demand in the TAO Group business. The risk of negative publicity is exacerbated by the growing influence of social media, which can result in immediate and widespread dissemination of information (which may be false) with limited ability on our part to respond or correct such reports.

Increases in Labor Costs Could Slow the Growth of or Harm TAO Group.

TAO Group has a substantial number of hourly employees whose compensation may be impacted by increases in government-imposed minimum wage rates. In addition, TAO Group employs a substantial number of employees whose income is supplemented through the receipt of gratuities. In certain jurisdictions in which TAO Group operates, the minimum hourly wage to which gratuity eligible employees are entitled under law is lower than the minimum wage required to be paid to other employees, subject to the former's receipt of sufficient gratuities. The difference between the two minimum rates is referred to as a "tip credit". Governmental entities, including in New York, Las Vegas and Chicago, have acted to increase minimum wage rates in jurisdictions where TAO Group operates or may operate in the future. In addition, governmental entities have acted to eliminate, or considered the elimination of, tip credits in the application of minimum wage laws. As minimum wage rates increase, or if tip credits are reduced or eliminated, TAO Group may need to increase wages paid to a substantial number of employees, which will increase the labor costs of TAO Group. In addition, TAO Group's labor costs may increase if certain employees elect to be union represented and to collectively bargain their compensation. TAO Group may be unable offset these increased labor cost either through increased prices or changes to its operations, which could have a material negative effect on our business and results of operations.

General Risks

Our Business Has Been Adversely Impacted and May, in the Future, Be Materially Adversely Impacted by an Economic Downturn and Financial Instability or Changes in Consumer Tastes and Preferences.

Our businesses depend upon the ability and willingness of consumers and businesses to purchase tickets (including season tickets) at our venues, license suites at The Garden, spend on food and beverages and merchandise, and drive continued advertising and sponsorship revenues. Further, the restaurant, nightlife and hospitality industries are often affected by changes in consumer tastes, national, regional and local economic conditions, discretionary spending priorities, demographic trends, traffic patterns and the type, number and location of competing businesses.

As a result, instability and weakness of the U.S. and global economies and the negative effects on consumers' and businesses' discretionary spending may materially negatively affect our business and results of operations.

We Have Incurred Substantial Operating Losses, Negative Adjusted Operating Income and Negative Cash Flow and There is No Assurance We Will Have Operating Income, Positive Adjusted Operating Income or Positive Cash Flow in the Future.

We incurred operating losses of $13.9 million and $56.3 million in fiscal years 2019 and 2017, respectively. In addition, we have in prior periods incurred operating losses and negative cash flow and there is no assurance that we will have operating income or positive cash flow in the future. Our MSG Entertainment segment recognized an operating loss in fiscal year 2017. Significant operating losses may limit our ability to raise necessary financing, or to do so on favorable terms, as such losses could be taken into account by potential investors, lenders and the organizations that issue investment ratings on indebtedness. See "Part II — Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — MSG Sports — Factors Affecting Operating Results" and "Part II — Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — MSG Entertainment — Factors Affecting Operating Results."

Our Operating Results and Cash Flow Can Vary Substantially from Period to Period.

Our operating results and cash flow reflect significant variation from period to period and will continue to do so in the future. Therefore, period-to-period comparisons of our operating results may not necessarily be meaningful and the operating results of one period are not indicative of our financial performance during a full fiscal year. This variability may adversely affect our business, results of operations and financial condition.

Weather or Other Conditions May Impact Events at Our Venues, Which May Have a Material Negative Effect on Our Business and Results of Operations.

Weather or other conditions, including natural disasters, acts of terrorism and similar events, in the New York metropolitan area and other locations in which we own or operate venues may affect patron attendance as well as sales of food and beverages and merchandise, among other things. Weather conditions may also require us to cancel or postpone events. Any of these events may have a material negative effect on our business and results of operations.

Our Business Could Be Adversely Affected by Terrorist Activity or the Threat of Terrorist Activity and Other Developments that Discourage Congregation at Prominent Places of Public Assembly.

The success of our businesses is dependent upon the willingness and ability of patrons to attend events at our venues. The venues we operate, like all prominent places of public assembly, could be the target of terrorist activities, including acts of domestic terrorism, or other actions that discourage attendance. Any such activity at or near one of our venues or other similar venues could result in a material negative effect on our business and results of operations. In addition, terrorist activity, including acts of domestic terrorism, or other actions that discourage attendance at other locations, or even the threat of such activity, could result in reduced attendance at our venues. Similarly, a major epidemic or pandemic, or the threat of such an event, could adversely affect attendance at our events.

We May Pursue Acquisitions and Other Strategic Transactions to Complement or Expand Our Business that May Not Be Successful; We Have Significant Investments in Businesses We Do Not Control.

From time to time, we explore opportunities to purchase or invest in other businesses, venues or assets that we believe will complement, enhance or expand our current business or that might otherwise offer us growth opportunities, including opportunities that may differ from the Company's current business. Any transactions that we are able to identify and complete may involve risks, including the commitment of significant capital, the incurrence of indebtedness, the payment of advances, the diversion of management's attention and resources, litigation or other claims in connection with acquisitions or against companies we invest in or acquire, our lack of control over certain joint venture companies and other minority investments, the inability to successfully integrate such business into our operations or even if successfully integrated, the risk of not achieving the intended results and the exposure to losses if the underlying transactions or ventures are not successful. We have significant investments in businesses that we account for under the equity method of accounting. These investments have generated operating losses each year and certain have required additional investments from us in the form of equity or loans. We incurred losses in our equity method investments of approximately $7.8 million and $30.0 million in fiscal years 2018 and 2017, respectively. There can be no assurance that these investments will become profitable individually or in the aggregate or that they will not require material additional funding from us in the future.

We do not control the day-to-day operations of these investments. We have in the past written down and, to the extent that these investments are not successful in the future, we may write down all or a portion of such investments. Additionally, these businesses are subject to laws, rules and other circumstances, and have risks in their operations, which may be similar to, or different from, those to which we are subject. Any of the foregoing risks could result in a material negative effect on our business and results of operations or adversely impact the value of our investments.

We Do Not Own All of Our Venues and Our Failure to Renew Our Leases or Venue Management Agreements on Economically Attractive Terms May Have a Material Negative Effect on Our Business and Results of Operations; Our Lease on Radio City Music Hall Requires Us to Maintain a Certain Net Worth or Meet Certain Other Requirements.

The lease on Radio City Music Hall expires in 2023. We have the option to renew the lease at fair market value for an additional ten years by providing two years' notice prior to the initial expiration date. Similarly, we lease the Beacon Theatre pursuant to a lease that expires in 2026. If we are unable to renew these leases on economically attractive terms, our business could be materially negatively affected. MSG Sports & Entertainment, LLC, the entity that guarantees the Radio City Music Hall lease, is required to maintain a certain net worth or, if such net worth is not maintained, the entity must either post a letter of credit or provide cash collateral. The MSG Sphere in Las Vegas is being constructed on property we lease from Sands under a 50 year lease.

TAO Group operates venues under various agreements that include leases with third parties and management agreements. The long-term success of TAO Group will depend in part on the availability of real estate, the ability to lease this real estate and the ability to enter into management agreements. As many of these agreements are with third parties over whom TAO Group has little or no control, they may be unable to renew these agreements or enter into new agreements on acceptable terms or at all, and may be unable to obtain favorable agreements with venues. In addition, some of these agreements include conditions that, if not met, would permit the counterparty to terminate the management agreement under certain circumstances. The ability to renew these agreements and obtain new agreements on favorable terms depends on a number of other factors, many of which are beyond the control of us or TAO Group, such as national and local business conditions and competition from other businesses. There can be no assurance that TAO Group will be able to renew these agreements on acceptable terms or at all, or that they will be able to obtain attractive agreements with appropriate venues or real estate owners, which could have a material negative effect on our business and results of operations.

We Are Subject to Extensive Governmental Regulation and Our Failure to Comply with These Regulations May Have a Material Negative Effect on Our Business and Results of Operations.

Our operations are subject to federal, state and local laws and regulations.

We hold liquor licenses at each of our venues and are subject to licensing requirements with respect to the sale of alcoholic beverages in the jurisdictions in which we serve those beverages. Failure to receive or retain, or the suspension of, liquor licenses or permits could interrupt or terminate our ability to serve alcoholic beverages at the applicable venue and could have a material negative effect on our business and our results of operations. Additional regulation relating to liquor licenses may limit our activities in the future or significantly increase the cost of compliance, or both. In the jurisdictions in which our venues are located, we are subject to statutes that generally provide that serving alcohol to a visibly intoxicated or minor patron is a violation of the law and may provide for strict liability for certain damages arising out of such violations. Our liability insurance coverage may not be adequate or available to cover any potential liability.

We and our venues are subject to environmental laws and regulations relating to the use, disposal, storage, emission and release of hazardous and non-hazardous substances, as well as zoning and noise level restrictions which may affect, among other things, the operations of our venues. Additionally, certain laws and regulations could hold us strictly, jointly and severally responsible for the remediation of hazardous substance contamination at our facilities or at third-party waste disposal sites, and could hold us responsible for any personal or property damage related to any contamination. Any requirements to dispose of, or remediate, such hazardous or non-hazardous materials and any associated costs and impact on operations of such efforts may be heightened as a result of the purchase, construction or renovation of a venue.

Our venues are subject to zoning and building regulations including permits relating to the operation of The Garden. In addition, The Garden requires a zoning special permit. The original permit was granted by the New York City Planning Commission in 1963 and renewed in July 2013 for 10 years. In connection with the renewal, certain government officials and special interest groups sought to use the renewal process to pressure us to improve Penn Station or to relocate The Garden. There can be no assurance regarding the future renewal of the permit or the terms thereof.

We are subject to various data privacy laws in the jurisdictions we operate. These include, but are not limited to, the E.U. General Data Protection Regulation and the California Consumer Privacy Act. These laws obligate us to comply with certain consumer and employee rights concerning data we may collect about these individuals. In addition, some of these laws have only recently become effective and new laws may create additional obligations in the future. Actions required to comply with these rights are complex and violations could expose us to fines and other penalties that may be significant.

Our businesses are, and may in the future be, subject to a variety of other laws and regulations, including licensing, permitting, and historic designation and similar requirements; working conditions, labor, immigration and employment laws; health, safety and sanitation requirements; and compliance with the Americans with Disabilities Act (and related state and local statutes).

Our failure to comply with applicable governmental laws and regulations, or to maintain necessary permits or licenses, could have a material negative effect on our business and results of operations.

We Face Continually Evolving Cybersecurity and Similar Risks, Which Could Result in Loss, Disclosure or Misappropriation of, or Access to, Our Confidential Information and Cause Disruption of Our Business, Damage to Our Brands and Reputation, Legal Exposure and Financial Losses.

Through our operations, we may collect and store, including by electronic means, certain personal information, including payment card information, that is provided to us through purchases, registration on our websites, or otherwise in communication or interaction with us. These activities require the use of centralized data storage, including through third party service providers. Data maintained in electronic form is subject to the risk of security incidents, including breach, compromise, intrusion, tampering, theft, misappropriation or other malicious activity. Further, hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of such systems. Our ability to safeguard such personal information and other confidential information, including information regarding the Company and our distributors, advertisers and employees, is important to our business. We take these matters seriously and take significant steps to protect our stored information, including the implementation of systems and processes to thwart malicious activity. These protections are costly and require ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. In addition, in the event of a security incident, changes in legislation may increase the risk of potential litigation. For example, the California Consumer Privacy Act ("CCPA"), which provides a private right of action (in addition to statutory damages) for California residents whose sensitive personal information was breached as a result of a business' violation of its duty to reasonably secure such information, takes effect on January 1, 2020.

Despite our efforts, the risks of a security incident cannot be entirely eliminated and our information technology and other systems that maintain and transmit consumer, distributor, advertiser, Company, employee and other confidential information may be compromised. Such compromise could affect the security of information on our network or that of a third party service provider, and could result in personal information and/or confidential information being lost, disclosed, accessed or taken without consent. For example, on November 22, 2016, the Company announced it had identified and addressed a payment card issue that affected cards used at merchandise and food and beverage locations at several of the Company's New York venues and The Chicago Theatre. The Company, working with security firms, promptly fixed the issue and implemented enhanced security measures. The Company also continues to review and enhance our security measures in light of the constantly evolving techniques used to gain unauthorized access to networks, data, software and systems. The Company has incurred expenses associated with the payment card incident and may be required to incur significant expenses in order to address any additional actual or potential security incidents that arise.

If we experience a security incident, our ability to conduct business may be interrupted or impaired, we may incur damage to our systems, we may lose profitable opportunities or the value of those opportunities may be diminished and we may lose revenue as a result of unlicensed use of our intellectual property. Further, a security incident, such as a penetration of our network, affecting personal or confidential information could subject us to business and litigation risk and damage our reputation, including with customers and advertisers, which could have a material negative effect on our business and results of operations.

Our Properties Are Subject to, and Benefit from, Certain Easements, the Availability of Which May Not Continue on Terms Favorable to Us or at All.

Our properties are subject to, and benefit from, certain easements. For example, the "breezeway" into the Madison Square Garden Complex from Seventh Avenue in New York City is a significant easement that we share with other property owners. Additionally, our planned MSG Sphere in Las Vegas will have the benefit of easements with respect to the planned pedestrian bridge to the Sands Expo Convention Center. Our ability to continue to utilize these and other easements, including for advertising purposes, requires us to comply with a number of conditions. Moreover, certain adjoining property owners have easements over our property, which we are required to maintain so long as those property owners meet certain conditions. It is possible that we will be unable to continue to access or maintain any easements on terms favorable to us, or at all, which could have a material negative effect on our business and results of operations.

A Change to or Withdrawal of a New York City Real Estate Tax Exemption May Have a Material Negative Effect on Our Business and Results of Operations.

Many arenas, ballparks and stadiums nationally and in New York City have received significant public support, such as tax exempt financing, other tax benefits, direct subsidies and other contributions, including for public infrastructure critical to the facilities such as parking lots and transit improvements. Our Madison Square Garden Complex benefits from a more limited real estate tax exemption pursuant to an agreement with the City of New York, subject to certain conditions, and legislation enacted by the State of New York in 1982. For fiscal year 2019, the tax exemption was $42.4 million. From time to time there have been calls to repeal or amend the tax exemption. Repeal or amendment would require legislative action by New York State. There can be no assurance that the tax exemption will not be amended in a manner adverse to us or repealed in its entirety, either of which could have a material negative effect on our business and results of operations.

Certain of Our Subsidiaries Have Incurred Indebtedness, and the Occurrence of an Event of Default Under Our Subsidiaries' Credit Facilities Could Substantially Impair the Assets of Those Subsidiaries; Failure of Our Joint Ventures or Other Parties to Perform as Expected, Including the Repayment of Outstanding Loans, Could Have a Negative Effect on Our Business.

Certain of our subsidiaries have incurred indebtedness, which indebtedness in the case of the TAO Group is significant relative to the assets of the TAO Group business. New York Knicks, LLC and New York Rangers, LLC, which own the assets of the Knicks and Rangers franchises, respectively, have also entered into credit facilities, both of which were undrawn as of June 30, 2019. The occurrence of an event of default under our subsidiaries' credit facilities could substantially impair the assets of those subsidiaries and, as a result, have a negative effect on our business and results of operations. In addition, in May 2019 we extended a $49 million subordinated loan to the TAO Group. The occurrence of an event of default under TAO Group's senior credit agreement could lead to an event of default under our subordinated loan to TAO Group and could impair our ability to have the Company's subordinated loan repaid.

In addition, we have made investments in, or otherwise extended loans to, one or more of our joint ventures or other parties and may make additional investments in, or otherwise extend loans to, one or more of such parties in the future. To the extent that such parties do not perform as expected, including with respect to repayment of such loans, it could impair such assets or create losses related to such loans, and, as a result, have a negative effect on our business and results of operations.

We Will Require Financing to Fund Our Ongoing Operations and Capital Expenditures, the Availability of Which is Highly Uncertain.

The capital and credit markets can experience volatility and disruption. Such markets can exert extreme downward pressure on stock prices and upward pressure on the cost of new debt capital and can severely restrict credit availability for most issuers.

Our business has been characterized by significant expenditures for properties, businesses, renovations and productions. In the future we may engage in transactions that depend on our ability to obtain financing. We may also seek financing to fund our ongoing operations.

Depending upon conditions in the financial markets and/or the Company's financial performance, we may not be able to raise additional capital on favorable terms, or at all. In addition, as described above, the leagues in which our sports teams compete may have, under certain circumstances, approval rights over certain financing transactions, and in connection with those rights, could affect our ability to obtain such financing. If we are unable to pursue our current and future spending programs, we may be forced to cancel or scale back those programs. Failure to successfully pursue our capital expenditure and other spending plans could negatively affect our ability to compete effectively and have a material negative effect on our business and results of operations.

Our financing plan for MSG Sphere contemplates completion of the Sports Distribution followed by sales by the Company of all or a portion of the interests Sports Spinco that the Company will retain following the Sports Distribution. Successful completion of those sales will depend upon conditions in the capital markets. Failure to successfully complete those sales could adversely affect our ability to fund the construction of the MSG Spheres.

Our Business is Subject to Seasonal Fluctuations.

Our revenues have been seasonal and we expect they will continue to be seasonal. For example, 16% of our MSG Entertainment segment's revenues and 8% of our consolidated revenues in fiscal year 2019 were derived from the *Christmas Spectacular*. Revenues of the MSG Entertainment segment are highest in the second quarter of our fiscal year when these performances primarily occur. As a result, MSG Entertainment earns a disproportionate amount of its revenue and operating income in the second quarter of each fiscal year. Similarly, because of the nature of the NBA and NHL playing seasons, revenues from our sports teams are concentrated in the second and third quarters of each fiscal year. Revenues from our business on a consolidated basis tend to be at their lowest in the first and fourth quarters of the fiscal year.

Organized Labor Matters May Have a Material Negative Effect on Our Business and Results of Operations.

Our business is dependent upon the efforts of unionized workers. Approximately 52% of our employees are represented by unions. Any labor disputes, such as strikes or lockouts, with the unions with which we have CBAs could have a material negative effect on our business and results of operations (including our ability to produce or present concerts, theatrical productions, sporting events and other events).

NBA players are covered by a CBA between the NBPA and the NBA. NHL players are covered by a CBA between the NHLPA and the NHL. Both the NBA and the NHL have experienced labor difficulties in the past and may have labor issues in the future. Labor difficulties may include players' strikes or management lockouts. For example, the NHL has experienced labor difficulties, including a lockout during the 1994-95 NHL season, which resulted in the regular season being shortened from 84 to 48 games, a lockout beginning in September 2004, which resulted in the cancellation of the entire 2004-05 NHL season, and a lockout during the 2012-13 NHL season, which resulted in the regular season being shortened from 82 to 48 games. The current NHL CBA expires on September 15, 2022 (although the NHL and NHLPA each have the right to terminate the CBA effective following the 2019-20 season). The NBA has also experienced labor difficulties, including a lockout during the 1998-99 season, which resulted in the regular season being shortened from 82 to 50 games, and a lockout during the 2011-12 season, which resulted in the regular season being shortened from 82 games to 66 games. The current NBA CBA expires after the 2023-24 season (although the NBA and NBPA each has the right to terminate the CBA effective following the 2022-23 season).

The Unavailability of Systems Upon Which We Rely May Have a Material Negative Effect on Our Business and Results of Operations.

We rely upon various internal and third-party software or systems in the operation of our business, including, with respect to ticket sales, credit card processing, email marketing, point of sale transactions, database, inventory, human resource management and financial systems. From time to time, certain of these arrangements may not be covered by long-term agreements. The failure or unavailability of these internal or third-party services or systems, depending upon its severity and duration, could have a material negative effect on our business and results of operations.

We May Become Subject to Infringement or Other Claims Relating to Our Content or Technology.

From time to time, third parties may assert against us alleged intellectual property (e.g., copyright, trademark and patent) or other claims relating to our productions, technologies or other content or material, some of which may be important to our business. In addition, our productions could potentially subject us to claims of defamation or similar types of allegations. Any such claims, regardless of their merit, could cause us to incur significant costs. In addition, if we are unable to continue use of certain intellectual property rights, our business and results of operations could be materially negatively impacted.

There Is the Risk of Personal Injuries and Accidents in Connection with Our Venues, Which Could Subject Us to Personal Injury or Other Claims; We are Subject to the Risk of Adverse Outcomes in Other Types of Litigation.

There are inherent risks associated with producing and hosting events and operating, maintaining or renovating our venues and in operating the restaurant and nightlife venues. As a result, personal injuries, accidents and other incidents have occurred and may occur from time to time, which could subject us to claims and liabilities.

These risks might not be covered by insurance or could involve exposures that exceed the limits of any applicable insurance. Incidents in connection with events at any of our venues could also reduce attendance at our events, and cause a decrease in our revenue and operating income. While we seek to obtain contractual indemnities for events at our venues that we do not promote and we maintain insurance policies that provide coverage for incidents in the ordinary course of business, there can be no assurance that such indemnities or insurance will be adequate at all times and in all circumstances.

From time to time, we become subject to other kinds of litigation. The outcome of litigation is inherently unpredictable. As a result, we could incur liability from litigation which could be material and for which we may have inadequate or no insurance coverage or be subject to other forms of relief which might adversely affect the Company.

We face risks from doing business internationally.

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

- laws and policies affecting trade and taxes, including laws and policies relating to currency, the repatriation of funds and withholding taxes, and changes in these laws;
- changes in local regulatory requirements, including restrictions on foreign ownership;
- exchange rate fluctuation;
- exchange controls, tariffs and other trade barriers;
- differing degrees of protection for intellectual property and varying attitudes towards the piracy of intellectual property;
- foreign privacy and data protection laws and regulations, such as the E.U. General Data Protection Regulation, and changes in these laws;
- the impact of Brexit, particularly in the event of the U.K.'s departure from the E.U. without an agreement on terms;
- the instability of foreign economies and governments;
- war and acts of terrorism;
- anti-corruption laws and regulations such as the Foreign Corrupt Practices Act and the U.K. Bribery Act that impose stringent requirements on how we conduct our foreign operations and changes in these laws and regulations; and
- shifting consumer preferences regarding entertainment.

Events or developments related to these and other risks associated with international operations could have a material negative effect on our business and results of operations.

The 2015 Distribution Could Result in Significant Tax Liability.

We have received an opinion from Sullivan & Cromwell LLP substantially to the effect that, among other things, the 2015 Distribution qualified as a tax-free distribution under the Internal Revenue Code (the "Code"). The opinion is not binding on the IRS or the courts. Additionally, MSG Networks received a private letter ruling from the IRS concluding that certain limited aspects of the 2015 Distribution do not prevent the 2015 Distribution from satisfying certain requirements for tax-free treatment under the Code. The opinion and the private letter ruling relied on factual representations and reasonable assumptions, which if incorrect or inaccurate may jeopardize the ability to rely on such opinion and letter ruling.

If the 2015 Distribution does not qualify for tax-free treatment for U.S. federal income tax purposes, then, in general, MSG Networks would recognize taxable gain in an amount equal to the excess of the fair market value of the common stock of our Company over MSG Networks' tax basis therein (i.e., as if it had sold the common stock of our Company in a taxable sale for its fair market value). In addition, the receipt by MSG Networks' stockholders of common stock of our Company would be a taxable distribution, and each U.S. holder that participated in the 2015 Distribution would recognize a taxable distribution as if the U.S. holder had received a distribution equal to the fair market value of our common stock that was distributed to it, which generally would be treated first as a taxable dividend to the extent of MSG Networks' earnings and profits, then as a non-taxable return of capital to the extent of each U.S. holder's tax basis in its MSG Networks common stock, and thereafter as capital gain with respect to any remaining value. It is expected that the amount of any such taxes to MSG Networks'

stockholders and MSG Networks would be substantial. See "— We May Have a Significant Indemnity Obligation to MSG Networks if the 2015 Distribution Is Treated as a Taxable Transaction."

We May Have a Significant Indemnity Obligation to MSG Networks if the 2015 Distribution Is Treated as a Taxable Transaction.

We have entered into a Tax Disaffiliation Agreement with MSG Networks, which sets out each party's rights and obligations with respect to deficiencies and refunds, if any, of federal, state, local or foreign taxes for periods before and after the 2015 Distribution and related matters such as the filing of tax returns and the conduct of IRS and other audits. Pursuant to the Tax Disaffiliation Agreement, we are required to indemnify MSG Networks for losses and taxes of MSG Networks resulting from the breach of certain covenants and for certain taxable gain recognized by MSG Networks, including as a result of certain acquisitions of our stock or assets. If we are required to indemnify MSG Networks under the circumstances set forth in the Tax Disaffiliation Agreement, we may be subject to substantial liabilities, which could materially adversely affect our financial position.

We are Controlled by the Dolan Family. As a Result of Their Control, the Dolan Family Has the Ability to Prevent or Cause a Change in Control or Approve, Prevent or Influence Certain Actions by the Company.

We have two classes of common stock:

- Class A Common Stock, par value $0.01 per share ("Class A Common Stock"), which is entitled to one vote per share and is entitled collectively to elect 25% of our Board of Directors; and
- Class B Common Stock, par value $0.01 per share ("Class B Common Stock"), which is entitled to ten votes per share and is entitled collectively to elect the remaining 75% of our Board of Directors.

As of July 31, 2019, the Dolan family, including trusts for the benefit of members of the Dolan family (collectively, the "Dolan Family Group"), collectively own all of our Class B Common Stock, approximately 2.9% of our outstanding Class A Common Stock and approximately 71.1% of the total voting power of all our outstanding common stock. The members of the Dolan Family Group holding Class B Common Stock have executed a stockholders agreement (the "Stockholders Agreement") that has the effect of causing the voting power of the holders of our Class B Common Stock to be cast as a block with respect to all matters to be voted on by holders of Class B Common Stock. Under the Stockholders Agreement, the shares of Class B Common Stock owned by members of the Dolan Family Group (representing all of the outstanding Class B Common Stock) are to be voted on all matters in accordance with the determination of the Dolan Family Committee, except that the decisions of the Dolan Family Committee are non-binding with respect to the Class B Common Stock owned by certain Dolan family trusts that collectively own 40.5% of the outstanding Class B Common Stock ("Excluded Trust"). The "Dolan Family Committee" consists of Charles F. Dolan and his six children, James L. Dolan, Thomas C. Dolan, Patrick F. Dolan, Kathleen M. Dolan, Marianne Dolan Weber and Deborah A. Dolan-Sweeney. The Dolan Family Committee generally acts by majority vote, except that approval of a going-private transaction must be approved by a two-thirds vote and approval of a change-in-control transaction must be approved by not less than all but one vote. The voting members of the Dolan Family Committee are James L. Dolan, Thomas C. Dolan, Kathleen M. Dolan, Deborah A. Dolan-Sweeney and Marianne Dolan Weber, with each member having one vote other than James L. Dolan, who has two votes. Because James L. Dolan has two votes, he has the ability to block Dolan Family Committee approval of any Company change in control transaction. Shares of Class B Common Stock owned by Excluded Trusts are to be voted on all matters in accordance with the determination of the Excluded Trusts holding a majority of the Class B Common Stock held by all Excluded Trusts, except in the case of a vote on a going-private transaction or a change in control transaction, in which case a vote of trusts holding two-thirds of the Class B Common Stock owned by Excluded Trusts is required.

The Dolan Family Group is able to prevent a change in control of our Company and no person interested in acquiring us will be able to do so without obtaining the consent of the Dolan Family Group. The Dolan Family Group, by virtue of their stock ownership, have the power to elect all of our directors subject to election by holders of Class B Common Stock and are able collectively to control stockholder decisions on matters on which holders of all classes of our common stock vote together as a single class. These matters could include the amendment of some provisions of our certificate of incorporation and the approval of fundamental corporate transactions.

In addition, the affirmative vote or consent of the holders of at least 66⅔% of the outstanding shares of the Class B Common Stock, voting separately as a class, is required to approve:

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

As a result, the Dolan Family Group also has the power to prevent such issuance or amendment.

The Dolan Family Group also controls MSG Networks and AMC Networks Inc. ("AMC Networks").

Following the potential Sports Distribution, it is expected that the Dolan Family Group will continue to own a sufficient number of shares of the Company's Class B Common Stock to control the Company.

We Have Elected to Be a "Controlled Company" for NYSE Purposes Which Allows Us Not to Comply with Certain of the Corporate Governance Rules of NYSE.

Members of the Dolan Family Group have entered into a Stockholders Agreement relating, among other things, to the voting of their shares of our Class B Common Stock. As a result, we are a "controlled company" under the corporate governance rules of NYSE. As a controlled company, we have the right to elect not to comply with the corporate governance rules of NYSE requiring: (i) a majority of independent directors on our Board, (ii) an independent corporate governance and nominating committee and (iii) an independent compensation committee. Our Board of Directors has elected for the Company to be treated as a "controlled company" under NYSE corporate governance rules and not to comply with the NYSE requirement for a majority independent board of directors and for an independent corporate governance and nominating committee because of our status as a controlled company. Nevertheless, our Board of Directors has elected to comply with the NYSE requirement for an independent compensation committee.

Future Stock Sales, Including as a Result of the Exercise of Registration Rights by Certain of Our Stockholders, Could Adversely Affect the Trading Price of Our Class A Common Stock.

Certain parties have registration rights covering a portion of our shares. We have entered into registration rights agreements with Charles F. Dolan, members of his family, certain Dolan family interests, and the Dolan Family Foundation that provide them with "demand" and "piggyback" registration rights with respect to approximately 5.1 million shares of Class A Common Stock, including shares issuable upon conversion of shares of Class B Common Stock. Sales of a substantial number of shares of Class A Common Stock could adversely affect the market price of the Class A Common Stock and could impair our future ability to raise capital through an offering of our equity securities. It is possible that the potential Sports Distribution could lead to increased sales of our Class A Common Stock.

Transfers and Ownership of Our Common Stock Are Subject to Restrictions Under Rules of the NBA and NHL and Our Certificate of Incorporation Provides Us with Remedies Against Holders Who Do Not Comply with Those Restrictions.

The Company is the owner of professional sports franchises in the NBA and NHL. As a result, transfers and ownership of our common stock are subject to certain restrictions under the governing documents of the NBA and NHL as well as the Company's consent and other agreements with the NBA and NHL in connection with their approval of the Distribution. These restrictions are described under "Description of Capital Stock — Class A Common Stock and Class B Common Stock — Transfer Restrictions" in our Information Statement filed as Exhibit 99.1 to Amendment No. 6 to the registration statement on Form 10 filed with the SEC on September 11, 2015. In order to protect the Company and its NBA and NHL franchises from sanctions that might be imposed by the NBA or NHL as a result of violations of these restrictions, our amended and restated certificate of incorporation provides that, if a transfer of shares of our common stock to a person or the ownership of shares of our common stock by a person requires approval or other action by a league and such approval or other action was not obtained or taken as required, the Company shall have the right by written notice to the holder to require the holder to dispose of the shares of common stock which triggered the need for such approval. If a holder fails to comply with such a notice, in addition to any other remedies that may be available, the Company may redeem the shares at 85% of the fair market value of those shares.

We Share Certain Key Executives and Directors with MSG Networks and/or AMC Networks, Which Means Those Executives Do Not Devote Their Full Time and Attention to Our Affairs and the Overlap May Give Rise to Conflicts; Certain Directors Are Also Directors and/or Executives of AMC Networks.

Our Executive Chairman and Chief Executive Officer, James L. Dolan, also serves as the Executive Chairman of MSG Networks, and our Executive Vice President and General Counsel, Lawrence J. Burian, also serves as the Executive Vice President and General Counsel of MSG Networks. As a result, not all of our executive officers devote their full time and attention to the Company's affairs. Our Vice Chairman, Gregg G. Seibert, also serves as the Vice Chairman of both MSG Networks and AMC Networks, and our Senior Vice President, Associate General Counsel and Secretary, Mark C. Cresitello, also serves as Secretary of MSG Networks. In addition, one of our directors, Charles F. Dolan, is the Executive Chairman of AMC Networks. Furthermore, six members of our Board of Directors (including James L. Dolan) are also directors of MSG Networks, and eight members of our Board of Directors (including James L. Dolan) are also directors of AMC Networks. The overlapping officers and directors may have actual or apparent conflicts of interest with respect to matters involving or affecting each company. For example, the potential for a conflict of interest exists when we on the one hand, and MSG Networks and/or

AMC Networks on the other hand, look at certain acquisitions and other corporate opportunities that may be suitable for more than one of the companies. Also, conflicts may arise if there are issues or disputes under the commercial arrangements that exist between MSG Networks or AMC Networks and us. In addition, certain of our directors and officers hold MSG Networks and/or AMC Networks stock, stock options, restricted stock units and/or cash performance awards. These ownership interests could create actual, apparent or potential conflicts of interest when these individuals are faced with decisions that could have different implications for our Company and MSG Networks or AMC Networks. See "Certain Relationships and Potential Conflicts of Interest" in our Proxy Statement filed with the SEC on October 25, 2018 and "Certain Relationships and Related Party Transactions — Certain Relationships and Potential Conflicts of Interest" in our Information Statement filed as Exhibit 99.1 to Amendment No. 6 to the registration statement on Form 10 filed with the SEC on September 11, 2015 for a discussion of certain procedures we instituted to help ameliorate such potential conflicts with MSG Networks and/or AMC Networks that may arise.

While decisions on the identities of executives and directors of Sports Spinco have not been finalized, it is likely that, if the potential Sports Distribution occurs, conflicts related to overlapping executives and directors of the Company and Sports Spinco, similar to those described above, will exist.

Our Overlapping Directors and Executive Officers with MSG Networks and/or AMC Networks May Result in the Diversion of Corporate Opportunities to MSG Networks and/or AMC Networks and Other Conflicts and Provisions in Our Amended and Restated Certificate of Incorporation May Provide Us No Remedy in That Circumstance.

The Company's amended and restated certificate of incorporation acknowledges that directors and officers of the Company (the "Overlap Persons") may also be serving as directors, officers, employees or agents of MSG Networks and/or AMC Networks (each an "Other Entity"), and that the Company may engage in material business transactions with such Other Entities. The Company has renounced its rights to certain business opportunities and the Company's amended and restated certificate of incorporation provides that no director or officer of the Company who is also serving as a director, officer, employee or agent of one or more of the Other Entities will be liable to the Company or its stockholders for breach of any fiduciary duty that would otherwise occur by reason of the fact that any such individual directs a corporate opportunity (other than certain limited types of opportunities set forth in our amended and restated certificate of incorporation) to one or more of the Other Entities instead of the Company, or does not refer or communicate information regarding such corporate opportunities to the Company. These provisions in our amended and restated certificate of incorporation also expressly validate certain contracts, agreements, arrangements and transactions (and amendments, modifications or terminations thereof) between the Company and the Other Entities and, to the fullest extent permitted by law, provide that the actions of the overlapping directors or officers in connection therewith are not breaches of fiduciary duties owed to the Company, any of its subsidiaries or their respective stockholders. See "Certain Relationships and Potential Conflicts of Interest" in our Proxy Statement filed with the SEC on October 25, 2018 and "Description of Capital Stock — Certain Corporate Opportunities and Conflicts" in our Information Statement filed as Exhibit 99.1 to Amendment No. 6 to the registration statement on Form 10 filed with the SEC on September 11, 2015. While decisions on the identities of executives and directors of Sports Spinco have not been finalized, it is likely that, if the potential Sports Distribution occurs, conflicts related to overlapping executives and directors of the Company and Sports Spinco, similar to those described above, will exist.

Risks Relating to the Impact of the Potential Spin-off Transaction

The Sports Distribution, if Consummated, Could Result in Significant Tax Liability.

We expect to obtain an opinion from Sullivan & Cromwell LLP substantially to the effect that, among other things, the Sports Distribution will qualify as a tax-free distribution under the Code. The opinion will not be binding on the IRS or the courts. Additionally, we will request a private letter ruling from the IRS concluding that certain limited aspects of the Sports Distribution will not prevent the Sports Distribution from satisfying certain requirements for tax-free treatment under the Code, and the opinion from Sullivan & Cromwell LLP will rely on such private letter ruling. Certain transactions related to the Sports Distribution are not expected to be addressed by either the opinion or the private letter ruling and could result in the recognition of income or gain by us. The opinion and the private letter ruling will rely on factual representations and reasonable assumptions, which, if incorrect or inaccurate, may jeopardize the ability to rely on such opinion and letter ruling.
If the Sports Distribution does not qualify for tax-free treatment for U.S. federal income tax purposes, then, in general, we would be subject to tax as if we had sold Sports Spinco common stock in a taxable sale for its fair value. Sports Spinco stockholders would be subject to tax as if they had received a distribution equal to the fair value of Sports Spinco common stock that was distributed to them, which generally would be treated first as a taxable dividend to the extent of such holder's pro rata share of our earnings and profits, then as a non-taxable return of capital to the extent of each holder's tax basis in its Sports Spinco common stock, and thereafter as capital gain with respect to any remaining value. It is expected that the amount of any such taxes to Sports Spinco stockholders and us would be substantial.

The Tax Rules Applicable to the Sports Distribution, if Consummated, May Restrict us From Engaging in Certain Corporate Transactions or From Raising Equity Capital Beyond Certain Thresholds for a Period of Time After the Sports Distribution.

To preserve the tax-free treatment of the Sports Distribution to our and Sports Spinco's stockholders, under a tax disaffiliation agreement that would be entered into between the Company and Sports Spinco, for the two-year period following the Sports Distribution, we will be subject to restrictions with respect to our activities, including restrictions relating to certain issuances or repurchases of our common stock, asset sales, mergers and liquidations.

These restrictions may limit our ability during that two-year period to pursue strategic transactions of a certain magnitude that involve the issuance or acquisition of our stock or engage in new businesses or other transactions that might increase the value of our business. These restrictions may also limit our ability to raise significant amounts of cash through the issuance of stock, especially if our stock price were to suffer substantial declines, or through the sale of certain of our assets.

We May Not Enjoy All the Benefits of Scale that We Achieved Prior to the Sports Distribution, if Consummated.

If the Sports Distribution is consummated, following the Sports Distribution we will no longer share with Sports Spinco the benefits of scope and scale in administrative and other overhead costs and expenses resulting from various factors, including financial reporting, costs associated with complying with federal securities laws (including compliance with the Sarbanes-Oxley Act of 2002), tax administration, legal and human resources related functions. While we expect to enter into agreements with Sports Spinco that govern a number of our commercial and other relationships after the Sports Distribution, those arrangements will not fully capture the benefits we currently enjoy as a result of the common ownership of the MSG Sports and MSG Entertainment businesses.

If the Sports Distribution Occurs, We Will Rely on Sports Spinco's Performance Under Various Agreements.

If the Sports Distribution occurs, we expect to enter into various agreements with Sports Spinco, including a distribution agreement, a tax disaffiliation agreement, a transition services agreement, an employee matters agreement, an advertising sales representation agreement and team arena license agreements, as well as certain other arrangements. These agreements will govern our relationship with Sports Spinco subsequent to the Sports Distribution and will provide for the allocation of employee benefits, taxes and certain other liabilities and obligations attributable to periods prior to the Sports Distribution. These agreements will also include arrangements with respect to transition services and a number of on-going commercial relationships. Under the distribution agreement we will provide Sports Spinco with indemnities with respect to liabilities arising out of our businesses and Sports Spinco will provide us with indemnities with respect to liabilities arising out of the businesses we will transfer to Sports Spinco. We and Sports Spinco will each rely on the other to perform its obligations under all of these agreements. If Sports Spinco were to breach or to be unable to satisfy its material obligations under these agreements, including a failure to satisfy its indemnification or other financial obligations, we could suffer operational difficulties and/or significant losses.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We own the Madison Square Garden Complex, which includes The Garden (with a maximum capacity of approximately 21,000 seats) and Hulu Theater at Madison Square Garden (approximately 5,600 seats) in New York City, comprising approximately 1,100,000 square feet; a training center in Greenburgh, NY with approximately 105,000 square feet of space; The Chicago Theatre (approximately 3,600 seats) in Chicago comprising approximately 72,600 square feet; and the Forum (approximately 17,600 seats) in Inglewood, CA comprising approximately 307,000 square feet.

Significant properties that are leased in New York City include approximately 328,500 square feet housing Madison Square Garden's administrative and executive offices, approximately 577,000 square feet comprising Radio City Music Hall (approximately 6,000 seats) and approximately 57,000 square feet comprising the Beacon Theatre (approximately 2,800 seats). We also lease storage space in various other locations. For more information on our venues, see "Item 1. Business — Our Business — Our Performance Venues."

We also lease property in Las Vegas, Nevada and own property in Stratford, London on which we intend to construct new venues — known as "MSG Sphere." See "Item 1. Business — Our Business — Our Performance Venues — MSG Sphere."

Our Madison Square Garden Complex is subject to and benefits from various easements, including over the "breezeway" into Madison Square Garden from Seventh Avenue in New York City (which we share with other property owners). Additionally, our planned MSG Sphere in Las Vegas will have the benefit of easements with respect to the planned pedestrian bridge to the Sands Expo Convention Center. Our ability to continue to utilize these and other easements requires us to comply with certain conditions. Moreover, certain adjoining property owners have easements over our property, which we are required to maintain so long as those property owners meet certain conditions.

In addition, TAO Group is engaged in the management and operation of restaurants, nightlife and hospitality venues in New York City, Las Vegas, Los Angeles, Chicago, Singapore and Australia, of which 14 venues are leased properties. The size of the TAO Group's leased venues ranges from approximately 5,400 to 34,000 square feet and total approximately 206,000 square feet. TAO Group also manages 15 venues (including one venue located in Australia and four venues located in Singapore) that are not owned or leased properties.

Item 3. Legal Proceedings

On March 29, 2019, a purported stockholder of the Company filed a complaint in the Court of Chancery of the State of Delaware, derivatively on behalf of the Company, against certain directors of the Company who are members of the Dolan family group and against the directors of the Company who are members of the Compensation Committee (collectively, the "Director Defendants"). The Company is also named as a nominal defendant in the complaint. The complaint alleges that the Director Defendants breached their fiduciary duties to the Company's stockholders in approving the compensation packages for James L. Dolan in his capacity as the Executive Chairman and Chief Executive Officer of the Company. The complaint seeks monetary damages in an unspecified amount from the Director Defendants in favor of the Company; rescission of Mr. Dolan's employment agreements; restitution and disgorgement by Mr. Dolan in respect of his compensation; and costs and disbursements for the plaintiff. On June 5, 2019, the Board formed a Special Litigation Committee to investigate the claims made by the plaintiff and to determine the Company's response thereto. The parties agreed to stay the litigation until December 19, 2019.

The Company is a defendant in various lawsuits. Although the outcome of these lawsuits cannot be predicted with certainty (including the extent of available insurance, if any), management does not believe that resolution of these lawsuits will have a material adverse effect on the Company.

Item 4. Mine Safety Disclosures

Not applicable.

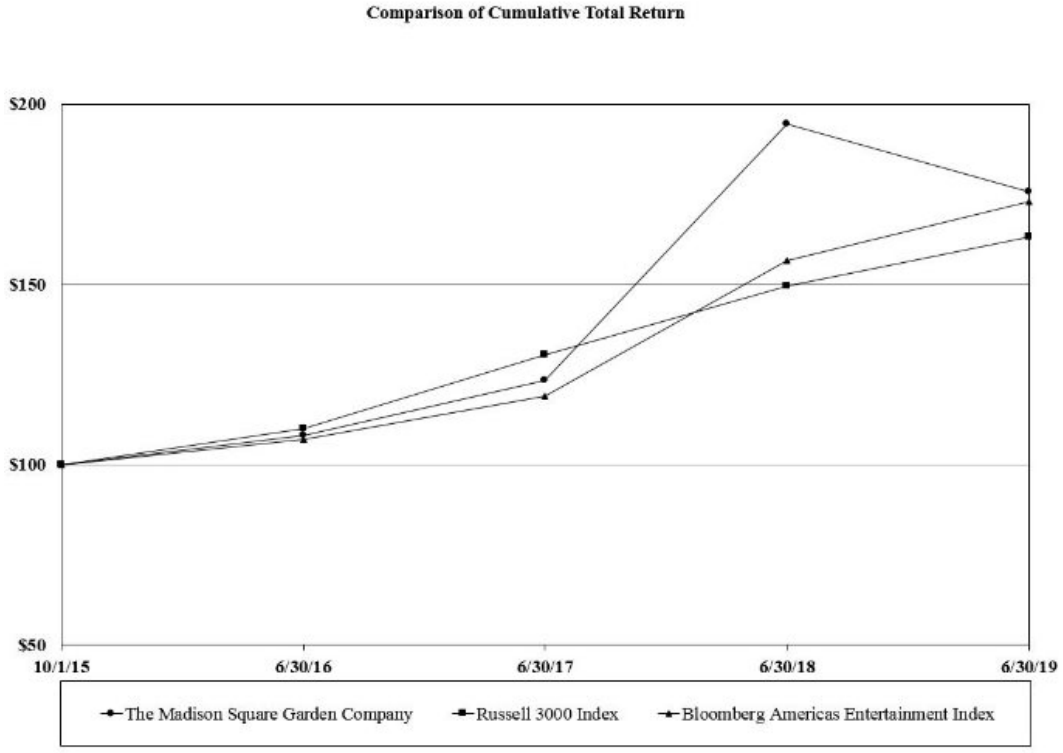
PART II

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

Our Class A Common Stock, par value $0.01 per share ("Class A Common Stock"), is listed on the New York Stock Exchange ("NYSE") under the symbol "MSG." The Company's Class A Common Stock began "regular way" trading on the NYSE on October 1, 2015.

Performance Graph

The following graph compares the relative performance of our Class A Common Stock, the Russell 3000 Index and the Bloomberg Americas Entertainment Index. This graph covers the period from October 1, 2015 through June 30, 2019. The comparison assumes an investment of $100 on October 1, 2015 and reinvestment of dividends. The stock price performance included in this graph is not necessarily indicative of future stock performance.



	Base Period 10/1/15	6/30/16	6/30/17	6/30/18	6/30/19
The Madison Square Garden Company	$ 100.00	$ 108.16	$ 123.46	$ 194.49	$ 175.52
Russell 3000 Index	100.00	109.96	130.31	149.56	163.00
Bloomberg Americas Entertainment Index	100.00	106.98	118.88	156.68	172.89

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

As of June 30, 2019, there were 663 holders of record of our Class A Common Stock. There is no public trading market for our Class B Common Stock, par value $.01 per share ("Class B Common Stock"). As of June 30, 2019, there were 15 holders of record of our Class B Common Stock.

We did not pay any dividend on our common stock during fiscal year 2019 and do not have any current plans to pay a cash dividend on our common stock for the foreseeable future.

Issuer Purchases of Equity Securities

As of June 30, 2019, the Company had approximately $260 million remaining under the $525 million Class A Common Stock share repurchase program authorized by the Company's board of directors ("Board") on September 11, 2015. Under the authorization, shares of Class A Common Stock may be purchased from time to time in accordance with applicable insider trading and other securities laws and regulations, with the timing and amount of purchases depending on market conditions and other factors. The Company has been funding and expects to continue to fund stock repurchases through a combination of cash on hand and cash generated by operations. During the fiscal year ended June 30, 2019, the Company did not engage in any share repurchase activity under its share repurchase program.

Item 6. Selected Financial Data

The operating and balance sheet data included in the following selected financial data table have been derived from the consolidated and combined financial statements of The Madison Square Garden Company and its subsidiaries. The balance sheet data as of June 30, 2019, 2018, 2017 and 2016 and the operating data for the years ended June 30, 2019, 2018 and 2017 and the nine months ended June 30, 2016 are presented on a consolidated basis, as the Company became a standalone public company (the "2015 Distribution") on the September 30, 2015 (the "2015 Distribution Date"). Operating data prior to the 2015 Distribution Date, which included operating data for the year ended June 30, 2015, as well as operating data for the three months ended September 30, 2015 that is included in results of operations for the year ended June 30, 2016, were prepared on a standalone basis derived from the consolidated financial statements and accounting records of MSG Networks Inc. ("MSG Networks") and are presented as carve-out financial statements as the Company was not a standalone public company prior to the 2015 Distribution Date ("carve-out and combined basis"). Balance sheet data as of June 30, 2015 were also presented on a carve-out and combined basis.

For periods prior to the 2015 Distribution Date, the financial information presented below does not necessarily reflect what our results of operations and financial position would have been if we had operated as a separate publicly-traded entity. The selected financial data presented below should be read in conjunction with the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K and with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." As discussed in note (a) below, our operating results for the year ended June 30, 2018 are not directly comparable with the year ended June 30, 2017 primarily due to the timing of our acquisition of a controlling interest in TAO Group Holdings LLC ("TAO Group").

	Years Ended June 30,				
	2019 [d]	2018	2017	2016	2015
	(in thousands, except per share data)				
Operating Data [a]:					
Revenues	$ 1,631,068	$ 1,559,095	$ 1,318,452	$ 1,115,311	$ 1,071,551
Net income (loss)	(3,117)	134,448	(76,789)	(77,290)	(40,684)
Less: Net loss attributable to redeemable noncontrolling interests	(7,299)	(628)	(4,370)	—	—
Less: Net income (loss) attributable to nonredeemable noncontrolling interests	(7,245)	(6,518)	304	—	—
Net Income (loss) attributable to The Madison Square Garden Company's stockholders	$ 11,427	$ 141,594	$ (72,723)	$ (77,290)	$ (40,684)
Basic earnings (loss) per common share attributable to The Madison Square Garden Company's stockholders	$ 0.48	$ 5.99	$ (3.05)	$ (3.12)	$ (1.63)
Diluted earnings (loss) per common share attributable to The Madison Square Garden Company's stockholders	$ 0.48	$ 5.94	$ (3.05)	$ (3.12)	$ (1.63)
Weighted-average number of common shares outstanding [b]:					
Basic	23,767	23,639	23,853	24,754	24,928
Diluted	23,900	23,846	23,853	24,754	24,928
Balance Sheet Data [a]:					
Total assets	$ 3,763,551	$ 3,736,173	$ 3,712,753	$ 3,543,950	$ 2,148,942
Long-term debt (including current portion), net of deferred financing costs [c]	54,598	105,700	105,433	—	—
Total The Madison Square Garden Company stockholders' equity / divisional equity	2,620,500	2,536,483	2,408,163	2,586,421	1,223,275

[a] *Operating and balance sheet data beginning in fiscal year 2017 includes results from the acquisitions of Boston Calling Events, LLC ("BCE") operating information from July 1, 2016 to June 30, 2017 and TAO Group operating information from February 1, 2017 to March 26, 2017. Operating and balance sheet data beginning in fiscal year 2018 includes results from the acquisitions of Counter Logic Gaming ("CLG") and Obscura Digital ("Obscura") since their acquisition dates of July 28, 2017 and November 20, 2017, respectively. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Introduction — Factors Affecting Results of Operations. In addition, see "Item 8. Financial Statements and Supplementary Data — Consolidated Financial Statements — Notes to Consolidated Financial Statements — Note 2. Summary of Significant Accounting Policies — Business Combinations and Noncontrolling Interests" for more information on our acquisitions of BCE, TAO Group and CLG.*

[b] *Following the 2015 Distribution Date, the Company had 24,928 common shares outstanding on September 30, 2015. This amount has been utilized to calculate earnings (loss) per share for the year ended June 30, 2015 as no Madison Square Garden common stock or equity-based awards were outstanding prior to September 30, 2015.*

[c] *Long-term debt presented above is net of debt issuance costs of $1,039, $3,613, and $4,567 as of June 30, 2019, 2018 and 2017, respectively. See "Part II — Item 8. Financial Statements and Supplementary Data — Consolidated Financial Statements — Notes to Consolidated Financial Statements — Note 12. Credit Facilities" for more information.*

[d] *The Company's operating results for the year ended June 30, 2019 were impacted by the adoption of ASC Topic 606. The Company used the modified retrospective method of adoption. Results for reporting periods beginning after July 1, 2018 are presented under ASC Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the historic accounting guidance under ASC Topic 605. See "Part II — Item 8. Financial Statements and Supplementary Data — Consolidated Financial Statements — Notes to Consolidated Financial Statements — Note 2. Summary of Significant Accounting Policies — Recently Adopted Accounting Pronouncements" for more information.*

Item 7. 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 ("MD&A") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In this MD&A, there are statements concerning the future operating and future financial performance of The Madison Square Garden Company and its direct and indirect subsidiaries (collectively, "we," "us," "our," "Madison Square Garden," "MSG," or the "Company"), including possible impacts from the timing and costs of new venue construction, increased investment in personnel, content and technology for the MSG Spheres, the potential spin-off of the Company's sports businesses (the "Sports Distribution"), and the winding down of Obscura's third-party production business. See "Part I — Item 1. Business" for further discussion of the Sports Distribution. Words such as "expects," "anticipates," "believes," "estimates," "may," "will," "should," "could," "potential," "continue," "intends," "plans," and similar words and terms used in the discussion of future operating and future financial performance identify forward-looking statements. Investors are cautioned that such forward-looking statements are not guarantees of future performance, results or events 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:

- our ability to successfully design, construct, finance and operate new venues in Las Vegas, London and other markets, and the investments, costs and timing associated with those efforts, including the impact of any unexpected construction delays and/or cost overruns;
- the level of our revenues, which depends in part on the popularity and competitiveness of our sports teams and the level of popularity of the *Christmas Spectacular Starring the Radio City Rockettes* ("*Christmas Spectacular*") and other entertainment events which are presented in our venues;
- costs associated with player injuries, and waivers or contract terminations of players and other team personnel;
- changes in professional sports teams' compensation, including the impact of signing free agents and trades, subject to league salary caps and the impact of luxury tax;
- the level of our capital expenditures and other investments;
- general economic conditions, especially in the New York City, Los Angeles, Las Vegas and London metropolitan areas where we have business activities;
- the demand for sponsorship arrangements and for advertising;
- competition, for example, from other teams, other venues and other sports and entertainment options, including the construction of new competing venues;
- changes in laws, National Basketball Association (the "NBA") or National Hockey League (the "NHL") rules, regulations, guidelines, bulletins, directives, policies and agreements, including the leagues' respective collective bargaining agreements (each a "CBA") with their players' associations, salary caps, revenue sharing, NBA luxury tax thresholds and media rights, or other regulations under which we operate;
- any NBA, NHL or other work stoppage;
- seasonal fluctuations and other variation in our operating results and cash flow from period to period;
- the level of our expenses, including our corporate expenses;
- the successful development of new live productions, enhancements or changes to existing productions and the investments associated with such development, enhancements, or changes, as well as investment in personnel, content and technology for the MSG Spheres;
- the continued popularity and success of the TAO Group restaurants and nightlife and hospitality venues, as well as its existing brands, and the ability to successfully open and operate new restaurants and nightlife and hospitality venues;
- the ability of BCE to attract attendees and performers to its festival;
- the evolution of the esports industry and its potential impact on our esports businesses;
- the acquisition or disposition of assets or businesses and/or the impact of, and our ability to successfully pursue, acquisitions or other strategic transactions;
- our ability to successfully integrate acquisitions, new venues or new businesses into our operations;

- the operating and financial performance of our strategic acquisitions and investments, including those we do not control;
- the costs associated with, and the outcome of, litigation and other proceedings to the extent uninsured, including litigation or other claims against companies we invest in or acquire;
- the impact of governmental regulations or laws, including changes in how those regulations and laws are interpreted and the continued benefit of certain tax exemptions and the ability to maintain necessary permits or licenses;
- the impact of any government plans to redesign New York City's Pennsylvania Station;
- business, reputational and litigation risk if there is a security incident resulting in loss, disclosure or misappropriation of stored personal information or other breaches of our information security;
- a default by our subsidiaries under their respective credit facilities;
- financial community and rating agency perceptions of our business, operations, financial condition and the industry in which we operate;
- the ability of our investees and others to repay loans and advances we have extended to them;
- our ownership of professional sports franchises in the NBA and NHL and certain related transfer restrictions on our common stock;
- the tax free treatment of the 2015 Distribution;
- whether or not we pursue and complete the Sports Distribution and, if so, its impact on our business, financial condition and results of operations; and
- the factors described under "Part I — Item 1A. Risk Factors" included in this Annual Report on Form 10-K.

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

All dollar amounts included in the following MD&A are presented in thousands, except as otherwise noted.

Introduction

MD&A is provided as a supplement to, and should be read in conjunction with, the audited consolidated financial statements and footnotes thereto included in Item 8 of this Annual Report on Form 10-K to help provide an understanding of our financial condition, changes in financial condition and results of operations.

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.

Results of Operations. This section provides an analysis of our results of operations for the years ended June 30, 2019, 2018 and 2017 on both a consolidated and segment basis. Our segments are MSG Entertainment and MSG Sports.

Liquidity and Capital Resources. This section provides a discussion of our financial condition, as well as an analysis of our cash flows for the years ended June 30, 2019 and 2018. The discussion of our financial condition and liquidity includes summaries of (i) our primary sources of liquidity and (ii) our contractual obligations and off balance sheet arrangements that existed at June 30, 2019.

Seasonality of Our Business. This section discusses the seasonal performance of our MSG Sports and MSG Entertainment segments.

Recently Issued Accounting Pronouncements and Critical Accounting Policies. This section includes a discussion of accounting policies considered to be important to our financial condition and results of operations and which require significant judgment and estimates on the part of management in their application. In addition, all of our significant accounting policies, including our critical accounting policies, are discussed in the notes to our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

Business Overview

The Company is a sports and entertainment business comprised of dynamic and powerful assets and brands. The Company is comprised of two business segments: MSG Entertainment and MSG Sports, which is built on a foundation of iconic venues and compelling content, including live sports and entertainment events that we create, produce and present. The Company conducts

a significant portion of its operations at venues that it either owns or operates under long-term leases. The Company owns Madison Square Garden ("The Garden") and Hulu Theater at Madison Square Garden in New York City, the Forum in Inglewood, CA and The Chicago Theatre in Chicago. In addition, the Company leases Radio City Music Hall and the Beacon Theatre in New York City.

Description of Our Segments

MSG Entertainment

Our MSG Entertainment segment, which represented approximately 50% of our consolidated revenues for the year ended June 30, 2019, is one of the country's leaders in live entertainment. MSG Entertainment produces, presents and hosts live entertainment events, including (i) concerts and (ii) other live events such as family shows, performing arts events and special events, in our diverse collection of venues. Those venues include The Garden, Hulu Theater at Madison Square Garden, Radio City Music Hall, the Beacon Theatre, the Forum, and The Chicago Theatre. The scope of our collection of venues enables us to showcase acts that cover a wide spectrum of genres and popular appeal.

Although we primarily license our venues to third-party promoters for a fee, we also promote or co-promote shows in which case we have economic risk relating to the event.

MSG Entertainment also creates, produces and/or presents live productions that are performed in the Company's venues. This includes the *Christmas Spectacular*, which is the top grossing live holiday family show in North America, featuring the Rockettes. The *Christmas Spectacular* has been performed at Radio City Music Hall for 86 years and more than one million tickets were sold for performances during the 2018 holiday season.

In July 2016, the Company acquired a controlling interest in BCE, the entertainment production company that owns and operates the Boston Calling Music Festival. This was followed in January 2017 by the Company's purchase of a controlling interest in TAO Group, a hospitality group with globally-recognized entertainment dining and nightlife brands. These companies are part of the MSG Entertainment segment. In November 2017, the Company acquired a 100% controlling interest in Obscura, a creative studio, recognized for its work in designing and developing next-generation immersive experiences. Revenues generated by Obscura's third-party production business (and related costs) are reflected in the MSG Entertainment segment. The Company has decided to wind down this third-party productions business to focus on MSG Sphere development. Any costs incurred by Obscura that are associated with MSG Sphere development that are not capitalized are reported in "Corporate and Other".

Revenue Sources

Our primary sources of revenue in our MSG Entertainment segment are ticket sales to our audiences for live events that we produce or promote/co-promote and license fees for our venues paid by third-party promoters in connection with events that we do not produce or promote/co-promote. We also generate revenue from other sources, including facility and ticketing fees, concessions, sponsorships and signage, a portion of suite license fees at The Garden, merchandising and tours at certain of our venues. The amount of revenue and expense we record in our MSG Entertainment segment for a given event depends to a significant extent on whether we are promoting or co-promoting the event or are licensing our venue to a third party. In addition, a significant component of the MSG Entertainment segment revenues are generated by the TAO Group through entertainment dining and nightlife offerings, which primarily consist of food and beverage sales and venue management fees.

Ticket Sales and Suite Licenses

For our productions and for entertainment events in our venues that we promote, we recognize revenues from the sale of tickets to our audiences. We sell tickets to the public through our box office, via our web sites and ticketing agencies and through group sales. The amount of revenue we earn from ticket sales depends on the number of shows and the mix of events that we promote, the capacity of the venue used, the extent to which we can sell to fully utilize the capacity and our ticket prices. During the fiscal year 2017, we implemented significant changes to how we sell *Christmas Spectacular* tickets. By eliminating block sales to third party brokers, we brought a significant number of tickets back in-house, which created the opportunity for more customers to buy tickets to the production directly from us.

The Garden has 21 Event Level suites, 58 Lexus Madison Level suites, and 18 Signature Level suites. Suite licenses at The Garden are generally sold to corporate customers pursuant to multi-year licenses. Under standard suite licenses, the licensees pay an annual license fee, which varies depending on the location of the suite. The license fee includes, for each seat in the suite, tickets for events at The Garden for which tickets are sold to the general public, subject to certain exceptions. In addition, suite holders separately pay for food and beverage service in their suites at The Garden. Revenues from the sale of suite licenses are shared between our MSG Entertainment and MSG Sports segments.

Venue License Fees

For entertainment events held at our venues that we do not produce, promote or co-promote, we typically earn revenue from venue license fees charged to the third-party promoter of the event. The amount of license fees we charge varies by venue, as well as by the size of the production and the number of days utilized, among other factors. Our fees typically include both the cost of renting space in our venues and costs for providing event staff, such as front-of-house and back-of-house staff, including stagehands, electricians, laborers, box office staff, ushers and security as well as production services such as staging, lighting and sound.

Facility and Ticketing Fees

For all public and ticketed entertainment events held in our venues, we also earn additional revenues on substantially all tickets sold, whether we promote/co-promote the event or license the venue to a third party. These revenues are earned in the form of certain fees and assessments, including the facility fee we charge, and vary by venue.

Concessions

We sell food and beverages during substantially all entertainment events held at our venues. In addition to concession-style sales of food and beverages, which represent the majority of our concession revenues, we also generate revenue from catering for our suites at The Garden.

Merchandise

We earn revenues from the sale of merchandise relating to our proprietary productions and other live entertainment events that take place at our venues. The majority of our merchandise revenues are generated through on-site sales during performances of our productions and other live events. We also generate revenues from the sales of our *Christmas Spectacular* merchandise, such as ornaments and apparel, through traditional retail channels. Typically, revenues from our merchandise sales at our non-proprietary events relate to sales of merchandise provided by the artist, the producer or promoter of the event and are generally subject to a revenue sharing arrangement.

Venue Signage and Sponsorship

We earn revenues through the sale of signage space and sponsorship rights in connection with our venues, productions and other live entertainment events. Signage revenues generally involve the sale of advertising space at The Garden during entertainment events and otherwise in our venues.

Sponsorship rights may require us to use the name, logos and other trademarks of sponsors in our advertising and in promotions for our venues, productions and other live entertainment events. Sponsorship arrangements may be exclusive within a particular sponsorship category or non-exclusive and generally permit a sponsor to use the name, logos and other trademarks of our productions, events and venues in connection with their own advertising and in promotions in our venues or in the community.

Entertainment Dining and Nightlife Offerings

We earn revenues from entertainment dining and nightlife offerings through our operations of the TAO Group's restaurants and nightlife and hospitality venues. These revenues primarily consist of food and beverage sales and banquet hosting services at TAO Group leased restaurants and nightclubs. In addition, we earn fees from our real estate partners for operating certain of our restaurants and nightclubs.

Expenses

Our MSG Entertainment segment's principal expenses are payments made to performers of our productions, staging costs and day-of-event costs associated with events, and advertising costs. We charge a portion of our actual expenses associated with the ownership, lease, maintenance and operation of our venues, along with a portion of our corporate expenses, to our MSG Entertainment segment. However, the operating results of our MSG Entertainment segment benefit from the fact that no rent is charged to the segment for use of the Company's owned venues. We do not allocate to our segments depreciation expense on property and equipment related to The Garden, Hulu Theater at Madison Square Garden or the Forum.

Performer Payments

Our productions are performed by talented actors, dancers, singers, musicians and entertainers. In order to attract and retain this talent, we are required to pay our performers an amount that is commensurate with both their abilities and the demand for their services from other entertainment companies. Our productions typically feature ensemble casts (such as the Rockettes), where most of our performers are paid based on a standard "scale," pursuant to CBAs we negotiate with the performers' unions. Certain performers, however, have individually negotiated contracts.

Staging Costs

Staging costs for our proprietary events as well as other events that we promote include the costs of sets, lighting, display technologies, special effects, sound and all of the other technical aspects involved in presenting a live entertainment event. These costs vary substantially depending on the nature of the particular show, but tend to be highest for large-scale theatrical productions, such as the *Christmas Spectacular*. For concerts we promote, the performer usually provides a fully-produced show. Along with performer salaries, the staging costs associated with a given production are an important factor in the determination of ticket prices.

Day-of-Event Costs

For days on which MSG Entertainment stages its productions, promotes an event or provides one of our venues to a third-party promoter under a license fee arrangement, the event is charged the variable costs associated with such event, including box office staff, stagehands, ticket takers, ushers, security, and other similar expenses. In situations where we provide our venues to a third-party promoter under a license fee arrangement, day-of-event costs are typically included in the license fees charged to the promoter.

Marketing and Advertising Costs

We incur significant costs promoting our productions and other events through various advertising campaigns, including advertising on outdoor platforms and in newspapers, on television and radio, and on social and digital platforms. In light of the intense competition for entertainment events, such expenditures are a necessity to drive interest in our productions and encourage members of the public to purchase tickets to our shows.

Entertainment Dining and Nightlife Offerings Costs

Through our ownership in the operations of the TAO Group restaurants and nightlife and hospitality venues, we incur costs for providing food and beverage as well as banquet hosting services to our customers. Our dining and nightlife offering costs primarily include the following:

- labor costs, consisting of restaurant management salaries, hourly staff payroll and other payroll-related items, including taxes and fringe benefits;
- food and beverage costs;
- operating costs, consisting of maintenance, utilities, bank and credit card charges, and any other restaurant-level expenses; and
- occupancy costs, consisting of both fixed and variable portions of rent, common area maintenance charges, insurance premiums and taxes.

Factors Affecting Operating Results

The operating results of our MSG Entertainment segment are largely dependent on our ability to attract concerts and other live events to our venues, as well as the continuing popularity of the *Christmas Spectacular* at Radio City Music Hall. Our MSG Entertainment segment recognized an operating loss during the year ended June 30, 2017, which includes a $33,629 write-off of deferred production costs related to the *New York Spectacular Starring the Radio City Rockettes* ("*New York Spectacular*").

Our MSG Entertainment segment's future performance is dependent in part on general economic conditions and the effect of these conditions on our customers. Weak economic conditions may lead to lower demand for our entertainment and nightlife offerings, suite licenses and tickets to our live productions, concerts, family shows and other events, which would also negatively affect concession and merchandise sales, as well as lower levels of sponsorship and venue signage. These conditions may also affect the number of concerts, family shows and other events that take place in the future. An economic downturn could adversely affect our business and results of operations.

The Company continues to explore additional opportunities to expand our presence in the entertainment industry. Any new investment may not initially contribute to operating income, but is intended to become operationally profitable over time. Our results will also be affected by investments in, and the success of, new productions.

MSG Sports

Our MSG Sports segment, which represented approximately 50% of our consolidated revenues for the year ended June 30, 2019, owns and operates professional sports franchises, including the New York Knicks (the "Knicks"), a founding member of the NBA, and the New York Rangers (the "Rangers"), one of the "original six" franchises of the NHL. MSG Sports also owns and operates the Hartford Wolf Pack of the American Hockey League (the "AHL"), which is the primary player development team for the Rangers and is also competitive in its own right in the AHL. The Company owns and operates an NBA G League

team, named the Westchester Knicks, which plays its home games at the Westchester County Center in White Plains, NY. The Knicks and Rangers play their home games at The Garden. In January 2019, the Company sold the New York Liberty (the "Liberty") of the Women's National Basketball Association (the "WNBA"). For all periods through the sale date, MSG Sports includes the Liberty. Our professional sports franchises are collectively referred to herein as "our sports teams." The MSG Sports segment also includes CLG, a premier North American esports organization, and Knicks Gaming, MSG's franchise that competes in the NBA 2K League. CLG and Knicks Gaming are collectively referred to herein as "our esports teams," and, together with our sports teams, "our teams." In addition, our sports business also promotes, produces and/or presents a broad array of live sporting events including professional boxing, college basketball, college hockey, professional bull riding, mixed martial arts, esports, and college wrestling.

Revenue Sources

We earn revenue in our MSG Sports segment from several primary sources: ticket sales and a portion of suite rental fees at The Garden, our share of distributions from NHL and NBA league-wide national and international television contracts and other league-wide revenue sources, venue signage and other sponsorships, concessions and merchandising. Our MSG Sports segment also earns substantial fees from MSG Networks for the local media rights to telecast the games of our professional sports teams. We also earn venue license fees, primarily from the rental of The Garden to third-party promoters or conferences holding sporting events at our arena. The amount of revenue we earn is influenced by many factors, including the popularity and on-court or on-ice performance of our sports teams and general economic conditions. In particular, when our sports teams have strong on-court and on-ice performance, we benefit from increased demand for tickets, potentially greater food and merchandise sales from increased attendance and increased sponsorship opportunities. When our sports teams qualify for the playoffs, we also benefit from the attendance and in-game spending at the playoff games. The year-to-year impact of team performance is somewhat moderated by the fact that a significant portion of our revenue derives from rights fees, suite rental fees and sponsorship and signage revenue, all of which are generally contracted on a multi-year basis. Nevertheless, the long-term performance of our business is tied to the success and popularity of our sports teams and our ability to attract other compelling sports content.

Ticket Sales, Suite Licenses, Venue Licenses, Facility and Ticketing Fees

Ticket sales have historically constituted the largest single source of revenue for our MSG Sports segment. We sell tickets to our sports teams' home games through season tickets, which are typically held by long-term season subscribers, through group sales, and through single-game tickets, which are purchased by fans either individually or in multi-game packages. The prices of our tickets vary, depending on the sports team and the location of the seats. We generally review and set the price of our tickets before the start of each team's season. During the fiscal year 2017 we made changes to our ticketing polices, resulting in fewer full season tickets sold and more sales of individual and group tickets, as well as partial season plans.

Revenues from the sale of suite licenses are shared between the MSG Entertainment and MSG Sports segments. See "— MSG Entertainment — Revenue Sources" for further discussion.

In addition to our sports teams' home games, we also present or host other live sporting events at our venues. When the Company acts as the promoter or co-promoter of such events, the Company typically earns revenues from ticket sales and incurs expenses associated with the event. When these events are promoted by third-party promoters, the Company typically earns venue license fees from the promoter for use of our venues. When licensing our venues, the amount recorded as revenue also includes the event's variable costs such as the costs of front-of-house and back-of-house staffs, including electricians, laborers, box office staff, ushers, security and building services, which we pass along to the promoter. The number and mix of live sporting events, including whether we are the promoter or co-promoter of an event or license our venues to a third-party promoter, could have a significant impact on the level of revenues and expenses that we record in our MSG Sports segment.

Our MSG Sports segment also earns revenues in the form of certain fees added to ticket prices for events held at our venues, regardless of whether we act as promoter or co-promoter for such events. This currently includes a facility fee the Company charges on tickets it sells to all events at our venues, except for our sports teams' season tickets and certain other limited exceptions.

Media Rights

We earn revenue from the licensing of media rights for our sports teams' home and away games and also through the receipt of our share of fees paid for league-wide media rights, which are awarded under contracts negotiated and administered by each league.

The Company and MSG Networks are parties to media rights agreements covering the local telecast rights for the Knicks and Rangers. The financial success of our MSG Sports segment is significantly dependent on the rights fees we receive from MSG Networks in connection with the telecast of our Knicks and Rangers games.

National and international telecast arrangements differ by league. Fees paid by telecasters under these arrangements are pooled by each league and then generally shared equally among all teams.

Venue Signage and Sponsorships and Ad Sales Commission

We earn revenues through the sale of signage space at The Garden and sponsorship rights in connection with our teams and certain other sporting events. Our strategy is to develop marketing partnerships with world-class brands by creating customized platforms that achieve our partners' business objectives. Signage sales generally involve the sale of advertising space within The Garden during our sports teams' home games and include the sale of signage on the ice and on the boards of the hockey rink during Rangers games, courtside during Knicks games, and/or on the various scoreboards and display panels at The Garden. We offer both television camera-visible and non-camera-visible signage space.

Sponsorship rights generally require us to use the name, logos and other trademarks of a sponsor in our advertising and in promotions for our teams and during our sports events. Sponsorship arrangements may be exclusive within a particular sponsorship category or non-exclusive and generally permit a sponsor to use the name, logos and other trademarks of our teams and venues in connection with their own advertising and in promotions in The Garden or in the community.

The Company and MSG Networks are parties to an advertising sales representation agreement. Pursuant to the agreement, we have the exclusive right and obligation to sell advertising availabilities of MSG Networks. We are entitled to and earn commission revenue on such sales. The expense associated with advertising personnel, which was transferred from MSG Networks in connection with this advertising sales representation agreement, is recognized in selling, general and administrative expenses.

Concessions

We sell food and beverages during all sporting events held at our venues. In addition to concession-style sales of food and beverages, which represent the majority of our concession revenues, we also provide higher-end dining at our full service restaurant and clubs as well as catering for suites at The Garden.

Merchandise

We earn revenues from the sale of our teams' merchandise both through the in-venue (and in some cases, online) sale of items bearing the logos or other marks of our teams and through our share of sports league distributions of royalties and other revenues from the sports leagues' licensing of team and sports league trademarks, which revenues are generally shared equally among the teams in the sports leagues. By agreement among the teams, each of the sports leagues in which we operate acts as an agent for the sports teams to license their logos and other marks, as well as the marks of the leagues, subject to certain rights retained by the teams to license these marks within their arenas and the geographic areas in which they operate.

Expenses

The most significant expenses in our MSG Sports segment are player and other team personnel salaries and charges for transactions relating to players for career-ending and season-ending injuries, trades, and waivers and contract termination costs of players and other team personnel, including team executives. We also incur costs for travel, player insurance, league operating assessments (including a 6% NBA assessment on regular season ticket sales), NHL and NBA revenue sharing and NBA luxury tax. We charge a portion of our actual expenses associated with the ownership, lease, maintenance and operation of our venues, along with a portion of our corporate expenses, to our MSG Sports segment. However, the operating results of our MSG Sports segment benefit from the fact that no rent is charged to the segment for use of the Company's owned venues. We do not allocate to our segments depreciation expense on property and equipment related to The Garden, Hulu Theater at Madison Square Garden or the Forum.

Player Salaries, Escrow System/Revenue Sharing and NBA Luxury Tax

The amount we pay an individual player is typically determined by negotiation between the player (typically represented by an agent) and us, and is generally influenced by the player's past performance, the amounts paid to players with comparable past performance by other sports teams and restrictions in the CBAs, including the salary floors and caps and NBA luxury tax. The leagues' CBAs typically contain restrictions on when players may move between league clubs following expiration of their contracts and what rights their current and former clubs have.

NBA CBA. The NBA CBA expires after the 2023-24 season (although the NBA and the National Basketball Players Association ("NBPA") each have the right to terminate the CBA following the 2022-23 season). The NBA CBA contains a salary floor (i.e., a floor on each team's aggregate player salaries with a requirement that the team pay any deficiency to the players on its roster) and a "soft" salary cap (i.e., a cap on each team's aggregate player salaries but with certain exceptions that enable teams to pay players more, sometimes substantially more, than the cap).

NBA Luxury Tax. Amounts in this paragraph are in thousands, except for luxury tax rates. The NBA CBA provides for a luxury tax that is applicable to all teams with aggregate player salaries exceeding a threshold that is set prior to each season based upon projected league-wide revenues (as defined under the CBA). The luxury tax rates for teams with aggregate player salaries above such threshold start at $1.50 for each $1.00 of team salary above the threshold up to $5,000 and scale up to $3.25 for each $1.00 of team salary that is from $15,000 to $20,000 over the threshold, and an additional tax rate increment of $0.50 applies for each additional $5,000 (or part thereof) of team salary in excess of $20,000 over the threshold. In addition, for teams that are taxpayers in at least three of four previous seasons, the above tax rates are increased by $1.00 for each increment. Fifty percent of the aggregate luxury tax payments is a funding source for the revenue sharing plan and the remaining 50% of such payments is distributed in equal shares to non-taxpaying teams. For the 2018-19, 2017-18, and 2016-17 seasons, the Knicks were not a luxury tax payer and we recorded approximately $3,100, $2,200, and $500, respectively, of luxury tax proceeds from tax-paying teams. Tax obligations for years beyond the 2018-19 season will be subject to contractual player payroll obligations and corresponding NBA luxury tax thresholds. The Company recognizes the estimated amount associated with luxury tax expense or the amount it expects to receive as a non-tax paying team, if applicable, on a straight-line basis over the NBA regular season as a component of direct operating expenses.

NBA Escrow System/Revenue Sharing. The NBA CBA also provides that players collectively receive a designated percentage of league-wide revenues (net of certain direct expenses) as compensation (approximately 51%), and the teams retain the remainder. The percentage of league-wide revenues paid as compensation and retained by the teams does not apply evenly across all teams and, accordingly, the Company may pay its players a higher or lower percentage of the Knicks' revenues than other NBA teams. Throughout each season, NBA teams withhold 10% of each player's salary and contribute the withheld amounts to an escrow account. If the league's aggregate player compensation exceeds the designated percentage of league-wide revenues, some or all of such escrowed amounts are distributed equally to all NBA teams. In the event that the league's aggregate player compensation is below the designated percentage of league-wide revenues, the teams will remit the shortfall to the NBPA for distribution to the players.

The NBA also has a revenue sharing plan that generally requires the distribution of a pool of funds to teams with below-average net revenues (as defined in the plan), subject to reduction or elimination based on individual team market size and profitability. The plan is funded by a combination of disproportionate contributions from teams with above-average net revenues, subject to certain profit-based limits (each as defined in the plan); 50% of aggregate league-wide luxury tax proceeds (see above); and collective league sources, if necessary. Additional amounts may also be distributed on a discretionary basis, funded by assessments on playoff ticket revenues and through collective league sources.

We record our revenue sharing expense net of the amount we expect to receive from the escrow. Our net provision for these items for the year ended June 30, 2019 was approximately $36,000. The actual amounts for the 2018-19 season may vary significantly from the recorded provision based on actual operating results for the league and all NBA teams for the season and other factors.

NHL CBA. The NHL CBA expires September 15, 2022 (although the NHL and NHL Players' Association each have the right to terminate the CBA effective following the 2019-20 season). The NHL CBA provides for a salary floor (i.e., a floor on each team's aggregate player salaries) and a "hard" salary cap (i.e., teams may not exceed a stated maximum that was negotiated for the 2013-14 season and has been adjusted each season thereafter based upon league-wide revenues).

NHL Escrow System/Revenue Sharing. The NHL CBA provides that each season the players receive as player compensation 50% of that season's league-wide revenues. Because the aggregate amount to be paid to the players is based upon league-wide revenues and not on a team-by-team basis, the Company may pay its players a higher or lower percentage of the Rangers' revenues than other NHL teams pay of their own revenues. In order to implement the salary cap system, NHL teams withhold a portion of each player's salary and contribute the withheld amounts to an escrow account. If the league's aggregate player compensation for a season exceeds the designated percentage (50%) of that season's league-wide revenues, the excess is retained by the league. Any such excess funds are distributed to all teams in equal shares.

The NHL CBA also provides for a revenue sharing plan. The plan generally requires the distribution of a pool of funds approximating 6.055% of league-wide revenues to certain qualifying lower-revenue teams and is funded as follows: (a) 50% from contributions by the top ten revenue earning teams (based on pre-season and regular season revenues) in accordance with a formula; (b) then from payments by teams participating in the playoffs, with each team contributing 35% of its gate receipts for each home playoff game; and (c) the remainder from centrally-generated NHL sources. We record our revenue sharing expense net of the amount we expect to receive from the escrow. Our net provisions for these items for the years ended June 30, 2019 and 2018 were approximately $23,300 and $21,100, respectively. The actual amounts for the 2018-19 and 2017-18 seasons may vary significantly from the recorded provision based on actual operating results for the league and all NHL teams for the season and other factors.

Other Team Operating Expenses

Our teams also pay expenses associated with day-to-day operations, including for travel, equipment maintenance and player insurance. Direct variable day-of-event costs incurred at The Garden, such as the costs of front-of-house and back-of-house staff, including electricians, laborers, box office staff, ushers, security, and event production are charged to our MSG Sports segment.

Operating costs of the Company's training center in Greenburgh, NY are also charged to our MSG Sports segment. The operation of the Hartford Wolf Pack is also a net Rangers player development expense for our MSG Sports segment.

As members of the NBA and NHL, the Knicks and Rangers, respectively, are also subject to league assessments. The governing bodies of each league determine the amount of each season's league assessments that are required from each member team. The NBA imposed on each team a 6% assessment on regular season ticket revenue.

Our MSG Sports segment also incurs costs associated with VIP amenities provided to certain ticket holders.

Other Expenses

MSG Sports also incurs selling, general and administrative expenses.

Factors Affecting Operating Results

The operating results of our MSG Sports segment are largely dependent on the continued popularity and/or on-ice or on-court competitiveness of our Rangers and Knicks teams, which have a direct effect on ticket sales for the teams' home games and are each team's largest single source of revenue, as well as our ability to attract high-caliber sporting events. As with other sports teams, the competitive positions of our sports teams depend primarily on our ability to develop, obtain and retain talented players, for which we compete with other professional sports teams. A significant factor in our ability to attract and retain talented players is player compensation. Our MSG Sports segment results reflect the impact of high costs for player salaries (including NBA luxury tax, if any) and salaries of non-player team personnel. In addition, we have incurred significant charges for costs associated with transactions relating to players on our sports teams for season-ending and career-ending injuries and for trades, waivers and contract terminations of players and other team personnel, including team executives. Waiver and termination costs reflect our efforts to improve the competitiveness of our sports teams. These transactions can result in significant charges as the Company recognizes the estimated ultimate costs of these events in the period in which they occur, although amounts due to these individuals are generally paid over their remaining contract terms. For example, the expense for these items was $53,134, $27,514 and $42,337 for fiscal years 2019, 2018 and 2017, respectively. These expenses add to the volatility of the results of our MSG Sports segment. We expect to continue to pursue opportunities to improve the overall quality of our sports teams and our efforts may result in continued significant expenses and charges. Such expenses and charges may result in future operating losses for our MSG Sports segment although it is not possible to predict their timing or amount. Our MSG Sports segment's performance has been, and may in the future be, impacted by work stoppages. See "Part I — Item 1A. Risk Factors — General Risks — Organized Labor Matters May Have a Material Negative Effect on Our Business and Results of Operations."

In addition to our MSG Sports segment's future performance being dependent upon the continued popularity and/or on-ice or on-court competitiveness of our Rangers and Knicks teams, it is also dependent on general economic conditions, in particular those in the New York City metropolitan area, and the effect of these conditions on our customers. An economic downturn could adversely affect our business and results of operations as it may lead to lower demand for suite licenses and tickets to the games of our sports teams, which would also negatively affect merchandise and concession sales, as well as decrease levels of sponsorship and venue signage revenues. These conditions may also affect the number of other live sporting events that this segment is able to present.

Factors Affecting Results of Operations

Adoption of ASC Topic 606, Revenue From Contracts With Customers

The Company's consolidated and segment operating results for the year ended June 30, 2019 were impacted by the adoption of *Accounting Standards Codification* ("ASC") Topic 606. As a result, the Company's revenues were lower by $22,996 and direct operating expenses were lower by $26,239 for the year ended June 30, 2019. The impact of the adoption of ASC Topic 606 resulted in net decreases in MSG Entertainment's revenues and direct operating expenses of $24,347 and $24,545, respectively, for the year ended June 30, 2019, primarily due to the application of principal versus agent revenue recognition on event-related food, beverage and merchandise activities. For the MSG Sports' operating results, the adoption of ASC Topic 606 resulted in a net increase in revenues of $1,351 for the year ended June 30, 2019 primarily associated with professional sports teams' sponsorship and signage revenues. In addition, the adoption of ASC Topic 606 resulted in a decrease in direct operating expenses of $1,694 for the year ended June 30, 2019, due to the application of principal versus agent revenue recognition on event-related food, beverage and merchandise activities.

Prior year period results have not been adjusted to reflect the adoption of ASC Topic 606 and, therefore, the Company's consolidated and segment operating results for the year ended June 30, 2019 are not directly comparable to results for the year ended June 30, 2018.

Under ASC Topic 606, the suite license revenues for the Company's MSG Entertainment and MSG Sports segments are now recognized proportionately as events at The Garden take place, as opposed to being recognized on a straight-line basis over the fiscal year under the prior standard. In addition, most of local media rights revenue is now recognized over the course of the regular season, as opposed to being recognized on a straight-line basis over the fiscal year under the prior standard.

See Item 8. Financial Statements and Supplementary Data — Consolidated Financial Statements — Notes to Consolidated Financial Statements — Note 2. Summary of Significant Accounting Policies — Recently Adopted Accounting Pronouncements and Note 3. Revenue Recognition for further discussion of the adoption of ASC Topic 606.

Renewal of a Ticketing Agreement

The Company's consolidated and segment operating results for the year ended June 30, 2019 were impacted by the recognition of revenue for events that took place during prior year due to the renewal of the agreement with the Company's ticketing platform provider during fiscal year 2019. The following table presents the impact on the Company's consolidated revenues, operating income and adjusted operating income for the year ended June 30, 2019 from events in the prior year as a result of the ticketing agreement renewal.

MSG Entertainment segment	$	2,316
MSG Sports segment		2,930
Total MSG	$	5,246

Corporate Expenses and Venue Operating Costs

The Company allocates certain corporate costs and its performance venues operating expenses to both reportable segments. Allocated performance venue operating expenses include the non-event related costs of operating the Company's performance venues, and include such costs as rent for the Company's leased venues, real estate taxes, insurance, utilities, repairs and maintenance, and labor related to the overall management of the venues. Depreciation expense on property and equipment related to The Garden, Hulu Theater at Madison Square Garden and the Forum is not allocated to the reportable segments.

Purchase Accounting Adjustments

In connection with the BCE, TAO Group, CLG and Obscura acquisitions in the fiscal years 2017 and 2018 ("Recent Business Acquisitions"), the Company recorded certain fair value adjustments related to acquired assets and liabilities in accordance with Accounting Standards Codification ("ASC") Topic 805, *Business Combinations.* For the Company's Recent Business Acquisitions, the Company recognized fair value adjustments primarily for (i) recognition of intangible assets such as trade names, venue management contracts, favorable leases, and festival rights, (ii) step-up of property and equipment, (iii) step-up of inventory, (iv) unfavorable lease obligation, and (v) goodwill. The aforementioned fair value adjustments, except for goodwill, will be expensed as incremental non-cash expenses in the Company's consolidated statements of operations based on their estimated useful lives ("Purchase Accounting Adjustments"). The Company does not allocate any Purchase Accounting Adjustments to the reporting segments and reports any Purchase Accounting Adjustments as reconciliation items in reporting segment operating results. See "Part II — Item 8. Financial Statements and Supplementary Data — Consolidated Financial Statements — Notes to Consolidated Financial Statements — Note 19. Segment Information" for more information on the presentation of Purchase Accounting Adjustments.

Investments in Nonconsolidated Affiliates

In July 2018, the Company acquired a 30% interest in SACO, a global provider of high-performance LED video lighting and media solutions for a total consideration of approximately $47,244. The Company is utilizing SACO as a preferred display technology provider for MSG Spheres and is benefiting from agreed upon commercial terms.

In addition, the Company also has other investments in various sports and entertainment companies and related technologies, accounted for either under the equity method or at fair value. See Note 7 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for more information on our investments in nonconsolidated affiliates.

Results of Operations

Comparison of the Year Ended June 30, 2019 versus the Year Ended June 30, 2018

Consolidated Results of Operations

The table below sets forth, for the periods presented, certain historical financial information.

	Years Ended June 30,		Change	
	2019	2018	Amount	Percentage
Revenues	$ 1,631,068	$ 1,559,095	$ 71,973	5 %
Direct operating expenses	997,077	944,276	52,801	6 %
Selling, general and administrative expenses	528,672	469,276	59,396	13 %
Depreciation and amortization	119,193	122,486	(3,293)	(3)%
Operating income (loss)	(13,874)	23,057	(36,931)	NM
Other income (expense):				
Earnings (loss) in equity method investments	7,062	(7,770)	14,832	NM
Interest income, net	9,795	6,167	3,628	59 %
Miscellaneous expenses, net	(4,752)	(3,878)	(874)	(23)%
Income (loss) from operations before income taxes	(1,769)	17,576	(19,345)	NM
Income tax benefit (expense)	(1,348)	116,872	(118,220)	NM
Net income (loss)	(3,117)	134,448	(137,565)	NM
Less: Net loss attributable to redeemable noncontrolling interests	(7,299)	(628)	(6,671)	NM
Less: Net loss attributable to nonredeemable noncontrolling interests	(7,245)	(6,518)	(727)	(11)%
Net income attributable to The Madison Square Garden Company's stockholders	$ 11,427	$ 141,594	$ (130,167)	(92)%

NM — Percentage is not meaningful

The following is a summary of changes in segments' operating results for the year ended June 30, 2019 as compared to the prior year.

Changes attributable to	Revenues	Direct operating expenses	Selling, general and administrative expenses	Depreciation and amortization	Operating income (loss)
MSG Entertainment segment [(a)]	$ 39,204	$ 24,218	$ 16,576	$ (345)	$ (1,245)
MSG Sports segment [(a)]	34,093	28,967	11,409	297	(6,580)
Corporate and Other	—	411	31,507	(2,642)	(29,276)
Purchase accounting adjustments	—	(395)	502	(603)	496
Inter-segment eliminations	(1,324)	(400)	(598)	—	(326)
	$ 71,973	$ 52,801	$ 59,396	$ (3,293)	$ (36,931)

[(a)] *See "Business Segment Results" for a more detailed discussion of the operating results of our segments.*

Direct operating expenses primarily include:

- compensation expense for our sports teams' players and certain other team personnel;
- cost of team personnel transactions for season-ending player injuries (net of anticipated insurance recoveries), trades, and waivers/contract termination costs of players and other team personnel;
- NBA luxury tax, NBA and NHL revenue sharing and league assessments for the MSG Sports segment;
- event costs related to the presentation, production and marketing of our live entertainment and other live sporting events;
- venue lease, maintenance and other operating expenses;
- the cost of concessions, merchandise and food and beverage sold at our venues; and
- restaurant operating expenses, inclusive of labor costs.

Selling, general and administrative expenses

Selling, general and administrative expenses primarily consist of administrative costs, including compensation, professional fees, sales and marketing costs, including non-event related advertising expenses, business development costs, as well as costs associated with the development of MSG Sphere, including technology and content development costs.

Selling, general and administrative expenses in Corporate and Other for the year ended June 30, 2019 increased $31,507, or 34%, to $123,347 as compared to the prior year. The increase was primarily due to (i) an increase in employee compensation and related benefits, (ii) higher professional fees, inclusive of costs associated with the potential Sports Distribution, and (iii) the inclusion of Obscura's selling, general and administrative costs not related to its third-party production business.

In connection with its MSG Sphere initiative, the Company expects to continue increasing its investment in personnel, content and technology. Based on the timing of these efforts, the Company expects increased expenses in Corporate and Other in fiscal year 2020.

Depreciation and amortization

Depreciation and amortization for the year ended June 30, 2019 decreased $3,293, or 3%, to $119,193 as compared to the prior year primarily due to certain assets being fully depreciated and amortized.

Operating loss - Corporate and Other

Operating loss in Corporate and Other for the year ended June 30, 2019 increased $29,276, or 17%, to $199,592 as compared to the prior year. The increase was primarily due to higher selling, general and administrative expenses as discussed above, partially offset by lower depreciation and amortization as a result of certain assets being fully depreciated and amortized. See Note 19 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for discussion of depreciation and amortization under Corporate and Other.

Earnings (loss) in equity method investments

Earnings in equity method investments for the year ended June 30, 2019 were $7,062 as compared to a loss of $7,770 in the prior year. The year-over-year improvement is primarily due to (i) the improvement in the net earnings attributable to the Company's investees as compared to the prior year, (ii) the gain on the sale of an Azoff MSG Entertainment LLC ("AMSGE") investment during the current year prior to the Company's sale of its interest in AMSGE, and (iii) a gain on the sale of the Company's interest in AMSGE during the current year. The increase was partially offset by an impairment charge recorded for the Company's investment in Tribeca Enterprises LLC ("Tribeca Enterprises") and the amortization of basis difference attributable to intangible assets for the new investments in the current year. The Company sold its interest in Tribeca Enterprises, including the outstanding loan and PIK, effective August 5, 2019. See Note 7 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further discussion of an impairment charge recorded for the Company's investment in Tribeca Enterprises.

Interest income, net

Net interest income for the year ended June 30, 2019 increased $3,628, or 59%, to $9,795 as compared to the prior year primarily due to higher interest income earned by the Company as a result of higher interest rate. The increase was partially offset by higher interest expense incurred under the TAO Senior Credit Agreement and 2017 TAO Credit Agreement. See Note 12 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further discussion of the TAO Senior Credit Agreement entered in May 2019.

Miscellaneous expenses, net

Miscellaneous expenses, net in the current year principally consist of (i) a loss on extinguishment of debt in connection with the 2017 TAO Credit Agreement in the fourth quarter of fiscal year 2019, (ii) non-service components of net period pension and post retirement benefit cost in accordance with ASU No. 2017-07, and (iii) dividend income from the Company's investment in TSQ. Miscellaneous expenses, net in the prior year principally consist of non-service components of net period pension and postretirement benefit cost in accordance with ASU No. 2017-07. See Note 12 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further discussion of the 2017 TAO Credit Agreement and Note 2 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further discussion of the retrospective adoption of ASU No. 2017-07.

Income taxes

On December 22, 2017, the enactment of the Tax Cuts and Jobs Act ("TCJA") significantly changed U.S. tax law and included a reduction in the corporate federal income tax rate from 35% to 21% effective January 1, 2018.

Income tax expense for the year ended June 30, 2019 was $1,348 and income tax benefit for the year ended June 30, 2018 was $116,872.

Income tax expense for the year ended June 30, 2019 of $1,348 differs from income tax benefits derived from applying the statutory federal rate of 21% to pretax loss primarily due to a decrease in valuation allowance of $9,421, tax expense of $8,651 relating to nondeductible officers' compensation and tax expense of $3,054 relating to noncontrolling interests. See Note 18 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further details on the components of income tax and a reconciliation of the statutory federal rate to the effective tax rate.

For the year ended June 30, 2018, the Company used a blended statutory federal income rate of 28% based upon the number of days that it would be taxed at the former rate of 35% and the number of days it would be taxed at the new rate of 21%, effective January 1, 2018.

Income tax benefit for the year ended June 30, 2018 of $116,872 differs from the income tax expense derived from applying the blended statutory federal rate of 28% to pretax income primarily as a result of a deferred income tax benefit of $113,494 related to the revaluation of the Company's deferred tax assets and liabilities under provisions contained in the new tax legislation, of which (i) $51,015 was due to the reduction of net deferred tax liabilities in connection with the lower federal income tax rate of 21%, and (ii) $62,479 was due to a reduction in the valuation allowance attributable to the new rules, which provide that future federal net operating losses have an unlimited carry-forward period. These rules on future federal net operating losses allow the Company to recognize a portion of its unrecognized deferred tax assets for future deductible items. Other decreases to the statutory rate include $13,211 of income tax benefit related to a decrease in the valuation allowance, which offsets the income tax expense attributable to most of the operating income, and $1,974 of income tax benefit related to the vesting of restricted stock units. These decreases were partially offset by (i) $1,800 of tax expense related to state and local income taxes (net of federal benefit), (ii) $1,998 of tax expense primarily related to non-deductible expenses, (iii) $2,006 of tax expense related to consolidated partnership book income attributable to non-controlling interests, (iv) $846 of tax expense related to a change in state tax rates and (v) $223 of other.

Adjusted operating income

The Company evaluates segment performance based on several factors, of which the key financial measure is their operating income (loss) before (i) depreciation, amortization and impairments of property and equipment and intangible assets, (ii) share-based compensation expense or benefit, (iii) restructuring charges or credits, and (iv) gains or losses on sales or dispositions of businesses, which is referred to as adjusted operating income (loss), a non-GAAP measure. In addition to excluding the impact of items discussed above, the impact of purchase accounting adjustments related to business acquisitions is also excluded in evaluating the Company's consolidated adjusted operating income (loss). The Company has presented the components that reconcile operating income (loss) to adjusted operating income (loss).

The following is a reconciliation of operating income (loss) to adjusted operating income:

	Years Ended June 30,		Change	
	2019	2018	Amount	Percentage
Operating income (loss)	$ (13,874)	$ 23,057	$ (36,931)	NM
Share-based compensation	59,474	47,563		
Depreciation and amortization [(a)]	119,193	122,486		
Other purchase accounting adjustments [(b)]	4,965	4,858		
Adjusted operating income	$ 169,758	$ 197,964	$ (28,206)	(14)%

NM — Percentage is not meaningful

[(a)] *Depreciation and amortization included purchase accounting adjustments of $17,531 and $18,134 for the years ended June 30, 2019 and 2018, respectively.*

[(b)] *Other purchase accounting adjustments for the years ended June 30, 2019 and 2018 primarily included the amortization of favorable leases in connection with the TAO Group acquisition.*

Adjusted operating income for the year ended June 30, 2019 decreased $28,206, or 14%, to $169,758 as compared to the prior year. The net decrease is attributable to the following:

Decrease in adjusted operating income of the MSG Entertainment segment	$ (4)
Decrease in adjusted operating income of the MSG Sports segment	(5,408)
Increase in adjusted operating loss in Corporate and Other	(22,468)
Inter-segment eliminations	(326)
	$ (28,206)

Increase in adjusted operating loss in Corporate and Other was lower than the increase in operating loss in Corporate and Other primarily due to higher share-based compensation expenses, partially offset by lower depreciation and amortization.

Net loss attributable to redeemable and nonredeemable noncontrolling interests

For the year ended June 30, 2019, the Company recorded a net loss attributable to redeemable noncontrolling interests of $7,299 and a net loss attributable to nonredeemable noncontrolling interests of $7,245 as compared to $628 of net loss attributable to redeemable noncontrolling interests and $6,518 of net loss attributable to nonredeemable noncontrolling interests for the year ended June 30, 2018. These amounts represent the share of net loss of TAO Group, BCE, and CLG that are not attributable to the Company. In addition, the net loss attributable to redeemable and nonredeemable noncontrolling interests includes a proportional share of expenses related to purchase accounting adjustments.

Business Segment Results

MSG Entertainment

The table below sets forth, for the periods presented, certain historical financial information and a reconciliation of operating income to adjusted operating income for the Company's MSG Entertainment segment.

	Years Ended June 30,		Change	
	2019	2018	Amount	Percentage
Revenues	$ 819,930	$ 780,726	$ 39,204	5 %
Direct operating expenses	507,091	482,873	24,218	5 %
Selling, general and administrative expenses	208,577	192,001	16,576	9 %
Depreciation and amortization	18,170	18,515	(345)	(2)%
Operating income	$ 86,092	$ 87,337	$ (1,245)	(1)%
Reconciliation to adjusted operating income:				
Share-based compensation	14,086	12,500		
Depreciation and amortization	18,170	18,515		
Adjusted operating income	$ 118,348	$ 118,352	$ (4)	NM

NM — Percentage is not meaningful

The results of operations of the MSG Entertainment segment for the year ended June 30, 2018 include Obscura's results of operations associated with its third-party production business from the date of acquisition, which was November 20, 2017. The current year results include activities from Obscura for a full fiscal year as compared to approximately seven months (from November 20, 2017 to June 30, 2018) in fiscal year 2018. The Company made a decision to wind down Obscura's third-party production business to focus on MSG Sphere development.

Revenues

Revenues for the year ended June 30, 2019 increased $39,204, or 5%, to $819,930 as compared to the prior year. The net increase is attributable to the following:

Increase in event-related revenues from concerts	$ 19,966
Increase in revenues from the presentation of the *Christmas Spectacular*	14,797
Increase in revenues associated with entertainment dining and nightlife offerings	10,837
Increase in venue-related sponsorship and signage and suite rental fee revenues	9,527
Increase in revenues from Obscura	5,311
Decrease in event-related revenues from other live events	(16,899)
Decrease in BCE event-related revenues	(3,255)
Other net decreases	(1,080)
	$ 39,204

The increase in event-related revenues from concerts was primarily due to additional events and higher per event revenue during the current year, and to a lesser extent, the impact from the recognition during the current year of $1,278 of revenue associated with events that took place in prior year as a result of the ticketing agreement renewal. The increase was partially offset by the impact of the new revenue recognition standard in the current year.

The increase in revenues from the presentation of the *Christmas Spectacular* was primarily due to (i) higher ticket-related revenue mainly as a result of higher average ticket prices, (ii) an increase in paid attendance in the current year as compared to the prior year, and (iii) the recognition during the current year of $880 of revenue associated with performances that took place in prior year as a result of the ticketing agreement renewal. The Company had 210 performances of the production in fiscal year 2019, as compared to 200 performances in fiscal year 2018 due to an extension of the show's run announced in December 2018. For fiscal year 2019, more than one million tickets were sold, representing a mid-single digit percentage increase as compared to the prior year.

The increase in revenues associated with entertainment dining and nightlife offerings was primarily due to the impact of the opening of a new venue, partially offset by (i) the impact of the current year containing 52 weeks of operations as compared to 53 weeks during the prior year, due to the timing of the retail calendar, (ii) closing of one venue, and other decreases. TAO Group's operating results are recorded in the Company's consolidated statements of operations on a three-month lag basis. As a result, TAO Group's related revenues for fiscal year 2019 are for the period from April 2, 2018 to March 31, 2019, as compared to TAO Group's related revenues for fiscal year 2018, which are for the period from March 27, 2017 to April 1, 2018.

The increase in venue-related sponsorship and signage and suite rental fee revenues was due to increased sales of existing sponsorship and signage inventory and rate increases in suite licenses.

Revenues from Obscura are included as a result of its acquisition by the Company on November 20, 2017. The current year results include revenues from Obscura for a full fiscal year as compared to approximately seven months (from November 20, 2017 to June 30, 2018) in fiscal year 2018. Revenues from Obscura are principally related to its third-party production business.

The decrease in event-related revenues from other live events was primarily due to (i) the impact of a large-scale special event series held at The Garden and Hulu Theater at Madison Square Garden during the prior year, (ii) lower per-event revenue during the current year as compared to the prior year and, to a lesser extent, (iii) the impact of the new revenue recognition standard in the current year. The decrease was slightly offset by additional events held at the Company's venues during the current year as compared to the prior year.

The decrease in BCE event-related revenues was primarily due to lower ticket-related revenues from the Boston Calling Music Festival.

Direct operating expenses

Direct operating expenses for the year ended June 30, 2019 increased $24,218, or 5%, to $507,091 as compared to the prior year. The net increase is attributable to the following:

Increase in direct operating expenses associated with entertainment dining and nightlife offerings	$	21,364
Increase in direct operating expenses associated with Obscura		5,871
Increase in direct operating expenses associated with the presentation of the *Christmas Spectacular*		5,187
Increase in direct operating expenses associated with the Company's exploration of a new theatrical production		1,485
Increase in direct operating expenses associated with venue-related sponsorship and signage and suite licenses		1,389
Decrease in event-related direct operating expenses associated with other live events		(9,757)
Decrease in BCE event-related direct operating expenses		(1,914)
Decrease in event-related direct operating expenses associated with concerts		(978)
Other net increases		1,571
	$	24,218

The increase in direct operating expenses associated with entertainment dining and nightlife offerings was primarily due to the costs associated with the opening of a new venue inclusive of increases in (i) employee compensation and related benefits, (ii) costs of food and beverage, and (iii) performer costs, as well as (iv) the impact of certain costs being reported as direct operating expenses during the current year as compared to being reported as selling, general and administrative expenses during the prior year.

Direct operating expenses from Obscura are included as a result of its acquisition by the Company on November 20, 2017. The current year results include direct operating expenses from Obscura for a full fiscal year as compared to approximately seven months (from November 20, 2017 to June 30, 2018) in fiscal year 2018. Direct operating expenses from Obscura are principally related to third-party production business.

The increase in direct operating expenses associated with the presentation of the *Christmas Spectacular* was primarily due to (i) higher labor costs, (ii) higher costs associated with more performances in the current year, (iii) costs related to show enhancements, and (iv) higher marketing expenses during the current year as compared to the prior year. The Company had 210 performances of the production in fiscal year 2019, as compared to 200 performances in fiscal year 2018 due to an extension of the show's run announced in December 2018.

The increase in direct operating expenses associated with the venue-related sponsorship and signage and suite licenses was primarily due to increased sales of existing sponsorship inventory.

The decrease in event-related direct operating expenses from other live events was primarily due to (i) the impact of a large-scale special event series held at The Garden and Hulu Theater at Madison Square Garden during the prior year, (ii) the impact of the new revenue recognition standard in the current year, and (iii) to a lesser extent, lower per event expenses during the current year as compared to prior year. The decrease was slightly offset by additional events held at the Company's venues during the current year as compared to prior year.

The decrease in BCE event-related direct operating expenses was due to lower costs related to the Boston Calling Music Festival in the current year as compared to prior year.

The decrease in event-related direct operating expenses from concerts was primarily due to the impact of the new revenue recognition standard in the current year. The decrease was largely offset by additional events held at the Company's venues and higher per event expenses during the current year as compared to prior year.

Selling, general and administrative expenses

Selling, general and administrative expenses for the year ended June 30, 2019 increased $16,576, or 9%, to $208,577 as compared to the prior year mainly due to (i) higher employee compensation and related benefits, (ii) an increase in professional fees, (iii) venue pre-opening costs associated with entertainment dining and nightlife offerings, and (iv) the inclusion of Obscura's selling, general and administrative costs related to its third-party production business for a full fiscal year as compared to approximately seven months (from November 20, 2017 to June 30, 2018) in fiscal year 2018. The increase was partially offset by the impact of certain costs being reported as direct operating expenses during the current year as compared to being reported as selling, general and administrative expenses during the prior year.

Operating income

Operating income for the year ended June 30, 2019 decreased $1,245, or 1%, to $86,092 as compared to the prior year due to increases in direct operating expenses and selling, general and administrative expenses largely offset by higher revenues as discussed above.

Adjusted operating income

Adjusted operating income for the year ended June 30, 2019 decreased $4 to $118,348 as compared to the prior year. The decrease was lower than a decrease in operating income primarily due to higher share-based compensation expense and, to a lesser extent, an increase in depreciation and amortization.

MSG Sports

The table below sets forth, for the periods presented, certain historical financial information and a reconciliation of operating income to adjusted operating income for the Company's MSG Sports segment.

	Years Ended June 30,		Change	
	2019	2018	Amount	Percentage
Revenues	$ 812,746	$ 778,653	$ 34,093	4 %
Direct operating expenses	485,899	456,932	28,967	6 %
Selling, general and administrative expenses	196,548	185,139	11,409	6 %
Depreciation and amortization	7,778	7,481	297	4 %
Operating income	$ 122,521	$ 129,101	$ (6,580)	(5)%
Reconciliation to adjusted operating income:				
Share-based compensation	16,373	15,498		
Depreciation and amortization	7,778	7,481		
Adjusted operating income	$ 146,672	$ 152,080	$ (5,408)	(4)%

Revenues

Revenues for the year ended June 30, 2019 increased $34,093, or 4%, to $812,746 as compared to the prior year. The net increase is attributable to the following:

Increase in event-related revenues from other live sporting events	$	16,172
Increase in revenues from league distributions		13,883
Increase in local media rights fees from MSG Networks		5,750
Increase in suite license fee revenues		3,532
Increase in professional sports teams' sponsorship and signage revenues and ad sales commission		790
Decrease in professional sports teams' pre/regular season ticket-related revenues		(6,174)
Decrease in professional sports teams' pre/regular season food, beverage and merchandise sales		(1,670)
Other net increases		1,810
	$	34,093

The increase in event-related revenues from other live sporting events was due to higher per event revenue, slightly offset by fewer events during the current year as compared to the prior year.

The increase in revenues from league distributions included the impact of timing.

The increase in local media rights fees from MSG Networks was primarily due to contractual rate increases.

The increase in suite license fee revenue was primarily due to rate increases, partially offset by lower sales of suite products.

The increase in professional sports teams' sponsorship and signage revenues and ad sales commission was primarily due to higher ad sales commission revenue and the impact of the new revenue recognition standard in the current year, partially offset by decreased sales of existing sponsorship and signage inventory.

The decrease in professional sports teams' pre/regular season ticket-related revenues was primarily due to lower average Rangers, Knicks and Liberty per-game revenue, partially offset by the impact of the recognition of $2,753 during the current year associated with games played in the prior year as a result of the ticketing agreement renewal.

The decrease in professional sports teams' pre/regular season food, beverage and merchandise sales was primarily due to lower average per-game revenue during the current year as compared to the prior year and the Liberty playing fewer games at The Garden during the current year as compared to the prior year. The Liberty played ten fewer regular season games at The Garden during the current year as compared to the prior year, as the Liberty played the majority of their home games at the Westchester County Center, located in White Plains, NY, during the current year. Additionally, the Liberty was sold in January 2019.

Direct operating expenses

Direct operating expenses for the year ended June 30, 2019 increased $28,967, or 6%, to $485,899 as compared to the prior year. The net increase is attributable to the following:

Increase in net provisions for certain team personnel transactions	$	25,620
Increase in event-related expenses associated with other live sporting events		10,501
Increase in other team operating expenses not discussed elsewhere in this table		3,846
Increase in net provisions for league revenue sharing expense (excluding playoffs) and NBA luxury tax		733
Decrease in team personnel compensation		(11,513)
Other net decreases		(220)
	$	28,967

Net provisions for certain team personnel transactions and for league revenue sharing expense (excluding playoffs) and NBA luxury tax were as follows:

	Years Ended June 30,		
	2019	2018	Increase
Net provisions for certain team personnel transactions	$ 53,134	$ 27,514	$ 25,620
Net provisions for league revenue sharing expense (excluding playoffs) and NBA luxury tax	56,183	55,450	733

Team personnel transactions for the year ended June 30, 2019 reflect provisions, net of recoveries recorded in the current year associated with prior year team personnel provisions, recorded for (i) waivers/contract terminations of $46,950, (ii) player trades of $5,642, and (iii) season-ending player injuries of $542. Team personnel transactions for the year ended June 30, 2018 reflect provisions recorded for (i) waivers/contract terminations of $21,559, (ii) season-ending player injuries of $4,273, which is net of insurance recoveries of $468 and (iii) player trades of $1,682.

The increase in net provisions for league revenue sharing expense (excluding playoffs) and NBA luxury tax reflects higher provisions for league revenue sharing expense of $1,647, partially offset by higher estimated NBA luxury tax credit of $914. Higher league revenue sharing expense primarily reflected higher estimated NHL and NBA revenue sharing expense for the 2018-19 season, partially offset by higher estimated net player escrow recoveries and, to a lesser extent, net adjustments to prior seasons' revenue sharing expense. The actual amounts for the 2018-19 season may vary significantly from the recorded provisions based on actual operating results for each league and all teams within each league for the season and other factors. The Knicks were not a luxury tax payer for the 2018-19 and 2017-18 seasons and, therefore, received equal share of the portion of luxury tax receipts that were distributed to non-tax paying teams.

The increase in event-related expenses associated with other live sporting events was due to higher per event expenses, slightly offset by fewer events during the current year as compared to the prior year.

The increase in other team operating expenses was primarily due to an increase in league assessments and other net increases, partially offset by lower player insurance costs and lower day-of-event costs, primarily driven by the Liberty playing fewer games at The Garden during the current year as compared to the prior year. During the current year, the majority of the Liberty's home games were played at the Westchester County Center, located in White Plains, NY. Additionally, the Liberty was sold in January 2019.

The decrease in team personnel compensation was primarily due to roster changes at the Company's sports teams.

Selling, general and administrative expenses

Selling, general and administrative expenses for the year ended June 30, 2019 increased $11,409, or 6%, to $196,548 as compared to the prior year primarily due to higher employee compensation and related benefits and an increase in marketing costs.

Operating income

Operating income for the year ended June 30, 2019 decreased $6,580, or 5%, to $122,521 as compared to the prior year primarily due to higher direct operating expenses, and to a lesser extent, an increase in selling, general and administrative expenses, partially offset by an increase in revenues, as discussed above.

Adjusted operating income

Adjusted operating income for the year ended June 30, 2019 decreased $5,408, or 4%, to $146,672, as compared to the prior year. The decrease was lower than the decrease in operating income primarily due to higher share-based compensation expense and, to a lesser extent, an increase in depreciation and amortization.

Comparison of the Year Ended June 30, 2018 versus the Year Ended June 30, 2017

Factors Affecting Operating Results from Acquisitions

TAO Group's Operating Results

The Company completed the TAO Group acquisition on January 31, 2017. TAO Group's financial statements are not available within the time constraints the Company requires to ensure the financial accuracy of the operating results. Therefore, the Company records TAO Group's operating results in its consolidated statements of operations under the MSG Entertainment segment on a three-month lag basis. As a result, TAO Group's related operating results for the year ended June 30, 2018 are for the period from March 27, 2017 to April 1, 2018. TAO Group's related operating results for the year ended June 30, 2017 are for the period from February 1, 2017 to March 26, 2017.

CLG's Operating Results

The results of operations of the Company and the MSG Sports segment for the year ended June 30, 2018 include CLG's results of operations from the date of acquisition, which was July 28, 2017. The Company's results for the year ended June 30, 2017 do not include any of CLG's operating results.

Obscura's Operating Results

The results of operations of the Company and the MSG Entertainment segment for the year ended June 30, 2018 include Obscura's results of operations from the date of acquisition, which was November 20, 2017. The Company's results for the year ended June 30, 2017 do not include any of Obscura's operating results.

Consolidated Results of Operations

The table below sets forth, for the periods presented, certain historical financial information.

	Years Ended June 30,		Change	
	2018	2017	Amount	Percentage
Revenues	$ 1,559,095	$ 1,318,452	$ 240,643	18 %
Direct operating expenses	944,276	860,423	83,853	10 %
Selling, general and administrative expenses	469,276	406,951	62,325	15 %
Depreciation and amortization	122,486	107,388	15,098	14 %
Operating income (loss)	23,057	(56,310)	79,367	NM
Other income (expense):				
Loss in equity method investments	(7,770)	(29,976)	22,206	74 %
Interest income, net	6,167	7,647	(1,480)	(19)%
Miscellaneous expense, net	(3,878)	(2,554)	(1,324)	(52)%
Income (loss) from operations before income taxes	17,576	(81,193)	98,769	NM
Income tax benefit	116,872	4,404	112,468	NM
Net income (loss)	134,448	(76,789)	211,237	NM
Less: Net loss attributable to redeemable noncontrolling interests	(628)	(4,370)	3,742	86 %
Less: Net income (loss) attributable to nonredeemable noncontrolling interests	(6,518)	304	(6,822)	NM
Net income (loss) attributable to The Madison Square Garden Company's stockholders	$ 141,594	$ (72,723)	$ 214,317	NM

NM — Percentage is not meaningful

The following is a summary of changes in segments' operating results for the year ended June 30, 2018 as compared to the prior year.

Changes attributable to	Revenues	Direct operating expenses	Selling, general and administrative expenses	Depreciation and amortization	Operating income (loss)
MSG Entertainment segment [(a)]	$ 274,258	$ 104,911	$ 72,449	$ 7,176	$ 89,722
MSG Sports segment [(a)]	(33,331)	(16,063)	(22,820)	(1,838)	7,390
Corporate and Other	—	120	12,400	(5,222)	(7,298)
Purchase accounting adjustments [(b)]	—	(4,831)	223	14,982	(10,374)
Inter-segment eliminations	(284)	(284)	73	—	(73)
	$ 240,643	$ 83,853	$ 62,325	$ 15,098	$ 79,367

[(a)] *See "Business Segment Results" for a more detailed discussion of the operating results of our segments.*

[(b)] *In connection with the purchase price allocation of the TAO Group acquisition on January 31, 2017, the inventory value was increased by $8,705 and was fully expensed to direct operating expenses for the year ended June 30, 2017 as the related inventory was consumed. In addition, the direct operating expenses for the year ended June 30, 2018 principally reflect the amortization of favorable leases in connection with the TAO Group acquisition.*

Selling, general and administrative expenses - Corporate and Other

Selling, general and administrative expenses in Corporate and Other for the year ended June 30, 2018 increased $12,400, or 16%, to $91,840 as compared to prior year. The increase was primarily due to higher employee compensation and related benefits, as well as the inclusion of Obscura's selling, general and administrative costs not related to its third-party production business. The increase was partially offset by a management fee earned for providing management and strategic services to TAO Group (see " — Factors Affecting Operating Results from Acquisitions — TAO Group's Operating Results" for further discussion), which is eliminated in the Company's consolidated results of operations presented above, as well as certain favorable adjustments related to contingent payments for the Company's business acquisitions.

Depreciation and amortization

Depreciation and amortization for the year ended June 30, 2018 increased $15,098, or 14%, to $122,486 as compared to the prior year primarily due to purchase accounting adjustments and the inclusion of depreciation and amortization expense related to property and equipment associated with the business acquisitions (see " — Factors Affecting Operating Results from Acquisitions" for further discussion), partially offset by certain assets being fully depreciated and amortized.

Operating loss - Corporate and Other

Operating loss in Corporate and Other for the year ended June 30, 2018 increased $7,298, or 4%, to $170,316 as compared to the prior year. The increase was primarily due to higher selling, general and administrative expenses as discussed above, partially offset by lower depreciation and amortization as a result of certain assets being fully depreciated and amortized. See Note 19 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for discussion of depreciation and amortization under Corporate and Other.

Loss in equity method investments

Loss in equity method investments for the year ended June 30, 2018 improved $22,206, or 74%, to $7,770 as compared to the prior year. The year-over-year improvement is primarily due to a pre-tax non-cash impairment charge of $20,613 recorded during the prior year to write off the carrying value of the equity method investment in Fuse Media.

Interest income, net

Net interest income for the year ended June 30, 2018 decreased $1,480, or 19%, to $6,167 as compared to the prior year primarily due to interest expense incurred under the 2017 TAO Credit Agreement. See "— Factors Affecting Operating Results from Acquisitions — TAO Group's Operating Results" for discussion. The decrease was partially offset by higher interest income earned by the Company as a result of higher interest rates and a change in investment mix. In addition, during the year ended June 30, 2018, the Company recognized interest income of $938, which was received in connection with the repayment of a loan receivable from one of the Company's nonconsolidated affiliates that was on a nonaccrual status.

Miscellaneous expense, net

Miscellaneous expense, net for the year ended June 30, 2018 principally consist of non-service components of net period pension and postretirement benefit cost in accordance with ASU No. 2017-07. Miscellaneous income in the prior year consists principally of (i) non-service components of net period pension and postretirement benefit cost in accordance with ASU No. 2017-07 and (ii) the recovery of certain claims in connection with a third-party bankruptcy proceeding. See Note 2 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further discussion of the retrospective adoption of ASU No. 2017-07.

Income taxes

On December 22, 2017, TCJA was enacted, which significantly changed the existing U.S. tax laws, including a reduction in the corporate federal income tax rate from 35% to 21% effective January 1, 2018. During the second quarter of fiscal year 2018, the Company was required to recognize the effect of tax law changes in the period of enactment even though certain key aspects of the new law became effective January 1, 2018. The Company used a blended statutory federal income tax rate of 28% based upon the number of days that it will be taxed at the former rate of 35% and the number of days it will be taxed at the new rate of 21% to calculate its most recent effective tax rate.

Income tax benefit for the year ended June 30, 2018 was $116,872 and income tax benefit for the year ended June 30, 2017 was $4,404.

Income tax benefit for the year ended June 30, 2018 of $116,872 differs from the income tax expense derived from applying the blended statutory federal rate of 28% to pretax income primarily as a result of a deferred income tax benefit of $113,494 related to the revaluation of the Company's deferred tax assets and liabilities under provisions contained in the new tax legislation, of which (i) $51,015 was due to the reduction of net deferred tax liabilities in connection with the lower federal income tax rate of 21%, and (ii) $62,479 was due to a reduction in the valuation allowance attributable to the new rules, which provide that future federal net operating losses have an unlimited carry-forward period. These rules on future federal net operating losses allow the Company to recognize a portion of its unrecognized deferred tax assets for future deductible items. Other decreases to the statutory rate include $13,211 of income tax benefit related to a decrease in the valuation allowance, which offsets the income tax expense attributable to most of the operating income, and $1,974 of income tax benefit related to the vesting of restricted stock units. These decreases were partially offset by (i) $1,800 of tax expense related to state and local income taxes (net of federal benefit), (ii) $1,998 of tax expense primarily related to non-deductible expenses, (iii) $2,006 of tax expense related to consolidated partnership book income attributable to non-controlling interests, (iv) $846 of tax expense related to a change in state tax rates and (v) $223 of other.

Income tax benefit for the year ended June 30, 2017 of $4,404 differs from the income tax expense derived from applying the statutory federal rate of 35% to pretax income primarily as a result of (i) an increase of $30,697 in recorded federal and state valuation allowances, (ii) tax expense of $3,449 related to non-deductible expenses, (iii) the tax impact of consolidated partnership book income attributable to non-controlling interests of $1,414, (iv) deferred expense of $1,329 based on tax amortization on indefinite-lived intangibles that are not available as a source of taxable income to support the realization of deferred tax assets, and (v) expense of $672 recorded due to a state rate change computed as a result of filed state tax returns. This tax expense is offset by (i) $6,716 of state tax benefit (net of federal effect), (ii) $6,477 of tax benefit related to other comprehensive income gains recorded in continuing operations and (iii) $354 of other.

Adjusted operating income

The following is a reconciliation of operating income (loss) to adjusted operating income:

	Years Ended June 30,		Change	
	2018	2017	Amount	Percentage
Operating income (loss)	$ 23,057	$ (56,310)	$ 79,367	NM
Share-based compensation	47,563	41,129		
Depreciation and amortization [(a)]	122,486	107,388		
Other purchase accounting adjustments [(b)]	4,858	9,466		
Adjusted operating income	$ 197,964	$ 101,673	$ 96,291	95%

NM — Percentage is not meaningful

[(a)] *Depreciation and amortization included purchase accounting adjustments of $18,134 and $3,152 for the years ended June 30, 2018 and 2017, respectively.*

(b) *Other purchase accounting adjustments for the year ended June 30, 2018 primarily included the amortization of favorable leases in connection with the TAO Group acquisition. Other purchase accounting adjustments for the year ended June 30, 2017 primarily included an inventory adjustment of $8,705 that was expensed to direct operating expenses and associated with the TAO Group acquisition on January 31, 2017 as the related inventory was consumed.*

Adjusted operating income for the year ended June 30, 2018 increased $96,291, or 95%, to $197,964 as compared to the prior year. The net increase is attributable to the following:

Increase in adjusted operating income of the MSG Entertainment segment	$	95,075
Increase in adjusted operating income of the MSG Sports segment		6,502
Increase in adjusted operating loss in Corporate and Other		(5,213)
Inter-segment eliminations		(73)
	$	96,291

Increase in adjusted operating loss in Corporate and Other were primarily due to higher employee compensation and related benefits, excluding share-based compensation expense, and the inclusion of Obscura expenses associated with the Company's business development initiatives partially offset by a management fee earned for providing management and strategic services to TAO Group (see " — Factors Affecting Operating Results from Acquisitions — TAO Group's Operating Results" for further discussion), which is eliminated in the Company's consolidated results of operations presented above. These increases were offset by certain favorable adjustments related to contingent payments for the Company's business acquisitions.

Net income (loss) attributable to redeemable and nonredeemable noncontrolling interests

For the year ended June 30, 2018, the Company recorded net loss attributable to redeemable noncontrolling interests of $628 and a net loss attributable to nonredeemable noncontrolling interests of $6,518 as compared to $4,370 of net loss attributable to redeemable noncontrolling interests and $304 of net income attributable to nonredeemable noncontrolling interests for the year ended June 30, 2017. These amounts represent the share of net income (loss) of TAO Group, BCE, and CLG that are not attributable to the Company. In addition, the net income (loss) attributable to redeemable and nonredeemable noncontrolling interests includes a proportional share of expenses related to purchase accounting adjustments. See "— Factors Affecting Operating Results from Acquisitions" for further discussion.

Business Segment Results

MSG Entertainment

The table below sets forth, for the periods presented, certain historical financial information and a reconciliation of operating income (loss) to adjusted operating income for the Company's MSG Entertainment segment.

	Years Ended June 30,		Change	
	2018	2017	Amount	Percentage
Revenues	$ 780,726	$ 506,468	$ 274,258	54%
Direct operating expenses	482,873	377,962	104,911	28%
Selling, general and administrative expenses	192,001	119,552	72,449	61%
Depreciation and amortization	18,515	11,339	7,176	63%
Operating income (loss)	$ 87,337	$ (2,385)	$ 89,722	NM
Reconciliation to adjusted operating income:				
Share-based compensation	12,500	14,323		
Depreciation and amortization	18,515	11,339		
Adjusted operating income	$ 118,352	$ 23,277	$ 95,075	NM

NM — Percentage is not meaningful

Revenues

Revenues for the year ended June 30, 2018 increased $274,258, or 54%, to $780,726 as compared to the prior year. The net increase is attributable to the following:

Inclusion of revenues associated with entertainment dining and nightlife offerings	$	208,629
Increase in event-related revenues at The Garden		28,390
Increase in event-related revenues at Radio City Music Hall, excluding the *Christmas Spectacular* and the *New York Spectacular*		14,638
Increase in event-related revenues at the Forum		11,395
Increase in event-related revenues at Hulu Theater at Madison Square Garden		6,912
Increase in event-related revenues at The Chicago Theatre		6,031
Increase in revenues from the presentation of the *Christmas Spectacular*		5,055
Increase in venue-related sponsorship and signage and suite rental fee revenues		1,140
Decrease in revenues from the presentation of the *New York Spectacular* as a result of no scheduled performances in the current year		(11,483)
Decrease in BCE event-related revenues		(2,712)
Other net increases, primarily due to the inclusion of revenue associated with the acquisition of Obscura		6,263
	$	274,258

The inclusion of revenues associated with entertainment dining and nightlife offerings is the result of the acquisition of a 62.5% interest in TAO Group on January 31, 2017, and primarily reflects revenues generated from food and beverage sales. TAO Group's operating results are recorded in the Company's consolidated statements of operations on a three-month lag basis. As a result, TAO Group's related revenues for fiscal year 2018 are for the period from March 27, 2017 to April 1, 2018, as compared to TAO Group's related revenues for fiscal year 2017, which are for the period from February 1, 2017 to March 26, 2017. See " — Factors Affecting Operating Results from Acquisitions — TAO Group's Operating Results" for further discussion.

The increase in event-related revenues at The Garden was due to a change in the mix of events (including the impact of a large-scale event held during the current year) and additional events held at the venue during fiscal year 2018 as compared to the prior year.

The increase in event-related revenues at Radio City Music Hall, excluding the *Christmas Spectacular* and the *New York Spectacular*, was primarily due to additional events held at the venue during fiscal year 2018 as compared to the prior year.

The increase in event-related revenues at the Forum was due to a change in the mix of events and an additional event held at the venue during fiscal year 2018 as compared to the prior year.

The increase in event-related revenues at Hulu Theater at Madison Square Garden was primarily due to a change in the mix of events partially offset by fewer events held at the venue during fiscal year 2018 as compared to the prior year.

The increase in event-related revenues at The Chicago Theatre was primarily due to additional events held at the venue during fiscal year 2018 as compared to the prior year.

The increase in revenues from the presentation of the *Christmas Spectacular* was primarily due to higher ticket-related revenue, mainly as a result of higher average ticket prices and the impact of additional scheduled performances, partially offset by a decrease in average per-show paid attendance in fiscal year 2018 as compared to the prior year. The Company had 200 scheduled performances of the production during the 2018 holiday season as compared to 197 scheduled performances during the 2017 holiday season. For the 2017 holiday season, more than one million tickets were sold, representing a low single digit percentage decrease as compared to the 2016 holiday season.

The increase in venue-related sponsorship and signage and suite rental fee revenues was due to higher suite rental fee revenue mainly driven by contractual rate increases.

The decrease in revenues from the presentation of the *New York Spectacular* was driven by no scheduled performances in fiscal year 2018 as compared to 56 scheduled performances presented in the prior year. This was a result of the Company's decision to suspend the planned 2017 presentation announced in February 2017.

The decrease in BCE event-related revenues was primarily due to a decrease in ticket-related revenue.

Direct operating expenses

Direct operating expenses for the year ended June 30, 2018 increased $104,911, or 28%, to $482,873 as compared to the prior year. The net increase is attributable to the following:

Inclusion of direct operating expenses associated with entertainment dining and nightlife offerings	$	112,958
Increase in event-related direct operating expenses at The Garden		15,273
Increase in event-related direct operating expenses at the Forum		7,919
Increase in event-related direct operating expenses at Radio City Music Hall, excluding the *Christmas Spectacular* and the *New York Spectacular*		4,391
Increase in BCE event-related direct operating expenses		3,954
Increase in event-related direct operating expenses at The Chicago Theatre		3,842
Increase in venue operating costs		3,086
Increase in event-related direct operating expenses at The Hulu Theater at Madison Square Garden		2,429
Increase in direct operating expenses associated with the presentation of the *Christmas Spectacular*		1,386
Decrease in direct operating expenses associated with the presentation of the *New York Spectacular* as a result of no scheduled performances in the current year		(56,196)
Other net increases, principally the inclusion of direct expenses related to Obscura's third-party production business		5,869
	$	104,911

The inclusion of direct operating expenses associated with entertainment dining and nightlife offerings is the result of the acquisition of a 62.5% interest in TAO Group on January 31, 2017, and primarily reflects costs associated with food and beverage sales, inclusive of labor costs, as well as venue-related operating expenses. TAO Group's operating results are recorded in the Company's consolidated statements of operations on a three-month lag basis. As a result, TAO Group's related direct operating expenses for fiscal year 2018 are for the period from March 27, 2017 to April 1, 2018, as compared to TAO Group's related direct operating expenses for fiscal year 2017, which are for the period from February 1, 2017 to March 26, 2017. See " — Factors Affecting Operating Results from Acquisitions — TAO Group's Operating Results" for further discussion.

The increase in event-related direct operating expenses at The Garden was due to a change in the mix of events (including the impact of a large-scale event held during the current year) and additional events held at the venue during fiscal year 2018 as compared to the prior year.

The increase in event-related direct operating expenses at the Forum was due to a change in the mix of events as well as one additional event held at the venue during fiscal year 2018 as compared to the prior year.

The increase in event-related direct operating expenses at Radio City Music Hall, excluding the *Christmas Spectacular* and the *New York Spectacular*, was due to additional events partially offset by a change in the mix of events held at the venue during fiscal year 2018 as compared to the prior year.

The increase in BCE event-related direct operating expenses was due to higher costs related to the Boston Calling Music Festival in fiscal year 2018.

The increase in event-related direct operating expenses at The Chicago Theatre was primarily due to additional events held at the venue during fiscal year 2018 as compared to the prior year.

The increase in venue operating costs was primarily due to higher labor-related costs at our venues during fiscal year 2018 as compared to the prior year.

The increase in event-related direct operating expenses at Hulu Theater at Madison Square Garden was due to a change in the mix of events partially offset by fewer events held at the venue during fiscal year 2018 as compared to the prior year.

The increase in direct operating expenses associated with the presentation of the *Christmas Spectacular* was primarily due to higher labor costs and an increase in deferred production cost amortization, partially offset by lower marketing expenses during fiscal year 2018 as compared to the prior year. The Company had 200 scheduled performances of the production during the 2018 holiday season as compared to 197 scheduled performances during the 2017 holiday season.

The decrease in direct operating expenses associated with the presentation of the *New York Spectacular* was driven by no scheduled performances in fiscal year 2018 as compared to 56 scheduled performances presented in the prior year. This was a result of the Company's decision to suspend the planned 2017 presentation announced in February 2017.

Selling, general and administrative expenses

Selling, general and administrative expenses for the year ended June 30, 2018 increased $72,449, or 61%, to $192,001 as compared to the prior year mainly due to (i) inclusion of TAO Group's selling, general and administrative costs, including a management fee incurred by TAO Group payable to the Company for providing management and strategic services and, to a lesser extent, (ii) higher professional fees and (iii) an increase in corporate general and administrative costs. See " — Factors Affecting Operating Results from Acquisitions — TAO Group's Operating Results" for further discussion.

Depreciation and amortization

Depreciation and amortization for the year ended June 30, 2018 increased $7,176, or 63%, to $18,515 as compared to the prior year primarily due to the inclusion of depreciation and amortization expenses for TAO Group's property and equipment before the purchase accounting adjustments. See " — Factors Affecting Operating Results from Acquisitions — TAO Group's Operating Results" for further discussion.

Operating income (loss)

Operating income for the year ended June 30, 2018 improved $89,722 to $87,337 as compared to the prior year due to higher revenues, partially offset by increases in direct operating expenses, selling, general and administrative expenses and depreciation and amortization expenses, as discussed above.

Adjusted operating income

Adjusted operating income for the year ended June 30, 2018 improved by $95,075 to $118,352 as compared to the prior year due to higher revenues, partially offset by increases in direct operating expenses and selling, general and administrative expenses, as discussed above, excluding share-based compensation expense.

MSG Sports

The table below sets forth, for the periods presented, certain historical financial information and a reconciliation of operating income to adjusted operating income for the Company's MSG Sports segment.

	Years Ended June 30,		Change	
	2018	2017	Amount	Percentage
Revenues	$ 778,653	$ 811,984	$ (33,331)	(4)%
Direct operating expenses	456,932	472,995	(16,063)	(3)%
Selling, general and administrative expenses	185,139	207,959	(22,820)	(11)%
Depreciation and amortization	7,481	9,319	(1,838)	(20)%
Operating income	$ 129,101	$ 121,711	$ 7,390	6 %
Reconciliation to adjusted operating income:				
Share-based compensation	15,498	14,548		
Depreciation and amortization	7,481	9,319		
Adjusted operating income	$ 152,080	$ 145,578	$ 6,502	4 %

Revenues

Revenues for the year ended June 30, 2018 decreased $33,331, or 4%, to $778,653 as compared to the prior year. The net decrease is attributable to the following:

Decrease in professional sports teams' playoff related revenues	$	(29,333)
Decrease in revenues from league distributions		(24,820)
Decrease in event-related revenues from other live sporting events		(10,817)
Increase in professional sports teams' sponsorship and signage revenues and ad sales commission		12,454
Increase in local media rights fees from MSG Networks		6,528
Increase in professional sports teams' pre/regular season ticket-related revenues		5,640
Increase in suite rental fee revenues		4,764
Other net increases, inclusive of certain revenues from CLG		2,253
	$	(33,331)

The decrease in professional sports team's playoff related revenues was primarily due to the Rangers playing six home playoff games as the team advanced to the second round of the playoffs in the prior year versus not qualifying for playoffs in fiscal year 2018.

The decrease in revenues from league distributions primarily reflects an NHL expansion fee of $15,500 and approximately $15,000 of non-recurring distributions from the NHL and NBA, which were both recorded by the Company in fiscal year 2017. These decreases were partially offset by other net increases, inclusive of league distributions related to CLG, which was acquired on July 28, 2017.

The decrease in event-related revenues from other live sporting events was due to a change in the mix of events held during the fiscal year 2018 as compared to the prior year and one event that generated lower revenue during fiscal year 2018 as compared to the prior year.

The increase in professional sports teams' sponsorship and signage revenues and ad sales commissions was primarily due to sales of new sponsorship and signage inventory, increased sales of existing sponsorship and signage inventory and the impact of a marketing partner, upon renewal of its agreement, shifting its marketing partnership spend from a combination of entertainment and sports entirely to sports.

The increase in local media rights fees from MSG Networks was primarily due to contractual rate increases.

The increase in professional sports teams' pre/regular season ticket-related revenues was primarily due to higher average Rangers per-game revenue, partially offset by lower average Liberty and Knicks per-game revenue.

The increase in suite rental fee revenue was primarily due to contractual rate increases.

Direct operating expenses

Direct operating expenses for the year ended June 30, 2018 decreased $16,063, or 3%, to $456,932 as compared to the prior year. The net decrease is attributable to the following:

Decrease in professional sports teams' playoff related expenses	$	(14,290)
Decrease in event-related expenses associated with other live sporting events		(5,612)
Decrease in team personnel compensation		(3,726)
Decrease in net provisions for NBA and NHL revenue sharing expense (excluding playoffs) and NBA luxury tax		(3,590)
Increase in net provisions for certain team personnel transactions		5,535
Increase in other team operating expenses		4,209
Other net increases		1,411
	$	(16,063)

The decrease in professional sports teams' playoff related expenses was primarily due to the Rangers playing six home playoff games as the team advanced to the second round of the playoffs in the prior year versus not qualifying for playoffs in fiscal year 2018.

The decrease in event-related expenses associated with other live sporting events was primarily due to a change in the mix of events during fiscal year 2018 as compared to the prior year, and to a lesser extent, one event that generated lower expense during the fiscal year 2018 as compared to the prior year.

The decrease in team personnel compensation was primarily due to lower overall player salaries during fiscal year 2018 as a result of roster changes, partially offset by higher other team personnel compensation and the inclusion of team personnel compensation for CLG, which was acquired on July 28, 2017.

Net provisions for NBA and NHL revenue sharing expense (excluding playoffs) and NBA luxury tax and for certain team personnel transactions were as follows:

	Years Ended June 30,		
	2018	2017	Increase (Decrease)
Net provisions for NBA and NHL revenue sharing expense (excluding playoffs) and NBA luxury tax	$ 55,450	$ 59,040	$ (3,590)
Net provisions for certain team personnel transactions	27,514	21,979	5,535

The decrease in net provisions for NBA and NHL revenue sharing expense (excluding playoffs) and NBA luxury tax reflects a lower provision for NBA and NHL revenue sharing expense of $1,878 and a higher estimated NBA luxury tax receipt of $1,712. Lower NBA and NHL revenue sharing expense primarily reflects an increase in estimated net player escrow recoveries, partially offset by higher estimated NBA and NHL revenue sharing expense for the 2017-18 season and, to a lesser extent, net adjustments to prior season's revenue sharing expense. The increase in estimated NBA luxury tax receipt is based on the Knicks' roster, which as of June 30, 2018 did not result in luxury tax for the 2017-18 season. The Knicks were not a luxury tax payer for the 2016-17 season and, therefore, received an equal share of the portion of luxury tax receipts that were distributed to non-tax paying teams. The actual amounts for the 2017-18 season may vary significantly from the recorded provisions based on actual operating results for each league and all teams within each league for the season and other factors.

Team personnel transactions for the year ended June 30, 2018 reflect provisions recorded for (i) waivers/contract terminations of $21,559, (ii) season-ending player injuries of $4,273, which is net of insurance recoveries of $468 and (iii) player trades of $1,682. Team personnel transactions for the year ended June 30, 2017 reflect provisions recorded for waivers/contract terminations and player trades of $13,979 and $8,000, respectively.

The increase in other team operating expenses was primarily due to higher day-of-event costs and league expenses.

Selling, general and administrative expenses

Selling, general and administrative expenses for the year ended June 30, 2018 decreased $22,820, or 11%, to $185,139 as compared to the prior year, primarily due to lower employee compensation and related benefits, and to a lesser extent, lower marketing costs, partially offset by an increase in corporate general and administrative costs. The reduction in employee compensation and related benefits as compared to the prior year is primarily driven by severance-related costs in the prior year, which were attributable to a separation agreement with a team executive.

Depreciation and amortization

Depreciation and amortization for the year ended June 30, 2018 decreased $1,838, or 20%, to $7,481 as compared to the prior year primarily as a result of an intangible asset becoming fully amortized.

Operating income

Operating income for the year ended June 30, 2018 increased $7,390, or 6%, to $129,101 as compared to the prior year primarily due to lower selling, general and administrative expenses and direct operating expenses, partially offset by a decrease in revenues, as discussed above.

Adjusted operating income

Adjusted operating income for the year ended June 30, 2018 increased $6,502, or 4%, to $152,080, as compared to the prior year primarily due to lower selling, general and administrative expenses, excluding share-based compensation expense, and direct operating expenses, partially offset by a decrease in revenues.

Liquidity and Capital Resources

Overview

Our primary sources of liquidity are cash and cash equivalents, cash flows from the operations of our businesses and maximum borrowing capacity under our $390,000 revolving credit facilities. Our principal uses of cash include working capital-related items, capital spending (including our planned construction of large-scale venues in Las Vegas and London), investments and related loans that we may fund from time to time, repurchases of shares of the Company's Class A Common Stock, repayment of debt, and the payment of earn-out obligations and mandatory purchases from prior acquisitions. The decisions of the Company as to the use of its available liquidity will be based upon the ongoing review of the funding needs of the business, the optimal allocation of cash resources, and the timing of cash flow generation. To the extent the Company desires to access alternative sources of funding through the capital and credit markets, challenging U.S. and global economic conditions could adversely impact its ability to do so at that time.

We regularly monitor and assess our ability to meet our net funding and investing requirements. Without regard to the impact of the potential Sports Distribution, which would have a positive impact on the Company's liquidity, if and when it is completed, we believe we have sufficient liquidity, including approximately $1,086,000 in unrestricted cash and cash equivalents and $108,000 of short-term investments as of June 30, 2019, along with available borrowing capacity under our revolving credit facilities combined with operating cash flows, over the next 12 months, to fund our operations, to pursue the development of the new venues discussed below and other new business opportunities and to repurchase shares of the Company's Class A Common Stock (see Note 2 and Note 11 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for a discussion of the Company's short-term investments).

TAO Group's principal uses of cash include working capital related-items, investments in new venues, tax-related cash distributions, interest expense payments and repayment of debt. TAO Group plans to continue to grow its business through the opening of new venues. TAO Group regularly monitors and assesses its ability to meet its funding and investment requirements. Over the next 12 months, the Company believes that TAO Group has sufficient liquidity from cash on hand, cash generated from operations and its revolving credit facility to fund its operations, service debt obligations and pursue new business opportunities.

MSG Spheres

The Company has made significant progress on MSG Sphere at The Venetian, its state-of-the-art entertainment venue currently under construction in Las Vegas.

We view both innovative design and cost management as key imperatives to the construction process. While it is always difficult to provide a definitive construction cost estimate for large-scale construction projects, it is particularly challenging for one as unique as MSG Sphere. In May, our Board of Directors approved a preliminary cost estimate of $1,200,000 based upon schematic designs for purposes of developing the Company's budget and financial projections. We expect the estimation process for MSG Sphere construction costs will be dynamic as the project moves forward. The actual construction costs for MSG Sphere in Las Vegas incurred through June 30, 2019 were approximately $109,000.

In June, the Company announced that it engaged AECOM — a leading builder known for creating bold, innovative projects — as its general contractor for the Las Vegas project. We made the strategic decision to enter into a "cost plus" construction contract with AECOM. While this type of contract adds to the complexity of the cost estimation process, we believe our "cost plus" construction contract with AECOM will help our efforts to maximize the quality of the work, while permitting us to play a more vigilant role in managing the project's costs, including full transparency into the selection of, negotiations with, and labor and materials utilized by subcontractors.

In order to further drive cost control, under the terms of the construction contract, AECOM will receive lower fees if the "hard" construction costs come in greater than an "incentive benchmark" agreed upon by the Company and AECOM. The process of setting the incentive benchmark began in July when AECOM provided the Company with its proposal, representing its estimate of the hard construction costs of the project. AECOM's initial benchmark proposal, together with the costs of additional core technology and estimated soft costs, results in a project cost estimate that is approximately $1,700,000. We believe this cost estimate is too high and are now in the contractual process of reviewing, testing and challenging the elements of AECOM's estimates and assumptions. We are also value engineering aspects of the project to further reduce costs. We intend to do this in a granular fashion using, among other resources, our outside project manager. We believe we will be successful in achieving significant cost reductions through this process, while noting that there are no assurances that we will reach an agreement on the incentive benchmark.

The above cost estimates for the MSG Sphere in Las Vegas have been reduced to reflect the $75,000 that the Las Vegas Sands Corp. has agreed to pay the Company to defray the construction costs of a pedestrian bridge that will link the venue to the Sands Expo Convention Center. The estimates and costs also do not contain significant capitalized and non-capitalized costs for items

such as content creation, internal labor costs, and furniture and equipment. As with any major construction project, the construction of MSG Spheres is subject to potential unexpected delays, costs or other complications. Our goal is to open MSG Sphere in Las Vegas in calendar year 2021.

See Exhibit 10.65 to this Form 10-K for a copy of the Construction Agreement, dated May 13, 2019, by and between MSG Las Vegas, LLC and Hunt Construction Group Inc. (AECOM).

In February 2018, we announced the purchase of land in Stratford, London, which we expect will become home to the Company's second MSG Sphere and first large-scale international venue. Cost estimates for MSG Sphere in London are still in development as the Company continues to refine its design, which it currently expects will be substantially similar to MSG Sphere in Las Vegas, including having approximately the same seating capacity. The Company submitted a planning application to the local planning authority in March 2019 and expects a planning determination by the end of calendar year 2019 (which may become the subject of further discussions with the planning authority). Our plan is to begin construction on the MSG Sphere venue in London only once we have received all necessary approvals and have further advanced our design for the venue.

We anticipate that MSG Sphere in Las Vegas will generate substantial incremental revenue and adjusted operating income on an annual basis. For additional information regarding the Company's capital expenditures related to the MSG Spheres, see Note 19 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

In connection with these efforts, the Company will need to pursue additional capital beyond that which is available from cash on hand, cash flows from operations and borrowings under our revolving credit facilities. There is no assurance that the Company will be able to obtain such capital.

The potential Sports Distribution, if consummated, will provide the Company with additional liquidity, some or all of which could be used to finance part of the cost of constructing the MSG Spheres. The current plan for the Sports Distribution contemplates that the Company would retain up to about one-third of the common stock of Sports Spinco. Some or all of that interest could be sold for cash by the Company.

We will continue to explore additional domestic and international markets where we believe next-generation venues such as the MSG Sphere can be successful.

Financing Agreements, Revolving Credit Facilities Provided to Nonconsolidated Affiliates and Stock Repurchases

Financing Agreements

On September 30, 2016, New York Knicks, LLC ("Knicks LLC"), a wholly owned subsidiary of the Company, entered into a credit agreement with a syndicate of lenders providing for a senior secured revolving credit facility of up to $200,000 with a term of five years (the "Knicks Revolving Credit Facility") to fund working capital needs and for general corporate purposes. Amounts borrowed may be distributed to the Company except during an event of default. There was no borrowing under the Knicks Revolving Credit Facility as of June 30, 2019. As of June 30, 2019, Knicks LLC was in compliance with the required financial covenant.

On September 30, 2016, Knicks LLC entered into an unsecured revolving credit facility with a lender for an initial maximum credit amount of $15,000 and a 364-day term (the "Knicks Unsecured Credit Facility"). Knicks LLC renewed this facility with the lender on the same terms in successive years and the facility has been renewed for a new term effective as of September 27, 2019. There was no borrowing under the Knicks Unsecured Credit Facility as of June 30, 2019. This facility does not have financial covenants.

On January 25, 2017, New York Rangers, LLC ("Rangers LLC"), a wholly owned subsidiary of the Company, entered into a credit agreement with a syndicate of lenders providing for a senior secured revolving credit facility of up to $150,000 with a term of five years (the "Rangers Revolving Credit Facility") to fund working capital needs and for general corporate purposes. Amounts borrowed may be distributed to the Company except during an event of default. There was no borrowing under the Rangers Revolving Credit Facility as of June 30, 2019. As of June 30, 2019, Rangers LLC was in compliance with the required financial covenant.

On May 23, 2019, TAO Group Intermediate Holdings LLC ("TAOIH") and TAO Group Operating LLC ("TAOG"), entered into a credit agreement (the "TAO Senior Credit Agreement") with JPMorgan Chase Bank, N.A., and the lenders party thereto. The TAO Senior Credit Agreement provides TAOG with senior secured credit facilities (the "TAO Senior Secured Credit Facilities") consisting of: (i) an initial $40,000 term loan facility with a term of five years and (ii) a $25,000 revolving credit facility with a term of five years (the "TAO Revolving Credit Facility"). The TAO Senior Secured Credit Facilities were obtained without recourse to the Company or any of its affiliates (other than TAOG, TAOIH and its subsidiaries). The outstanding amount drawn

on the TAO Revolving Credit Facility was $15,000 as of June 30, 2019. As of June 30, 2019, TAOIH was in compliance with the required financial covenants.

On May 23, 2019, a subsidiary of the Company and a subsidiary of TAO Group Holdings LLC entered into an intercompany subordinated term loan credit agreement providing for a credit facility of $49,000 that matures in August 2024 (the "TAO Subordinated Credit Facility"). The balances and interest-related activities pertaining to the TAO Subordinated Credit Agreement have been eliminated in the consolidated financial statements in accordance with ASC Topic 810, *Consolidation*. As of June 30, 2019, TAO Group Holdings LLC was in compliance with the required financial covenants.

See Note 12 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for additional information on the Knicks Revolving Credit Facility, Knicks Unsecured Credit Facility, Rangers Revolving Credit Facility and the TAO Senior Secured Credit Facility.

Revolving Credit Facilities Provided to Nonconsolidated Affiliates, Financing Agreements and Stock Repurchases

See Note 7 and Note 15 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for discussions of the Company's revolving credit facility extended to a nonconsolidated affiliate and the Company's stock repurchases, respectively.

Bilateral Letters of Credit Lines

The Company has established bilateral credit lines with a bank to issue letters of credit in support of the Company's business operations. The Company pays fees for the letters of credit that are credited against interest income the Company receives in return from its investments in notes receivable with the same bank. As of June 30, 2019, the Company had $12,512 of letters of credit outstanding pursuant to which fees were credited against note investments. Of which, TAO Group had two letters of credit outstanding for $750 as of March 31, 2019.

Cash Flow Discussion

As of June 30, 2019, cash, cash equivalents and restricted cash totaled $1,117,901, as compared to $1,256,620 as of June 30, 2018. The following table summarizes the Company's cash flow activities for the years ended June 30, 2019, 2018 and 2017:

	Years Ended June 30,		
	2019	**2018**	**2017**
Net cash provided by operating activities	$ 161,253	$ 217,629	$ 223,532
Net cash used in investing activities	(232,895)	(182,357)	(264,301)
Net cash used in financing activities	(71,746)	(51,097)	(158,525)
Effect of exchange rates on cash, cash equivalents and restricted cash	4,669	331	—
Net decrease in cash, cash equivalents and restricted cash	$ (138,719)	$ (15,494)	$ (199,294)

Operating Activities

Net cash provided by operating activities for the year ended June 30, 2019 decreased by $56,376 to $161,253 as compared to the prior year primarily due to changes in certain assets and liabilities, as well as a decrease in net income to a net loss in the current year adjusted for non-cash items. The changes in certain assets and liabilities are driven by decreases in collections due to promoters and prepaid expenses and other assets, partially offset by higher accrued and other liabilities, all due to timing. The decrease in net income adjusted for non-cash items was impacted by earnings in equity method investments in the current year as compared to a loss in the prior year and lower depreciation and amortization in the current year.

Net cash provided by operating activities for the year ended June 30, 2018 decreased by $5,903 to $217,629 as compared to the prior year primarily due to higher net income adjusted for non-cash items including (i) a reduction in net deferred tax liabilities as a result of the recently enacted Tax Cuts and Jobs Act effective January 1, 2018, (ii) a write-off of deferred production costs associated with the *New York Spectacular* in the prior year, and (iii) an impairment charge to write off the carrying value of the Company's equity investment in Fuse Media in the prior year, partially offset by increases in depreciation and amortization and share-based compensation expense in fiscal year 2018 as compared to the prior year. This increase was offset by a severance-related payment in fiscal year 2018 attributable to a separation agreement with a team executive which was accrued for as of June 30, 2017 and a decrease in cash received related to deferred revenue primarily due to timing.

Investing Activities

Net cash used in investing activities for the year ended June 30, 2019 increased by $50,538 to $232,895 as compared to the prior year primarily due to the Company's investment in a British pound-denominated time deposit and an investment in SACO, partially offset by proceeds received from the sale of the Company's 50% interest in AMSGE.

Net cash used in investing activities for the year ended June 30, 2018 decreased by $81,944 to $182,357 as compared to the prior year primarily due to (i) a net decrease in business acquisitions, (ii) repayments received from loans to nonconsolidated affiliates, and (iii) the acquisition of available-for-sale securities in the prior year. These decreases were partially offset by (i) higher capital expenditures in fiscal year 2018, primarily associated with the purchase of land in London and costs incurred in developing the Company's new venues in Las Vegas and London, (ii) new investments made in nonconsolidated affiliates, and (iii) a franchise fee payment made in fiscal year 2018 associated with CLG's membership in the "League of Legends" North American League Championship Series.

Financing Activities

Net cash used in financing activities for the year ended June 30, 2019 increased by $20,649 to $71,746 as compared to the prior year due to the repayment of all obligations under the 2017 TAO Credit Agreement partially offset by (i) proceeds received from borrowings under the TAO Senior Credit Agreement, (ii) lower taxes paid in lieu of shares issued for equity-based compensation in the current year as compared to the prior year, (iii repurchases of shares of the Company's Class A Common Stock in the prior year as compared to no repurchases in the current year, and other financing activities.

Net cash used in investing activities for the year ended June 30, 2018 decreased by $107,428 to $51,097 as compared to the prior year largely due to lower repurchases of shares of the Company's Class A Common Stock in the current year as compared to the prior year. This decrease was partially offset by (i) higher taxes paid in lieu of shares issued for equity-based compensation in fiscal year 2018 as compared to the prior year, (ii) distributions to noncontrolling interest holders related to the acquisition of TAO Group in fiscal year 2018 and (iii) a contingent consideration payment related to the acquisition of CLG in fiscal year 2018.

Contractual Obligations and Off Balance Sheet Arrangements

Future cash payments required under contracts entered into by the Company in the normal course of business and outstanding letters of credit as of June 30, 2019 are summarized in the following table:

	Payments Due by Period				
	Total	Year 1	Years 2-3	Years 4-5	More Than 5 Years
Off balance sheet arrangements: [(a)]					
Contractual obligations [(b)]	$ 256,913	$ 115,483	$ 110,976	$ 24,294	$ 6,160
Operating lease obligations [(c)]	377,148	55,078	109,065	89,647	123,358
Letters of credit [(d)]	12,512	12,512	—	—	—
	646,573	183,073	220,041	113,941	129,518
Contractual obligations reflected on the balance sheet [(e)]	117,160	79,064	18,179	8,042	11,875
Total [(f)]	$ 763,733	$ 262,137	$ 238,220	$ 121,983	$ 141,393

[(a)] *Off balance sheet arrangements disclosed in the table above do not include MSG Sphere related commitments that are not reflected on the balance sheet of $1,049,781. Such arrangements are associated with the development and construction of MSG Sphere in Las Vegas. The timing of the future cash payments disclosed is uncertain and may change as the development and construction of MSG Sphere in Las Vegas progresses.*

[(b)] *Contractual obligations not reflected on the balance sheet consist principally of the MSG Sports segment's obligations under employment agreements that the Company has with its professional sports teams' personnel that are generally guaranteed regardless of employee injury or termination.*

[(c)] *Operating lease obligations primarily represent future minimum rental payments on various long-term, noncancelable leases for the Company's venues, including the TAO Group venues, CLG facility, and various corporate offices.*

[(d)] *Consist of letters of credit obtained by the Company as collateral for development of MSG Sphere in Las Vegas and lease agreements.*

(e) *Consist primarily of amounts earned under employment agreements that the Company has with certain of its professional sports teams' personnel in the MSG Sports segment. In addition, the amount includes MSG Sphere related commitments of approximately $19,700, all due within fiscal year 2020.*

(f) *Pension obligations have been excluded from the table above as the timing of the future cash payments is uncertain. See Note 13 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for more information on the future funding requirements under our pension obligations.*

See Note 7 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for discussion of the revolving credit facilities provided by the Company to Tribeca Enterprises.

In connection with the TAO Group and CLG acquisitions, the Company has accrued contingent consideration liabilities as part of the purchase price. See Note 11 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further details of the amount reflected on the balance sheet as of June 30, 2019. In addition, see Note 12 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further details of the principal repayments required under the TAO Senior Secured Credit Facilities and the TAO Revolving Credit Facility.

MSG and a subsidiary of the Las Vegas Sands Corp. entered into a 50-year ground lease in Las Vegas pursuant to which MSG has agreed to construct a large-scale venue. MSG has announced plans to construct an MSG Sphere on that site. See "Item 1. Business — Our Business — Our Performance Venues — MSG Sphere."

MSG has the right to increase its equity interest in TAO Group through a call right on the equity of the other TAO Group equityholders after the fifth anniversary of the closing date (January 31, 2022) and prior to such date in certain events. The other TAO Group equityholders have the right to put to TAO Group their equity interests in TAO Group after the fifth anniversary of the closing and, in certain circumstances to put to MSG prior to the fifth anniversary. The put and call prices are at fair market value (or in certain circumstances, subject to a discount). Consideration paid upon the exercise of any such put or call right shall be, at MSG's option, in cash, debt, or MSG Class A Common Stock, subject to certain limitations.

Seasonality of Our Business

The dependence of the MSG Sports segment on revenues from its NBA and NHL sports teams generally means it earns a disproportionate share of its revenues in the second and third quarters of the Company's fiscal year. The dependence of the MSG Entertainment segment on revenues from the *Christmas Spectacular* generally means it earns a disproportionate share of its revenues and operating income in the second quarter of the Company's fiscal year. In addition, while it does not have a material impact on seasonality of our business, the first and third calendar quarters are seasonally lighter quarters for TAO Group as compared to its second and fourth calendar quarters. As the Company consolidates TAO Group results of operations on a three-month lag basis, the seasonally lighter quarters for TAO will be reflected in the second and fourth quarters of the Company's fiscal year.

Recently Issued Accounting Pronouncements and Critical Accounting Policies

Recently Issued Accounting Pronouncements

See Note 2 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for discussion of recently issued accounting pronouncements.

Critical Accounting Policies

The preparation of the Company's consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Management believes its use of estimates in the consolidated financial statements to be reasonable. The significant accounting policies which we believe are the most critical to aid in fully understanding and evaluating our reported financial results include the following:

Arrangements with Multiple Performance Obligations

See Note 3 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for discussion of the Company's arrangements with multiple performance obligations, primarily multi-year sponsorship agreements.

Impairment of Long-Lived and Indefinite-Lived Assets

The Company's long-lived and indefinite-lived assets accounted for approximately 58% of the Company's consolidated total assets as of June 30, 2019 and consisted of the following:

Goodwill	$	392,513
Indefinite-lived intangible assets		176,485
Amortizable intangible assets, net of accumulated amortization		220,706
Property and equipment, net		1,380,392
	$	2,170,096

In assessing the recoverability of the Company's long-lived and indefinite-lived assets, the Company must make estimates and assumptions regarding future cash flows and other factors to determine the fair value of the respective assets. These estimates and assumptions could have a significant impact on whether an impairment charge is recognized and also the magnitude of any such charge. Fair value estimates are made at a specific point in time, based on relevant information. These estimates are subjective in nature and involve significant uncertainties and judgments and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates. If these estimates or material related assumptions change in the future, the Company may be required to record impairment charges related to its long-lived and/or indefinite-lived assets.

Goodwill

Goodwill is tested annually for impairment as of August 31st and at any time upon the occurrence of certain events or changes in circumstances. The Company performs its goodwill impairment test at the reporting unit level, which is one level below the operating segment level. The Company has two operating and reportable segments, MSG Entertainment and MSG Sports, consistent with the way management makes decisions and allocates resources to the business.

For purposes of evaluating goodwill for impairment, the Company has three reporting units across its two operating segments, which are MSG Sports, MSG Entertainment and TAO Group. TAO Group was acquired after the annual goodwill impairment test for fiscal year 2017 and represents a separate reporting unit within the MSG Entertainment segment for goodwill impairment testing.

The goodwill balance reported on the Company's consolidated balance sheet as of June 30, 2019 by reporting unit was as follows:

MSG Sports	$	226,955
MSG Entertainment		76,975
TAO Group		88,583
	$	392,513

The Company has the option to perform a qualitative assessment to determine if an impairment is more likely than not to have occurred. If the Company can support the conclusion that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company would not need to perform the two-step impairment test for that reporting unit. If the Company cannot support such a conclusion or the Company does not elect to perform the qualitative assessment, the first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount, including goodwill. The estimates of the fair value of the Company's reporting units are primarily determined using discounted cash flows and comparable market transactions. These valuations are based on estimates and assumptions including projected future cash flows, discount rates, determination of appropriate market comparables and the determination of whether a premium or discount should be applied to comparables. Significant judgments inherent in a discounted cash flow analysis include the selection of the appropriate discount rate, the estimate of the amount and timing of projected future cash flows and identification of appropriate continuing growth rate assumptions. The discount rates used in the analysis are intended to reflect the risk inherent in the projected future cash flows. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill that would be recognized in a business combination.

The Company elected to perform the qualitative assessment of impairment for all of the Company's reporting units for the fiscal year 2019 impairment test. These assessments considered factors such as:

- macroeconomic conditions;
- industry and market considerations;
- cost factors;
- overall financial performance of the reporting unit;
- other relevant company-specific factors such as changes in management, strategy or customers; and
- relevant reporting unit specific events such as changes in the carrying amount of net assets.

The Company performed its most recent annual impairment test of goodwill during the first quarter of fiscal year 2019, and there was no impairment of goodwill identified for any of its reporting units. Based on these impairment tests, the Company's MSG Sports, MSG Entertainment and TAO Group reporting units had sufficient safety margins, defined as the excess of the amount by which the estimated fair value of each reporting unit exceeded the respective carrying value of each reporting unit (including goodwill allocated to each respective reporting unit). For MSG Sports and MSG Entertainment the most recent quantitative assessments were used in making this determination and due to the proximity of the acquisition date for TAO Group to the goodwill impairment test date, the initial purchase price was assumed to be the fair value of the TAO Group reporting unit for purposes of the goodwill impairment test. The Company believes that if the fair value of a reporting unit exceeds its carrying value by greater than 10%, a sufficient safety margin has been realized.

Identifiable Indefinite-Lived Intangible Assets

Identifiable indefinite-lived intangible assets are tested annually for impairment as of August 31st and at any time upon the occurrence of certain events or substantive changes in circumstances. The following table sets forth the amount of identifiable indefinite-lived intangible assets reported in the Company's consolidated balance sheet as of June 30, 2019 by reportable segment:

Sports franchises (MSG Sports segment)	$	111,064
Trademarks (MSG Entertainment segment)		62,421
Photographic related rights (MSG Sports segment)		3,000
	$	176,485

The Company has the option to perform a qualitative assessment to determine if an impairment is more likely than not to have occurred. In the qualitative assessment, the Company must evaluate the totality of qualitative factors, including any recent fair value measurements, that impact whether an indefinite-lived intangible asset other than goodwill has a carrying amount that more likely than not exceeds its fair value. The Company must proceed to conducting a quantitative analysis, if the Company (i) determines that such an impairment is more likely than not to exist, or (ii) forgoes the qualitative assessment entirely. Under the quantitative assessment, the impairment test for identifiable indefinite-lived intangible assets consists of a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. For all periods presented, the Company elected to perform a qualitative assessment of impairment for the indefinite-lived intangible assets in the MSG Sports segment and the majority of the trademarks in the MSG Entertainment segment. These assessments considered the events and circumstances that could affect the significant inputs used to determine the fair value of the intangible asset. Examples of such events and circumstances include:

- cost factors;
- financial performance;
- legal, regulatory, contractual, business or other factors;
- other relevant company-specific factors such as changes in management, strategy or customers;
- industry and market considerations; and
- macroeconomic conditions.

The Company performed its most recent annual impairment test of identifiable indefinite-lived intangible assets during the first quarter of fiscal year 2019, and there were no impairments identified. Based on these impairment tests, the Company's indefinite-lived intangible assets had sufficient safety margins, representing the excess of each identifiable indefinite-lived intangible asset's estimated fair value over its respective carrying value. The Company believes that if the fair value of an indefinite-lived intangible asset exceeds its carrying value by greater than 10%, a sufficient safety margin has been realized.

Other Long-Lived Assets

For other long-lived assets, including intangible assets that are amortized, the Company evaluates assets for recoverability when there is an indication of potential impairment. If the undiscounted cash flows from a group of assets being evaluated is less than the carrying value of that group of assets, the fair value of the asset group is determined and the carrying value of the asset group is written down to fair value.

The estimated useful lives and net carrying values of the Company's intangible assets subject to amortization as of June 30, 2019 are as follows:

	Estimated Useful Lives		Net Carrying Value
Trade names	5 to	25 years	$ 88,602
Venue management contracts	12 to	25 years	69,113
Favorable lease assets	1.5 to	16 years	43,871
Season ticket holder relationships		15 years	2,491
Non-compete agreements	5 to	5.75 years	7,089
Festival rights		15 years	6,463
Other intangibles	3 months to	15 years	3,077
			$ 220,706

The Company has recognized intangible assets for trade names, venue management contracts, favorable lease assets, season ticket holder relationships, non-compete agreements, festival rights and other intangibles as a result of purchase accounting. The Company has determined that these intangible assets have finite lives.

The useful lives of the Company's long-lived assets are based on estimates of the period over which the Company expects the assets to be of economic benefit to the Company. In estimating the useful lives, the Company considers factors such as, but not limited to, risk of obsolescence, anticipated use, plans of the Company, and applicable laws and permit requirements. In light of these facts and circumstances, the Company has determined that its estimated useful lives are appropriate.

Contingent Consideration

Some of the Company's acquisition agreements include contingent earn-out arrangements, which are generally based on the achievement of future operating targets.

The fair values of these earn-out arrangements are included as part of the purchase price of the acquired companies on their respective acquisition dates. For each transaction, the Company estimates the fair value of contingent earn-out payments as part of the initial purchase price and records the estimated fair value of contingent consideration that the Company will pay to the former owners as a liability in Other liabilities on the consolidated balance sheets.

The Company measures its contingent earn-out liabilities at fair value on a recurring basis using significant unobservable inputs classified within Level III of the fair value hierarchy, which can result in a significantly higher or lower liability with a higher liability capped by the contractual maximum of the contingent earn-out obligation. Ultimately, the liability will be equivalent to the amount paid, and the difference between the fair value estimate and amount paid will be recorded in earnings.

See Note 11 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for more information regarding the fair value of the Company's contingent consideration liabilities related to the acquisition of TAO Group and CLG.

Defined Benefit Pension Plans and Other Postretirement Benefit Plan

The Company utilizes actuarial methods to calculate pension and other postretirement benefit obligations and the related net periodic benefit cost which are based on actuarial assumptions. Key assumptions, the discount rates and the expected long-term rate of return on plan assets, are important elements of the plans' expense and liability measurement and we evaluate these key assumptions annually. Other assumptions include demographic factors, such as mortality, retirement age and turnover. The actuarial assumptions used by the Company may differ materially from actual results due to various factors, including, but not limited to, changing economic and market conditions. Differences between actual and expected occurrences could significantly impact the actual amount of net periodic benefit cost and the benefit obligation recorded by the Company. Material changes in the costs of the plans may occur in the future due to changes in these assumptions, changes in the number of the plan participants, changes in the level of benefits provided, changes in asset levels and changes in legislation. Our assumptions reflect our historical experience and our best estimate regarding future expectations.

Accumulated and projected benefit obligations reflect the present value of future cash payments for benefits. We use the Willis Towers Watson U.S. Rate Link: 40-90 Discount Rate Model (which is developed by examining the yields on selected highly rated corporate bonds) to discount these benefit payments on a plan by plan basis, to select a rate at which we believe each plan's benefits could be effectively settled. Additionally, the Company measures service and interest costs by applying the specific spot rates along that yield curve to the plans' liability cash flows ("Spot Rate Approach"). The Company believes the Spot Rate Approach provides a more accurate measurement of service and interest costs by improving the correlation between projected benefit cash flows and their corresponding spot rates on the yield curve.

Lower discount rates increase the present value of benefit obligations and will usually increase the subsequent year's net periodic benefit cost. The weighted-average discount rates used to determine benefit obligations as of June 30, 2019 for the Company's Pension Plans and Postretirement Plan were 3.58% and 3.18%, respectively. A 25 basis point decrease in each of these assumed discount rates would increase the projected benefit obligations for the Company's Pension Plans and Postretirement Plan at June 30, 2019 by $5,950 and $80, respectively. The weighted-average discount rates used to determine service cost, interest cost and the projected benefit obligation components of net periodic benefit cost were 4.25%, 3.90% and 4.19%, respectively, for the year ended June 30, 2019 for the Company's Pension Plans. The weighted-average discount rates used to determine service cost, interest cost and the projected benefit obligation components of net periodic benefit cost were 4.25%, 3.67% and 4.06%, respectively, for the year ended June 30, 2019 for the Company's Postretirement Plan. A 25 basis point decrease in these assumed discount rates would increase the total net periodic benefit cost for the Company's Pension Plans by $100 and decrease net periodic benefit cost for Postretirement Plan by $6 for the year ended June 30, 2019.

The expected long-term return on plan assets is based on a periodic review and modeling of the plans' asset allocation structures over a long-term horizon. Expectations of returns for each asset class are the most important of the assumptions used in the review and modeling, and are based on comprehensive reviews of historical data, forward-looking economic outlook, and economic/financial market theory. The expected long-term rate of return was selected from within the reasonable range of rates determined by (a) historical real returns, net of inflation, for the asset classes covered by the investment policy, and (b) projections of inflation over the long-term period during which benefits are payable to plan participants. The expected long-term rate of return on plan assets for the Company's funded pension plans was 3.72% for the year ended June 30, 2019.

Performance of the capital markets affects the value of assets that are held in trust to satisfy future obligations under the Company's funded plans. Adverse market performance in the future could result in lower rates of return for these assets than projected by the Company which could increase the Company's funding requirements related to these plans, as well as negatively affect the Company's operating results by increasing the net periodic benefit cost. A 25 basis point decrease in the long-term return on pension plan assets assumption would increase net periodic pension benefit cost by $300 for the year ended June 30, 2019.

Another important assumption for our Postretirement Plan is healthcare cost trend rates. We developed our estimate of the healthcare cost trend rates through examination of the Company's claims experience and the results of recent healthcare trend surveys.

Assumptions for healthcare cost trend rates used to determine the net periodic benefit cost and benefit obligation for our Postretirement Plan as of and for the year ended June 30, 2019 are as follows:

	Net Periodic Benefit Cost	Benefit Obligation
Healthcare cost trend rate assumed for next year	7.00%	6.75%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2027	2027

A one percentage point change in assumed healthcare cost trend rates would have the following effects on the net periodic postretirement benefit cost and benefit obligation for our postretirement plan as of and for the year ended June 30, 2019:

	Increase (Decrease) on Total of Service and Interest Cost Components	Increase (Decrease) on Benefit Obligation
One percentage point increase	$ 19	$ 335
One percentage point decrease	(17)	(303)

GAAP includes mechanisms that serve to limit the volatility in the Company's earnings that otherwise would result from recording changes in the value of plan assets and benefit obligations in our consolidated financial statements in the periods in which those changes occur. For example, while the expected long-term rate of return on the plans' assets should, over time, approximate the actual long-term returns, differences between the expected and actual returns could occur in any given year. These differences contribute to the deferred actuarial gains or losses, which are then amortized over time.

See Note 13 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for more information on our pension plans and other postretirement benefit plan.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

For sensitivity analysis and other information regarding market risks we face in connection with our Pension Plans and Postretirement Plan, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Recently Issued Accounting Pronouncements and Critical Accounting Policies — Critical Accounting Policies — Defined Benefit Pension Plans and Other Postretirement Benefit Plan," which information is incorporated by reference herein.

Borrowings under our Knicks Revolving Credit Facility, Knicks Unsecured Credit Facility and Rangers Revolving Credit Facility, collectively, the "MSG Credit Facilities", would incur interest, depending on our election, at a floating rate based upon LIBOR, the U.S. Federal Funds Rate or the U.S. Prime Rate, plus, in each case, a fixed spread. If appropriate, we may seek to reduce such exposure through the use of interest rate swaps or similar instruments. See Note 12 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for more information on our MSG Credit Facilities. We currently have no interest rate risk exposure with our MSG Credit Facilities as we have no debt outstanding under our MSG Credit Facilities.

In addition to the MSG Credit Facilities above, the Company, through the consolidation of TAO Group, also has TAO Term Loan Facility and TAO Revolving Credit Facility, collectively, the "TAO Credit Facilities". Borrowings under the TAO Credit Facilities incur interest, depending on TAO Group Operating LLC's election, at a floating rate based upon LIBOR, the U.S. Federal Funds Rate or the U.S. Prime Rate, plus, in each case, an additional spread which is dependent upon the total leverage ratio at the time. Accordingly, TAO Credit Facilities are subject to interest rate risk with respect to the tenor of any borrowings incurred. The effect of a hypothetical 100 basis point increase in floating interest rates prevailing as of June 30, 2019 and continuing for a full year would increase interest expense of the amount outstanding on the TAO Credit Facilities by $550. If appropriate, the TAO entities may seek to reduce such exposure through the use of interest rate swaps or similar instruments that qualify for hedge accounting treatment. See Note 12 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for more information on the TAO Credit Facilities.

We are exposed to market risk resulting from foreign currency fluctuations, primarily to the British pound sterling through our net investment position initiated with our acquisition of land in London in the second quarter of fiscal year 2018 and through cash and invested funds which will be deployed in the construction of our London venue. We may evaluate and decide, to the extent reasonable and practical, to reduce the translation risk of foreign currency fluctuations by entering into foreign currency forward exchange contracts with financial institutions. If we were to enter into such hedging transactions, the market risk resulting from foreign currency fluctuations is unlikely to be entirely eliminated. We do not plan to enter into derivative financial instrument transactions for foreign currency speculative purposes.

As of June 30, 2019, a uniform hypothetical 5% fluctuation in the GBP/USD exchange rate would have resulted in a change of approximately $15,155 in net asset value.

We do not have any meaningful commodity risk exposures associated with the operation of our venues.

Item 8. Financial Statements and Supplementary Data

The Financial Statements required by this Item 8 appear beginning on page F-1 of this Annual Report on Form 10-K, and are incorporated by reference herein.

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

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

An evaluation was carried out under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that as of June 30, 2019 the Company's disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

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

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

Under the supervision and with the participation of management, including the Company's Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the results of this evaluation, our management concluded that our internal control over financial reporting was effective as of June 30, 2019.

The effectiveness of our internal control over financial reporting as of June 30, 2019 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information relating to our directors, executive officers and corporate governance will be included in the proxy statement for the 2019 annual meeting of the Company's stockholders, which is expected to be filed within 120 days of our fiscal year end, and is incorporated herein by reference.

Item 11. Executive Compensation

Information relating to executive compensation will be included in the proxy statement for the 2019 annual meeting of the Company's stockholders, which is expected to be filed within 120 days of our fiscal year end, and is incorporated herein by reference.

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

Information relating to the beneficial ownership of our common stock will be included in the proxy statement for the 2019 annual meeting of the Company's stockholders, which is expected to be filed within 120 days of our fiscal year end, and is incorporated herein by reference.

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

Information relating to certain relationships and related transactions and director independence will be included in the proxy statement for the 2019 annual meeting of the Company's stockholders, which is expected to be filed within 120 days of our fiscal year end, and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information relating to principal accountant fees and services will be included in the proxy statement for the 2019 annual meeting of the Company's stockholders, which is expected to be filed within 120 days of our fiscal year end, and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

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

3. Exhibits:

EXHIBIT NO.	DESCRIPTION
2.1	Distribution Agreement, dated September 11, 2015, between MSG Networks Inc. and The Madison Square Garden Company (incorporated by reference to Exhibit 2.1 to Amendment No. 6 to the Company's Registration Statement on Form 10 filed on September 11, 2015).
2.2	Contribution Agreement, dated September 11, 2015, among MSG Networks Inc., MSGN Holdings, L.P. and The Madison Square Garden Company (incorporated by reference to Exhibit 2.2 to Amendment No. 6 to the Company's Registration Statement on Form 10 filed on September 11, 2015).
3.1	Amended and Restated Certificate of Incorporation of The Madison Square Garden Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on October 1, 2015).
3.2	Amended By-Laws of The Madison Square Garden Company (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on October 1, 2015).
4.1	Transfer Consent Agreement, dated September 28, 2015 with the NBA (incorporated by reference to Exhibit 4.1 to the Company's Form 10-K for the fiscal year ended June 30, 2016 filed on August 19, 2016).
4.2	Transfer Consent Agreement, dated September 28, 2015 with the NHL (incorporated by reference to Exhibit 4.2 to the Company's Form 10-K for the fiscal year ended June 30, 2016 filed on August 19, 2016).
4.3	Registration Rights Agreement, dated as of September 15, 2015, by and among The Madison Square Garden Company and The Charles F. Dolan Children Trusts (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 1, 2015).
4.4	Registration Rights Agreement, dated as of September 15, 2015, by and among The Madison Square Garden Company and The Dolan Family Affiliates (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on October 1, 2015).
4.5	Description of Capital Stock.
10.1	Transition Services Agreement, dated September 11, 2015, by and between MSG Networks Inc. and The Madison Square Garden Company (incorporated by reference to Exhibit 10.1 to Amendment No. 6 to the Company's Registration Statement on Form 10 filed on September 11, 2015).
10.2	Tax Disaffiliation Agreement, dated September 11, 2015, between MSG Networks Inc. and The Madison Square Garden Company (incorporated by reference to Exhibit 10.2 to Amendment No. 6 to the Company's Registration Statement on Form 10 filed on September 11, 2015).
10.3	Employee Matters Agreement, dated September 11, 2015, by and between MSG Networks Inc. and The Madison Square Garden Company (incorporated by reference to Exhibit 10.3 to Amendment No. 6 to the Company's Registration Statement on Form 10 filed on September 11, 2015).
10.4	The Madison Square Garden Company 2015 Employee Stock Plan (incorporated by reference to Exhibit 10.4 to the Company's Form 10-K for the fiscal year ended June 30, 2016 filed on August 19, 2016). †
10.5	The Madison Square Garden Company 2015 Cash Incentive Plan (incorporated by reference to Exhibit 10.5 to the Company's Form 10-K for the fiscal year ended June 30, 2016 filed on August 19, 2016). †

EXHIBIT NO.	DESCRIPTION
10.6	The Madison Square Garden Company 2015 Stock Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.6 to the Company's Form 10-K for the fiscal year ended June 30, 2016 filed on August 19, 2016). †
10.7	Standstill Agreement, dated September 15, 2015, by and among The Madison Square Garden Company and The Dolan Family Group (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 1, 2015).
10.8	Form of Indemnification Agreement between The Madison Square Garden Company and its Directors and Executive Officers (incorporated by reference to Exhibit 10.8 to Amendment No. 3 to the Company's Registration Statement on Form 10 filed on July 24, 2015).
10.9	Form of The Madison Square Garden Company Non-Employee Director Award Agreement (incorporated by reference to Exhibit 10.9 to Amendment No. 3 to the Company's Registration Statement on Form 10 filed on July 24, 2015). †
10.10	Form of The Madison Square Garden Company Restricted Stock Units Agreement (incorporated by reference to Exhibit 10.10 to Amendment No. 3 to the Company's Registration Statement on Form 10 filed on July 24, 2015). †
10.11	Form of The Madison Square Garden Company Performance Restricted Stock Units Agreement (incorporated by reference to Exhibit 10.11 to Amendment No. 3 to the Company's Registration Statement on Form 10 filed on July 24, 2015). †
10.12	Form of The Madison Square Garden Company Restricted Stock Units Agreement (2018) (incorporated by reference to Exhibit 10.12 to the Company's Form 10-K for the fiscal year ended June 30, 2018 filed on August 17, 2018). †
10.13	Form of The Madison Square Garden Company Performance Restricted Stock Units Agreement (2018) (incorporated by reference to Exhibit 10.13 to the Company's Form 10-K for the fiscal year ended June 30, 2018 filed on August 17, 2018). †
10.14	Form of The Madison Square Garden Company Restricted Stock Units Agreement (2019). †
10.15	Form of The Madison Square Garden Company Performance Restricted Stock Units Agreement (2019). †
10.16	Form of The Madison Square Garden Company Option Agreement (incorporated by reference to Exhibit 10.4 to the Company's Form 10-Q for the quarter ended December 31, 2017 filed on February 8, 2018). †
10.17	Lease Agreement, dated December 4, 1997, between RCPI Trust and Radio City Productions LLC, relating to Radio City Music Hall, (incorporated by reference to Exhibit 10.14 to Amendment No. 3 to the Company's Registration Statement on Form 10 filed on July 24, 2015). +
10.18	First Amendment to Lease Agreement, dated December 4, 1997, between RCPI Trust and Radio City Productions LLC, dated February 19, 1999 (incorporated by reference to Exhibit 10.15 to Amendment No. 3 to the Company's Registration Statement on Form 10 filed on July 24, 2015).
10.19	Second Amendment to Lease Agreement, dated December 4, 1997, between RCPI Landmark Properties, L.L.C. and Radio City Productions LLC, dated November 6, 2002 (incorporated by reference to Exhibit 10.16 to Amendment No. 3 to the Company's Registration Statement on Form 10 filed on July 24, 2015). +
10.20	Third Amendment to Lease Agreement, dated December 4, 1997, between RCPI Landmark Properties, L.L.C. and Radio City Productions LLC, dated August 14, 2008 (incorporated by reference to Exhibit 10.17 to Amendment No. 3 to the Company's Registration Statement on Form 10 filed on July 24, 2015). +
10.21	Fourth Amendment to Lease Agreement, dated December 4, 1997, between RCPI Landmark Properties, L.L.C. and Radio City Productions LLC, dated January 24, 2011 (incorporated by reference to Exhibit 10.18 to Amendment No. 3 to the Company's Registration Statement on Form 10 filed on July 24, 2015). +
10.22	Guaranty of Lease, between MSG Sports & Entertainment, LLC and RCPI Landmark Properties, L.L.C. (incorporated by reference to Exhibit 10.19 to Amendment No. 3 to the Company's Registration Statement on Form 10 filed on July 24, 2015). +
10.23	Employment Agreement dated as of October 3, 2018, between The Madison Square Garden Company and James L. Dolan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed October 4, 2018). †
10.24	Letter Agreement dated as of December 6, 2018, between The Madison Square Garden Company and Donna Coleman (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 10, 2018).†

EXHIBIT NO.	DESCRIPTION
10.25	Employment Agreement dated as of December 6, 2018, between The Madison Square Garden Company and Victoria M. Mink (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 10, 2018). †
10.26	Employment Agreement, dated October 25, 2018, between The Madison Square Garden Company and Philip D'Ambrosio (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q for the quarter ended December 31, 2018 filed on February 1, 2019). †
10.27	Employment Agreement, dated September 6, 2018, between The Madison Square Garden Company and Lawrence J. Burian (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 7, 2018). †
10.28	Employment Agreement, dated December 15, 2017, between The Madison Square Garden Company and Andrew Lustgarten (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 18, 2017). †
10.29	Option Agreement, dated December 15, 2017, between The Madison Square Garden Company and Andrew Lustgarten (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 18, 2017). †
10.30	Dry Lease Agreement, dated January 11, 2017, between MSG Sports & Entertainment, LLC and Quart 2C, LLC for the G550 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 13, 2017).
10.31	Dry Lease Agreement, dated January 11, 2017 between MSG Sports & Entertainment, LLC and Quart 2C, LLC for the G450 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 13, 2017).
10.32	Credit Agreement, dated as of September 30, 2016, by and among New York Knicks, LLC, JPMorgan Chase Bank, N.A. as administrative agent and collateral agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 6, 2016).
10.33	Security Agreement, dated as of September 30, 2016, between New York Knicks, LLC and JPMorgan Chase Bank, N.A., as collateral agent (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 6, 2016).
10.34	Credit Agreement, dated as of January 25, 2017, by and among New York Rangers, LLC, JPMorgan Chase Bank, N.A. as administrative agent and collateral agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 27, 2017).
10.35	Security Agreement, dated as of January 25, 2017, between New York Rangers, LLC and JPMorgan Chase Bank, N.A., as collateral agent (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 27, 2017).
10.36	Transaction Agreement, dated as of January 31, 2017, between MSG TG, LLC, TG Merger Sub, LLC, TG Rollover Holdco LLC, TAO Group Holdings LLC, TAO Group Intermediate Holdings LLC, TAO Group Operating LLC, TAO Group Management LLC, TG Member Representative LLC, certain other parties thereto, and solely with respect to specific provisions MSG Entertainment Holdings, LLC and The Madison Square Garden Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 1, 2017).
10.37	Credit and Guaranty Agreement, dated as of January 31, 2017, among TAO Group Operating LLC, TAO Group Intermediate Holdings LLC, certain subsidiaries of TAO Group Operating LLC, the various lenders thereto, and Goldman Sachs Specialty Lending Group, L.P. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 1, 2017).
10.38	Second Amended and Restated Limited Liability Company Agreement of TAO Group Holdings LLC, dated as of January 31, 2017 (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 1, 2017).
10.39	Amendment No. 1 to Second Amended and Restated Limited Liability Company Agreement of TAO Group Holdings LLC, dated as of May 23, 2019.
10.40	First Amendment to the Credit and Guaranty Agreement, dated as of January 31, 2017, among TAO Group Operating LLC, TAO Group Intermediate Holdings LLC, certain subsidiaries of TAO Group Operating LLC, the various lenders thereto, and Goldman Sachs Specialty Lending Group, L.P., entered into as of May 19, 2017 (incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q for the quarter ended December 31, 2017 filed on February 8, 2018).
10.41	Second Amendment to the Credit and Guaranty Agreement, dated as of January 31, 2017, among TAO Group Operating LLC, TAO Group Intermediate Holdings LLC, certain subsidiaries of TAO Group Operating LLC, the various lenders thereto, and Goldman Sachs Specialty Lending Group, L.P., entered into as of January 22, 2018 (incorporated by reference to Exhibit 10.6 to the Company's Form 10-Q for the quarter ended December 31, 2017 filed on February 8, 2018).

EXHIBIT NO.	DESCRIPTION
10.42	Equity Administration Agreement, dated as of September 15, 2015 between Cablevision Systems Corporation and The Madison Square Garden Company (incorporated by reference to Exhibit 10.29 to the Company's Form 10-K for the fiscal year ended June 30, 2016 filed on August 19, 2016).
10.43	Equity Administration Agreement, dated as of September 15, 2015 between AMC Networks Inc. and The Madison Square Garden Company (incorporated by reference to Exhibit 10.28 to the Company's Form 10-K for the fiscal year ended June 30, 2016 filed on August 19, 2016).
10.44	Summary of Office Space Arrangement, between MSG Sports & Entertainment, LLC and the Knickerbocker Group LLC (incorporated by reference to Exhibit 10.30 to the Company's Form 10-K for the fiscal year ended June 30, 2016 filed on August 19, 2016).
10.45	Summary of Office Space Arrangement, between MSG Sports & Entertainment, LLC and the Charles Dolan Family Office, LLC (incorporated by reference to Exhibit 10.31 to the Company's Form 10-K for the fiscal year ended June 30, 2016 filed on August 19, 2016).
10.46	Time Sharing Agreement, dated December 15, 2017, between MSG Sports & Entertainment, LLC and Andrew Lustgarten (for the G450) (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q for the quarter ended December 31, 2017 filed on February 8, 2018).
10.47	Time Sharing Agreement, dated December 15, 2017, between MSG Sports & Entertainment, LLC and Andrew Lustgarten (for the G550) (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q for the quarter ended December 31, 2017 filed on February 8, 2018).
10.48	Time Sharing Agreement, dated December 15, 2017, between MSG Sports & Entertainment, LLC and Andrew Lustgarten (for the GV) (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q for the quarter ended December 31, 2017 filed on February 8, 2018).
10.49	Aircraft Support Services Agreement, effective July 1, 2018, between MSG Sports & Entertainment, LLC, Sterling Aviation, LLC and Charles F. Dolan (for the GV) (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 29, 2018).
10.50	Aircraft Support Services Agreement, effective July 1, 2018, between MSG Sports & Entertainment, LLC and JDSS (for the G450) (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 29, 2018).
10.51	Time Sharing Agreement, effective July 1, 2018, between MSG Sports & Entertainment, LLC and Charles F. Dolan (for the G550) (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on June 29, 2018).
10.52	Time Sharing Agreement, effective July 1, 2018, between MSG Sports & Entertainment, LLC and QUART 2C, LLC (for the G550) (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on June 29, 2018).
10.53	Dry Lease Agreement, effective July 1,2018, between MSG Sports & Entertainment, LLC and Sterling Aviation, LLC (for the GV) (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on June 29, 2018).
10.54	Dry Lease Agreement, effective July 1, 2018, between MSG Sports & Entertainment, LLC and QUART 2C, LLC (for the G450) (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on June 29, 2018).
10.55	Ground Lease Agreement, dated July 16, 2018, by and among Sands Arena Landlord LLC, Venetian Casino Resort, LLC, MSG Las Vegas, LLC, and MSG Sports & Entertainment, LLC (incorporated by reference to Exhibit 10.60 to the Company's Form 10-K for the fiscal year ended June 30, 2018 filed on August 17, 2018). +
10.56	First Amendment to Ground Lease, dated July 16, 2018, by and among Sands Arena Landlord LLC, Venetian Casino Resort, LLC, MSG Las Vegas, LC, and MSG Sports & Entertainment, LLC, dated November 24, 2018.
10.57	Aircraft Support Services Agreement, dated December 17, 2018, between MSG Sports & Entertainment, LLC and the Dolan Family Members (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 21, 2018).
10.58	Dry Lease Agreement, dated December 17, 2018, between MSG Sports & Entertainment, LLC and Sterling2k LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 21, 2018).
10.59	Time Sharing Agreement, dated December 17, 2018, between MSG Sports & Entertainment, LLC and Andrew Lustgarten (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on December 21, 2018).
10.60	Dry Lease Agreement, dated May 6, 2019, between MSG Sports & Entertainment, LLC and Brighid Air, LLC (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q for the quarter ended March 31, 2019 filed on May 8, 2019).

EXHIBIT NO.	DESCRIPTION
10.61	Flight Crew Services Agreement, dated May 6, 2019, between MSG Sports & Entertainment, LLC and Dolan Family Office, LLC (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2019 filed on May 8, 2019).
10.62	Time Sharing Agreement, dated May 6, 2019, between MSG Sports & Entertainment, LLC and Andrew Lustgarten (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q for the quarter ended March 31, 2019 filed on May 8, 2019).
10.63	Credit Agreement, dated as of May 23, 2019, among TAO Group Operating LLC, TAO Group Intermediate Holdings LLC, the various lenders thereto, and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 23, 2019).
10.64	Security Agreement, dated as of May 23, 2019, TAO Group Operating LLC, TAO Group Intermediate Holdings LLC, certain subsidiaries of TAO Group Intermediate Holdings LLC and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 23, 2019).
10.65	Construction Agreement, dated as of May 31, 2019, by and between MSG Las Vegas, LLC and Hunt Construction Group Inc. **
21.1	Subsidiaries of the Registrant.
23.1	Consent of KPMG LLP.
24.1	Powers of Attorney (included on the signature page to this Annual Report on Form 10-K).
31.1	Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document — the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

+ *Confidential treatment has been granted with respect to certain portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.*

** *Certain confidential information, identified by bracketed asterisks "[*****]" has been omitted from this exhibit pursuant to Item 601(b)(10) of Regulation S-K because it is both (i) not material and (ii) would be competitively harmful to the Company if publicly disclosed.*

† *This exhibit is a management contract or a compensatory plan or arrangement.*

Item 16. Form 10-K Summary

The Company has elected not to provide summary information.

THE MADISON SQUARE GARDEN COMPANY
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

	Balance at Beginning of Period	(Additions) / Deductions		Deductions	Balance at End of Period
		Charged to Costs and Expenses	Charged to Other Accounts		
Year ended June 30, 2019					
Allowance for doubtful accounts	$ (777)	$ (1,426)	$ —	$ 389	$ (1,814)
Deferred tax valuation allowance	(88,246)	8,708	3,837	—	(75,701)
	$ (89,023)	$ 7,282	$ 3,837	$ 389	$ (77,515)
Year ended June 30, 2018					
Allowance for doubtful accounts	$ (601)	$ (647)	$ —	$ 471	$ (777)
Deferred tax valuation allowance	(218,639)	130,393 [(a)]	—	—	(88,246)
	$ (219,240)	$ 129,746	$ —	$ 471	$ (89,023)
Year ended June 30, 2017					
Allowance for doubtful accounts	$ (1,282)	$ (111)	$ —	$ 792	$ (601)
Deferred tax valuation allowance	(190,602)	(30,697)	—	2,660 [(b)]	(218,639)
	$ (191,884)	$ (30,808)	$ —	$ 3,452	$ (219,240)

[(a)] *Net decrease in valuation allowance reflects $51,015 of reduction to net deferred tax liabilities in connection with the lower federal income tax rate of 21% and other of $2,453.*

[(b)] *Net decrease in valuation allowance is primarily due to the reclassification of tax impact to the accumulated other comprehensive loss.*

SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 20th day of August 2019.

The Madison Square Garden Company

By: /s/ VICTORIA M. MINK
Name: Victoria M. Mink
Title: Executive Vice President and Chief Financial Officer

POWER OF ATTORNEY

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

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

Name	Title	Date
/s/ JAMES L. DOLAN James L. Dolan	Executive Chairman and Chief Executive Officer (Principal Executive Officer) and Director	August 20, 2019
/s/ VICTORIA M. MINK Victoria M. Mink	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	August 20, 2019
/s/ JOSEPH F. YOSPE Joseph F. Yospe	Senior Vice President, Controller and Principal Accounting Officer	August 20, 2019
/s/ FRANK J. BIONDI, JR. Frank J. Biondi, Jr.	Director	August 20, 2019
/s/ CHARLES F. DOLAN Charles F. Dolan	Director	August 20, 2019
/s/ CHARLES P. DOLAN Charles P. Dolan	Director	August 20, 2019
/s/ KRISTIN A. DOLAN Kristin A. Dolan	Director	August 20, 2019

Name	Title	Date
/s/ MARIANNE DOLAN WEBER Marianne Dolan Weber	Director	August 20, 2019
/s/ THOMAS C. DOLAN Thomas C. Dolan	Director	August 20, 2019
/s/ JOSEPH J. LHOTA Joseph J. Lhota	Director	August 20, 2019
/s/ RICHARD D. PARSONS Richard D. Parsons	Director	August 20, 2019
/s/ NELSON PELTZ Nelson Peltz	Director	August 20, 2019
/s/ ALAN D. SCHWARTZ Alan D. Schwartz	Director	August 20, 2019
/s/ SCOTT M. SPERLING Scott M. Sperling	Director	August 20, 2019
/s/ BRIAN G. SWEENEY Brian G. Sweeney	Director	August 20, 2019
/s/ VINCENT TESE Vincent Tese	Director	August 20, 2019

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
The Madison Square Garden Company:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of The Madison Square Garden Company and subsidiaries (the "Company") as of June 30, 2019 and 2018, the related consolidated statements of operations, comprehensive income (loss), equity and redeemable noncontrolling interests, and cash flows for each of the years in the three-year period ended June 30, 2019, and the related notes and financial statement schedule II (collectively, the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended June 30, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of June 30, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated August 20, 2019 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As described in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for revenue recognition effective July 1, 2018 due to the adoption of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Evaluation of the identification of related parties and related party transactions

As discussed in Note 16 to the consolidated financial statements, the Dolan family, including trusts for the benefit of members of the Dolan family (collectively, the Dolan Family Group) is the majority beneficial owner of the Company, MSG Networks Inc. (MSGN), and AMC Networks Inc. (AMC). In addition, there are certain overlapping directors and executive officers between the companies. Each of these entities is a related party. The Company has entered into a number of transactions with MSGN, including agreements for media rights, advertising sales representation and services, as well as transactions for aircraft timesharing and certain shared executive support costs for the Company's Executive Chairman and Vice Chairman. The Company has also entered into transactions with AMC. Further, the Company has entered into a number of arrangements with members of the Dolan Family Group for shared office space and aircraft services and timesharing. Additionally, the Company routinely enters into transactions with certain non-consolidated affiliates which are accounted for under the equity method.

We identified the evaluation of the identification of related parties and related party transactions as a critical audit matter. Auditor judgment was involved in assessing the sufficiency of the procedures performed to identify related parties and related party transactions of the Company.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's related party process, including controls over the identification of the Company's related party relationships and transactions. We performed the following procedures to evaluate the identification of related parties and related party transactions by the Company:

- Read public filings, external news, and research sources for information related to transactions between the Company and related parties;
- Listened to the Company's quarterly investor relations calls;
- Queried the accounts payable system for transactions with related parties;
- Inspected director and officer questionnaires from the Company's directors and officers;
- Evaluated the Company's reconciliation of its applicable accounts to the related parties' records of transactions and balances;
- Inspected the Company's minutes from meetings of the Board of Directors and related committees;
- Read new agreements and contracts between the Company and related parties; and
- Inquired with executive officers, key members of management, and the Audit Committee of the Board of Directors regarding related party transactions.

Evaluation of the Adoption of Accounting Standards Codification Topic 606

As discussed in Notes 2 and 3 to the consolidated financial statements, the Company adopted ASC Topic 606 on July 1, 2018. As part of the adoption, the Company identified three main changes to the nature and pattern of recognition, related to suite license arrangements, multi-year sponsorship arrangements, and local media rights agreements, which significantly influences the timing of revenue recognition.

We identified the adoption of ASC Topic 606 related to these revenue streams as a critical audit matter because the applicability of series guidance and how the revenue should be recognized over the term of the contract involved subjective auditor judgment.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's ASC Topic 606 implementation process, including controls related to the Company's establishment of new accounting policies, performing contract reviews, and calculating the transition adjustment. We assessed the evidence underlying the treatment of performance obligations as a series and the recognition of revenue over the term of the contract. Specifically, we read and evaluated the Company's ASC Topic 606 accounting memorandums that documented the facts and circumstances in customer contracts referred to by the Company as factors to the accounting treatment applied. In addition, we read and analyzed a sample of customer contracts and compared the facts and circumstances to the Company's accounting memorandums.

/s/ KPMG LLP

We have served as the Company's auditor since 2015.

New York, New York

August 20, 2019

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
The Madison Square Garden Company:

Opinion on Internal Control Over Financial Reporting

We have audited The Madison Square Garden Company and subsidiaries' (the "Company") internal control over financial reporting as of June 30, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of June 30, 2019 and 2018, the related consolidated statements of operations, comprehensive income (loss), equity and redeemable noncontrolling interests, and cash flows for each of the years in the three-year period ended June 30, 2019, and the related notes and financial statement schedule II (collectively, the "consolidated financial statements"), and our report dated August 20, 2019 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

New York, New York

August 20, 2019

THE MADISON SQUARE GARDEN COMPANY
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

	June 30,	
	2019	**2018**
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,086,372	$ 1,225,638
Restricted cash	31,529	30,982
Short-term investments	108,416	—
Accounts receivable, net	96,856	100,725
Net related party receivables	1,483	567
Prepaid expenses	45,150	28,761
Other current assets	43,303	28,996
Total current assets	1,413,109	1,415,669
Investments and loans to nonconsolidated affiliates	84,560	209,951
Property and equipment, net	1,380,392	1,253,671
Amortizable intangible assets, net	220,706	243,806
Indefinite-lived intangible assets	176,485	175,985
Goodwill	392,513	392,513
Other assets	95,786	44,578
Total assets	$ 3,763,551	$ 3,736,173

See accompanying notes to consolidated financial statements.

THE MADISON SQUARE GARDEN COMPANY
CONSOLIDATED BALANCE SHEETS (Continued)
(in thousands, except per share data)

	June 30, 2019	June 30, 2018
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Current Liabilities:		
Accounts payable	$ 25,009	$ 28,939
Net related party payables	19,048	13,675
Current portion of long-term debt, net of deferred financing costs	6,042	4,365
Accrued liabilities:		
Employee related costs	137,660	123,992
Other accrued liabilities	211,403	180,272
Collections due to promoters	67,212	89,513
Deferred revenue	293,410	324,749
Total current liabilities	759,784	765,505
Related party payables, noncurrent	172	—
Long-term debt, net of deferred financing costs	48,556	101,335
Defined benefit and other postretirement obligations	41,318	49,240
Other employee related costs	62,015	53,501
Deferred tax liabilities, net	79,098	78,968
Other liabilities	66,221	56,905
Total liabilities	1,057,164	1,105,454
Commitments and contingencies (see Note 10)		
Redeemable noncontrolling interests	67,627	76,684
The Madison Square Garden Company Stockholders' Equity:		
Class A Common stock, par value $0.01, 120,000 shares authorized; 19,229 and 19,136 shares outstanding as of June 30, 2019 and 2018, respectively	204	204
Class B Common stock, par value $0.01, 30,000 shares authorized; 4,530 shares outstanding as of June 30, 2019 and 2018	45	45
Preferred stock, par value $0.01, 15,000 shares authorized; none outstanding as of June 30, 2019 and 2018	—	—
Additional paid-in capital	2,845,961	2,817,873
Treasury stock, at cost, 1,219 and 1,312 shares as of June 30, 2019 and 2018, respectively	(207,790)	(223,662)
Retained earnings (accumulated deficit)	29,003	(11,059)
Accumulated other comprehensive loss	(46,923)	(46,918)
Total The Madison Square Garden Company stockholders' equity	2,620,500	2,536,483
Nonredeemable noncontrolling interests	18,260	17,552
Total equity	2,638,760	2,554,035
Total liabilities, redeemable noncontrolling interests and equity	$ 3,763,551	$ 3,736,173

See accompanying notes to consolidated financial statements.

THE MADISON SQUARE GARDEN COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Years Ended June 30,		
	2019	**2018**	**2017**
Revenues [(a)]	$ 1,631,068	$ 1,559,095	$ 1,318,452
Operating expenses:			
Direct operating expenses [(b)]	997,077	944,276	860,423
Selling, general and administrative expenses [(c)]	528,672	469,276	406,951
Depreciation and amortization	119,193	122,486	107,388
Operating income (loss)	(13,874)	23,057	(56,310)
Other income (expense):			
Earnings (loss) in equity method investments	7,062	(7,770)	(29,976)
Interest income [(d)]	30,205	21,582	11,836
Interest expense	(20,410)	(15,415)	(4,189)
Miscellaneous expense, net	(4,752)	(3,878)	(2,554)
	12,105	(5,481)	(24,883)
Income (loss) from operations before income taxes	(1,769)	17,576	(81,193)
Income tax benefit (expense)	(1,348)	116,872	4,404
Net income (loss)	(3,117)	134,448	(76,789)
Less: Net loss attributable to redeemable noncontrolling interests	(7,299)	(628)	(4,370)
Less: Net income (loss) attributable to nonredeemable noncontrolling interests	(7,245)	(6,518)	304
Net income (loss) attributable to The Madison Square Garden Company's stockholders	$ 11,427	$ 141,594	$ (72,723)
Basic earnings (loss) per common share attributable to The Madison Square Garden Company's stockholders	$ 0.48	$ 5.99	$ (3.05)
Diluted earnings (loss) per common share attributable to The Madison Square Garden Company's stockholders	$ 0.48	$ 5.94	$ (3.05)
Weighted-average number of common shares outstanding:			
Basic	23,767	23,639	23,853
Diluted	23,900	23,846	23,853

[(a)] *Include revenues from related parties of $164,406, $156,368 and $150,534 for the years ended June 30, 2019, 2018 and 2017, respectively.*

[(b)] *Include net charges from related parties of $911, $1,082 and $1,284 for the years ended June 30, 2019, 2018 and 2017, respectively.*

[(c)] *Include net charges to related parties of $8,424, $5,188 and $5,852 for the years ended June 30, 2019, 2018 and 2017, respectively.*

[(d)] *Interest income includes interest income from nonconsolidated affiliates of $3,105, $5,696 and $4,157 for the years ended June 30, 2019, 2018 and 2017, respectively.*

See accompanying notes to consolidated financial statements.

THE MADISON SQUARE GARDEN COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Years Ended June 30,		
	2019	2018	2017
Net income (loss)	$ (3,117)	$ 134,448	$ (76,789)
Other comprehensive income (loss), before income taxes:			
Pension plans and postretirement plan:			
Net unamortized gains (losses) arising during the period	$ (2,565)	$ (3,415)	$ 4,027
Amounts reclassified from accumulated other comprehensive loss:			
Amortization of net actuarial loss included in net periodic benefit cost	1,286	1,319	1,365
Amortization of net prior service credit included in net periodic benefit cost	(7)	(37)	(48)
Settlement loss	52	87	—
	(1,234)	(2,046)	5,344
Cumulative translation adjustments	(4,341)	(502)	—
Net changes related to available-for-sale securities	—	(12,095)	9,629
Other comprehensive income (loss), before income taxes	(5,575)	(14,643)	14,973
Income tax expense related to items of other comprehensive income	—	—	(6,477)
Other comprehensive income (loss), net of income taxes	(5,575)	(14,643)	8,496
Comprehensive income (loss)	(8,692)	119,805	(68,293)
Less: Comprehensive loss attributable to redeemable noncontrolling interests	(7,299)	(628)	(4,370)
Less: Comprehensive income (loss) attributable to nonredeemable noncontrolling interests	(7,245)	(6,518)	304
Comprehensive income (loss) attributable to The Madison Square Garden Company's stockholders	$ 5,852	$ 126,951	$ (64,227)

See accompanying notes to consolidated financial statements.

THE MADISON SQUARE GARDEN COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended June 30,		
	2019	**2018**	**2017**
Cash flows from operating activities:			
Net income (loss)	$ (3,117)	$ 134,448	$ (76,789)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	119,193	122,486	107,388
Share-based compensation expense	59,474	47,563	41,129
(Earnings) loss in equity method investments, net of income distributions	(6,312)	7,770	30,831
Provision for (benefit from) deferred income taxes	150	(117,311)	(4,404)
Write-off of deferred production costs	—	—	33,629
Purchase accounting adjustments associated with rent-related intangibles and deferred rent	4,240	4,628	718
Unrealized loss on equity investment with readily determinable fair value	3,496	—	—
Purchase accounting adjustments associated with amortization of inventory step-up	—	—	8,705
Loss on extinguishment of debt including deferred financing costs	3,977	—	—
Other non-cash adjustments	104	(39)	693
Change in assets and liabilities, net of acquisitions:			
Accounts receivable, net	2,734	2,435	(20,363)
Net related party receivables	(916)	2,147	2,826
Prepaid expenses and other assets	(26,080)	16,371	8,749
Accounts payable	(3,930)	5,067	2,047
Net related party payables	5,545	(3,901)	2,301
Accrued and other liabilities	23,716	(28,424)	33,455
Collections due to promoters	(22,301)	17,113	26,523
Deferred revenue	1,280	7,276	26,094
Net cash provided by operating activities	161,253	217,629	223,532
Cash flows from investing activities:			
Capital expenditures, net of acquisitions	(188,834)	(191,914)	(44,224)
Purchase of short-term investments	(112,693)	—	—
Payments to acquire available-for-sale securities	—	—	(23,222)
Payments for acquisition of businesses, net of cash acquired	—	(8,288)	(192,095)
Payments for acquisition of assets	—	(6,000)	(1,000)
Investments and loans to nonconsolidated affiliates	(52,707)	(11,255)	(8,235)
Proceeds from sales of nonconsolidated affiliates	125,750	—	—
Loan repayments received from nonconsolidated affiliates	—	36,600	—
Loan repayment received from subordinated debt	4,765	—	
Cash received / (paid) for notes receivable	(9,176)	(1,500)	4,475
Net cash used in investing activities	(232,895)	(182,357)	(264,301)

See accompanying notes to consolidated financial statements.

THE MADISON SQUARE GARDEN COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(in thousands)

	Years Ended June 30,		
	2019	**2018**	**2017**
Cash flows from financing activities:			
Repurchases of common stock	—	(11,830)	(147,967)
Proceeds from stock option exercises	—	—	7
Taxes paid in lieu of shares issued for equity-based compensation	(19,525)	(34,393)	(7,335)
Noncontrolling interest capital contributions	6,310	4,000	—
Distributions to noncontrolling interest holders	(2,186)	(4,124)	—
Loans from noncontrolling interest holders	606	—	—
Payment of contingent consideration	—	(4,000)	—
Proceeds from loan facility	40,000	—	—
Proceeds from revolving credit facility	15,000	—	—
Repayment on long-term debt	(109,312)	(688)	—
Payments for extinguishment of debt	(1,151)	—	—
Payments for financing costs	(1,488)	(62)	(3,230)
Net cash used in financing activities	(71,746)	(51,097)	(158,525)
Effect of exchange rates on cash, cash equivalents and restricted cash	4,669	331	—
Net decrease in cash, cash equivalents and restricted cash	(138,719)	(15,494)	(199,294)
Cash, cash equivalents and restricted cash at beginning of period	1,256,620	1,272,114	1,471,408
Cash, cash equivalents and restricted cash at end of period	$ 1,117,901	$ 1,256,620	$ 1,272,114
Non-cash investing and financing activities:			
Investments and loans to nonconsolidated affiliates	$ —	$ 16	$ 368
Capital expenditures incurred but not yet paid	35,026	9,688	8,834
Tenant improvement paid by landlord	14,528	—	—
Share-based compensation capitalized in property and equipment	3,946	—	—
Accrued earn-out liability and other contingencies	—	4,573	7,900
Acquisition of assets not yet paid	500	3,000	—

See accompanying notes to consolidated financial statements.

THE MADISON SQUARE GARDEN COMPANY
CONSOLIDATED STATEMENTS OF EQUITY
AND REDEEMABLE NONCONTROLLING INTERESTS
(in thousands)

	Common Stock Issued	Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total The Madison Square Garden Company Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests
Balance as of June 30, 2016	**$ 249**	**$ 2,806,352**	**$ (101,882)**	**$ (75,687)**	**$ (42,611)**	**$ 2,586,421**	**$ —**	**$2,586,421**	**$ —**
Net income (loss)	—	—	—	(72,723)	—	(72,723)	304	(72,419)	(4,370)
Other comprehensive income	—	—	—	—	8,496	8,496	—	8,496	—
Comprehensive income (loss)	—	—	—	—	—	(64,227)	304	(63,923)	(4,370)
Exercise of stock options	—	(39)	46	—	—	7	—	7	—
Share-based compensation	—	41,264	—	—	—	41,264	—	41,264	—
Tax withholding associated with shares issued for equity-based compensation	—	(6,003)	(1,332)	—	—	(7,335)	—	(7,335)	—
Common stock issued under stock incentive plans	—	(9,058)	9,058	—	—	—	—	—	—
Repurchases of common stock	—	—	(147,967)	—	—	(147,967)	—	(147,967)	—
Noncontrolling interests from acquisitions	—	—	—	—	—	—	11,394	11,394	85,000
Balance as of June 30, 2017	**$ 249**	**$ 2,832,516**	**$ (242,077)**	**$ (148,410)**	**$ (34,115)**	**$ 2,408,163**	**$ 11,698**	**$2,419,861**	**$ 80,630**

See accompanying notes to consolidated financial statements.

THE MADISON SQUARE GARDEN COMPANY
CONSOLIDATED STATEMENTS OF EQUITY
AND REDEEMABLE NONCONTROLLING INTERESTS (Continued)
(in thousands)

	Common Stock Issued	Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total The Madison Square Garden Company Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests
Balance as of June 30, 2017	**$ 249**	**$ 2,832,516**	**$ (242,077)**	**$ (148,410)**	**$ (34,115)**	**$ 2,408,163**	**$ 11,698**	**$2,419,861**	**$ 80,630**
Adoption of ASU No. 2016-09	—	2,403	—	(2,403)	—	—	—	—	—
Adoption of ASU No. 2018-02	—	—	—	(1,840)	1,840	—	—	—	—
Net income (loss)	—	—	—	141,594	—	141,594	(6,518)	135,076	(628)
Other comprehensive loss	—	—	—	—	(14,643)	(14,643)	—	(14,643)	—
Comprehensive income (loss)	—	—	—	—	—	126,951	(6,518)	120,433	(628)
Share-based compensation	—	47,592	—	—	—	47,592	—	47,592	—
Tax withholding associated with shares issued for equity-based compensation	—	(34,393)	—	—	—	(34,393)	—	(34,393)	—
Common stock issued under stock incentive plans	—	(30,245)	30,245	—	—	—	—	—	—
Repurchases of common stock	—	—	(11,830)	—	—	(11,830)	—	(11,830)	—
Distributions to noncontrolling interest holders	—	—	—	—	—	—	(806)	(806)	(3,318)
Noncontrolling interests from acquisition	—	—	—	—	—	—	8,182	8,182	—
Contribution of joint venture interests	—	—	—	—	—	—	4,996	4,996	—
Balance as of June 30, 2018	**$ 249**	**$ 2,817,873**	**$ (223,662)**	**$ (11,059)**	**$ (46,918)**	**$ 2,536,483**	**$ 17,552**	**$2,554,035**	**$ 76,684**

See accompanying notes to consolidated financial statements.

THE MADISON SQUARE GARDEN COMPANY
CONSOLIDATED STATEMENTS OF EQUITY
AND REDEEMABLE NONCONTROLLING INTERESTS (Continued)
(in thousands)

	Common Stock Issued	Additional Paid-In Capital	Treasury Stock	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total The Madison Square Garden Company Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests
Balance as of June 30, 2018	**$ 249**	**$ 2,817,873**	**$ (223,662)**	**$ (11,059)**	**$ (46,918)**	**$ 2,536,483**	**$ 17,552**	**$2,554,035**	**$ 76,684**
Adoption of ASU No. 2016-01	—	—	—	(5,570)	5,570	—	—	—	—
Adoption of ASC Topic 606	—	—	—	34,205	—	34,205	—	34,205	—
Net income (loss)	—	—	—	11,427	—	11,427	(7,245)	4,182	(7,299)
Other comprehensive loss	—	—	—	—	(5,575)	(5,575)	—	(5,575)	—
Comprehensive income (loss)	—	—	—	—	—	5,852	(7,245)	(1,393)	(7,299)
Share-based compensation	—	63,420	—	—	—	63,420	—	63,420	—
Tax withholding associated with shares issued for equity-based compensation	—	(19,525)	—	—	—	(19,525)	—	(19,525)	—
Common stock issued under stock incentive plans	—	(15,872)	15,872	—	—	—	—	—	—
Distributions to noncontrolling interest holders	—	—	—	—	—	—	(428)	(428)	(1,758)
Contribution of joint venture interests	—	—	—	—	—	—	8,446	8,446	—
Adjustments to noncontrolling interests	—	65	—	—	—	65	(65)	—	—
Balance as of June 30, 2019	**$ 249**	**$ 2,845,961**	**$ (207,790)**	**$ 29,003**	**$ (46,923)**	**$ 2,620,500**	**$ 18,260**	**$2,638,760**	**$ 67,627**

See accompanying notes to consolidated financial statements.

THE MADISON SQUARE GARDEN COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amounts included in the following Notes to Consolidated Financial Statements are presented in thousands, except per share data or as otherwise noted.

Note 1. Description of Business and Basis of Presentation

The Distribution

The Madison Square Garden Company (together with its subsidiaries, the "Company" or "Madison Square Garden"), formerly named MSG Spinco, Inc., was incorporated on March 4, 2015 as an indirect, wholly-owned subsidiary of MSG Networks Inc. ("MSG Networks" or "Former Parent"), formerly known as The Madison Square Garden Company. On September 11, 2015, MSG Networks' board of directors approved the distribution of all the outstanding common stock of Madison Square Garden to MSG Networks' stockholders (the "2015 Distribution"), which occurred on September 30, 2015. Each holder of record of MSG Networks Class A common stock as of close of business on September 21, 2015 (the "Record Date") received one share of Madison Square Garden Class A common stock, par value $0.01 per share ("Class A Common Stock"), for every three shares of MSG Networks Class A common stock held. Each holder of record of MSG Networks Class B common stock as of the Record Date received one share of Madison Square Garden Class B common stock, par value $0.01 per share ("Class B Common Stock"), for every three shares of MSG Networks Class B common stock held.

Description of Business

Madison Square Garden is a live sports and entertainment business. The Company classifies its business interests into two reportable segments: MSG Entertainment and MSG Sports. MSG Entertainment includes live entertainment events including concerts and other live events, such as family shows, performing arts and special events, which are presented or hosted in the Company's diverse collection of venues along with live offerings through TAO Group Holdings LLC ("TAO Group") and Boston Calling Events LLC ("BCE"). TAO Group is a hospitality group with globally-recognized entertainment dining and nightlife brands: TAO, Marquee, Lavo, Avenue, Beauty & Essex and Vandal. BCE owns and operates New England's premier Boston Calling Music Festival. MSG Entertainment also includes the Company's original production — the *Christmas Spectacular Starring the Radio City Rockettes* (the "*Christmas Spectacular*"). MSG Entertainment also includes the results of the third-party production business of Obscura Digital ("Obscura"), a creative studio, which the Company has begun to wind down.

MSG Sports includes the Company's professional sports franchises: the New York Knicks (the "Knicks") of the National Basketball Association (the "NBA"), the New York Rangers (the "Rangers") of the National Hockey League (the "NHL"), the Hartford Wolf Pack of the American Hockey League, and the Westchester Knicks of the NBA G League. These professional sports franchises are collectively referred to herein as the "sports teams." In January 2019, the Company sold the New York Liberty (the "Liberty") of the Women's National Basketball Association (the "WNBA"). For all periods through the sale date, MSG Sports includes the Liberty. The MSG Sports segment also includes other live sporting events, including professional boxing, college basketball, professional bull riding, mixed martial arts, esports and college wrestling, all of which the Company promotes, produces and/or presents. In addition, the MSG Sports segment includes Counter Logic Gaming ("CLG"), a premier North American esports organization, which the Company acquired in July 2017, and Knicks Gaming, the Company's franchise that competes in the NBA 2K League. CLG and Knicks Gaming are collectively referred to herein as "the esports teams," and together with the sports teams, "the teams."

The Company conducts a significant portion of its operations at venues that it either owns or operates under long-term leases. The Company owns the Madison Square Garden Arena ("The Garden") and Hulu Theater at Madison Square Garden in New York City, the Forum in Inglewood, CA and The Chicago Theatre in Chicago. In addition, the Company leases Radio City Music Hall and the Beacon Theatre in New York City. Additionally, TAO Group operates various restaurants, nightlife and hospitality venues under long-term leases and management contracts in New York, Las Vegas, Los Angeles, Chicago, Australia and Singapore.

Potential Spin-off Transaction

On June 27, 2018, the Company announced that its board of directors ("Board") had authorized the Company's management to explore a possible spin-off that would create a separately-traded public company comprised of its sports business, including the New York Knicks and New York Rangers professional sports franchises ("Sports Spinco"). The Company refers to the potential spin-off as the "Sports Distribution". On October 4, 2018, in connection with the Sports Distribution, a subsidiary of the Company submitted an initial Registration Statement on Form 10 with the U.S. Securities and Exchange Commission ("SEC") (which has been amended). If the Company proceeds with the Sports Distribution, it would be structured as a tax-free transaction to the Company's stockholders. Upon completion of the contemplated separation, record holders of the Company's common stock would receive a pro-rata distribution, expected to be equivalent, in the aggregate, to an approximately two-thirds economic interest in Sports Spinco. The remaining common stock, expected to be equivalent to an approximately one-third economic interest in Sports Spinco, would be retained by the Company. There can be no assurance that the proposed transaction will be completed in the manner described above, or at all. Completion of the transaction would be subject to various conditions, including certain league approvals, a private letter ruling from the Internal Revenue Service, receipt of a tax opinion from counsel and final Board approval. The Company will maintain the current operating structure and will continue to report the financial results of its sports business in continuing operations until the Sports Distribution is completed.

Reclassifications

Certain reclassifications have been made in order to conform to the current period's presentation. The reclassifications primarily relate to: (i) the presentation in the consolidated statement of cash flows for fiscal years 2018 and 2017 in connection with the adoption of Accounting Standards Update ("ASU") No. 2016-18, *Statement of Cash Flows: Restricted Cash,* (ii) the presentation of the non-service cost components of net periodic pension and postretirement benefit cost in the consolidated statement of operations for fiscal years 2018 and 2017 in connection with the adoption of ASU No. 2017-07, *Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost,* (iii) segregation of amounts due to promoters from deferred revenue in connection with the adoption of Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers (Topic 606)* (referred to herein as "ASC Topic 606"), and (iv) an indefinite-lived intangible asset that was previously reported under other assets. See Note 2 for further details related to the adoption of ASU No. 2016-18, ASU No. 2017-07, and ASC Topic 606.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

The Company reports on a fiscal year basis ending on June 30th. In these consolidated financial statements, the years ended on June 30, 2019, 2018, and 2017 are referred to as "fiscal year 2019", "fiscal year 2018", and "fiscal year 2017", respectively. The consolidated financial statements of the Company include the accounts of The Madison Square Garden Company and its subsidiaries. All significant intracompany transactions and accounts within the Company's consolidated financial statements have been eliminated.

Business Combinations and Noncontrolling Interests

The acquisition method of accounting for business combinations requires management to use significant estimates and assumptions, including fair value estimates, as of the business combination date and to refine those estimates as necessary during the measurement period (defined as the period, not to exceed one year, in which the Company is allowed to adjust the provisional amounts recognized for a business combination).

Under the acquisition method of accounting, the Company recognizes separately from goodwill the identifiable assets acquired, the liabilities assumed, and any noncontrolling interests in an acquiree, generally at the acquisition date fair value. The Company measures goodwill as of the acquisition date as the excess of consideration transferred, which is also measured at fair value if the consideration is non-cash, over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. Costs that the Company incurs to complete a business combination such as investment banking, legal and other professional fees are not considered part of consideration and the Company charges these costs to selling, general and administrative expense as they are incurred. In addition, the Company recognizes measurement-period adjustments in the period in which the amount is determined, including the effect on earnings of any amounts the Company would have recorded in previous periods if the accounting had been completed at the acquisition date.

Interests held by third parties in consolidated majority-owned subsidiaries are presented as noncontrolling interests, which represent the noncontrolling stockholders' interests in the underlying net assets of the Company's consolidated majority-owned subsidiaries. Noncontrolling interests that are not redeemable are reported in the equity section of the consolidated balance sheets. Noncontrolling interests, where the Company may be required to repurchase under put options or other contractual redemption requirements that are not solely within the Company's control, are reported in the consolidated balance sheets between liabilities and equity, as redeemable noncontrolling interests.

In July 2016 and 2017, the Company acquired controlling interests in BCE and CLG, respectively. In accordance with *FASB* ASC Topic 805, *Business Combinations* ("ASC Topic 805"), and ASC Topic 810, *Consolidation* ("ASC Topic 810"), the financial position of BCE and CLG has been consolidated with the Company's consolidated balance sheets as of June 30, 2019 and 2018. In addition, the results of operations for BCE and CLG have been included in the Company's consolidated results of operations from the date of acquisition in the MSG Entertainment segment and MSG Sports segment, respectively. The relevant amounts attributable to investors other than the Company are reflected under "Nonredeemable noncontrolling interests," "Net income (loss) attributable to nonredeemable noncontrolling interests" and "Comprehensive income (loss) attributable to nonredeemable noncontrolling interests" on the accompanying consolidated balance sheets, consolidated statements of operations and consolidated statements of comprehensive income (loss), respectively.

On January 31, 2017, the Company acquired a controlling interest in TAO Group. In accordance with ASC Topic 805 and ASC Topic 810, the financial position of TAO Group has been consolidated with the Company's consolidated balance sheet as of June 30, 2019 and 2018. TAO Group's financial statements are not available within the time constraints the Company requires to ensure the financial accuracy of the operating results. Therefore, the Company records TAO Group's operating results in its consolidated statements of operations on a three-month lag basis. Any specific events having significant financial impact that occur during the lag period are included in the Company's current period results. TAO Group reports on a fiscal year reflecting the retail-based calendar (containing 4-4-5 week calendar quarters). Accordingly, the Company's results of operations for the years ended June 30, 2019, 2018 and 2017 include TAO Group's operating results from April 2, 2018 to March 31, 2019 (a 52-week year), March 27, 2017 to April 1, 2018 (a 53-week year) and February 1, 2017 to March 26, 2017, respectively, as part of the MSG Entertainment segment. In addition, the Company's consolidated balance sheets as of June 30, 2019 and 2018 reflect the financial position of TAO Group as of March 31, 2019 and April 1, 2018, respectively. With the exception of the balances and activities pertaining to the TAO Group's credit agreements entered into in May 2019, which are recorded as of June 30, 2019, as well as cash distributions, all other disclosures related to TAO Group's financial position are therefore reported as of March 31, 2019 and April 1, 2018, as applicable. See Note 12 for TAO Group's credit agreements entered in May 2019.

The TAO Group purchase agreement contains a put option to require the Company to purchase the other owners' equity interests under certain circumstances. The noncontrolling interest combined with the put option is classified as redeemable noncontrolling interest in the consolidated balance sheet, separate from equity. The relevant amounts attributable to investors other than the Company are reflected under "Redeemable noncontrolling interests," "Net income (loss) attributable to redeemable noncontrolling interests" and "Comprehensive income (loss) attributable to redeemable noncontrolling interests" on the accompanying consolidated balance sheets, consolidated statements of operations and consolidated statements of comprehensive income (loss), respectively. The put option can be settled, at the Company's option, in cash, debt or shares of the Company's Class A Common Stock. The ultimate amount paid upon the exercise of the put option will likely be different from the estimated fair value, given the calculation required pursuant to the TAO Group operating agreement.

Use of Estimates

The preparation of the accompanying financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Such estimates include the valuation of accounts receivable, investments, goodwill, intangible assets, other long-lived assets, tax accruals and other liabilities. In addition, estimates are used in revenue recognition, revenue sharing expense (net of escrow), luxury tax expense, income tax expense, performance and share-based compensation, depreciation and amortization, litigation matters and other matters, as well as in the valuation of contingent consideration and noncontrolling interests resulting from business combination transactions. Management believes its use of estimates in the financial statements to be reasonable.

Management evaluates its estimates on an ongoing basis using historical experience and other factors, including the general economic environment and actions it may take in the future. The Company adjusts such estimates when facts and circumstances dictate. However, these estimates may involve significant uncertainties and judgments and cannot be determined with precision.

In addition, these estimates are based on management's best judgment at a point in time and as such these estimates may ultimately differ from actual results. Changes in estimates resulting from weakness in the economic environment or other factors beyond the Company's control could be material and would be reflected in the Company's financial statements in future periods.

Revenue Recognition

See *Recently Adopted Accounting Pronouncements* below for disclosure related to the transitional impact of adopting ASC Topic 606 and Note 3 for details of accounting policies related to revenue recognition and other disclosures required under ASC Topic 606.

Direct Operating Expenses

Direct operating expenses include, but are not limited to, compensation expense for the Company's professional sports teams' players and certain other team personnel, as well as NBA luxury tax, NBA and NHL revenue sharing and league assessments for the MSG Sports segment; event costs related to the presentation and production of the Company's live entertainment and sporting events; and venue lease, maintenance and other operating expenses.

Player Costs and Other Team Personnel Transactions, NBA Luxury Tax, Escrow System/Revenue Sharing and League Assessments for the MSG Sports Segment

Player Costs and Other Team Personnel Transactions

Costs incurred to acquire player contracts, including signing bonuses, are deferred and amortized over the applicable NBA or NHL regular season on a straight-line basis over the fixed contract period of the respective player. The NBA and NHL seasons are typically from mid-October through mid-April and October through mid-April, respectively. Player salaries are also expensed over the applicable NBA, NHL or WNBA regular season typically on a straight-line basis. In certain player contracts the annual contractual salary amounts (including any applicable signing bonuses) may fluctuate such that expensing the salary for the entire contract on a straight-line basis over each regular season more appropriately reflects the economic benefit of the services provided.

In instances where a player sustains what is deemed to be a season-ending or career-ending injury, a provision is recorded, when that determination can be reasonably made, for the remainder of the player's seasonal or contractual salary and related costs, together with any associated NBA luxury tax, net of any anticipated insurance recoveries. When players are traded, waived or contracts are terminated, any remaining unamortized signing bonuses and prepaid salaries are expensed to current operations. Amounts due to these individuals are generally paid over their remaining contract terms. Team personnel contract termination costs are recognized in the period in which those events occur. See Note 5 for further discussion of significant team personnel transactions.

The NBA and NHL each have collective bargaining agreements (each a "CBA") with the respective league's players association, to which the Company is subject. The NBA CBA expires after the 2023-24 season (although the NBA and the National Basketball Players Association ("NBPA") each have the right to terminate the CBA following the 2022-23 season). The NHL CBA expires on September 15, 2022 (although the NHL and National Hockey League Players' Association each have the right to terminate the CBA following the 2019-20 season).

The NBA CBA contains a salary floor (i.e., a floor on each team's aggregate player salaries with a requirement that the team pay any deficiency to the players on its roster) and a "soft" salary cap (i.e., a cap on each team's aggregate player salaries but with certain exceptions that enable teams to pay more, sometimes substantially more, than the cap). The NHL CBA provides for a "hard" salary cap (i.e., teams may not exceed a stated maximum that was negotiated for the 2013-14 season and has been adjusted each season thereafter based upon league-wide revenues).

NBA Luxury Tax

Amounts in this paragraph are in thousands, except for luxury tax rates.

The NBA CBA provides for a luxury tax that is applicable to all teams with aggregate player salaries exceeding a threshold that is set prior to each season based upon projected league-wide revenues (as defined under the CBA). The luxury tax rates for teams with aggregate player salaries above such threshold start at $1.50 for each $1.00 of team salary above the threshold up to $5,000 and scale up to $3.25 for each $1.00 of team salary that is from $15,000 to $20,000 over the threshold, and an additional tax rate increment of $0.50 applies for each additional $5,000 (or part thereof) of team salary in excess of $20,000 over the threshold. In addition, for teams that are taxpayers in at least three of four previous seasons, the above tax rates are increased by

$1.00 for each increment. Fifty percent of the aggregate luxury tax payments is a funding source for the revenue sharing plan and the remaining 50% of such payments is distributed in equal shares to non-taxpaying teams. The Company recognizes the estimated amount associated with luxury tax expense or the amount it expects to receive as a non-tax paying team, if applicable, on a straight-line basis over the NBA regular season as a component of direct operating expenses.

NBA and NHL Escrow System/Revenue Sharing

The NBA CBA also provides that players collectively receive a designated percentage of league-wide revenues (net of certain direct expenses) as compensation (approximately 51%), and the teams retain the remainder. The percentage of league-wide revenues paid as compensation and retained by the teams does not apply evenly across all teams and accordingly the Company may pay its players a higher or lower percentage of the Knicks' revenues than other NBA teams. Throughout each season, NBA teams withhold 10% of each player's salary and contribute the withheld amounts to an escrow account. If the league's aggregate player compensation exceeds the designated percentage of league-wide revenues, some or all of such escrowed amounts are distributed equally to all NBA teams. In the event that the league's aggregate player compensation is below the designated percentage of league-wide revenues, the teams will remit the shortfall to the NBPA for distribution to the players.

The NBA also has a revenue sharing plan that generally requires the distribution of a pool of funds to teams with below-average net revenues (as defined in the plan), subject to reduction or elimination based on individual team market size and profitability. The plan is funded by a combination of disproportionate contributions from teams with above-average net revenues, subject to certain profit-based limits (each as defined in the plan); 50% of aggregate league-wide luxury tax proceeds; and collective league sources, if necessary. Additional amounts may also be distributed on a discretionary basis, funded by assessments on playoff ticket revenues and through collective league sources.

The NHL CBA provides that each season the players receive as player compensation 50% of that season's league-wide revenues, excluding the impact of agreed-upon aggregate transition payments of $300,000 paid on a deferred basis over three years beginning in 2014. Because the aggregate amount to be paid to the players is based upon league-wide revenues and not on a team-by-team basis, the Company may pay its players a higher or lower percentage of the Rangers' revenues than other NHL teams pay of their own revenues. In order to implement the salary cap system, NHL teams withhold a portion of each player's salary and contribute the withheld amounts to an escrow account. If the league's aggregate player compensation for a season exceeds the designated percentage (50%) of that season's league-wide revenues, the excess is retained by the league. Any excess funds will be distributed by the NHL to all teams in equal shares.

The NHL CBA provides for a revenue sharing plan which generally requires the distribution of a pool of funds approximating 6.055% of league-wide revenues to certain qualifying lower-revenue teams. Under the NHL CBA, the pool is funded as follows: (a) 50% from contributions by the top ten revenue earning teams (based on pre-season and regular season revenues) in accordance with a formula; (b) then from payments by teams participating in the playoffs, with each team contributing 35% of its gate receipts for each home playoff game; and (c) the remainder from centrally-generated NHL sources. The Rangers are consistently among the top ten revenue teams and, accordingly, have consistently contributed to the top ten revenue teams component of the plan.

The Company recognizes the amount of its estimated revenue sharing expense associated with the pre-season and regular season, net of the amount the Company expects to receive from the escrow, on a straight-line basis over the applicable NBA and NHL seasons as a component of direct operating expenses. In years when the Knicks or Rangers participate in the playoffs, the Company recognizes its estimate of the playoff revenue sharing contribution in the periods when the playoffs occur.

League Assessments

As members of the NBA and NHL, the Knicks and Rangers, respectively, are also subject to annual league assessments. The governing bodies of each league determine the amount of each season's league assessments that are required from each member team. The Company recognizes its teams' estimated league assessments on a straight-line basis over the applicable NBA or NHL season.

Production Costs for the MSG Entertainment Segment

The Company defers certain costs of productions such as creative design, scenery, wardrobes, rehearsal and other related costs for the Company's proprietary shows. Deferred production costs are amortized on a straight-line basis over the course of a production's performance period using the expected life of a show's assets, which is currently 5 years. Deferred production costs are subject to recoverability assessments whenever there is an indication of potential impairment. During the fourth quarter of fiscal year 2017, the Company wrote off the remaining balance of deferred production costs related to the *New York*

Spectacular Starring the Radio City Rockettes ("*New York Spectacular*") of $33,629 due to assessments of the show's creative direction, timing and scale. The Company has $7,427 and $6,288 of net deferred production costs recorded within other current assets and other assets in the accompanying consolidated balance sheets as of June 30, 2019 and 2018, respectively.

Advertising Expenses

Advertising costs are typically charged to expense when incurred, however, advertising for productions and other live entertainment events are generally deferred within interim periods and expensed over the run of the show, but by no later than the end of the fiscal year. Total advertising costs classified in direct operating and selling, general and administrative expenses were $17,584, $16,314 and $18,963 for the years ended June 30, 2019, 2018 and 2017, respectively.

Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes* ("ASC Topic 740"). The Company's provision for income taxes is based on current period income, changes in deferred tax assets and liabilities and changes in estimates with regard to uncertain tax positions. Deferred tax assets are subject to an ongoing assessment of realizability. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company's ability to realize its deferred tax assets depends upon the generation of sufficient future taxable income to allow for the realization of its deductible temporary differences. If such estimates and related assumptions change in the future, the Company may be required to record valuation allowances against its deferred tax assets, resulting in additional income tax expense in the Company's consolidated statements of operations.

Interest and penalties, if any, associated with uncertain tax positions are included in income tax expense.

The Company accounts for investment tax credits, if any, using the "flow-through" method, under which the tax benefit generated from an investment tax credit is recorded in the period the credit is generated.

Share-based Compensation

The Company measures the cost of employee services received in exchange for an award of equity-based instruments based on the grant date fair value of the award. Share-based compensation cost is recognized in earnings over the period during which an employee is required to provide service in exchange for the award, except for restricted stock units granted to non-employee directors which, unless otherwise provided under the applicable award agreement, are fully vested, and are expensed at the grant date.

Prior to the adoption of ASU No. 2016-09, Compensation - Stock Compensation (Topic 718): *Improvements to Employee Share-based Payment Accounting* in fiscal year 2018, the Company estimated forfeitures based upon historical experience and its expectations regarding future vesting of awards. To the extent actual forfeitures were different from the Company's estimates, share-based compensation was adjusted accordingly. Beginning in the first quarter of fiscal year 2018, upon the adoption of ASU No. 2016-09, the Company elected on a prospective basis effective July 1, 2017, to account for forfeitures as they occur, rather than estimating expected forfeitures as was required under the prior guidance. In connection with the adoption of ASU No. 2016-09, the Company used the modified retrospective transition method and recorded a cumulative effect of $2,403, which was an increase in beginning accumulated deficits with the offset by an equal increase in additional paid in capital.

In addition, for the Company's stock option awards, the Company applies the fair value recognition provisions of ASC Topic 718 "*Compensation — Stock Compensation*". ASC Topic 718 requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The Company determines the fair value as of the grant date. For awards with graded vesting conditions, the values of the awards are determined by valuing all vesting tranches in the aggregate as one award using an average expected term.

The Company determines its assumptions for option-pricing models in accordance with ASC Topic 718 and SEC Staff Accounting Bulletin ("SAB") No. 107, "*Share-Based Payment*" based on the following:

- The expected term of stock options is estimated using the simplified method.
- The expected risk-free interest rate is based on the U.S. Treasury interest rate which term is consistent with the expected term of the stock options.
- The expected volatility is based on the historical volatility of the Company's stock price.

In December 2007, the SEC staff issued SAB No. 110, "*Certain Assumptions Used In Valuation Methods — Expected Term*". SAB No. 110 allows companies to continue to use the simplified method, as defined in SAB No. 107, to estimate the expected term of stock options under certain circumstances. The simplified method for estimating expected term uses the mid-point between the vesting term and the contractual term of the stock option. The Company has analyzed the circumstances in which the use of the simplified method is allowed. The Company has opted to use the simplified method for stock options the Company granted in fiscal years 2019 and 2018 because management believes that the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term. See Note 14 for more information regarding the Company's application of the simplified method for stock options the Company granted in fiscal year 2019.

Earnings (Loss) Per Common Share

Basic earnings (loss) per common share ("EPS") attributable to the Company's common stockholders is based upon net income (loss) attributable to the Company's common stockholders divided by the weighted-average number of common shares outstanding during the period. Diluted EPS reflects the effect of the assumed vesting of restricted stock units and exercise of stock options (see Note 14) only in the periods in which such effect would have been dilutive. For the periods when a net loss is reported, the computation of diluted EPS equals the basic EPS calculation since common stock equivalents were antidilutive due to losses from continuing operations.

Cash and Cash Equivalents

The Company considers the balance of its investment in funds that substantially hold highly liquid 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 is at fair value. Checks outstanding in excess of related book balances are included in accounts payable in the accompanying consolidated balance sheets. The Company presents the change in these book cash overdrafts as cash flows from operating activities.

Restricted Cash

The Company's restricted cash includes cash deposited in escrow accounts. For example, the Company has deposited cash in an interest-bearing escrow account as credit support and collateral to its workers compensation and general liability insurance obligations. Separately, cash is required to be withheld from player salaries and deposited in an escrow account which is in the name of the Company pursuant to the NHL CBA. That escrow account will be distributed subsequent to the end of the season to the players and NHL teams based on the provisions of the NHL CBA. The carrying amount of restricted cash approximates fair value due to the short-term maturity of these instruments. Changes in restricted cash are reflected in cash flows from either operating or investing activities, depending on the circumstances to which the changes in the underlying restricted cash relate.

Short-Term Investments

Short-term investments consist of investments that (i) have original maturities of greater than three months and (ii) the Company expects to convert into cash within one year. The Company currently has a British pound-denominated time deposit that has an original maturity date of six months from inception. The Company classified this investment at the time of purchase as "held-to-maturity" and re-evaluates its classification quarterly based on whether the Company has the intent and ability to hold until maturity. This investment, which is recorded at cost and adjusted for accrued interest, approximates fair value. Cash inflows and outflows related to the sale and purchase of short-term investments are classified as investing activities in the Company's consolidated statements of cash flows.

Accounts Receivable

Accounts receivable is recorded at net realizable value. The Company maintains an allowance for doubtful accounts to reserve for potentially uncollectible receivables. The allowance for doubtful accounts is estimated based on the Company's analysis of receivables aging, specific identification of certain receivables that are at risk of not being paid, past collection experience and other factors. The Company's allowance for doubtful accounts was $1,814 and $777 as of June 30, 2019 and 2018, respectively.

Investments in and Loans to Nonconsolidated Affiliates

The Company's investments in nonconsolidated affiliates are primarily accounted for using the equity method of accounting and are carried at cost, plus or minus the Company's share of net earnings or losses of the investment, subject to certain other adjustments. The cost of equity method investments includes transaction costs of the acquisition. As required by GAAP, to the extent that there is a basis difference between the cost and the underlying equity in the net assets of an equity investment, companies are required to allocate such differences between tangible and intangible assets. The Company's share of net earnings or losses of the investment, inclusive of amortization expense for intangible assets associated with the investment, is reflected in equity in earnings (loss) of nonconsolidated affiliates on the Company's consolidated statements of operations. Dividends received from the investee reduce the carrying amount of the investment. Due to the timing of receiving financial information from its nonconsolidated affiliates, the Company records its share of net earnings or losses of such affiliates on a three-month lag basis, with the exception of the amortization expense of intangible assets which are recorded currently.

In addition to the equity method investments, the Company also has other equity investments without readily determinable fair values. Upon adoption of ASU No. 2016-01 effective July 1, 2018, the Company elected to measure such investments at cost, less any impairment, adjusted for observable price changes from orderly transactions for identical or similar investments of the same issuer. Changes in observable price are reflected within Miscellaneous income (expense), net in the accompanying consolidated statement of operations. Prior to adoption of ASU 2016-01, such investments were recorded at cost, less any impairment. See *Recently Adopted Accounting Pronouncements* below for further detail on the accounting policy related to accounting for equity investments after the adoption of ASU No. 2016-01.

The Company also provides revolving credit facilities to certain of its nonconsolidated affiliates. The outstanding loan balances, including accrued interest, are reflected in investments in and loans to nonconsolidated affiliates in the accompanying consolidated balance sheets. Interest income on the outstanding loan balances and related facility fees are recorded currently and are reflected in interest income in the accompanying consolidated statements of operations.

Impairment of Investments

The Company reviews its investments at least quarterly to determine whether a decline in fair value below the cost basis is other-than-temporary. The primary factors the Company considers in its determination are the length of time that the fair value of the investment is below the Company's carrying value; future prospects of the investee; and the Company's intent and ability to hold the security for a period of time sufficient to allow for any anticipated recovery in fair value. In addition, the Company considers other factors such as general market conditions, industry conditions, and analysts' ratings. If the decline in fair value is deemed to be other-than-temporary, the cost basis of the investment is written down to fair value and the loss is realized as a component of net income. See Note 7 for further discussion of impairments of investments.

Long-Lived and Indefinite-Lived Assets

The Company's long-lived and indefinite-lived assets consist of property and equipment, goodwill, indefinite-lived intangible assets and amortizable intangible assets.

Property and equipment is stated at cost. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets or, with respect to leasehold improvements, amortized over the shorter of the lease term or the asset's estimated useful life. The useful lives of the Company's long-lived assets are based on estimates of the period over which the Company expects the assets to be of economic benefit to the Company. In estimating the useful lives, the Company considers factors such as, but not limited to, risk of obsolescence, anticipated use, plans of the Company, and applicable laws and permit requirements. In July 2013, the permit for The Garden was renewed for ten years and these financial statements have been prepared assuming further renewal of that permit.

Identifiable intangible assets with finite useful lives are amortized on a straight-line basis over their respective estimated useful lives. Goodwill and identifiable intangible assets that have indefinite useful lives are not amortized.

THE MADISON SQUARE GARDEN COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Impairment of Long-Lived and Indefinite-Lived Assets

In assessing the recoverability of the Company's long-lived and indefinite-lived assets, the Company must make estimates and assumptions regarding future cash flows and other factors to determine the fair value of the respective assets. These estimates and assumptions could have a significant impact on whether an impairment charge is recognized as well as the magnitude of any such charge. Fair value estimates are made at a specific point in time, based on relevant information. These estimates are subjective in nature and involve significant uncertainties and judgments and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates. If these estimates or material related assumptions change in the future, the Company may be required to record impairment charges related to its long-lived and/or indefinite-lived assets.

Goodwill is tested annually for impairment as of August 31st and at any time upon the occurrence of certain events or changes in circumstances. The Company has the option to perform a qualitative assessment to determine if an impairment is more likely than not to have occurred. If the Company can support the conclusion that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company would not need to perform the two-step impairment test for that reporting unit. If the Company cannot support such a conclusion or the Company does not elect to perform the qualitative assessment then the first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount, including goodwill. The Company generally determines the fair value of a reporting unit using an income approach, such as the discounted cash flow method, in instances when it does not perform the qualitative assessment of goodwill. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill that would be recognized in a business combination.

The Company performs its goodwill impairment test at the reporting unit level, which is one level below the operating segment level. The Company has two operating and reportable segments, MSG Sports and MSG Entertainment, consistent with the way management makes decisions and allocates resources to the business. For the year ended June 30, 2019, the Company had three reporting units across its two operating segments for goodwill impairment testing purposes: MSG Sports, MSG Entertainment and TAO Group. During the first quarter of fiscal year 2019, the Company performed its annual impairment test of goodwill and determined that there were no impairments of goodwill identified for any of its reporting units as of the impairment test date.

Identifiable indefinite-lived intangible assets are tested annually for impairment as of August 31st and at any time upon the occurrence of certain events or substantive changes in circumstances. The Company has the option to perform a qualitative assessment to determine if an impairment is more likely than not to have occurred. In the qualitative assessment, the Company must evaluate the totality of qualitative factors, including any recent fair value measurements, that impact whether an indefinite-lived intangible asset other than goodwill has a carrying amount that more likely than not exceeds its fair value. The Company must proceed to conducting a quantitative analysis if the Company (i) determines that such an impairment is more likely than not to exist, or (ii) foregoes the qualitative assessment entirely. Under the quantitative assessment, the impairment test for identifiable indefinite-lived intangible assets consists of a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value of the intangible asset exceeds its fair value, then an impairment loss is recognized in an amount equal to that excess. The Company generally determines the fair value of an indefinite-lived intangible asset using an income approach, such as the relief from royalty method, in instances when it does not perform the qualitative assessment of the intangible asset.

For other long-lived assets, including intangible assets that are amortized, the Company evaluates assets for recoverability when there is an indication of potential impairment. If the undiscounted cash flows from a group of assets being evaluated is less than the carrying value of that group of assets, the fair value of the asset group is determined and the carrying value of the asset group is written down to fair value. The Company generally determines the fair value of a finite-lived intangible asset using an income approach, such as the discounted cash flow method.

THE MADISON SQUARE GARDEN COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

Contingent Consideration

Some of the Company's acquisition agreements include contingent earn-out arrangements, which are generally based on the achievement of future operating targets.

The fair values of these earn-out arrangements are included as part of the purchase price of the acquired companies on their respective acquisition dates. For each transaction, the Company estimates the fair value of contingent earn-out payments as part of the initial purchase price and records the estimated fair value of contingent consideration that the Company expects to pay to the former owners as a liability in "Other accrued liabilities" and "Other liabilities" on the consolidated balance sheets.

The Company measures its contingent earn-out liabilities at fair value on a recurring basis using significant unobservable inputs classified within Level III of the fair value hierarchy, which can result in a significantly higher or lower liability with a higher liability capped by the contractual maximum of the contingent earn-out obligation. Ultimately, the liability will be equivalent to the amount paid, and the difference between the fair value estimate and amount paid will be recorded in earnings as operating expense.

See Note 11 for more information regarding the fair value of the Company's contingent consideration liabilities related to the acquisitions.

Defined Benefit Pension Plans and Other Postretirement Benefit Plan

As more fully described in Note 13, the Company has both funded and unfunded defined benefit plans, as well as a contributory other postretirement benefit plan, covering certain full-time employees and retirees. The expense recognized by the Company is determined using certain assumptions, including the expected long-term rate of return and discount rates, among others. The Company recognizes the funded status of its defined benefit pension and other postretirement plans (other than multiemployer plans) as an asset or liability in the consolidated balance sheets and recognizes changes in the funded status in the year in which the changes occur through other comprehensive income (loss).

Fair Value Measurements

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.

Foreign Currency Translations

The consolidated financial statements are presented in U.S. Dollars. Assets and liabilities of non-U.S. subsidiaries and the Company's foreign-based equity method investments that operate in a local currency environment, where that local currency is the functional currency, are translated to U.S. Dollars at exchange rates in effect at the balance sheet date. Operating results of non-U.S. subsidiaries are translated at weighted-average exchange rates during the year which approximate the rates in effect at the transaction dates. For the Company's foreign-based equity method investments, the proportionate share of the investee's income is translated into U.S. dollars at the average exchange rate for the period and the investment is translated using the exchange rate as of the end of the reporting period. Foreign currency translation gains and losses are included as a component of accumulated other comprehensive income (loss) as changes in cumulative translation adjustments in the accompanying consolidated balance sheets.

Recently Adopted Accounting Pronouncements

Adoption of ASC Topic 606

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*. Subsequently, the FASB issued various updates related to ASC Topic 606 including: (i) ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606)*: *Deferral of the Effective Date,* (ii) ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606), Principal versus Agent Considerations (Reporting Revenue versus Net),* (iii) ASU No. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing,* (iv) ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606) - Narrow-Scope Improvements and Practical Expedients,* and (v) ASU No. 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers.* The Company adopted ASC Topic 606 in the first quarter of fiscal year 2019 using the modified retrospective method for those contracts with customers which were not completed as of July 1, 2018. Results for reporting periods beginning after July 1, 2018 are presented under ASC Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the historic accounting guidance under ASC Topic 605.

As a result of the adoption of ASC Topic 606, the Company now accounts for its performance obligations under suite license arrangements as a series and as a result, the related suite license fees for all years during the license term are aggregated for each license agreement and revenue is recognized proportionately when the underlying events at The Garden take place, as opposed to previously being recognized on a straight-line basis over the fiscal year under the prior standard.

In addition, the majority of the Company's local media rights revenue is now recognized over the course of the teams' regular seasons, which reflects the Company's progress towards satisfaction of its performance obligations under such arrangements, as opposed to previously being recognized on a straight-line basis over the fiscal year under the prior standard.

The Company also enters into arrangements with multiple performance obligations, such as multi-year sponsorship agreements. To the extent these arrangements provide for performance obligations that are consistent over the multi-year contractual term, such performance obligations generally meet the definition of a series as provided for under the provisions of ASC Topic 606. As a result, the contractual fees for all years during the contract term are aggregated and the related revenue is recognized proportionately as the underlying performance obligations are satisfied. In general, sponsorship revenue was previously recognized by treating each year of the arrangement as a discrete contract year, and as such the stated contract price was recognized in each year.

Furthermore, the timing of certain fulfillment costs associated with performance obligations, primarily professional sports teams' operating expenses, were also similarly impacted within the fiscal year.

The adoption of ASC Topic 606 had the following impact on revenues, operating expenses and operating income for the year ended June 30, 2019:

	Year ended June 30, 2019		
	As reported under ASC Topic 606	Changes due to the adoption of ASC Topic 606 [(a)]	Amounts without adoption of ASC Topic 606
Revenues	$ 1,631,068	$ 22,996	$ 1,654,064
Operating expenses:			
Direct operating expenses	997,077	26,239	1,023,316
Selling, general and administrative expenses	528,672	—	528,672
Depreciation and amortization	119,193	—	119,193
Operating loss	$ (13,874)	$ (3,243)	$ (17,117)

[(a)] *The Company's consolidated and segment operating results for the year ended June 30, 2019 were impacted by the adoption of ASC Topic 606. As a result, the Company's revenues were lower by $22,996 and direct operating expenses were*

lower by $26,239 for the year ended June 30, 2019. The impact of the adoption of ASC Topic 606 resulted in a net decrease in MSG Entertainment's revenues and direct operating expenses of $24,347 and $24,545, respectively, for the year ended June 30, 2019, primarily due to the application of principal versus agent revenue recognition on event-related food, beverage and merchandise activities. MSG Sports' revenues increased by $1,351 for the year ended June 30, 2019 as a result of the adoption of ASC Topic 606, which is primarily associated with professional sports teams' sponsorship and signage revenues. In addition, the adoption of ASC Topic 606 resulted in a decrease in MSG Sports' direct operating expenses of $1,694 for the year ended June 30, 2019, due to the application of principal versus agent revenue recognition on event-related food, beverage and merchandise activities.

In accordance with the new revenue recognition standard disclosure requirements, the following tables summarize the impact of adopting ASC Topic 606 on the Company's consolidated balance sheet as of July 1, 2018.

	Consolidated Balance Sheet As of July 1, 2018		
	Amounts without the adoption of ASC Topic 606	Changes due to the adoption of ASC Topic 606	Adjusted under ASC Topic 606
ASSETS			
Current Assets:			
Other current assets	$ 28,996	$ 4,366	$ 33,362
Total current assets	1,415,669	4,366	1,420,035
Total assets	$ 3,736,173	$ 4,366	$ 3,740,539
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY			
Current Liabilities:			
Employee related costs	$ 123,992	$ 79	$ 124,071
Other accrued liabilities	180,272	562	180,834
Deferred revenue [(a)]	324,749	(30,480)	294,269
Total current liabilities	765,505	(29,839)	735,666
Total liabilities	1,105,454	(29,839)	1,075,615
The Madison Square Garden Company Stockholders' Equity:			
Retained Earnings (Accumulated deficit)	(11,059)	34,205	23,146
Total The Madison Square Garden Company stockholders' equity	2,536,483	34,205	2,570,688
Total equity	2,554,035	34,205	2,588,240
Total liabilities, redeemable noncontrolling interests and equity	$ 3,736,173	$ 4,366	$ 3,740,539

[(a)] *Amounts due to third-party promoters of $89,513, which were previously reported as Deferred revenue in the accompanying consolidated balance sheet as of June 30, 2018, are now reported as Collections due to promoters in the accompanying consolidated balance sheet.*

The Company enters into nonmonetary transactions that involve the exchange of goods or services, such as advertising and promotional benefits as well as tickets, for other goods or services. In accordance with the new revenue recognition standard, such transactions are measured and recorded at the fair value of the goods or services received unless the goods or services surrendered have a more readily determinable fair value. In addition, the Company enters into other monetary transactions in which nonmonetary consideration is also included and the entire transaction is recorded at fair value.

Adoption of other Accounting Pronouncements

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments — Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities,* which addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. This standard, among other things, (i) requires equity investments, with certain exceptions, to be measured at fair value with changes in fair value recognized in net income and (ii) simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. In February 2018, the FASB issued ASU No. 2018-03, *Technical Corrections and Improvements to Financial Instruments Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which clarifies certain aspects of the guidance issued in ASU No. 2016-01. Among other things, the amendment clarifies that an entity that uses the measurement alternative for equity securities without readily determinable fair values can change its measurement approach to fair value. Once the election is made, the measurement approach is irrevocable and the entity is required to apply the selected approach to that security and all identical or similar investments of the same issuer. This change in accounting is expected to create greater volatility in the Company's miscellaneous income (expense) in the future. The primary impact of the adoption of ASU No. 2016-01 and ASU No. 2018-03 relate to the Company's available-for-sale equity investment and resulted in unrecognized gains and losses from such investment being reflected in the Company's consolidated statements of operations beginning in fiscal year 2019. The Company adopted ASU No. 2016-01 and ASU No. 2018-03 in the first quarter of fiscal year 2019 and recorded a cumulative-effect adjustment to the balance sheet by reclassifying the balance of the Accumulated other comprehensive loss to Accumulated deficit of $5,570 including income tax expense effect of $3,104. See Notes 7 and 11 for more information on the Company's equity investment with readily determinable fair value in Townsquare Media, Inc. ("Townsquare").

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230).* ASU No. 2016-15 addresses eight specific cash flow issues and is intended to reduce diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The Company adopted this standard in the first quarter of fiscal year 2019 retrospectively. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*. ASU No. 2016-16 requires the recognition of income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The Company adopted this standard in the first quarter of fiscal year 2019 on a modified retrospective basis. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash*. The primary purpose of ASU No. 2016-18 is to reduce diversity in the classification and presentation of changes in restricted cash on the statement of cash flows. This standard requires that a statement of cash flows explains the change during the period in total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Company adopted this standard in the first quarter of fiscal year 2019 retrospectively and it resulted in a decrease to net cash flows provided by operating activities of $3,018 and an increase to net cash flows provided by operating activities of $6,909 for the years ended June 30, 2018 and 2017, respectively. See Note 6 for a reconciliation of the cash, cash equivalents and restricted cash reported in the Company's consolidated balance sheets to the amounts as reported on the consolidated statements of cash flows.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805) Clarifying the Definition of a Business*. The primary purpose of this ASU is to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses, which will affect many areas of accounting, including acquisitions, disposals, goodwill, and consolidation. The Company adopted this standard in the first quarter of fiscal year 2019. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

In March 2017, the FASB issued ASU No. 2017-07, *Compensation — Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.* ASU No. 2017-07 requires employers to disaggregate the service cost component from the other components of net benefit cost and disclose by line item the amount of net benefit cost that is included in the statement of operations or capitalized in assets. The standard requires employers to report the service cost component in the same line item(s) as other compensation costs arising from services rendered by the pertinent employees during the period and to report other components of net benefit cost separately and outside the subtotal of operating income (loss). The standard also allows only the service cost component to be eligible for capitalization. The guidance requires application on a retrospective basis for the presentation of the service cost component and the other components of net benefit cost in the statements of operations and on a prospective basis for the capitalization of the service cost component of net benefit cost in assets. The Company adopted this standard in the first quarter of fiscal year 2019 retrospectively and elected the practical expedient allowed by ASU No. 2017-07 to utilize amounts disclosed in the Company's pension plans and other postretirement benefit plan (see Note 13) for the prior comparative period as the estimation basis for applying the retrospective presentation requirements. As a result, the Company recorded a prior period adjustment in the accompanying consolidated statements of operations for the year ended June 30, 2018 to decrease Direct operating expenses and Selling, general and administrative expenses by $1,152 and $3,029, respectively, which was related to the non-service cost components of net periodic pension and postretirement benefit cost, with a corresponding adjustment of $4,181 in Miscellaneous income (expense), net. For the year ended June 30, 2017, the Company recorded a similar prior period adjustment in the accompanying consolidated statements of operations to decrease Direct operating expenses and Selling, general and administrative expenses by $958 and $3,088, respectively, which was related to the non-service cost components of net periodic pension and postretirement benefit cost, with a corresponding adjustment of $4,046 in Miscellaneous income (expense), net. For the year ended June 30, 2019, the non-service cost components of net periodic pension and postretirement benefit cost included under Miscellaneous income (expense), net in the accompanying consolidated statements of operations was $2,730.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation — Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*, which expands the scope of ASC Topic 718 to include all share-based payment transactions for acquiring goods and services from nonemployees. ASU No. 2018-07 specifies that ASC Topic 718 applies to all share-based payment transactions in which the grantor acquires goods and services to be used or consumed in its own operations by issuing share-based payment awards. ASU No. 2018-07 also clarifies that ASC Topic 718 does not apply to share-based payments used to effectively provide (i) financing to the issuer or (ii) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under ASC Topic 606. The Company early adopted this standard in the third quarter of fiscal year 2019. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which supersedes existing guidance on accounting for leases in ASC Topic 840, Leases. ASU No. 2016-02, among other things, (i) requires lessees to account for leases as either finance leases or operating leases and generally requires all leases to be recorded on the balance sheet, including those leases classified as operating leases under previous accounting guidance, through the recognition of right-of-use assets and corresponding lease liabilities, and (ii) requires extensive qualitative and quantitative disclosures about leasing activities. The accounting applied by a lessor is largely unchanged from that applied under previous accounting guidance. In January 2018, the FASB issued ASU No. 2018-01, *Leases (Topic 842) — Land Easement Practical Expedient for Transition to Topic 842*, which provides a lessee or lessor the option to not assess at transition whether existing land easements, not currently accounted for as leases under the current lease guidance, should be treated as leases under the new standard. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842, Leases* and ASU No. 2018-11, *Leases (Topic 842) Targeted improvements*, which provides an additional (and optional) transition method whereby the new lease standard is applied at the adoption date and recognized as an adjustment to retained earnings. The effective date and transition requirements for ASU No. 2018-01, ASU No. 2018-10 and ASU No. 2018-11 are the same as ASU No. 2016-02. This standard, as amended, will be effective for the Company beginning in the first quarter of fiscal year 2020 and is required to be applied using the modified retrospective approach for all leases existing as of the effective date. The Company plans to adopt this standard using the optional transition method allowed by ASU No. 2018-11, whereby the Company will initially apply the new leases standard at July 1, 2019, and will recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. While the Company's evaluation of the impact this standard will have on its consolidated financial statements is currently being finalized, the adoption of the standard will result in the recognition of significant right of use assets and lease liabilities related to the Company's operating leases. The adoption of this standard will not impact operating income.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments — Credit Losses*. ASU No. 2016-13 replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that will require the reflection of expected credit losses and will also require consideration of a broader range of reasonable and supportable information to determine credit loss estimates. In May 2019, the FASB issued ASU No. 2019-05, *Targeted Transition Relief*, which amends ASC Topic 326 to provide an option to irrevocably elect to measure certain individual financial assets at fair value instead of amortized cost. For most financial instruments, the standard will require the use of a forward-looking expected loss model rather than the incurred loss model for recognizing credit losses, which will generally result in the earlier recognition of credit losses on financial instruments. This standard will be effective for the Company beginning in the first quarter of fiscal year 2021, with early adoption permitted. The Company is currently evaluating the impact this standard will have on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles — Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment*. ASU No. 2017-04 removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. This standard will be effective for the Company beginning in the first quarter of fiscal year 2021 and is required to be applied prospectively. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement* as part of the FASB's broader disclosure framework project. ASU No. 2018-13 removes, modifies and adds certain disclosures providing greater focus on requirements that clearly communicate the most important information to the users of the financial statements with respect to fair value measurements. The standard is effective for the Company beginning in the first quarter of fiscal year 2021, with early adoption permitted. Most of the disclosure requirements in ASU No. 2018-13 would need to be applied on a retrospective basis except for the guidance related to (i) unrealized gains and loss included in other comprehensive income, (ii) disclosure related to range and weighted average Level 3 unobservable inputs and (iii) narrative disclosure requirements on measurement uncertainty, which are required to be applied on a prospective basis. The Company is currently evaluating the impact this standard will have on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-14, *Compensation-Retirement Benefits-Defined Benefit Plans — General (Subtopic 715-20): Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans*. ASU No. 2018-14 removes certain disclosures that are not considered cost beneficial, clarifies certain required disclosures and adds additional disclosures. The standard will be effective for the Company in the fourth quarter of fiscal year 2021, with early adoption permitted. The amendments in ASU No. 2018-14 are required to be applied retrospectively. The Company is currently evaluating the impact this standard will have on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles — Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*. ASU No. 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The guidance also specifies that the balance sheet, income statement, and statement of cash flows presentation of capitalized implementation costs and the related amortization should align with the presentation of the hosting (service) element of the arrangement. The standard is effective for the Company in the first quarter of fiscal year 2021, with early adoption permitted. Entities have the option to apply the guidance prospectively to all implementation costs incurred after the date of adoption or retrospectively. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

In November 2018, the FASB issued ASU No. 2018-17, *Targeted Improvements to Related Party Guidance for Variable Interest Entities*. ASU No. 2018-17 amends the variable interest entities ("VIE") guidance to align the evaluation of a decision maker's or service provider's fee in assessing a variable interest with the guidance in the primary beneficiary test. Specifically, indirect interests held by a related party that is under common control will now be considered on a proportionate basis, rather than in their entirety, when assessing whether the fee qualifies as a variable interest. The proportionate basis approach is consistent with the treatment of indirect interests held by a related party under common control when evaluating the primary beneficiary of a VIE. This effectively means that when a decision maker or service provider has an interest in a related party, regardless of whether they are under common control, it will consider that related party's interest in a VIE on a proportionate basis throughout the VIE model, for both the assessment of a variable interest and the determination of a primary beneficiary.

The standard will be effective for the Company in the first quarter of fiscal year 2021, with early adoption permitted. The amendments in ASU No. 2018-17 are required to be applied retrospectively. The Company is currently evaluating the impact this standard will have on its consolidated financial statements.

In November 2018, the FASB issued ASU No. 2018-18, *Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606.* ASU No. 2018-18 clarifies that certain transactions between participants in a collaborative arrangement should be accounted for under ASC Topic 606 when the counterparty is a customer. In addition, ASU No. 2018-18 precludes an entity from presenting consideration from a transaction in a collaborative arrangement as revenue from contracts with customers if the counterparty is not a customer for that transaction. The standard will be effective for the Company in the first quarter of fiscal year 2021, with early adoption permitted. The amendments in ASU No. 2018-18 are required to be applied retrospectively to the date when the Company initially adopted ASC Topic 606. The Company is currently evaluating the impact this standard will have on its consolidated financial statements.

In April 2019, the FASB issued ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments — Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825 — Financial Instruments*. This ASU provides narrow-scope amendments to help apply these recent standards. The transition requirements and effective date of this ASU will be effective for the Company in the first quarter of fiscal year 2021 with early adoption permitted for certain amendments. The Company is currently evaluating the impact this standard will have on its consolidated financial statements.

Note 3. Revenue Recognition

Contracts with Customers

All revenue recognized in the consolidated statements of operations is considered to be revenue from contracts with customers in accordance with ASC Topic 606. For the year ended June 30, 2019, the Company did not have any impairment losses on receivables or contract assets arising from contracts with customers.

The Company recognizes revenue when, or as, performance obligations under the terms of a contract are satisfied, which generally occurs when, or as, control of promised goods or services are transferred to customers. Revenue is measured as the amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services ("transaction price"). To the extent the transaction price includes variable consideration, the Company estimates the amount of variable consideration that should be included in the transaction price utilizing the most likely amount to which the Company expects to be entitled. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Estimates of variable consideration and the determination of whether to include such estimated amounts in the transaction price are based largely on an assessment of the Company's anticipated performance and all information that is reasonably available. The Company accounts for taxes collected from customers and remitted to governmental authorities on a net basis and excludes these amounts from revenues.

In addition, the Company defers certain costs to fulfill the Company's contracts with customers to the extent such costs relate directly to the contracts, are expected to generate resources that will be used to satisfy the Company's performance obligations under the contracts and are expected to be recovered through revenue generated under the contracts. Contract fulfillment costs are expensed as the Company satisfies the related performance obligations.

Arrangements with Multiple Performance Obligations

The Company has arrangements with multiple performance obligations, such as multi-year sponsorship agreements which may derive revenues for each of the Company's segments within a single arrangement. Payment terms for such arrangements can vary by contract, but payments are generally due in installments throughout the contractual term. The performance obligations included in each sponsorship agreement vary and may include various advertising benefits such as, but not limited to, signage at The Garden and the Company's other venues, digital advertising, event or property specific advertising, as well as non-advertising benefits such as suite licenses and event tickets. To the extent the Company's multi-year arrangements provide for performance obligations that are consistent over the multi-year contractual term, such performance obligations generally meet the definition of a series as provided for under the accounting guidance. If performance obligations are concluded to meet the definition of a series, the contractual fees for all years during the contract term are aggregated and the related revenue is recognized proportionately as the underlying performance obligations are satisfied.

The timing of revenue recognition for each performance obligation is dependent upon the facts and circumstances surrounding the Company's satisfaction of its respective performance obligation. The Company allocates the transaction price for such arrangements to each performance obligation within the arrangement based on the estimated relative standalone selling price of the performance obligation. The Company's process for determining its estimated standalone selling prices involves management's judgment and considers multiple factors including company specific and market specific factors that may vary depending upon the unique facts and circumstances related to each performance obligation. Key factors considered by the Company in developing an estimated standalone selling price for its performance obligations include, but are not limited to, prices charged for similar performance obligations, the Company's ongoing pricing strategy and policies, and consideration of pricing of similar performance obligations sold in other arrangements with multiple performance obligations.

The Company may incur costs such as commissions to obtain its multi-year sponsorship agreements. The Company assesses such costs for capitalization on a contract by contract basis. To the extent costs are capitalized, the Company estimates the useful life of the related contract asset which may be the underlying contract term or the estimated customer life depending on the facts and circumstances surrounding the contract. The contract asset is amortized over the estimated useful life.

Principal versus Agent Revenue Recognition

The Company reports revenue on a gross or net basis based on management's assessment of whether the Company acts as a principal or agent in the transaction. The determination of whether the Company acts as a principal or an agent in a transaction is based on an evaluation of whether the Company controls the good or service before transfer to the customer. When the Company concludes that it controls the good or service before transfer to the customer, the Company is considered a principal in the transaction and records revenue on a gross basis. When the Company concludes that it does not control the good or service before transfer to the customer but arranges for another entity to provide the good or service, the Company acts as an agent and records revenue on a net basis in the amount it earns for its agency service.

In connection with the 2015 Distribution, the Company entered into an advertising sales representation agreement with MSG Networks. Pursuant to the agreement, the Company has the exclusive right and obligation to sell advertising on behalf of MSG Networks. The Company is entitled to and earns commission revenue as the advertisements are aired on MSG Networks. Since the Company acts as an agent, the Company recognizes the advertising commission revenue on a net basis.

The Company's revenue recognition policies that summarize the nature, amount, timing and uncertainty associated with each of the Company's revenue sources are discussed further in each respective segment discussion below.

MSG Entertainment

The Company's MSG Entertainment segment earns event related revenues principally from the sale of tickets for events that the Company produces or promotes/co-promotes, and from venue license fees charged to third-party promoters for events held at the Company's venues that MSG Entertainment does not produce or promote/co-promote. The Company's performance obligations with respect to event-related revenues from the sale of tickets, venue license fees from third-party promoters, sponsorships, concessions and merchandise are satisfied at the point of sale or as the related event occurs.

MSG Entertainment's revenues also include revenue from the license of The Garden's suites. Suite license arrangements are generally multi-year fixed-fee arrangements that include annual fee increases. Payment terms for suite license arrangements can vary by contract, but payments are generally due in installments prior to each license year. The Company's performance obligation under such arrangements is to provide the licensee with access to the suite when events occur at The Garden. The Company accounts for the performance obligation under these types of arrangements as a series and, as a result, the related suite license fees for all years during the license term are aggregated and revenue is recognized proportionately over the license period as the Company satisfies the related performance obligation. Progress toward satisfaction of the Company's annual suite license performance obligations is measured as access to the suite is provided to the licensee for each event throughout the contractual term of the license.

The Company's MSG Entertainment segment also earns revenues from the sale of advertising in the form of venue signage and other forms of sponsorship, which are not related to any specific event. The Company's performance obligations with respect to this advertising are satisfied as the related benefits are delivered over the term of the respective agreements.

Revenues from dining, nightlife and hospitality offerings through TAO Group are recognized when food, beverages and/or services are provided to the customer as that is the point in which the related performance obligation is satisfied. In addition, management fee revenues which are earned in accordance with specific venue management agreements are recorded over the period in which the management services are performed as such depicts the measure of progress toward satisfaction of the Company's venue management performance obligations.

Amounts collected in advance of the Company's satisfaction of its contractual performance obligations are recorded as a contract liability within deferred revenue and are recognized as the Company satisfies the related performance obligations. Amounts collected in advance of events for which the Company is not the promoter or co-promoter do not represent contract liabilities and are recorded as collections due to promoters on the balance sheet.

MSG Sports

The Company's professional sports teams derive event-related revenues principally from ticket sales which are recognized as the related games occur. MSG Sports' revenues also include revenue from the license of The Garden's suites. Suite license arrangements are generally multi-year fixed fee arrangements that include annual fee increases. Payment terms for suite license arrangements can vary by contract, but payments are generally due in installments prior to each license year. The Company's performance obligation under such arrangements is to provide the licensee with access to the suite when events occur at The Garden. The Company accounts for the performance obligation under these types of arrangements as a series and, as a result, the related suite license fees for all years during the license term are aggregated and revenue is recognized proportionately over the license period as the Company satisfies the related performance obligation. Progress toward satisfaction of the Company's suite license performance obligations is measured as access to the suite is provided to the licensee for each event throughout the contractual term of the license.

In addition to event-related revenue, MSG Sports maintains local media rights arrangements which provide for the licensing of team-related programming to MSG Networks. MSG Sports, pursuant to the terms of the agreements, receives such rights fees in equal monthly installments throughout each license year. The transaction price under these arrangements is variable in nature as certain credit provisions exist to the extent that the teams' games are unavailable for broadcast during an individual league season. The Company estimates the transaction price at the beginning of each fiscal year, which coincides with the annual contractual term. In estimating the transaction price, the Company considers the contractually agreed upon license fees as well as qualitative considerations with respect to the number of games expected to be available for broadcast by MSG Networks over the upcoming year. The resulting transaction price is allocated entirely to the rights provided for the related contract year and revenue is recognized using an output measure of progress toward satisfaction of the Company's performance obligations within the contract year, as the underlying benefits are conveyed to the licensee.

The Company's professional sports teams also derive revenue from the distribution of league-wide national and international television contracts and other league-wide revenue sources. The transaction price for each of these revenues is based upon the expected distribution values as communicated by the applicable league. The timing of revenue recognition is dependent on the nature of the underlying performance obligation, which is generally over time. Receipt of league-wide revenues generally occurs at the time of communication or according to a specified timeline.

MSG Sports also earns revenues from the sale of advertising in the form of venue signage and sponsorships, which are not related to any specific event. The Company's performance obligations with respect to this advertising are satisfied as the related benefits are delivered over the term of the respective agreements.

The Company's MSG Sports segment also derives revenue from live sporting events not related to the Company's teams. The Company's performance obligations with respect to event-related revenues from other live sporting events, including the sale of tickets, venue license fees earned in connection with other live sporting events that the Company does not produce or promote, sponsorships, concessions and merchandise are satisfied at the point of sale or as the related event occurs.

Amounts collected in advance of the Company's satisfaction of its contractual performance obligations are recorded as a contract liability within deferred revenue and are recognized as the Company satisfies the related performance obligations. Amounts collected in advance of events for which the Company is not the promoter or co-promoter do not represent contract liabilities and are recorded as collections due to promoters on the balance sheet.

THE MADISON SQUARE GARDEN COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Disaggregation of Revenue

The following table disaggregates the Company's revenue by major source and reportable segment based upon the timing of transfer of goods or services to the customer for the year ended June 30, 2019:

	Year ended June 30, 2019			
	MSG Entertainment	MSG Sports	Eliminations	Total
Event-related [(a)]	$ 712,556	$ 350,344	$ (852)	$ 1,062,048
Sponsorship, signage and suite licenses	81,570	175,316	(681)	256,205
League distributions	—	119,640	—	119,640
Local media rights fees from MSG Networks	—	146,232	—	146,232
Other [(b)]	25,804	21,214	(75)	46,943
Total revenues from contracts with customers	$ 819,930	$ 812,746	$ (1,608)	$ 1,631,068

[(a)] *Consists of (i) ticket sales and other ticket-related revenues, (ii) TAO Group's entertainment dining and nightlife offerings, (iii) venue license fees from third-party promoters, and (iv) food, beverage and merchandise sales.*

[(b)] *Primarily consists of (i) advertising commission revenue from MSG Networks, (ii) TAO Group's managed venue revenues, and (iii) revenues from Obscura's third-party production business.*

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed receivables, contract assets and contract liabilities on the consolidated balance sheet. The following table provides information about contract balances from the Company's contracts with customers as of June 30, 2019 and July 1, 2018.

	June 30, 2019	July 1, 2018
Receivables from contracts with customers, net [(a)]	$ 96,982	$ 100,930
Contract assets, current [(b)]	7,314	4,366
Deferred revenue, including non-current portion [(c)]	305,821	304,501

[(a)] *Receivables from contracts with customers, which are reported in Accounts receivable, net and Net related party receivables in the Company's consolidated balance sheets, represent the Company's unconditional rights to consideration under its contracts with customers. As of June 30, 2019 and July 1, 2018, the Company's receivables from contracts with customers above included $126 and $205, respectively, related to various related parties. See Note 16 for further details on these related party arrangements.*

[(b)] *Contract assets, which are reported as Other current assets in the Company's consolidated balance sheets, primarily relate to the Company's rights to consideration for goods or services transferred to the customer, for which the Company does not have an unconditional right to bill as of the reporting date. Contract assets are transferred to accounts receivable once the Company's right to consideration becomes unconditional.*

[(c)] *Deferred revenue primarily relates to the Company's receipt of consideration from a customer in advance of the Company's transfer of goods or services to that customer. Deferred revenue is reduced and the related revenue is recognized once the underlying goods or services are transferred to the customer. Revenue recognized for the year ended June 30, 2019 relating to the deferred revenue balance as of July 1, 2018 was $255,966.*

Transaction Price Allocated to the Remaining Performance Obligations

The following table depicts the estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of June 30, 2019. In developing the estimated revenue, the Company applies the allowable practical expedient and does not disclose information about remaining performance obligations that have original expected durations of one year or less. Additionally, the Company has elected to exclude variable consideration from its disclosure related to the remaining performance obligations under its local media rights arrangements with MSG Networks.

Fiscal year ending June 30, 2020	$ 215,291
Fiscal year ending June 30, 2021	178,792
Fiscal year ending June 30, 2022	135,532
Fiscal year ending June 30, 2023	79,219
Fiscal year ending June 30, 2024	54,078
Thereafter	127,299
	$ 790,211

Note 4. Computation of Earnings (Loss) per Common Share

The following table presents a reconciliation of weighted-average shares used in the calculations of basic and diluted earnings (loss) per common share attributable to the Company's stockholders ("EPS").

	Years Ended June 30,		
	2019	**2018**	**2017**
Weighted-average shares (denominator):			
Weighted-average shares for basic EPS	23,767	23,639	23,853
Dilutive effect of shares issuable under share-based compensation plans	133	207	—
Weighted-average shares for diluted EPS	23,900	23,846	23,853
Weighted-average anti-dilutive shares	368	28	—

Note 5. Team Personnel Transactions

Direct operating and selling, general and administrative expenses in the accompanying consolidated statements of operations include net provisions for transactions relating to players and certain other team personnel on the Company's sports teams for (i) waivers/contract termination costs, (ii) player trades and (iii) season-ending injuries ("Team Personnel Transactions"). Team Personnel Transactions amounted to $53,134, $27,514 and $42,337 for the years ended June 30, 2019, 2018 and 2017, respectively. Team personnel transactions for the year ended June 30, 2018 are reported net of insurance recoveries of $468. See Note 22 for details of a subsequent event related to Team Personnel Transactions in July 2019.

Note 6. Cash, Cash Equivalent and Restricted Cash

The following table provides a summary of the amounts recorded as cash, cash equivalents and restricted cash.

	As of			
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Captions on the consolidated balance sheets:				
Cash and cash equivalents	$ 1,086,372	$ 1,225,638	$ 1,238,114	$ 1,444,317
Restricted cash [(a)]	31,529	30,982	34,000	27,091
Cash, cash equivalents and restricted cash on the consolidated statements of cash flows	$ 1,117,901	$ 1,256,620	$ 1,272,114	$ 1,471,408

[(a)] *See Note 2 for more information regarding the nature of restricted cash.*

Note 7. Investments and Loans to Nonconsolidated Affiliates

The Company's investments and loans to nonconsolidated affiliates which are accounted for under the equity method of accounting, equity investments without readily determinable fair values, and cost method of accounting in accordance with ASC Topic 323, *Investments - Equity Method and Joint Ventures*, ASC Topic 321, *Investments - Equity Securities,* and ASC Topic 325, *Investments - Other*, respectively, consisted of the following:

	Ownership Percentage	Investment	Loan	Total
June 30, 2019				
Equity method investments:				
SACO Technologies Inc. ("SACO")	30%	$ 44,321	$ —	$ 44,321
Tribeca Enterprises LLC ("Tribeca Enterprises")	50%	—	18,000	18,000
Others		8,372	—	8,372
Equity investments without readily determinable fair values [(a)]		13,867	—	13,867
Total investments and loans to nonconsolidated affiliates		$ 66,560	$ 18,000	$ 84,560
June 30, 2018				
Equity method investments:				
Azoff MSG Entertainment LLC ("AMSGE")	50%	$ 101,369	$ 63,500	$ 164,869
Tribeca Enterprises LLC ("Tribeca Enterprises")	50%	8,007	19,525	27,532
Others		6,977	—	6,977
Cost method investments [(a)]		10,573	—	10,573
Total investments and loans to nonconsolidated affiliates		$ 126,926	$ 83,025	$ 209,951

[(a)] *In accordance with the ASU No. 2016-01 and ASU No. 2018-03, which were adopted on July 1, 2018, the cost method accounting for equity investments was eliminated. Such investments are required to be presented at fair value. The Company has elected to account for its equity securities without readily determinable fair values at cost, adjusted for impairment and changes resulting from observable price fluctuations in orderly transactions for the identical or a similar investment of the same issuer ("Measurement Alternative"). The Company applies the Measurement Alternative, which is classified within Level III of the fair value hierarchy, to its equity investments without readily determinable fair values as of*

June 30, 2019 and recorded a $3,738 increase in carrying value from observable price fluctuations and an impairment charge of $398. The Company did not identify any adjustments on July 1, 2018.

Equity Method Investments

The Company determined that these investments are not VIEs and therefore each was analyzed under the voting model. The Company determined that due to a lack of a voting majority and consistent with the accounting for partnership (or similar entities) interests, it does not control these entities. Accordingly, the Company accounts for these investments under the equity method of accounting in accordance with ASC Topic 323. In addition, for an investment in a limited liability company in which the Company has an ownership interest that exceeds 3-5%, the Company also accounts for such investment under the equity method of accounting.

In September 2013, the Company acquired a 50% interest in AMSGE for $125,000. AMSGE owns and operates businesses in the entertainment industry and focused on music management, performance rights, strategic marketing and venue management consulting services. The Company sold its interest in AMSGE (renamed The Azoff Company) to The Azoff Company Holdings ("Azoff Music") on December 5, 2018 for $125,000. The Company recorded a gain on the sale of its interest in AMSGE of $3,219 (net of transaction costs of $2,290), which is reported in Earnings (loss) in equity method investments in the accompanying consolidated statement of operations for the year ended June 30, 2019. The $63,500 outstanding under the revolving credit facility previously extended by the Company to AMSGE was also converted to a subordinated term loan with a maturity date of September 20, 2021. This subordinated term loan was assumed by The Azoff Company Equity LLC, a newly-formed holding company that owns, directly or indirectly, the investments previously owned by AMSGE. The subordinated term loan to The Azoff Company Equity LLC bears interest at a floating rate, which at the option of The Azoff Company Equity LLC, is either (i) a base rate plus a margin of 1.25% per annum or (ii) six-month LIBOR plus a margin of 2.25% per annum. See Note 11 for more information on this subordinated term loan receivable. Azoff Music directly or through its affiliates will continue to provide consulting services to the Company, including with respect to the Forum and other venues (including MSG Spheres). In addition, in connection with the arrangement, until October 8, 2020, the Company has the right to participate in the proceeds of a sale of certain of Azoff Music's businesses above a specified amount, and Azoff Music has the right to participate in the proceeds of a sale of the Forum above a specified amount.

In August 2013, the Company acquired an interest in Brooklyn Bowl Las Vegas, LLC ("BBLV"). In March 2014, BBLV opened a new bowling, dining and live music venue in Las Vegas. The equity investment in BBLV of $23,600 was fully written-off in fiscal year 2015. In May 2019, the Company sold its interest in BBLV for $750 and recorded a gain on the sale of its interest for the same amount, which is reported in Earnings (loss) in equity method investments in the accompanying consolidated statements of operations for the year ended June 30, 2019.

In March 2014, the Company acquired a 50% interest in Tribeca Enterprises for $22,500. Tribeca Enterprises owns and operates the Tribeca Film Festival and certain other businesses. As of the acquisition date the carrying amount of the investment was greater than the Company's equity in the underlying assets of Tribeca Enterprises. As such, the Company allocated the difference to indefinite-lived and amortizable intangible assets of $5,750 and $5,350, respectively. The difference attributable to amortizable intangible assets is being amortized straight-line over 10 years, the expected useful life of the intangible asset. In connection with the Company's investment in Tribeca Enterprises, the Company has provided a $17,500 revolving credit facility to Tribeca Enterprises as of June 30, 2019. The Tribeca Enterprises revolving credit facility was fully drawn as of June 30, 2019 and 2018 and the loan outstanding included payments-in-kind ("PIK") interest of $3,516 and $2,025 as of June 30, 2019 and 2018, respectively. PIK interest owed does not reduce the availability under the revolving credit facility. During the three months ended June 30, 2019, the Company accepted an offer to sell its 50% ownership interest in Tribeca Enterprises, including the outstanding loan and PIK interest, for total consideration of $18,000. The company signed a letter of intent and, as a result, recorded an impairment charge of $8,133, which is reported as Earnings (loss) in equity method investments in the accompanying consolidated statement of operations for the year ended June 30, 2019. The impairment charge consisted of $3,016 in the carrying value of PIK interest and $5,117 in the carrying value of the equity method investment. On August 5, 2019, the Company contributed to Tribeca Enterprises the $18,000 of indebtedness under the Company's revolving credit facility to the Company's equity capital in Tribeca Enterprises immediately prior to the sale of the Company's equity capital in Tribeca Enterprises for $18,000.

In July 2014, MSG Networks sold Fuse to Fuse Media, Inc., and as part of the transaction MSG Networks received a 15% equity interest in Fuse Media LLC ("Fuse Media") which was transferred to the Company in connection with the 2015 Distribution. In the third quarter of fiscal year 2017, certain Fuse Media warrant holders notified Fuse Media of their intent to exercise certain put options (which Fuse Media disputed). The purported exercise of the put options triggered an assessment of Fuse Media's fair value. This assessment, which was performed during the third quarter of fiscal year 2017, resulted in unfavorable fair value measurements of Fuse Media. As a result, the Company evaluated whether or not an other-than-temporary impairment of its investment had occurred as of the third quarter of fiscal year 2017. This evaluation resulted in the Company recording a pre-tax non-cash impairment charge of $20,613 to write off the carrying value of its equity investment in Fuse Media, which is reflected in loss in equity method investments in the accompanying consolidated statements of operations for the year ended June 30, 2017. Fuse Media filed for Chapter 11 bankruptcy protection in April 2019. Fuse Media emerged from bankruptcy on July 1, 2019 and the Company no longer has any ownership interest in Fuse Media.

In July 2018, the Company acquired a 30% interest in SACO, a global provider of high-performance LED video lighting and media solutions, for a total consideration of approximately $47,244. The Company is utilizing SACO as a preferred display technology provider for MSG Spheres and is benefiting from agreed upon commercial terms. The total consideration consisted of a $42,444 payment at closing and a $4,800 deferred payment, which was made in October 2018. As of the acquisition date, the carrying amount of the investment was greater than the Company's equity interest in the underlying net assets of SACO. As such, the Company allocated the difference to amortizable intangible assets of $25,350 and is amortizing these intangible assets on a straight-line basis over the expected useful lives ranging from 6 years to 12 years.

Equity Investment with Readily Determinable Fair Value

In addition to the investments discussed above, the Company holds an investment of 3,208 shares of the common stock of Townsquare. Townsquare is a leading media, entertainment and digital marketing solutions company that is listed on the New York Stock Exchange ("NYSE") under the symbol "TSQ." In accordance with ASC Topic 321, *Investments - Equity Securities,* this investment is measured at readily determinable fair value and is reported under Other assets in the accompanying consolidated balance sheets as of June 30, 2019 and 2018. See Note 11 for more information on the fair value of the investment in Townsquare.

In addition, the Company also has other investments in various sports and entertainment companies and related technologies, accounted for either under the equity method or at fair value.

The following is summarized financial information for all of the Company's equity method investments as required by the guidance in SEC Regulation S-X Rule 4-08(g). The amounts shown below represent 100% of these equity method investments' financial position and results of operations.

Balance Sheet	**June 30, 2019** [(a)]	**June 30, 2018**
Current assets	$ 83,635	$ 149,054
Noncurrent assets	341,457	414,247
	$ 425,092	$ 563,301
Current liabilities	$ 335,533	$ 116,695
Noncurrent liabilities	33,588	384,580
Noncontrolling interests	27,347	54,684
Shareholders' equity	28,624	7,342
	$ 425,092	$ 563,301

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	Years Ended June 30,		
Results of Operations	**2019 [a]**	**2018**	**2017**
Revenues	$ 305,145	$ 308,070	$ 328,533
Income (loss) from continuing operations	8,461	(19,016)	(16,923)
Net income (loss)	8,816	(19,016)	(16,923)
Net income (loss) attributable to controlling interest	5,281	(21,845)	(17,399)

[a] *Balance sheet information did not include equity method investees that were sold during the fiscal year 2019. For equity method investments that were sold in fiscal year 2019, the results of operations information included the activities for those equity method investees until the date of sale.*

Note 8. Goodwill and Intangible Assets

The carrying amounts of goodwill, by reportable segment, as of June 30, 2019 and 2018 are as follows:

	June 30, 2019	June 30, 2018
MSG Entertainment	$ 165,558	$ 165,558
MSG Sports	226,955	226,955
	$ 392,513	$ 392,513

During the first quarter of fiscal year 2019, the Company performed its annual impairment test of goodwill and determined that there were no impairments of goodwill identified for any of its reporting units as of the impairment test date.

The Company's indefinite-lived intangible assets as of June 30, 2019 and 2018 are as follows:

	June 30, 2019	June 30, 2018
Sports franchises (MSG Sports segment)	$ 111,064	$ 110,564
Trademarks (MSG Entertainment segment)	62,421	62,421
Photographic related rights (MSG Sports segment)	3,000	3,000
	$ 176,485	$ 175,985

During the first quarter of fiscal year 2019, the Company performed its annual impairment test of identifiable indefinite-lived intangible assets and determined that there were no impairments identified.

The Company's intangible assets subject to amortization are as follows:

June 30, 2019	**Estimated Useful Lives**		**Gross**	**Accumulated Amortization**	**Net**
Trade names	5 years to	25 years	$ 100,830	$ (12,228)	$ 88,602
Venue management contracts	12 years to	25 years	79,000	(9,887)	69,113
Favorable lease assets	1.5 years to	16 years	54,253	(10,382)	43,871
Season ticket holder relationships		15 years	50,032	(47,541)	2,491
Non-compete agreements	5 years to	5.75 years	11,400	(4,311)	7,089
Festival rights		15 years	8,080	(1,617)	6,463
Other intangibles	3 months to	15 years	10,064	(6,987)	3,077
			$ 313,659	$ (92,953)	$ 220,706

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June 30, 2018	Gross	Accumulated Amortization	Net
Trade names	101,830	(6,658)	$ 95,172
Venue management contracts	79,000	(5,324)	73,676
Favorable lease assets	54,253	(5,686)	48,567
Season ticket holder relationships	50,032	(44,206)	5,826
Non-compete agreements	11,400	(2,266)	9,134
Festival rights	8,080	(1,078)	7,002
Other intangibles	10,064	(5,635)	4,429
	$ 314,659	$ (70,853)	$ 243,806

Amortization expense for intangible assets, excluding the amortization of favorable lease assets of $4,696, $4,874 and $812 for the years ended June 30, 2019, 2018 and 2017, respectively, which is reported in rent expense, was $18,404, $20,194, and $7,805 for the years ended June 30, 2019, 2018 and 2017, respectively.

The Company expects its aggregate annual amortization expense for existing intangible assets subject to amortization for each fiscal year from 2020 through 2024 to be as follows:

Fiscal year ending June 30, 2020	$ 20,570
Fiscal year ending June 30, 2021	$ 18,038
Fiscal year ending June 30, 2022	$ 17,888
Fiscal year ending June 30, 2023	$ 15,923
Fiscal year ending June 30, 2024	$ 14,685

Note 9. Property and Equipment

As of June 30, 2019 and 2018, property and equipment consisted of the following assets:

	June 30, 2019	June 30, 2018	Estimated Useful Lives
Land	$ 172,558	$ 175,731	
Buildings	1,126,621	1,118,526	Up to 45 years
Equipment	335,932	316,705	1 year to 20 years
Aircraft	38,090	38,090	20 years
Furniture and fixtures	53,571	52,293	1 year to 10 years
Leasehold improvements	180,757	180,952	Shorter of term of lease or life of improvement
Construction in progress	238,928	84,731	
	2,146,457	1,967,028	
Less accumulated depreciation and amortization	(766,065)	(713,357)	
	$ 1,380,392	$ 1,253,671	

The increase in Construction in progress is primarily associated with the development and construction of MSG Spheres in Las Vegas and London.

Depreciation and amortization expense on property and equipment was $100,789, $102,292 and $99,583 for the years ended June 30, 2019, 2018 and 2017, respectively.

Note 10. Commitments and Contingencies

Contractual Obligations and Off Balance Sheet Arrangements

The Company has various long-term noncancelable operating lease agreements, primarily for entertainment venues and office space expiring at various dates through 2038. Certain leases include renewal provisions at the Company's option and provide for additional rent based on sales. The rent expense associated with such operating leases is recognized on a straight-line basis over the initial lease term. The difference between rent expense and rent paid is recorded as deferred rent. Rent expense including amortization of favorable lease assets and an unfavorable lease liability under these lease agreements totaled $57,627, $53,591 and $39,044 for the years ended June 30, 2019, 2018 and 2017, respectively.

In addition, the Company has certain future cash payments required under contracts entered into by the Company in the normal course of business and outstanding letters of credit.

As of June 30, 2019, future minimum rental payments under leases having noncancelable initial lease terms, other cash payments required under contracts entered into by the Company in the normal course of business in excess of one year and outstanding letters of credit are as follows:

	Off-Balance Sheet Commitments				Contractual Obligations reflected on the Balance Sheet[e]	
	Operating Leases[a]	Contractual Obligations[b]	Letters of Credits[c]	Total[d]		Total[f]
Fiscal year ending June 30, 2020	$ 55,078	$ 115,483	$ 12,512	$ 183,073	$ 79,064	$ 262,137
Fiscal year ending June 30, 2021	54,600	71,288	—	125,888	9,379	135,267
Fiscal year ending June 30, 2022	54,465	39,688	—	94,153	8,800	102,953
Fiscal year ending June 30, 2023	50,594	14,648	—	65,242	4,808	70,050
Fiscal year ending June 30, 2024	39,053	9,646	—	48,699	3,234	51,933
Thereafter	123,358	6,160	—	129,518	11,875	141,393
	$ 377,148	$ 256,913	$ 12,512	$ 646,573	$ 117,160	$ 763,733

[a] *Includes contractually obligated minimum lease payments for operating leases having an initial noncancelable term in excess of one year for the Company's venues, including the TAO Group venues, CLG facility, and various corporate offices.*

[b] *Consist principally of the MSG Sports segment's obligations under employment agreements that the Company has with its professional sports teams' personnel that are generally guaranteed regardless of employee injury or termination.*

[c] *Consist of letters of credit obtained by the Company as collateral for development of MSG Sphere in Las Vegas and lease agreements.*

[d] *Off balance sheet arrangements disclosed in the table above do not include MSG Sphere related commitments that are not reflected on the balance sheet of $1,049,781. Such arrangements are associated with the development and construction of MSG Sphere in Las Vegas. The timing of the future cash payments disclosed is uncertain and may change as the development and construction of MSG Sphere in Las Vegas progresses.*

[e] *Consist primarily of amounts earned under employment agreements that the Company has with certain of its professional sports teams' personnel in the MSG Sports segment. In addition, the amount includes MSG Sphere related commitments of approximately $19,700, all due within fiscal year 2020.*

[f] *Pension obligations have been excluded from the table above as the timing of the future cash payments is uncertain. See Note 13 for information on the future funding requirements under our pension obligations.*

In addition, see Note 7 for information on the revolving credit facilities provided by the Company to Tribeca Enterprises.

In connection with the TAO Group and CLG acquisitions, the Company has accrued contingent consideration as part of the purchase price. See Note 11 for further details of the amount recorded in the accompanying consolidated balance sheet as of

June 30, 2019. In addition, see Note 12 for the principal repayments required under the long-term debt outstanding as of June 30, 2019.

Under the terms of lease agreements and related guaranties, subsidiaries of the Company have certain operating requirements, with one of these subsidiaries being also required to meet a certain net worth obligation. In the event that these subsidiaries were to fail to meet the required obligations and were unable to avail themselves of the cure options, the landlord could terminate the lease.

The Company and a subsidiary of the Las Vegas Sands Corp. ("Sands") entered into a 50-year ground lease in Las Vegas pursuant to which the Company has agreed to construct a large-scale venue. The Company has announced plans to construct an MSG Sphere on that site. The ground lease will have no fixed rent; however, if certain return objectives are achieved, Sands will receive 25% of the after-tax cash flow in excess of such objectives.

The Company has the right to increase its equity interest in TAO Group through a call right on the equity of the other TAO Group equityholders after the fifth anniversary of the closing date (January 31, 2022) and prior to such date in certain events. The other TAO Group equityholders have the right to put their equity interests in TAO Group after the fifth anniversary of the closing and, in certain circumstances prior to the fifth anniversary. The put and call prices are at fair market value (or in certain circumstances, subject to a discount). Consideration paid upon exercise of such call right shall be, at MSG's option, in cash, debt, or MSG Class A Common Stock, subject to certain limitations.

Legal Matters

The Company is a defendant in various lawsuits. Although the outcome of these lawsuits cannot be predicted with certainty (including the extent of available insurance, if any), management does not believe that resolution of these lawsuits will have a material adverse effect on the Company.

Note 11. Fair Value Measurements

The following table presents the Company's assets that are measured at fair value on a recurring basis, which include cash equivalents, marketable securities and available-for-sale securities:

		June 30,	
	Fair Value Hierarchy	2019	2018
Assets:			
Commercial paper	I	$ 169,707	$ 147,098
Money market accounts	I	101,517	151,887
Time deposits	I	789,833	891,923
Equity investment with readily determinable fair value	I	17,260	20,756
Total assets measured at fair value		$ 1,078,317	$ 1,211,664

All assets listed above are classified within Level I of the fair value hierarchy as they are valued using observable inputs that reflect quoted prices for identical assets in active markets. The carrying amount of the Company's commercial paper, money market accounts and time deposits approximates fair value due to their short-term maturities.

The carrying value and fair value of the Company's financial instruments reported in the accompanying consolidated balance sheets are as follows:

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	June 30, 2019		June 30, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Notes receivable, including interest accruals	$ 13,348	$ 13,348	$ 4,116	$ 4,116
Short-term investments [(a)]	108,416	108,416	—	—
Equity investment with readily determinable fair value [(b)]	17,260	17,260	20,756	20,756
Subordinated term loan receivable [(c)]	58,735	57,711	—	—
Liabilities				
Long-term debt, including current portion [(d)]	55,000	54,883	109,313	111,588

[(a)] *The Company's short-term investment is an U.K. pounds sterling denominated time deposit with a banking institution in London that has an original six-month maturity date from inception. See Note 2 for more information on this short-term investment.*

[(b)] *Aggregate cost basis for the Company's equity investment with readily determinable fair value in Townsquare, including transaction costs, was $23,222 as of June 30, 2019. The fair value of this investment is determined based on quoted market prices in an active market on the NYSE, which is classified within Level I of the fair value hierarchy. For the year ended June 30, 2019, the Company recorded an unrealized loss of $3,496 as a result of changes in the market value related to this investment. The unrealized loss is reported in Miscellaneous expense, net in the accompanying consolidated statement of operations.*

[(c)] *In connection with the sale of the Company's joint venture interest in AMSGE in December 2018, the $63,500 outstanding balance under the revolving credit facility extended by the Company to AMSGE was converted to a subordinated term loan with a maturity date of September 20, 2021. The subordinated loan was assumed by an affiliate of AMSGE. During the year ended June 30, 2019, the Company received a $4,765 principal repayment. The Company's subordinated term loan receivable is classified within Level II of the fair value hierarchy as it is valued using quoted indices of similar securities for which the inputs are readily observable.*

[(d)] *On May 23, 2019, TAO Group Intermediate Holdings LLC ("TAOIH") and TAO Group Operating LLC ("TAOG") entered into a $40,000 five-year term loan facility and a $25,000 five-year revolving facility. The Company's long-term debt is classified within Level II of the fair value hierarchy as it is valued using quoted indices of similar securities for which the inputs are readily observable. See Note 12 for more information and outstanding balances on this long-term debt.*

Contingent Consideration Liabilities

In connection with the TAO Group acquisition on January 31, 2017, the Company may be required to pay an earn-out of up to approximately $25,500, if certain performance conditions based upon earnings growth are met during the first five years following the transaction. The Company recorded $7,900 as the initial fair value of contingent consideration liabilities as a part of the purchase price. The fair value was estimated using a Monte-Carlo simulation model which included significant unobservable Level III inputs such as projected financial performance over the earn-out period (five years) along with estimates for market volatility and the discount rate applicable to potential cash payouts.

In connection with the CLG acquisition on July 28, 2017, the Company may be required to make future payments for deferred and contingent consideration up to a total of $9,150 based upon the achievement of certain specified objectives during the three years following the transaction as defined under the membership interest purchase agreement. The Company recorded $6,586 as the initial fair value of deferred and contingent consideration liabilities as part of the preliminary purchase price allocation. The fair values of these deferred and contingent consideration liabilities were estimated using weighted probabilities of achievement for the possible objective and earn-out events and adjusted for a discount rate applicable to the deferred and potential cash payouts.

The following table provides a reconciliation of the deferred and contingent consideration liabilities in connection with the acquisitions discussed above:

Balance as of June 30, 2018	$	8,195
Change in fair value of contingent consideration [(a)]		(4,846)
Balance as of June 30, 2019	$	3,349

[(a)] *The change in fair value of contingent consideration was recorded within Selling, general and administrative expenses in the accompanying consolidated statement of operations for the year ended June 30, 2019.*

Note 12. Credit Facilities

Knicks Revolving Credit Facility

On September 30, 2016, New York Knicks, LLC ("Knicks LLC"), a wholly owned subsidiary of the Company, entered into a credit agreement (the "Knicks Credit Agreement") with a syndicate of lenders providing for a senior secured revolving credit facility of up to $200,000 with a term of five years (the "Knicks Revolving Credit Facility") to fund working capital needs and for general corporate purposes. Amounts borrowed may be distributed to the Company except during an event of default.

The Knicks Revolving Credit Facility requires Knicks LLC to comply with a debt service ratio of 1.5:1.0 over a trailing four quarter period. As of June 30, 2019, Knicks LLC was in compliance with this financial covenant.

All borrowings under the Knicks Revolving Credit Facility are subject to the satisfaction of certain customary conditions. Borrowings bear interest at a floating rate, which at the option of Knicks LLC may be either (i) a base rate plus a margin ranging from 0.00% to 0.125% per annum or (ii) LIBOR plus a margin ranging from 1.00% to 1.125% per annum. Knicks LLC is required to pay a commitment fee ranging from 0.20% to 0.25% per annum in respect of the average daily unused commitments under the Knicks Revolving Credit Facility. There was no borrowing under the Knicks Revolving Credit Facility as of June 30, 2019.

All obligations under the Knicks Revolving Credit Facility are secured by a first lien security interest in certain of Knicks LLC's assets, including, but not limited to, (i) the Knicks LLC's membership rights in the NBA and (ii) revenues to be paid to the Knicks LLC by the NBA pursuant to certain U.S. national broadcast agreements.

Subject to customary notice and minimum amount conditions, Knicks LLC may voluntarily prepay outstanding loans under the Knicks Revolving Credit Facility at any time, in whole or in part, without premium or penalty (except for customary breakage costs with respect to Eurocurrency loans). Knicks LLC is required to make mandatory prepayments in certain circumstances, including without limitation if the maximum available amount under the Knicks Revolving Credit Facility is greater than 350% of qualified revenues.

In addition to the financial covenant described above, the Knicks Credit Agreement and related security agreements contain certain customary representations and warranties, affirmative covenants and events of default. The Knicks Revolving Credit Facility contains certain restrictions on the ability of Knicks LLC to take certain actions as provided in (and subject to various exceptions and baskets set forth in) the Knicks Revolving Credit Facility, including the following: (i) incurring additional indebtedness and contingent liabilities; (ii) creating liens on certain assets; (iii) making restricted payments during the continuance of an event of default under the Knicks Revolving Credit Facility; (iv) engaging in sale and leaseback transactions; (v) merging or consolidating; and (vi) taking certain actions that would invalidate the secured lenders' liens on any Knicks LLC's collateral.

Knicks Unsecured Credit Facility

On September 30, 2016, Knicks LLC entered into an unsecured revolving credit facility with a lender for an initial maximum credit amount of $15,000 and a 364-day term (the "Knicks Unsecured Credit Facility"). Knicks LLC renewed this facility with the lender on the same terms in successive years and the facility has been renewed for a new term effective as of September 27, 2019. There was no borrowing under the Knicks Unsecured Credit Facility as of June 30, 2019. This facility does not have financial covenants.

Rangers Revolving Credit Facility

On January 25, 2017, New York Rangers, LLC ("Rangers LLC"), a wholly owned subsidiary of the Company, entered into a credit agreement (the "Rangers Credit Agreement") with a syndicate of lenders providing for a senior secured revolving credit facility of up to $150,000 with a term of five years (the "Rangers Revolving Credit Facility") to fund working capital needs and for general corporate purposes. Amounts borrowed may be distributed to the Company except during an event of default.

The Rangers Revolving Credit Facility requires Rangers LLC to comply with a debt service ratio of 1.5:1.0 over a trailing four quarter period. As of June 30, 2019, Rangers LLC was in compliance with this financial covenant. All borrowings under the Rangers Revolving Credit Facility are subject to the satisfaction of certain customary conditions.

Borrowings bear interest at a floating rate, which at the option of Rangers LLC may be either (i) a base rate plus a margin ranging from 0.125% to 0.50% per annum or (ii) LIBOR plus a margin ranging from 1.125% to 1.50% per annum. Rangers LLC is required to pay a commitment fee ranging from 0.375% to 0.625% per annum in respect of the average daily unused commitments under the Rangers Revolving Credit Facility. There was no borrowing under the Rangers Revolving Credit Facility as of June 30, 2019.

All obligations under the Rangers Revolving Credit Facility are secured by a first lien security interest in certain of Rangers LLC's assets, including, but not limited to, (i) Rangers LLC's membership rights in the NHL, (ii) revenues to be paid to Rangers LLC by the NHL pursuant to certain U.S. and Canadian national broadcast agreements, and (iii) revenues to be paid to Rangers LLC pursuant to local media contracts.

Subject to customary notice and minimum amount conditions, Rangers LLC may voluntarily prepay outstanding loans under the Rangers Revolving Credit Facility at any time, in whole or in part, without premium or penalty (except for customary breakage costs with respect to Eurocurrency loans). Rangers LLC is required to make mandatory prepayments in certain circumstances, including without limitation if qualified revenues are less than 17% of the maximum available amount under the Rangers Revolving Credit Facility.

In addition to the financial covenant described above, the Rangers Credit Agreement and related security agreements contain certain customary representations and warranties, affirmative covenants and events of default. The Rangers Revolving Credit Facility contains certain restrictions on the ability of Rangers LLC to take certain actions as provided in (and subject to various exceptions and baskets set forth in) the Rangers Revolving Credit Facility, including the following: (i) incurring additional indebtedness and contingent liabilities; (ii) creating liens on certain assets; (iii) making restricted payments during the continuance of an event of default under the Rangers Revolving Credit Facility; (iv) engaging in sale and leaseback transactions; (v) merging or consolidating; and (vi) taking certain actions that would invalidate the secured lenders' liens on any of Rangers LLC's assets securing the obligations under the Rangers Revolving Credit Facility.

TAO Credit Facilities

On May 23, 2019, TAO Group Intermediate Holdings LLC ("TAOIH" or "Intermediate Holdings") and TAO Group Operating LLC ("TAOG" or "Senior Borrower"), entered into a credit agreement (the "TAO Senior Credit Agreement") with JPMorgan Chase Bank, N.A., as administrative agent, collateral agent and a letter of credit issuer, and the lenders party thereto. Together the TAO Senior Credit Agreement and a $49,000 intercompany subordinated credit agreement (the "TAO Subordinated Credit Agreement") between the Company and TAO Group Sun-Holdings LLC, a subsidiary of TAO Group Holdings LLC, replace the Senior Borrower's prior credit agreement dated January 31, 2017 ("2017 TAO Credit Agreement"), which was terminated on May 23, 2019 in its entirety in accordance with its terms in connection with the repayment of all obligations thereunder from the proceeds of the TAO Senior Credit Agreement and the TAO Subordinated Credit Agreement as well as cash on hand. The balances and interest-related activities pertaining the TAO Subordinated Credit Agreement have been eliminated in the consolidated financial statements in accordance with ASC Topic 810, *Consolidation*.

In connection with the early termination of the 2017 TAO Credit Agreement, the Company recorded $3,977 of loss on extinguishment of debt in the fourth quarter of fiscal year 2019, which is reported as Miscellaneous income (expense) in the accompanying consolidated statements of operations for the year ended June 30, 2019. The loss on extinguishment of debt consisted of a write off of deferred financing costs and prepayment penalties paid in connection with the 2017 TAO Credit Agreement.

The TAO Senior Credit Agreement provides TAOG with senior secured credit facilities (the "TAO Senior Secured Credit Facilities") consisting of: (i) an initial $40,000 term loan facility with a term of five years (the "TAO Term Loan Facility") and (ii) a $25,000 revolving credit facility with a term of five years (the "TAO Revolving Credit Facility"). Up to $5,000 of the TAO Revolving Credit Facility is available for the issuance of letters of credit. All borrowings under the TAO Revolving Credit Facility, including, without limitation, amounts drawn under the revolving line of credit are subject to the satisfaction of customary conditions, including absence of a default and accuracy of representations and warranties. The TAO Senior Secured Credit Facilities were obtained without recourse to the Company or any of its affiliates (other than TAOG, TAOIH and its subsidiaries as discussed below).

All obligations under the TAO Senior Credit Agreement are guaranteed by TAOIH and TAOIH's existing and future direct and indirect domestic subsidiaries (other than (i) TAOG, (ii) domestic subsidiaries substantially all of whose assets consist of controlled foreign corporations and (iii) subsidiaries designated as immaterial subsidiaries or unrestricted subsidiaries) (the "TAO Subsidiary Guarantors ", and together with TAOIH, the "TAO Guarantors"). All obligations under the TAO Senior Credit Agreement, including the guarantees of those obligations, are secured by substantially all of the assets of TAOG and each Guarantor (collectively, "TAO Collateral"), including, but not limited to, a pledge of the equity interests in TAOG held directly by TAOIH and the equity interests in each TAO Subsidiary Guarantor held directly or indirectly by TAOIH.

Borrowings under the TAO Senior Credit Agreement bear interest at a floating rate, which at the option of the Senior Borrower may be either (a) a base rate plus an additional rate ranging from 1.50% to 2.50% per annum (determined based on a total leverage ratio) (the "Base Rate"), or (b) a Eurocurrency rate plus an additional rate ranging from 2.50% to 3.50% per annum (determined based on a total leverage ratio) (the "Eurocurrency Rate"), provided that for the period following the closing date until the delivery of the compliance certificate for the fiscal quarter of TAOIH ending on or about June 30, 2019, the additional rate used in calculating the floating rate is (i) 1.50% per annum for borrowings bearing the Base Rate, and (ii) 2.50% per annum for borrowings bearing the Eurocurrency Rate. The TAO Senior Credit Agreement requires TAOG to pay a commitment fee of 0.50% in respect of the daily unused commitments under the TAO Revolving Credit Facility. TAOG 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 TAO Senior Credit Agreement. The interest rate on the TAO Senior Credit Agreement as of June 30, 2019 was 4.89%

During the years ended June 30, 2019, 2018 and 2017, the Company made interest payments of $13,084, $11,278 and $775, respectively, under the TAO Senior Credit Agreement and 2017 TAO Credit Agreement.

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The TAO Senior Credit Agreement contains certain restrictions on the ability of TAOIH, the TAOG and its restricted subsidiaries to take certain actions as provided in (and subject to various exceptions and baskets set forth in) the TAO Senior Credit Agreement, including, without limitation, the following: (i) incurring additional indebtedness and contingent liabilities; (ii) creating liens on certain assets; (iii) making investments, loans or advances in or to other persons; (iv) paying dividends and distributions or repurchasing capital stock; (v) engaging in certain transactions with affiliates; (vi) amending specified agreements; (vii) merging or consolidating; (viii) making certain dispositions; and (ix) entering into agreements that restrict the granting of liens. Intermediate Holdings is subject to a customary passive holding company covenant. The Senior Credit Agreement requires Intermediate Holdings to comply with a maximum total leverage ratio of 4.00:1.00 and a maximum senior leverage ratio of 3.00:1.00 from the closing date until December 31, 2021 and a maximum total leverage ratio of 3.50:1.00 and a maximum senior leverage ratio of 2.50:1.00 from and after December 31, 2021. In addition, there is a minimum fixed charge coverage ratio of 1.25:1.00 for TAOIH. TAOIH was in compliance with the financial covenants of the TAO Senior Credit Agreement as of June 30, 2019. In addition to the financial covenants described above, the TAO Senior Credit Agreement and the related security agreement contain certain customary representations and warranties, affirmative covenants and events of default. The outstanding amount drawn on the TAO Revolving Credit Facility was $15,000 as of June 30, 2019, which is reported under Long-term debt, net of deferred financing costs in the accompanying consolidated balance sheet.

Subject to customary notice and minimum amount conditions, TAOG may voluntarily prepay outstanding loans under the TAO Senior Credit Agreement at any time, in whole or in part, without premium or penalty (except for customary breakage costs with respect to Eurocurrency loans). The initial TAO Term Loan Facility will amortize quarterly in accordance with its terms from June 30, 2019 through March 31, 2024 with a final maturity date on May 23, 2024. TAOG is required to make mandatory prepayments of the TAO Term Loan Facility from the net cash proceeds of certain sales of assets (including TAO Collateral) or casualty insurance and/or condemnation recoveries (in each case, subject to certain reinvestment, repair or replacement rights) and the incurrence of certain indebtedness, subject to certain exceptions.

Long-term debt maturities over the next five years for the outstanding balance of $40,000 under the TAO Term Loan Facility[(a)] and the outstanding balance of $15,000 under the TAO Revolving Credit Facility [(a)] as of June 30, 2019 are:

Fiscal year ending June 30, 2020	$	6,250
Fiscal year ending June 30, 2021 [(a)]		5,000
Fiscal year ending June 30, 2022		6,250
Fiscal year ending June 30, 2023		10,000
Fiscal year ending June 30, 2024		27,500
Thereafter		—

[(a)] *With respect to the balances and activities associated with the TAO Term Loan Facility and TAO Revolving Credit Facility above, the Company has elected to report the maturities on a current basis consistent with the Company's consolidation policy. See Business Combinations and Noncontrolling Interests section under Note 2. Summary of Significant Accounting Policies for further discussion on consolidation of TAO Group. In addition, the long-term debt maturities reported above did not include $637 of a note with respect to a loan received by BCE from its noncontrolling interest holder that is due in April 2021.*

Deferred Financing Costs

The following table summarizes the presentation of the TAO Senior Credit Agreement and the related deferred financing costs as of June 30, 2019 and the 2017 TAO Credit Agreement and the related deferred financing cost as of June 30, 2018 in the accompanying consolidated balance sheets.

	June 30, 2019		
	TAO Senior Secured Credit Facilities	Deferred Financing Costs [(b)]	Total
Current portion of long-term debt, net of deferred financing costs	$ 6,250	$ (208)	$ 6,042
Long-term debt, net of deferred financing costs [(a)]	33,750	(831)	32,919
Total	$ 40,000	$ (1,039)	$ 38,961

	June 30, 2018		
	2017 TAO Credit Agreement	Deferred Financing Costs	Total
Current portion of long-term debt, net of deferred financing costs	$ 5,304	$ (939)	$ 4,365
Long-term debt, net of deferred financing costs	104,009	(2,674)	101,335
Total	$ 109,313	$ (3,613)	$ 105,700

[(a)] *In addition to the outstanding balance associated with the TAO Senior Credit Agreement disclosed above, the Company's Long-term debt, net of deferred financing costs in the accompanying consolidated balance sheet as of June 30, 2019 also include $637 of a note with respect to a loan received by BCE from its noncontrolling interest holder and $15,000 outstanding balance under the TAO Revolving Credit Facility.*

[(b)] *With respect to the TAO Term Loan Facility, the deferred financing costs are amortized on a straight-line basis over the five-year term of the facility, which approximates the effective interest method.*

The following table summarizes deferred financing costs, net of amortization, related to the Knicks Revolving Credit Facility, Knicks Unsecured Credit Facility, Rangers Revolving Credit Facility, and TAO Revolving Credit Facility as reported on the accompanying consolidated balance sheet:

	June 30, 2019	June 30, 2018
Other current assets	$ 760	$ 778
Other assets	1,273	1,906

Note 13. Pension Plans and Other Postretirement Benefit Plan

Defined Benefit Pension Plans and Postretirement Benefit Plans

The Company sponsors a non-contributory, qualified cash balance retirement plan covering its non-union employees (the "Cash Balance Pension Plan") and an unfunded non-contributory, non-qualified excess cash balance plan covering certain employees who participate in the underlying qualified plan (collectively, the "Cash Balance Plans"). Since March 1, 2011, the Cash Balance Pension Plan has also included the assets and liabilities of a frozen (as of December 31, 2007) non-contributory qualified defined benefit pension plan covering non-union employees hired prior to January 1, 2001.

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The Company also sponsors an unfunded non-contributory, non-qualified defined benefit pension plan for the benefit of certain employees who participate in an underlying qualified plan which was merged into the Cash Balance Pension Plan on March 1, 2011 (the "Excess Plan"). As of December 31, 2007, the Excess Plan was amended to freeze all benefits earned through December 31, 2007 and to eliminate the ability of participants to earn benefits for future service under these plans.

The Cash Balance Plans were amended to freeze participation and future benefit accruals effective December 31, 2015 for all employees. Therefore, after December 31, 2015, no employee of the Company who was not already a participant may become a participant in the plans and no further annual pay credits will be made for any future year. Existing account balances under the plans will continue to be credited with monthly interest in accordance with the terms of the plans.

Lastly, the Company sponsors a non-contributory, qualified defined benefit pension plan covering certain of its union employees (the "Union Plan"). Benefits payable to retirees under the Union Plan are based upon years of Benefit Service (as defined in the Union Plan document).

The Cash Balance Plans, Union Plan, and Excess Plan are collectively referred to as the "Pension Plans."

MSG also sponsors a contributory welfare plan which provides certain postretirement healthcare benefits to certain employees hired prior to January 1, 2001 who are eligible to commence receipt of early or normal benefits under the Cash Balance Pension Plan and their dependents, as well as certain union employees ("Postretirement Plan").

The following table summarizes the projected benefit obligations, assets, funded status and the amounts recorded on the Company's consolidated balance sheets as of June 30, 2019 and 2018, associated with the Pension Plans and Postretirement Plan based upon actuarial valuations as of those measurement dates.

	Pension Plans		Postretirement Plan	
	June 30,		June 30,	
	2019	2018	2019	2018
Change in benefit obligation:				
Benefit obligation at beginning of period	$ 161,236	$ 166,003	$ 6,750	$ 5,734
Service cost	91	85	57	120
Interest cost	5,895	5,231	150	215
Actuarial loss (gain)	12,376	(3,153)	(572)	1,436
Benefits paid	(5,686)	(6,424)	(565)	(755)
Plan settlements paid	(343)	(506)	—	—
Other	—	—	(1,513)	—
Benefit obligation at end of period	173,569	161,236	4,307	6,750
Change in plan assets:				
Fair value of plan assets at beginning of period	115,054	114,722	—	—
Actual return on plan assets	12,372	(2,498)	—	—
Employer contributions	11,568	9,760	—	—
Benefits paid	(5,686)	(6,424)	—	—
Plan settlements paid	(343)	(506)	—	—
Fair value of plan assets at end of period	132,965	115,054	—	—
Funded status at end of period	$ (40,604)	$ (46,182)	$ (4,307)	$ (6,750)

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Amounts recognized in the consolidated balance sheets as of June 30, 2019 and 2018 consist of:

	Pension Plans		Postretirement Plan	
	June 30,		June 30,	
	2019	2018	2019	2018
Current liabilities (included in accrued employee related costs)	$ (3,248)	$ (3,319)	$ (345)	$ (373)
Non-current liabilities (included in defined benefit and other postretirement obligations)	(37,356)	(42,863)	(3,962)	(6,377)
	$ (40,604)	$ (46,182)	$ (4,307)	$ (6,750)

Accumulated other comprehensive loss, before income tax, as of June 30, 2019 and 2018 consists of the following amounts that have not yet been recognized in net periodic benefit cost:

	Pension Plans		Postretirement Plan	
	June 30,		June 30,	
	2019	2018	2019	2018
Actuarial loss	$ (39,793)	$ (37,989)	$ (754)	$ (1,331)
Prior service credit	—	—	—	7
	$ (39,793)	$ (37,989)	$ (754)	$ (1,324)

The following table presents components of net periodic benefit cost for the Pension Plans and Postretirement Plan included in the accompanying consolidated statements of operations for the years ended June 30, 2019, 2018 and 2017. Service cost is recognized in direct operating expenses and selling, general and administrative expenses. All other components of net periodic benefit cost are reported in Miscellaneous income (expense), net.

	Pension Plans			Postretirement Plan		
	Years Ended June 30,			Years Ended June 30,		
	2019	2018	2017	2019	2018	2017
Service cost	$ 91	$ 85	$ 85	$ 57	$ 120	$ 122
Interest cost	5,895	5,231	4,956	150	215	156
Expected return on plan assets	(3,133)	(2,634)	(2,383)	—	—	—
Recognized actuarial loss	1,281	1,219	1,365	5	100	—
Amortization of unrecognized prior service cost (credit)	—	—	—	(7)	(37)	(48)
Settlement loss recognized [(a)]	52	87	—	—	—	—
Other	—	—	—	(1,513)	—	—
Net periodic benefit cost	$ 4,186	$ 3,988	$ 4,023	$ (1,308)	$ 398	$ 230

[(a)] *For the years ended June 30, 2019 and 2018, lump-sum payments totaling $343 and $506, respectively, were distributed to vested participants of the non-qualified excess cash balance plan, triggering the recognition of settlement losses in accordance with ASC Topic 715. Due to these pension settlements, the Company was required to remeasure its pension plan liability as of June 30, 2019 and March 31, 2018 for the years ended June 30, 2019 and 2018, respectively. Discount rates used for the projected benefit obligation and interest cost were 3.75% and 3.18% as of June 30, 2019, respectively, and 3.53% and 2.16% as of March 31, 2018, respectively. Additionally, settlement charges of $52 and $87 were recognized in Miscellaneous income (expense), net for the years ended June 30, 2019 and 2018.*

Other pre-tax changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for the years ended June 30, 2019, 2018 and 2017 are as follows:

	Pension Plans			Postretirement Plan		
	Years Ended June 30,			Years Ended June 30,		
	2019	2018	2017	2019	2018	2017
Actuarial gain (loss), net	$ (3,137)	$ (1,978)	$ 3,438	$ 572	$ (1,437)	$ 589
Recognized actuarial loss	1,281	1,219	1,365	5	100	—
Recognized prior service credit	—	—	—	(7)	(37)	(48)
Settlement loss recognized	52	87	—	—	—	—
Total recognized in other comprehensive income (loss)	$ (1,804)	$ (672)	$ 4,803	$ 570	$ (1,374)	$ 541

The estimated net loss for the Pension Plans and Postretirement Plan expected to be amortized from accumulated other comprehensive income (loss) and recognized as a component of net periodic benefit cost over the next fiscal year is $1,342 and $50, respectively.

Funded Status

The accumulated benefit obligation for the Pension Plans aggregated to $173,569 and $161,236 at June 30, 2019 and 2018, respectively. As of June 30, 2019 and 2018, each of the Pension Plans had accumulated benefit obligations and projected benefit obligations in excess of plan assets.

Pension Plans and Postretirement Plan Assumptions

Weighted-average assumptions used to determine benefit obligations (made at the end of the period) as of June 30, 2019 and 2018 are as follows:

	Pension Plans		Postretirement Plan	
	June 30,		June 30,	
	2019	2018	2019	2018
Discount rate	3.58%	4.19%	3.18%	4.06%
Healthcare cost trend rate assumed for next year	n/a	n/a	6.75%	7.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	n/a	n/a	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	n/a	n/a	2027	2027

Weighted-average assumptions used to determine net periodic benefit cost (made at the beginning of the period) for the years ended June 30, 2019, 2018 and 2017 are as follows:

	Pension Plans			Postretirement Plan		
	Years Ended June 30,			Years Ended June 30,		
	2019	2018	2017	2019	2018	2017
Discount rate - projected benefit obligation	4.19%	3.81%	3.61%	4.06%	3.54%	3.27%
Discount rate - service cost	4.25%	3.93%	3.74%	4.25%	3.83%	3.53%
Discount rate - interest cost	3.90%	3.32%	2.99%	3.67%	3.05%	2.72%
Expected long-term return on plan assets	3.72%	3.46%	3.38%	n/a	n/a	n/a
Healthcare cost trend rate assumed for next year	n/a	n/a	n/a	7.00%	7.25%	7.25%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	n/a	n/a	n/a	5.00%	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	n/a	n/a	n/a	2027	2027	2026

The discount rates were determined (based on the expected duration of the benefit payments for the plans) from the Willis Towers Watson U.S. Rate Link: 40-90 Discount Rate Model as of June 30, 2019 and 2018 to select a rate at which the Company believed the plans' benefits could be effectively settled. This model was developed by examining the yields on selected highly rated corporate bonds. The expected long-term return on plan assets is based on a periodic review and modeling of the plans' asset allocation structures over a long-term horizon. Expectations of returns for each asset class are the most important of the assumptions used in the review and modeling and are based on comprehensive reviews of historical data, forward-looking economic outlook, and economic/financial market theory. The expected long-term rate of return was selected from within the reasonable range of rates determined by (a) historical real returns, net of inflation, for the asset classes covered by the investment policy and (b) projections of inflation over the long-term period during which benefits are payable to plan participants.

Assumed healthcare cost trend rates are a key assumption used for the amounts reported for the Postretirement Plan. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

	Increase (Decrease) in Total of Service and Interest Cost Components for the Years Ended June 30,			Increase (Decrease) in Benefit Obligation at June 30,	
	2019	2018	2017	2019	2018
One percentage point increase	$ 19	$ 37	$ 34	$ 335	$ 597
One percentage point decrease	(17)	(33)	(30)	(303)	(537)

Plan Assets and Investment Policy

The weighted-average asset allocation of the Pension Plans' assets at June 30, 2019 and 2018 was as follows:

	June 30,	
Asset Classes [(a)]:	**2019**	**2018**
Fixed income securities	81%	81%
Cash equivalents	19%	19%
	100%	100%

[(a)] *The Company's target allocation for pension plan assets is 80% fixed income securities and 20% cash equivalents as of June 30, 2019.*

Investment allocation decisions have been made by the Company's Investment and Benefits Committee, which considers investment advice provided by the Company's external investment consultant. The investment consultant takes into account expected long-term risks, returns, correlation, and other prudent investment assumptions when recommending asset classes and investment managers to the Company's Investment and Benefits Committee. The investment consultant also considers the pension plans' liabilities when making investment allocation recommendations. The Company's Investment and Benefits Committee's decisions are influenced by asset/liability studies conducted by the external investment consultant who combines actuarial considerations and strategic investment advice. The major investment categories of the pension plan assets are in cash equivalents and long duration fixed income securities that are marked-to-market on a daily basis. As a result, the pension plan assets are subjected to interest-rate risk, specifically to a rising interest rate environment, as the majority of the pension plan assets are invested in long duration fixed income securities. However, the pension plan assets are structured in an asset/liability framework, and consequently, an increase in interest rates would cause a corresponding decrease to the overall liability of the pension plans, thus creating a hedge against rising interest rates. Additional risks involving the asset/liability framework include earning insufficient investment returns to cover future pension plan liabilities and imperfect hedging of such liabilities. In addition, a portion of the long duration fixed income securities portfolio is invested in non-government securities that are subject to credit risk of the issuers who might default on interest and/or principal payments.

Investments at Estimated Fair Value

The cumulative fair values of the individual plan assets at June 30, 2019 and 2018 by asset class are as follows:

	Fair Value Hierarchy	June 30, 2019	June 30, 2018
Fixed income securities:			
U.S. Treasury Securities	I	$ 26,238	$ 20,130
U.S. corporate bonds	II	68,968	61,381
Foreign issued corporate bonds	II	11,436	11,055
Municipal bonds	II	396	353
Money market accounts	I	25,927	22,135
Total investments measured at fair value		$ 132,965	$ 115,054

Contributions for Qualified Defined Benefit Pension Plans

During the year ended June 30, 2019, the Company contributed $11,000 to the Cash Balance Pension Plan and $225 to the Union Plan. The Company expects to contribute $7,000 and $260 to the Cash Balance Pension Plan and Union Plan, respectively, in fiscal year 2020.

Estimated Future Benefit Payments

The following table presents estimated future fiscal year benefit payments for the Pension Plans and Postretirement Plan:

	Pension Plans	Postretirement Plan
Fiscal year ending June 30, 2020	$ 14,050	$ 350
Fiscal year ending June 30, 2021	7,970	390
Fiscal year ending June 30, 2022	8,000	370
Fiscal year ending June 30, 2023	8,360	370
Fiscal year ending June 30, 2024	8,430	350
Fiscal years ending June 30, 2025 – 2029	44,680	1,820

Defined Contribution Pension Plans

The Company sponsors The Madison Square Garden 401(k) Savings Plan (the "401(k) Plan") and the MSG S&E, LLC Excess Savings Plan (collectively referred to as the "Savings Plans"). The 401(k) Plan is a multiple employer plan. For the years ended June 30, 2019, 2018 and 2017, expenses related to the Savings Plans that are included in the accompanying consolidated statements of operations were $10,637, $8,571 and $8,374, respectively.

In addition, the Company sponsors The Madison Square Garden 401(k) Union Plan (the "Union Savings Plan"). The Union Savings Plan is a multiple employer plan. For the years ended June 30, 2019, 2018 and 2017, expenses related to the Union Savings Plan included in the accompanying consolidated statements of operations were $521, $533 and $646, respectively.

Multiemployer Plans

The Company contributes to a number of multiemployer defined benefit pension plans, multiemployer defined contribution pension plans, and multiemployer health and welfare plans that provide benefits to retired union-represented employees under the terms of CBAs.

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Multiemployer Defined Benefit Pension Plans

The multiemployer defined benefit pension plans to which the Company contributes generally provide for retirement and death benefits for eligible union-represented employees based on specific eligibility/participant requirements, vesting periods and benefit formulas. The risks to the Company of participating in these multiemployer defined benefit pension plans are different from single-employer defined benefit pension plans in the following aspects:

- Assets contributed to a multiemployer defined benefit pension plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to a multiemployer defined benefit pension plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Company chooses to stop participating in some of these multiemployer defined benefit pension plans, the Company may be required to pay those plans an amount based on the Company's proportion of the underfunded status of the plan, referred to as a withdrawal liability. However, cessation of participation in a multiemployer defined benefit pension plan and subsequent payment of any withdrawal liability is subject to the collective bargaining process.

The following table outlines the Company's participation in multiemployer defined benefit pension plans for the years ended June 30, 2019, 2018 and 2017, and summarizes the contributions that the Company has made during each period. The "EIN" and "Pension Plan Number" columns provide the Employer Identification Number and the three-digit plan number for each applicable plan. The most recent Pension Protection Act zone status available as of June 30, 2019 and 2018 relates to the plan's two most recent years ended which are indicated. Among other factors, plans in the red zone are generally less than 65% funded, plans in the orange zone are both less than 80% funded and have an accumulated funding deficiency or are expected to have a deficiency in any of the next six plan years, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates whether a funding improvement plan ("FIP") for yellow/orange zone plans or a rehabilitation plan ("RP") for red zone plans is either pending or has been implemented by the trustees of such plan. The zone status and any FIP or RP information is based on information that the Company received from the plan, and the zone status is as certified by the plan's actuary. The last column lists the expiration date(s) or a range of expiration dates of the CBA to which the plans are subject. There are no other significant changes that affect such comparability.

			PPA Zone Status			Madison Square Garden Contributions				
			As of June 30,			Years Ended June 30,				
Plan Name	EIN	Pension Plan Number	2019	2018	FIP/RP Status Pending / Implemented	2019	2018	2017	Surcharge Imposed	Expiration Date of CBA
National Basketball Association Players' Pension Plan	83-2172122	001	Yellow as of 2/1/2018	Yellow as of 2/1/2017	Implemented	$ 3,217	$ 1,932	$ 1,830	No	6/2024 (with certain termination rights becoming effective 6/2023)
Pension Fund of Local No. 1 of I.A.T.S.E.	13-6414973	001	Green as of 12/31/2017	Green as of 12/31/2016	No	2,529	2,377	2,325	No	6/30/2020 - 5/1/2023
National Hockey League Players' Retirement Benefit Plan	46-2555356	001	Green as of 4/30/2018	Green as of 4/30/2017	No	1,197	1,200	1,364	No	9/2022 (with certain termination rights becoming effective 9/2020)
All Other Multiemployer Defined Benefit Pension Plans						3,615	3,457	3,397		
						$ 10,558	$ 8,966	$ 8,916		

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The Company was listed in the following plans' Form 5500's as providing more than 5 percent of the total contributions for the following plans and plan years:

Fund Name	Year Contributions to Plan Exceeded 5 Percent of Total Contributions (As of Plan's Year-End)
Pension Fund of Local No. 1 of I.A.T.S.E	December 31, 2017, 2016 and 2015
Pension Fund of Wardrobe Attendants Union Local 764	December 31, 2015
32BJ/Broadway League Pension Fund	December 31, 2017, 2016 and 2015
Treasurers and Ticket Sellers Local 751 Pension Fund	August 31, 2018, 2017 and 2016
I.A.T.S.E Local No. 33 Pension Trust Fund	December 31, 2017 and 2016

Multiemployer Defined Contribution Pension Plans and Multiemployer Plans That Provide Health and Welfare Benefits

The Company contributed $7,765, $7,286 and $6,838 for the years ended June 30, 2019, 2018 and 2017, respectively, to multiemployer defined contribution pension plans. In addition, the Company contributed $2,466, $2,198 and $1,763 for the years ended June 30, 2019, 2018 and 2017, respectively, to multiemployer plans that provide health and welfare benefits to retired employees.

Note 14. Share-based Compensation

In connection with the 2015 Distribution, the Company adopted its 2015 Employee Stock Plan (the "Employee Stock Plan") and its 2015 Stock Plan for Non-Employee Directors (the "Non-Employee Director Plan").

Under the Employee Stock Plan, the Company is authorized to grant incentive stock options, non-qualified stock options, restricted shares, restricted stock units ("RSUs"), stock appreciation rights and other equity-based awards. The Company may grant awards for up to 2,650 shares of Madison Square Garden Class A Common Stock (subject to certain adjustments). Options and stock appreciation rights under the Employee Stock Plan must be granted with an exercise price of not less than the fair market value of a share of Madison Square Garden Class A Common Stock on the date of grant and must expire no later than 10 years from the date of grant (or up to one additional year in the case of the death of a holder). The terms and conditions of awards granted under the Employee Stock Plan, including vesting and exercisability, are determined by the Compensation Committee of the Board of Directors ("Compensation Committee") and may include terms or conditions based upon performance criteria. RSUs that were awarded under the Employee Stock Plan are generally subject to three-year cliff vesting, or vest ratably over three years, with some RSUs being subject to certain performance conditions. RSUs that were awarded by the Company to its employees will settle in shares of the Company's Class A Common Stock (either from treasury or with newly issued shares), or, at the option of the Compensation Committee, in cash.

Under the Non-Employee Director Plan, the Company is authorized to grant non-qualified stock options, restricted shares, restricted stock units, stock appreciation rights and other equity-based awards. The Company may grant awards for up to 160 shares of Madison Square Garden Class A Common Stock (subject to certain adjustments). Options under the Non-Employee Director Plan must be granted with an exercise price of not less than the fair market value of a share of the Company's Class A Common Stock on the date of grant and must expire no later than 10 years from the date of grant (or up to one additional year in the case of the death of a holder). The terms and conditions of awards granted under the Non-Employee Director Plan, including vesting and exercisability, are determined by the Compensation Committee. Unless otherwise provided in an applicable award agreement, options granted under this plan will be fully vested and exercisable, and restricted stock units granted under this plan will be fully vested, upon the date of grant and will settle in shares of the Company's Class A Common Stock (either from treasury or with newly issued shares), or, at the option of the Compensation Committee, in cash, on the first business day after ninety days from the date the director's service on the Board of Directors ceases or, if earlier, upon the director's death.

Share-based Compensation Expense

Share-based compensation expense is generally recognized straight-line over the vesting term of the award, which typically provides for three-year cliff or graded vesting subject to continued employment. For awards that are graded vesting and subject to performance conditions to satisfy tax deductibility for executive officers, in addition to continued employment, the Company uses the graded-vesting method to recognize share-based compensation expense.

Share-based compensation expense was recognized in the consolidated statements of operations as a component of direct operating expenses or selling, general and administrative expenses. The following table presents the share-based compensation expense recorded during the years ended June 30, 2019, 2018 and 2017.

	Years Ended June 30,		
	2019	2018	2017
Company RSUs and PSUs	$ 52,196	$ 46,307	$ 39,960
Company stock options	7,278	899	—
MSG Networks RSUs	—	357	1,169
Total share-based compensation expense	$ 59,474	$ 47,563	$ 41,129

As of June 30, 2019, there was $83,969 of unrecognized compensation cost related to unvested RSUs and PSUs held by the Company's employees. The cost is expected to be recognized over a weighted-average period of approximately 2.2 years for unvested RSUs and PSUs. In addition, the Company had $26,823 of unrecognized compensation cost related to unvested stock options, which is expected to be recognized over approximately 3.1 years as of June 30, 2019. For the year ended June 30, 2019, the company capitalized $3,946 of share-based compensation expense. There were no costs related to share-based compensation that were capitalized for the years ended June 30, 2018 and 2017.

Restricted Stock Units Award Activity

The following table summarizes activity related to the Company's RSUs and PSUs for the year ended June 30, 2019:

	Number of		
	Nonperformance Based Vesting RSUs	PSUs and Performance Based Vesting RSUs	Weighted-Average Fair Value Per Share At Date of Grant
Unvested award balance as of June 30, 2018	212	271	$ 192.41
Granted	157	160	$ 304.53
Vested	(124)	(46)	$ 184.75
Forfeited	(16)	(26)	$ 236.21
Unvested award balance as of June 30, 2019	229	359	$ 252.02

The fair value of RSUs and PSUs that vested during the year ended June 30, 2019 was $51,350. Upon delivery, RSUs and PSUs granted under the MSG Employee Stock Plan were net share-settled to cover the required statutory tax withholding obligations. To fulfill the employees' statutory minimum tax withholding obligations for the applicable income and other employment taxes, 64 of these RSUs and PSUs, with an aggregate value of $19,525 were retained by the Company and the taxes paid are reflected as financing activity in the accompanying consolidated statement of cash flows for the year ended June 30, 2019.

The fair value of RSUs and PSUs that vested during the years ended June 30, 2018 and 2017 was $76,226 and $16,315, respectively. The weighted-average fair value per share at grant date of RSUs and PSUs granted during the years ended June 30, 2018 and 2017 was $214.08 and $172.10, respectively.

Stock Options Award Activity

The following table summarizes activity related to the Company's stock options for the year ended June 30, 2019:

	Number of Time Vesting Options	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Balance as of June 30, 2018	94	$ 210.13		
Granted	449	$ 349.57		
Balance as of June 30, 2019	543	$ 325.47	7.06	$ 6,550
Exercisable as of June 30, 2019	31	$ 210.13	8.47	$ 2,183

During the year ended June 30, 2019, the Company granted 449 stock options that consisted of market priced stock options and premium priced stock options. The exercise prices of the premium priced stock options were set at a 10% and a 25% premium from the closing stock price at the date of grant. These stock options vest ratably over four years and are being expensed on a straight-line basis over the vesting period. The maximum contractual term is 7.5 years. The Company calculated the fair value of the market priced options on the date of grant using the Black-Scholes option pricing model and the premium priced options using the Monte Carlo Simulation. The following are key assumptions used to calculate the weighted-average grant date fair value of the stock options:

	Market Price	10% Premium	25% Premium
Weighted-average grant date fair value	$ 79.99	$ 69.33	$ 55.64
Expected term	4.98 years	5.10 years	5.29 years
Expected volatility	22.11%	22.11%	22.11%
Risk-free interest rate	3.02%	3.11%	3.11%

The expected terms of the premium priced options were estimated using the simplified method but takes into account that the options are out-of-the-money at grant date and therefore likely to be exercised later. The risk-free interest rate for the premium priced options was determined using a 7.50 year rate, different from the 4.98 year rate used to determine the market priced stock options.

Note 15. Stock Repurchase Program

On September 11, 2015, the Company's board of directors authorized the repurchase of up to $525,000 of the Company's Class A Common Stock once the shares of the Company's Class A Common Stock began "regular way" trading on October 1, 2015. Under the authorization, shares of Class A Common Stock may be purchased from time to time in accordance with applicable insider trading and other securities laws and regulations. The timing and amount of purchases will depend on market conditions and other factors.

During the year ended June 30, 2019, the Company did not engage in any share repurchase activities under its share repurchase program. As of June 30, 2019, the Company had $259,639 of availability remaining under its stock repurchase authorization.

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Note 16. Related Party Transactions

As of June 30, 2019, members of the Dolan family including trusts for members of the Dolan family (collectively, the "Dolan Family Group"), for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended, collectively beneficially own all of the Company's outstanding Class B Common Stock and own approximately 2.9% of the Company's outstanding Class A Common Stock. Such shares of the Company's Class A Common Stock and Class B Common Stock, collectively, represent approximately 71.1% of the aggregate voting power of the Company's outstanding common stock. Members of the Dolan family are also the controlling stockholders of MSG Networks and AMC Networks Inc. ("AMC Networks").

The Company has various agreements with MSG Networks, including media rights agreements covering the Knicks and the Rangers games, an advertising sales representation agreement, and a services agreement ("Services Agreement"). Pursuant to the Services Agreement, effective July 1, 2018, the Company provides certain services to MSG Networks, such as information technology, accounts payable and payroll, human resources, and other corporate functions, as well as the executive support services described below, in exchange for service fees. MSG Networks similarly provides certain services to the Company, in exchange for service fees. In connection with the expiration of the Services Agreement on June 30, 2019, the Company entered into an interim agreement with MSG Networks, pursuant to which the parties are providing the same services on the same terms. We expect to enter into a new services agreement this calendar year, which will be retroactive July 1, 2019.

The Company shares certain executive support costs, including office space, executive assistants, security and transportation costs, for (i) the Company's Executive Chairman with MSG Networks and (ii) the Company's Vice Chairman with MSG Networks and AMC Networks.

On June 16, 2016, the Company entered into an arrangement with the Dolan Family Office, LLC ("DFO"), AMC Networks and MSG Networks providing for the sharing of certain expenses associated with executive office space which is available to James L. Dolan (the Executive Chairman, Chief Executive Officer and a director of the Company, the Executive Chairman and a director of MSG Networks, and a director of AMC Networks), Charles F. Dolan (the Executive Chairman and a director of AMC Networks and a director of the Company and MSG Networks), and the DFO which is controlled by Charles F. Dolan. Effective September 2018, the Company is no longer party to this arrangement.

The Company is a party to various Aircraft Support Services Agreements (the "Support Agreements"), pursuant to which the Company provides certain aircraft support services to entities controlled by (i) the Company's Executive Chairman, Chief Executive Officer and a director, (ii) Charles F. Dolan, a director of the Company, and (iii) Patrick Dolan, the son of Charles F. Dolan and brother of James L. Dolan. On December 17, 2018, the Company terminated the agreement providing services to the entity controlled by Charles F. Dolan, and entered into a new agreement with Charles F. Dolan and certain of his children, specifically: Thomas C. Dolan (a director of the Company), Deborah Dolan-Sweeney, Patrick F. Dolan, Marianne Dolan Weber (a director of the Company), and Kathleen Dolan, which provides substantially the same services as the prior agreement for a new aircraft.

In connection with the Support Agreements, the Company entered into reciprocal time sharing/dry lease agreements with each of (i) Quart 2C, LLC ("Q2C"), a company controlled by the Company's Executive Chairman, Chief Executive Officer and a director, and Kristin A. Dolan, his wife and a director of the Company, and (ii) Charles F. Dolan, a director of the Company, and Sterling Aviation, LLC, a company controlled by Charles F. Dolan (collectively, "CFD"), pursuant to which the Company has agreed from time to time to make its aircraft available to each of Q2C and CFD, and Q2C and CFD have agreed from time to time to make their aircraft available to the Company. Pursuant to the terms of the agreements, Q2C and/or CFD may lease on a non-exclusive, "time sharing" basis, the Company's Gulfstream Aerospace G550 aircraft (the "G550 Aircraft"). On December 17, 2018, in connection with the purchase of a new aircraft (as noted above), the Company replaced the dry lease agreement with CFD with a new dry lease agreement with Sterling2k LLC, an entity owned and controlled by Deborah Dolan-Sweeney, the daughter of CFD and the sister of the Company's Executive Chairman and Chief Executive Officer, which provides for the Company's usage of the new aircraft.

On May 6, 2019 the Company entered into a dry lease agreement with Brighid Air, LLC ("Brighid Air"), a company owned and controlled by Patrick Dolan, the son of Charles F. Dolan and the brother of James L. Dolan, pursuant to which the Company may lease on a non-exclusive basis Brighid Air's Bombardier BD100-1A10 Challenger 350 aircraft (the "Challenger"). In connection with the dry lease agreement, on May 6, 2019 the Company also entered into a Flight Crew Services Agreement (the "Flight Crew Agreement") with Dolan Family Office, LLC ("DFO"), an entity owned and controlled by Charles F. Dolan, pursuant to which the Company may utilize pilots employed by DFO for purposes of flying the Challenger when the Company is leasing such aircraft under the Company's dry lease agreement with Brighid Air.

The Company and each of MSG Networks and AMC Networks are party to certain aircraft time sharing agreements, pursuant to which the Company has agreed from time to time to make aircraft available to MSG Networks and/or AMC Networks for lease on a "time sharing" basis. Additionally, the Company, MSG Networks and AMC Networks have agreed on an allocation of the costs of certain helicopter use by its shared executives.

In addition to the aircraft arrangements described above, certain executives of the Company are party to aircraft time sharing agreements, pursuant to which the Company has agreed from time to time to make certain aircraft available for lease on a "time sharing" basis for personal use in exchange for payment of actual expenses of the flight (as listed in the agreement).

From time to time the Company enters into arrangements with 605, LLC. Kristin Dolan is the Chief Executive Officer of 605, LLC. 605, LLC provides audience measurement and data analytics services to the Company and its subsidiaries in the ordinary course of business.

As of June 30, 2019, BCE had $637 of notes payable. See Note 12 for further information.

The Company also has certain arrangements with its nonconsolidated affiliates. See Note 7 for information on outstanding loans provided by the Company to its nonconsolidated affiliates. Additionally, the Company entered into certain commercial agreements with its nonconsolidated affiliates in connection with MSG Sphere. As of June 30, 2019, the Company recorded approximately $14,000 of capital expenditures in connection with services provided to the Company under these agreements.

Revenues and Operating Expenses

The following table summarizes the composition and amounts of the transactions with the Company's affiliates, primarily with MSG Networks. These amounts are reflected in revenues and operating expenses in the accompanying consolidated statements of operations for the years ended June 30, 2019, 2018 and 2017:

	Years Ended June 30,		
	2019	**2018**	**2017**
Revenues	$ 164,406	$ 156,368	$ 150,534
Operating expenses (credits):			
Corporate general and administrative expenses, net — MSG Networks	$ (10,362)	$ (9,961)	$ (9,832)
Consulting fees	1,792	3,929	3,943
Advertising expenses	1,037	993	1,249
Other operating expenses, net	20	933	72

Revenues

Revenues from related parties primarily consist of local media rights recognized by the Company's Sports segment from the licensing of team-related programming to MSG Networks under the media rights agreements covering the Knicks and Rangers, which provide MSG Networks with exclusive media rights to team games in their local markets, as well as commissions earned in connection with the advertising sales representation agreement pursuant to which the Company has the exclusive right and obligation to sell MSG Networks' advertising availabilities.

In addition, the Company and Tribeca Enterprises have a service agreement pursuant to which the Company provides marketing inventory, advertising sales and consulting services to Tribeca Enterprises for a fee. The Company is also a party to certain commercial arrangements with AMC Networks and its subsidiaries.

Corporate General and Administrative Expenses, net - MSG Networks

The Company's corporate overhead expenses that are charged to MSG Networks are primarily related to centralized functions, including executive compensation, finance, treasury, tax, internal audit, legal, information technology, human resources and risk management functions.

For the years ended June 30, 2019 and 2018, Corporate general and administrative expense, net - MSG Networks reflects charges from the Company to MSG Networks under the Services Agreement of $10,467 and $9,969. Furthermore, for the year ended June 30, 2017, Corporate general and administrative expense, net - MSG Networks reflects charges from the Company to MSG Networks under a transition services agreement ("TSA") of $8,507, net of general and administrative costs charged to the Company by MSG Networks, under the TSA, which was replaced by the Services Agreement effective July 1, 2017.

Consulting Fees

On December 5, 2018, the Company's joint venture interest in AMSGE was sold to Azoff Music, which resulted in the Company no longer being an owner of AMSGE (renamed The Azoff Company). Accordingly, The Azoff Company is not a related party of the Company, and thus the related party transactions disclosed herein that relate to AMSGE were recognized prior to December 5, 2018. Prior to the sale of AMSGE, the Company paid AMSGE and its nonconsolidated affiliates for advisory and consulting services that AMSGE and its nonconsolidated affiliates provided to the Company, and for the reimbursement of certain expenses in connection with such services. In the fourth quarter of fiscal year 2016, the Company paid $5,000 to AMSGE for work performed towards securing the right to lease property to be developed in Las Vegas. The Company began amortizing this cost during the three months ended September 30, 2018. That carrying amount is included in other assets in the accompanying consolidated balance sheets as of June 30, 2019 and 2018.

Advertising Expenses

The Company incurs advertising expenses for services rendered by its related parties, primarily MSG Networks, most of which are related to the utilization of advertising and promotional benefits by the Company.

Other Operating Expenses, net

The Company and its related parties enter into transactions with each other in the ordinary course of business. Amounts charged to the Company for other transactions with its related parties are net of amounts charged by the Company to the Knickerbocker Group, LLC, an entity owned by James L. Dolan, the Executive Chairman, Chief Executive Officer and a director of the Company, for office space equal to the allocated cost of such space and the cost of certain technology services. In addition, other operating expenses include net charges relating to (i) reciprocal aircraft arrangements between the Company and each of Q2C and CFD and (ii) time sharing agreements with MSG Networks and AMC Networks.

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Note 17. Accumulated Other Comprehensive Loss

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

	Pension Plans and Postretirement Plan	Cumulative Translation Adjustments	Unrealized Gain (Loss) on Available-for-sale Securities	Accumulated Other Comprehensive Loss
Balance as of June 30, 2018	$ (40,846)	$ (502)	$ (5,570)	$ (46,918)
Reclassification of unrealized loss on available-for-sale securities [(a)]	—	—	5,570	5,570
Other comprehensive loss before reclassifications	(2,565)	(4,341)	—	(6,906)
Amounts reclassified from accumulated other comprehensive loss [(b)]	1,331	—	—	1,331
Other comprehensive loss	(1,234)	(4,341)	—	(5,575)
Balance as of June 30, 2019	$ (42,080)	$ (4,843)	$ —	$ (46,923)

	Pension Plans and Postretirement Plan	Cumulative Translation Adjustments	Unrealized Gain (Loss) on Available-for-sale Securities	Accumulated Other Comprehensive Loss
Balance as of June 30, 2017	$ (39,408)	$ —	$ 5,293	$ (34,115)
Reclassification of stranded tax effects [(c)]	608	—	1,232	1,840
Other comprehensive loss before reclassifications	(3,415)	(502)	(12,095)	(16,012)
Amounts reclassified from accumulated other comprehensive loss [(b)]	1,369	—	—	1,369
Other comprehensive loss	(2,046)	(502)	(12,095)	(14,643)
Balance as of June 30, 2018	$ (40,846)	$ (502)	$ (5,570)	$ (46,918)

	Pension Plans and Postretirement Plan	Cumulative Translation Adjustments	Unrealized Gain (Loss) on Available-for-sale Securities	Accumulated Other Comprehensive Loss
Balance as of June 30, 2016	$ (42,611)	$ —	$ —	$ (42,611)
Other comprehensive income before reclassifications, before income taxes	4,027	—	9,629	13,656
Amounts reclassified from accumulated other comprehensive loss, before income taxes [(b)]	1,317	—	—	1,317
Income tax expense	(2,141)	—	(4,336)	(6,477)
Other comprehensive income	3,203	—	5,293	8,496
Balance as of June 30, 2017	$ (39,408)	$ —	$ 5,293	$ (34,115)

[(a)] *As of July 1, 2018, upon adoption of ASU No. 2016-01, the Company recorded a transition adjustment to reclassify accumulated other comprehensive loss associated with its investment in Townsquare in the amount of $2,466 pre-tax ($5,570, net of tax) to accumulated deficit. See Notes 2 and 11 for more information on the Company's adoption of ASU No. 2016-01 related to its investment in Townsquare and its impact on the Company's operating results for the year ended June 30, 2019.*

(b) *Amounts reclassified from accumulated other comprehensive loss represent the amortization of net actuarial loss and net unrecognized prior service credit included in net periodic benefit cost, which is reflected in Miscellaneous income (expense), net in the accompanying consolidated statements of operations (see Note 13).*

(c) *During the fourth quarter of 2018, the Company elected to early adopt ASU No. 2018-02, Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, which allowed the Company to reclassify the stranded income tax effects resulting from the Tax Cuts and Jobs Act from accumulated other comprehensive income (loss) to retained earnings (accumulated deficit).*

Note 18. Income Taxes

On December 22, 2017, new tax legislation, commonly referred to as the Tax Cuts and Jobs Act ("TCJA"), was enacted, which significantly changed the existing U.S. tax laws, including a reduction in the corporate federal income tax rate from 35% to 21% effective January 1, 2018. During the second quarter of fiscal year 2018, the Company was required to recognize the effect of tax law changes in the period of enactment even though certain key aspects of the new law became effective January 1, 2018.

For the fiscal year ended June 30, 2019, the Company used the federal income tax rate of 21% per the enactment of TCJA to calculate its most recent effective tax rate. For the fiscal year ended June 30, 2018, the Company used a blended statutory federal income tax rate of 28% based upon the number of days that it will be taxed at the former rate of 35% and the number of days it will be taxed at the new rate of 21% to calculate its effective tax rate.

Income tax expense (benefit) is comprised of the following components:

	Years Ended June 30,		
	2019	**2018**	**2017**
Current expense:			
State and other	$ 1,198	$ 439	$ —
	1,198	439	—
Deferred expense (benefit):			
Federal	1,233	(114,211)	(3,382)
State and other	(1,083)	(3,100)	(1,022)
	150	(117,311)	(4,404)
Income tax expense (benefit)	$ 1,348	$ (116,872)	$ (4,404)

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The income tax expense (benefits) differs from the amount derived by applying the statutory federal rate to pre-tax income (loss) principally due to the effect of the following items:

	Years Ended June 30,		
	2019	**2018**	**2017**
Federal tax expense (benefit) at statutory federal rate	$ (371)	$ 4,933	$ (28,418)
State income taxes, net of federal benefit	5,175	1,800	(6,716)
Change in the estimated applicable tax rate used to determine deferred taxes	(1,055)	(50,169)	672
Nondeductible disability insurance premiums expense	482	1,436	1,983
Federal tax credits	(1,900)	—	(354)
Gains in other comprehensive income	—	—	(6,477)
GAAP income of consolidated partnership attributable to non-controlling interests	3,054	2,006	1,414
Tax effect of indefinite-lived intangible amortization	1,183	1,236	1,329
Change in valuation allowance [(a)]	(9,421)	(76,925)	30,697
Nondeductible officers' compensation [(b)]	8,651	—	—
Nondeductible expenses	1,114	—	—
Excess tax benefit related to shared based-payments awards	(5,736)	(1,974)	—
Other	172	785	1,466
Income tax expense (benefit)	$ 1,348	$ (116,872)	$ (4,404)

[(a)] *For the year ended June 30, 2018, the valuation allowance was revalued under provisions contained in the new tax legislation, comprised of the following: (i) $62,479 was due to a reduction in the valuation allowance attributable to the new rules, which provide that future Federal net operating losses have an unlimited carry-forward period and (ii) $14,446, reduction in valuation allowance relating to current operations.*

[(b)] *The TCJA included changes to Internal Revenue Code Section 162(m), including elimination of the exception for qualified performance-based compensation over the $1,000 annual limit. Accordingly, effective January 1, 2018, all compensation for certain officers in excess of $1,000 is generally nondeductible.*

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The tax effects of temporary differences which give rise to significant portions of the deferred tax assets and liabilities at June 30, 2019 and 2018 are as follows:

	June 30,	
	2019	2018
Deferred tax asset:		
Net operating loss carryforwards	$ 61,278	$ 73,599
Tax credit carryforwards	6,189	784
Accrued employee benefits	63,276	66,147
Accrued expenses	20,590	20,053
Restricted stock units and stock options	18,442	13,879
Other	3,803	7,445
Total deferred tax assets	$ 173,578	$ 181,907
Less valuation allowance	(75,701)	(88,246)
Net deferred tax assets	$ 97,877	$ 93,661
Deferred tax liabilities:		
Intangible and other assets	$ (140,901)	$ (141,676)
Property and equipment	(16,312)	(10,579)
Prepaid expenses	(10,901)	(7,178)
Investments	(8,861)	(13,196)
Total deferred tax liabilities	$ (176,975)	$ (172,629)
Net deferred tax liability	$ (79,098)	$ (78,968)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company's ability to realize its deferred tax assets depends upon the generation of sufficient future taxable income to allow for the utilization of its net operating loss carryforwards ("NOL") and future deductible temporary differences. At this time, based on current facts and circumstances, management believes that it is more likely than not that the Company will not realize the benefit for a portion of its deferred tax asset. Accordingly. a partial valuation allowance has been recorded.

The federal NOL as of June 30, 2019 is approximately $155,000 which will primarily expire in 2036. The state NOL as of June 30, 2019 is approximately $198,000 which will primarily expire in 2036.

The Company does not have any recorded unrecognized tax benefit for uncertain tax positions as of June 30, 2019 and 2018.

The Company was notified during the third quarter of fiscal year 2018 that the Internal Revenue Service was commencing an examination of our federal income tax returns as filed for the tax year ended June 30, 2016. The Company does not expect the audit to result in any material changes.

THE MADISON SQUARE GARDEN COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 19. Segment Information

The Company is comprised of two reportable segments: MSG Entertainment and MSG Sports. In determining its reportable segments, the Company assessed the guidance of ASC 280-10-50-1, which provides the definition of a reportable segment. In accordance with the FASB's guidance, the Company takes into account whether two or more operating segments can be aggregated together as one reportable segment as well as the type of discrete financial information that is available and regularly reviewed by its chief operating decision maker. The Company has evaluated this guidance and determined that there are two reportable segments. The Company allocates certain corporate costs and its performance venue operating expenses to each of its reportable segments. Allocated venue operating expenses include the non-event related costs of operating the Company's venues, and include such costs as rent for the Company's leased venues, real estate taxes, insurance, utilities, repairs and maintenance, and labor related to the overall management of the venues. Depreciation and amortization expense related to The Garden, Hulu Theater at Madison Square Garden, the Forum, and certain corporate property, equipment and leasehold improvements not allocated to the reportable segments is reported in "Corporate and Other." Additionally, the Company does not allocate any purchase accounting adjustments to the reporting segments.

The Company evaluates segment performance based on several factors, of which the key financial measure is operating income (loss) before (i) depreciation, amortization and impairments of property and equipment and intangible assets, (ii) share-based compensation expense or benefit, (iii) restructuring charges or credits, and (iv) gains or losses on sales or dispositions of businesses, which is referred to as adjusted operating income (loss), a non-GAAP measure. In addition to excluding the impact of the items discussed above, the impact of purchase accounting adjustments related to business acquisitions is also excluded in evaluating the Company's consolidated adjusted operating income (loss). Because it is based upon operating income (loss), adjusted operating income (loss) also excludes interest expense (including cash interest expense) and other non-operating income and expense items. Management believes that the exclusion of share-based compensation expense or benefit allows investors to better track the performance of the various operating units of the Company's business without regard to the settlement of an obligation that is not expected to be made in cash. The Company believes adjusted operating income (loss) is an appropriate measure for evaluating the operating performance of its business segments and the Company on a consolidated basis. Adjusted operating income (loss) and similar measures with similar titles are common performance measures used by investors and analysts to analyze the Company's performance. The Company uses revenues and adjusted operating income (loss) measures as the most important indicators of its business performance, and evaluates management's effectiveness with specific reference to these indicators.

Adjusted operating income (loss) should be viewed as a supplement to and not a substitute for operating income (loss), net income (loss), cash flows from operating activities, and other measures of performance and/or liquidity presented in accordance with GAAP. Since adjusted operating income (loss) is not a measure of performance calculated in accordance with GAAP, this measure may not be comparable to similar measures with similar titles used by other companies. The Company has presented the components that reconcile operating income (loss), the most directly comparable GAAP financial measure, to adjusted operating income (loss). In addition, the retrospective adoption of ASU No. 2017-07 resulted in an immaterial improvement in operating income (loss) and adjusted operating income (loss) for the years ended June 30, 2018 and 2017 (see Note 2 for further detail).

THE MADISON SQUARE GARDEN COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Information as to the operations of the Company's reportable segments is set forth below.

	Year ended June 30, 2019					
	MSG Entertainment	MSG Sports	Corporate and Other	Purchase accounting adjustments	Inter-segment eliminations	Total
Revenues	$ 819,930	$ 812,746	$ —	$ —	$ (1,608)	$ 1,631,068
Direct operating expenses	507,091	485,899	531	4,240	(684)	997,077
Selling, general and administrative expenses [(a)]	208,577	196,548	123,347	725	(525)	528,672
Depreciation and amortization [(b)]	18,170	7,778	75,714	17,531	—	119,193
Operating income (loss)	86,092	122,521	(199,592)	(22,496)	(399)	(13,874)
Equity in earnings of equity method investments						7,062
Interest income						30,205
Interest expense						(20,410)
Miscellaneous expense, net						(4,752)
Loss from operations before income taxes						$ (1,769)
Reconciliation of operating income (loss) to adjusted operating income (loss):						
Operating income (loss)	86,092	122,521	(199,592)	(22,496)	(399)	(13,874)
Add back:						
Share-based compensation expense	14,086	16,373	29,015	—	—	59,474
Depreciation and amortization	18,170	7,778	75,714	17,531	—	119,193
Other purchase accounting adjustments	—	—	—	4,965	—	4,965
Adjusted operating income (loss)	$ 118,348	$ 146,672	$ (94,863)	$ —	$ (399)	$ 169,758
Other information:						
Capital expenditures [(c)]	$ 18,719	$ 4,832	$ 165,283	$ —	$ —	$ 188,834

THE MADISON SQUARE GARDEN COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

	Year ended June 30, 2018					
	MSG Entertainment	MSG Sports	Corporate and Other	Purchase accounting adjustments	Inter-segment eliminations	Total
Revenues	$ 780,726	$ 778,653	$ —	$ —	$ (284)	$ 1,559,095
Direct operating expenses	482,873	456,932	120	4,635	(284)	944,276
Selling, general and administrative expenses [(a)]	192,001	185,139	91,840	223	73	469,276
Depreciation and amortization [(b)]	18,515	7,481	78,356	18,134	—	122,486
Operating income (loss)	87,337	129,101	(170,316)	(22,992)	(73)	23,057
Loss in equity method investments						(7,770)
Interest income						21,582
Interest expense						(15,415)
Miscellaneous expense, net						(3,878)
Income from operations before income taxes						$ 17,576
Reconciliation of operating income (loss) to adjusted operating income (loss):						
Operating income (loss)	87,337	129,101	(170,316)	(22,992)	(73)	23,057
Add back:						
Share-based compensation expense	12,500	15,498	19,565	—	—	47,563
Depreciation and amortization	18,515	7,481	78,356	18,134	—	122,486
Other purchase accounting adjustments	—	—	—	4,858	—	4,858
Adjusted operating income (loss)	$ 118,352	$ 152,080	$ (72,395)	$ —	$ (73)	$ 197,964
Other information:						
Capital expenditures [(c)]	$ 24,403	$ 4,552	$ 162,959	$ —	$ —	$ 191,914

THE MADISON SQUARE GARDEN COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

		Year ended June 30, 2017				
		MSG Entertainment	MSG Sports	Corporate and Other	Purchase accounting adjustments	Total
Revenues		$ 506,468	$ 811,984	$ —	$ —	$ 1,318,452
Direct operating expenses	(d)	377,962	472,995	—	9,466	860,423
Selling, general and administrative expenses	(a)	119,552	207,959	79,440	—	406,951
Depreciation and amortization	(b)	11,339	9,319	83,578	3,152	107,388
Operating income (loss)		(2,385)	121,711	(163,018)	(12,618)	(56,310)
Loss in equity method investments	(e)					(29,976)
Interest income						11,836
Interest expense						(4,189)
Miscellaneous expense, net						(2,554)
Loss from operations before income taxes						$ (81,193)
Reconciliation of operating income (loss) to adjusted operating income (loss):						
Operating income (loss)		(2,385)	121,711	(163,018)	(12,618)	(56,310)
Add back:						
Share-based compensation expense		14,323	14,548	12,258	—	41,129
Depreciation and amortization		11,339	9,319	83,578	3,152	107,388
Other purchase accounting adjustments		—	—	—	9,466	9,466
Adjusted operating income (loss)		$ 23,277	$ 145,578	$ (67,182)	$ —	$ 101,673
Other information:						
Capital expenditures		$ 11,460	$ 2,393	$ 30,371	$ —	$ 44,224

(a) *Corporate and Other's selling, general and administrative expenses primarily consist of unallocated corporate general and administrative costs, including expenses associated with the Company's business development initiatives, as well as costs associated with the development of MSG Sphere, including technology and content development costs.*

(b) *Corporate and Other principally includes depreciation and amortization on The Garden, Hulu Theater at Madison Square Garden, the Forum, and certain corporate property, equipment and leasehold improvement assets not allocated to the Company's reportable segments.*

(c) *Significant majority of Corporate and Other's capital expenditures for the years ended June 30, 2019 and 2018 are related to the Company's planned MSG Spheres in Las Vegas and London including the purchase of land in London in fiscal year 2018. MSG Entertainment's capital expenditures for the years ended June 30, 2019 and 2018 are primarily associated with the opening of a new TAO Group venue including certain investments with respect to Radio City Music Hall in fiscal year 2018.*

(d) *MSG Entertainment's direct operating expenses for the years ended June 30, 2017 include $33,629, of write-offs of deferred production costs associated with the New York Spectacular production (see Note 2).*

(e) *Loss in equity method investments for the year ended June 30, 2017 reflects a pre-tax non-cash impairment charge of $20,613 to write off the carrying value of its equity investment in Fuse Media (see Note 7).*

THE MADISON SQUARE GARDEN COMPANY
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(Continued)

The table below sets forth, for the periods presented, the Company's consolidated revenues for the years ended June 30, 2019, 2018 and 2017 by component.

	Years Ended June 30,		
	2019	2018	2017
Revenues			
Event-related revenues [(a)]	$ 1,046,178	$ 980,726	$ 908,941
Media rights revenues [(b)]	239,140	229,646	220,021
Advertising sales commission, sponsorship and signage revenues [(c)]	88,771	76,831	74,685
All other revenues [(d)]	256,979	271,892	114,805
	$ 1,631,068	$ 1,559,095	$ 1,318,452

(a) *Primarily consists of professional sports teams', entertainment and other live sporting events revenues. These amounts include (i) ticket sales, (ii) other ticket-related revenue, (iii) food, beverage and merchandise sales, (iv) venue license fees, and (v) event-related sponsorship and signage revenues.*

(b) *Primarily consists of telecast rights fees from MSG Networks and the Company's share of league distributions.*

(c) *Amounts exclude event-related sponsorship and signage revenues.*

(d) *Primarily consists of (i) nonevent-related food and beverage revenues, including TAO Group's entertainment dining and nightlife offerings, (ii) playoff revenue, which includes ticket sales, food, beverage and merchandise sales, and suite rental fees, and (iii) other non-media rights related league distributions.*

Substantially all revenues and a significant majority of assets of the Company's reportable segments are attributed to or located in the United States and are primarily concentrated in the New York metropolitan area.

Note 20. Concentrations of Risk

Financial instruments that may potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents are invested in commercial paper, money market accounts and 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 non-affiliated customers accounted for the following percentages of the Company's consolidated accounts receivable balances:

	June 30,	
	2019	2018
Customer A	13%	10%
Customer B [(a)]	12%	3%

(a) *A receivable from Customer B as of June 30, 2019 is primarily due to timing of cash receipts.*

The Company did not have any non-affiliated customer that represented 10% or more of its consolidated revenues for the years ended June 30, 2019, 2018 and 2017. Revenues from MSG Networks amounted to $162,555, $154,893 and $149,197 for the years ended June 30, 2019, 2018 and 2017, which represent 10%, 10% and 11%, respectively, of the Company's consolidated revenues (see Note 16).

As of June 30, 2019, approximately 6,700 full-time and part-time employees, who represent approximately 52% of the Company's workforce, are subject to CBAs. Approximately 13% are subject to CBAs that expired as of June 30, 2019 and approximately 36% are subject to CBAs that will expire by June 30, 2020 if they are not extended prior thereto.

THE MADISON SQUARE GARDEN COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 21. Interim Financial Information (Unaudited)

The Company adopted ASC Topic 606 in the first quarter of fiscal year 2019 using the modified retrospective method for those contracts with customers which were not completed as of July 1, 2018. Results for reporting periods beginning after July 1, 2018 are presented under ASC Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the historic accounting guidance under ASC Topic 605.

The following is a summary of the Company's selected quarterly financial data for the years ended June 30, 2019 and 2018:

	Three Months Ended				
	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	Year ended June 30, 2019
Revenues	$ 218,135	$ 632,187	$ 517,190	$ 263,556	$ 1,631,068
Operating expenses	268,920	553,910	478,677	343,435	1,644,942
Operating income (loss)	$ (50,785)	$ 78,277	$ 38,513	$ (79,879)	$ (13,874)
Net income (loss)	$ (34,048)	$ 75,968	$ 34,163	$ (79,200)	$ (3,117)
Net income (loss) attributable to The Madison Square Garden Company's stockholders	$ (32,212)	$ 81,599	$ 35,271	$ (73,231)	$ 11,427
Basic earnings (loss) per common share attributable to The Madison Square Garden Company's stockholders	$ (1.36)	$ 3.43	$ 1.48	$ (3.08)	$ 0.48
Diluted earnings (loss) per common share attributable to The Madison Square Garden Company's stockholders	$ (1.36)	$ 3.42	$ 1.48	$ (3.08)	$ 0.48

	Three Months Ended				
	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	Year ended June 30, 2018
Revenues	$ 245,215	$ 536,302	$ 459,621	$ 317,957	$ 1,559,095
Operating expenses	259,710	462,887	451,296	362,145	1,536,038
Operating income (loss)	$ (14,495)	$ 73,415	$ 8,325	$ (44,188)	$ 23,057
Net income (loss)	$ (10,867)	$ 187,991	$ 7,814	$ (50,490)	$ 134,448
Net income (loss) attributable to The Madison Square Garden Company's stockholders	$ (11,107)	$ 189,613	$ 9,141	$ (46,053)	$ 141,594
Basic earnings (loss) per common share attributable to The Madison Square Garden Company's stockholders	$ (0.47)	$ 8.03	$ 0.39	$ (1.94)	$ 5.99
Diluted earnings (loss) per common share attributable to The Madison Square Garden Company's stockholders	$ (0.47)	$ 7.96	$ 0.38	$ (1.94)	$ 5.94

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Note 22. Subsequent Events

Sale of Interest in Tribeca Enterprises

On August 5, 2019, the Company contributed to Tribeca Enterprises the $18,000 of indebtedness under the Company's revolving credit facility to the Company's equity capital in Tribeca Enterprises immediately prior to the sale of the Company's equity capital in Tribeca Enterprises for $18,000. See Note 7 for more information.

Team Personnel Transactions

On August 1, 2019, the Company recorded a pre-tax charge of approximately $10,200 related to the waiver of a player. This charge will be reflected in direct operating expenses in the Company's consolidated statements of operations for the three months ending September 30, 2019.

Exhibit 4.5

DESCRIPTION OF CAPITAL STOCK

The following description of the capital stock of The Madison Square Garden Company (the "Company," "we," "us," and "our") is not complete and may not contain all the information you should consider before investing in our capital stock. This description is summarized from, and qualified in its entirety by reference to, our amended and restated certificate of incorporation and amended by-laws, which have been publicly filed with the Securities and Exchange Commission ("SEC"). The terms of these securities may also be affected by the General Corporation Law of the State of Delaware.

We are authorized to issue 165,000,000 shares of capital stock, of which 120,000,000 shares are Class A Common Stock, par value $.01 per share (the "Class A Common Stock"), 30,000,000 shares are Class B Common Stock, par value $.01 per share (the "Class B Common Stock" and, together with the Class A Common Stock, the "Common Stock"), and 15,000,000 shares are Preferred Stock, par value $.01 per share.

Class A Common Stock and Class B Common Stock

All shares of our Common Stock currently outstanding are fully paid and non-assessable, not subject to redemption and without preemptive or other rights to subscribe for or purchase any proportionate part of any new or additional issues of stock of any class or of securities convertible into stock of any class.

Voting

Holders of Class A Common Stock are entitled to one vote per share. Holders of Class B Common Stock are entitled to ten votes per share. All actions submitted to a vote of stockholders are voted on by holders of Class A Common Stock and Class B Common Stock voting together as a single class, except for the election of directors and as otherwise set forth below. With respect to the election of directors, holders of Class A Common Stock vote together as a separate class and are entitled to elect 25% of the total number of directors constituting the whole Board of Directors and, if such 25% is not a whole number, then the holders of Class A Common Stock, voting together as a separate class, are entitled to elect the nearest higher whole number of directors that is at least 25% of the total number of directors. Holders of Class B Common Stock, voting together as a separate class, are entitled to elect the remaining directors.

If, however, on the record date for any stockholders meeting at which directors are to be elected, the number of outstanding shares of Class A Common Stock is less than 10% of the total number of outstanding shares of both classes of Common Stock, the holders of Class A Common Stock and Class B Common Stock vote together as a single class with respect to the election of directors and the holders of Class A Common Stock do not have the right to elect 25% of the total number of directors but have one vote per share for all directors and the holders of Class B Common Stock have ten votes per share for all directors.

If, on the record date for any stockholders meeting at which directors are to be elected, the number of outstanding shares of Class B Common Stock is less than 12 ½% of the total number of outstanding shares of both classes of common stock, then the holders of Class A Common Stock, voting as a separate class, continue to elect a number of directors equal to 25% of the total number of directors constituting the whole Board of Directors and, in addition, vote together with the holders of Class B Common Stock, as a single class, to elect the remaining directors to be elected at such meeting, with the holders of Class A Common Stock entitled to one vote per share and the holders of Class B Common Stock entitled to ten votes per share.

In addition, the affirmative vote or consent of the holders of at least 66 ⅔% of the outstanding shares of Class B Common Stock, voting separately as a class, is required for the authorization or issuance of any additional shares of Class B Common Stock and for any amendment, alteration or repeal of any provisions of our amended and restated certificate of incorporation which would affect adversely the powers, preferences or rights of the Class B Common Stock. The number of authorized shares of Class A Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of the majority of the Common Stock. Our amended and restated certificate of incorporation does not provide for cumulative voting.

The Dolan family, including trusts for the benefit of members of the Dolan family (collectively, the "Dolan Family Group"), by virtue of their ownership of Class B Common Stock, are able collectively to control decisions on matters in which holders of our Class A Common Stock and Class B Common Stock vote together as a single class (including, but not limited to, a change in control), and to elect up to 75% of the Company's Board. Members of the Dolan Family Group are parties to a Stockholders Agreement, which has the effect of causing the voting power of the Class B stockholders to be cast as a block on all matters to be voted on by holders of our Class B Common Stock. Under the Stockholders Agreement, the shares of Class B Common Stock owned by members of the Dolan Family Group are to be voted on all matters in accordance with the determination of the Dolan Family Committee, except that the decisions of the Dolan Family Committee are non-binding with respect to the Class B shares owned by certain Dolan family trusts that collectively own approximately 40.5% of the outstanding Class B Common Stock.

Advance Notification of Stockholder Nominations and Proposals

Our amended by-laws establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors other than nominations made by or at the direction of our Board of Directors. In particular, stockholders must notify our corporate secretary in writing prior to the meeting at which the matters are to be acted upon or directors are to be elected. The notice must contain the information specified in our amended by-laws. To be timely, the notice must be received by our corporate secretary not less than 60 or more than 90 days prior to the date of the stockholders' meeting, provided that if the date of the meeting is publicly announced or disclosed less than 70 days prior to the date of the meeting, the notice must be given not more than 10 days after such date is first announced or disclosed.

No Stockholder Action by Written Consent

Our amended and restated certificate of incorporation provides that, except as otherwise provided as to any series of preferred stock in the terms of that series, no action of stockholders required or permitted to be taken at any annual or special meeting of stockholders may be taken without a meeting of stockholders, without prior notice and without a vote, and the power of the stockholders to consent in writing to the taking of any action without a meeting is specifically denied.

Conversions

The Class A Common Stock has no conversion rights. The Class B Common Stock is convertible into Class A Common Stock in whole or in part at any time and from time to time on the basis of one share of Class A Common Stock for each share of Class B Common Stock. In certain circumstances certain holders of our Class B Common Stock are required to convert their Class B Common Stock to Class A Common Stock prior to transferring such stock.

Dividends

Holders of Class A Common Stock and Class B Common Stock are entitled to receive dividends equally on a per share basis if and when such dividends are declared by the Board of Directors from funds legally available therefor. No dividend may be declared or paid in cash or property or shares of either Class A Common Stock or Class B Common Stock unless the same dividend is paid simultaneously on each share of the other class of Common Stock. In the case of any stock dividend, holders of Class A Common Stock are entitled to receive the same dividend on a percentage basis (payable in shares of or securities convertible to shares of Class A Common Stock and other securities of us or any other person) as holders of Class B Common Stock receive (payable in shares of or securities convertible into shares of Class A Common Stock, shares of or securities convertible into shares of Class B Common Stock and other securities of us or any other person). The distribution of shares or other securities of the Company or any other person to common stockholders is permitted to differ to the extent that the Common Stock differs as to voting rights and rights in connection to certain dividends.

Liquidation

Holders of Class A Common Stock and Class B Common Stock share with each other on a ratable basis as a single class in the net assets available for distribution in respect of Class A Common Stock and Class B Common Stock in the event of a liquidation.

Other Terms

Neither the Class A Common Stock nor the Class B Common Stock may be subdivided, consolidated, reclassified or otherwise changed, except as expressly provided in our amended and restated certificate of incorporation, unless the other class of Common Stock is subdivided, consolidated, reclassified or otherwise changed at the same time, in the same proportion and in the same manner.

In any merger, consolidation or business combination the consideration to be received per share by holders of either Class A Common Stock or Class B Common Stock must be identical to that received by holders of the other class of Common Stock, except that in any such transaction in which shares of capital stock are distributed, such shares may differ as to voting rights only to the extent that voting rights now differ between Class A Common Stock and Class B Common Stock.

Transfer Agent

The transfer agent and registrar for the Class A Common Stock is EQ Shareowner Services (f/k/a Wells Fargo Shareowner Services).

Transfer Restrictions

The Company is the indirect owner of professional sports franchises in the NBA and NHL. As a result, ownership and transfers of our Common Stock are subject to certain restrictions under the constituent documents of the NBA and NHL as well as under the Company's agreements with the NBA and NHL in connection with their approval of the spin-off from MSG Networks Inc. (the "Spin-off").

Under the NBA arrangement, transfers and ownership of 5% or more of our Common Stock require the prior approval of the NBA. So long as the Company is controlled by the Dolan family, "Institutional Investors" are permitted to acquire and own up to 15% of our Class A Common Stock without obtaining prior approval of the NBA. For this purpose, an "Institutional Investor" is a person (i) whose total assets owned and under management exceeds $500 million ($100 million in the case of a registered investment company) and (ii) who fits within one or more of the following categories (defined with reference to clauses (A)-(F) and (J) of Rule 13d-1(b)(1)(ii) under the Exchange Act):

- A broker or dealer registered under Section 15 of the Exchange Act;
- A bank as defined in Section 3(a)(6) of the Exchange Act;
- An insurance company as defined in Section 3(a)(19) of the Exchange Act;
- An investment company registered under Section 8 of the Investment Company Act of 1940;
- Any person registered as an investment adviser under Section 203 of the Investment Advisers Act of 1940 or under the laws of any state;
- An employee benefit plan as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended 29 U.S.C. 1001 et seq. ("ERISA") that is subject to the provisions of ERISA, or any such plan that is not subject to ERISA that is maintained primarily for the benefit of the employees of a state or local government or instrumentality, or an endowment fund; and
- A non-U.S. institution that is the functional equivalent of any of the institutions listed above, so long as the non-U.S. institution is subject to a regulatory scheme that is (A) substantially comparable to the regulatory scheme applicable to the equivalent U.S. institution and (B) imposed under the laws of Switzerland, Canada, Australia, Japan, China or any country in Europe that is part of the "G-20" group of nations.

In addition, an "Affiliate" of an Institutional Investor is also deemed to be an Institutional Investor; provided, that no such Affiliate that is not an Institutional Investor in its own right can own more than 5% of our outstanding Common Stock and no Institutional Investor, together with its Affiliates, can own more than 15% of our outstanding Class A Common Stock. For purposes of these transfer restrictions, an "Affiliate" means a person that controls, is controlled by or is under common control with the institution/investor.

Transfers of our Class B Common Stock are also subject to restrictions under the NBA rules, subject to certain exceptions involving transfers of such shares among Dolan family interests. Prior to any transaction that results in the Dolan family no longer controlling the Company, we will likely need to negotiate a new agreement with the NBA.

Under the NHL arrangements, transfers and ownership of our Class A Common Stock are subject to NHL approval only if they constitute a "controlling interest" in the New York Rangers. The NHL has agreed that so long as the Dolan family has the right to elect a majority of our board of directors, there are no restrictions on transactions in, or ownership of, our Class A Common Stock. Transfers of our Class B Common Stock are subject to restrictions under the NHL arrangements, subject to certain exceptions involving transfers of such shares among Dolan family interests. Prior to any transaction that results in the Dolan family no longer controlling the Company, we will likely need to negotiate a new consent agreement with the NHL.

In order to protect the Company and its NBA and NHL franchises from sanctions that might be imposed by the NBA or NHL as a result of violations of these restrictions, our amended and restated certificate of incorporation provides that if at any time the Company owns, directly or indirectly, an interest in a professional sports franchise, the ownership and transfer of shares of our Common Stock are subject to any applicable restrictions on transfer imposed by the league or other governing body with respect to such franchise (a "League"), which restrictions are described in our filings (including exhibits) with the SEC. If a transfer of shares of our Common Stock (including any pledge or creation of a security interest therein) to a person or the ownership of shares of our Common Stock by a person requires approval or other action by a League and such approval or other action has not been obtained or taken as required, the Company shall have the right by written notice to the holder to require the holder to dispose of the shares of Common Stock which triggered the need for such approval (the "excess shares") within 10 days of delivery of such notice (a "required divestiture"). If a holder has failed to provide documentation satisfactory to the Company of the holder's compliance with a required divestiture by the fifth business day following the end of the 10 day period, then, in addition to any other remedies the Company may have for such failure to comply with a required divestiture, the Company shall have the right, in its sole discretion, to redeem from such holder the excess shares ("mandatory redemption") by providing written notice of such required divestiture to the holder (a "redemption notice") and mailing a check payable to the holder in an amount equal to 85% of the fair market value of the excess shares on the date of the notice. For the purposes of establishing the fair market value of the excess shares, the fair market value of a share of our Common Stock are equal to the average of the closing sale price (or if no closing sale price is reported, the last reported sale price) of our Class A Common Stock on NYSE (or if the Class A Common Stock is not traded on NYSE on any date of determination, the principal securities exchange on which such stock is listed or quoted) over the 10 trading day period ending on the second trading day preceding the redemption notice, or such other amount as determined in good faith by the Company's board of directors. A mandatory redemption shall require no action by the holder of the redeemed shares and the shares shall be deemed cancelled upon our delivery of payment therefore. The certificates representing our Common Stock contain a legend with respect to the foregoing provision in our amended and restated certificate of incorporation.

Preferred Stock

Under our amended and restated certificate of incorporation, our Board of Directors is authorized, without further stockholder action to provide for the issuance of up to 15,000,000 shares of preferred stock in one or more series. The powers, designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions, including dividend rights, voting rights, conversion rights, terms of redemption and liquidation preferences, of the preferred stock of each series will be fixed or designated by the Board of Directors pursuant to a certificate of designations. There are no shares of our preferred stock currently outstanding. Any issuance of preferred stock may adversely affect the rights of holders of our Common Stock and may render more difficult certain unsolicited or hostile attempts to take over the Company.

Section 203 of the Delaware General Corporation Law

Section 203 of the General Corporation Law of the State of Delaware prohibits certain transactions between a Delaware corporation and an "interested stockholder." An "interested stockholder" for this purpose is a stockholder who is directly or indirectly a beneficial owner of 15% or more of the aggregate voting power of a Delaware corporation. This provision prohibits certain business combinations between an interested stockholder and a corporation for a period of three years after the date on which the stockholder became an interested stockholder, unless: (1) prior to the time that a stockholder became an interested stockholder, either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder is approved by the Company's Board of Directors, (2) the interested stockholder acquired at least 85% of the aggregate voting power of the Company in the transaction in which the stockholder became an interested stockholder, or (3) the business combination is approved by a majority of the Board of Directors and the affirmative vote of the holders of two-thirds of the aggregate voting power not owned by the interested stockholder at or subsequent to the time that the stockholder became an interested stockholder. These restrictions do not apply if, among other things, the Company's certificate of incorporation contains a provision expressly electing not to be governed by Section 203. Our amended and restated certificate of incorporation does not contain such an election. However, our Board of Directors exercised its right under Section 203 to approve the acquisition of our Common Stock in the Spin-off by members of the Dolan family group. This has the effect of making Section 203 inapplicable to transactions between the Company and current and future members of the Dolan family group.

Exhibit 10.14

FORM OF RESTRICTED STOCK UNITS AGREEMENT

Dear [Participant Name]:

Pursuant to 2015 Employee Stock Plan (the "Plan"), you have been selected by the Compensation Committee of the Board of Directors (as more fully described in Section 11, the "Committee") of The Madison Square Garden Company (the "Company"), effective as of [Grant Date] (the "Grant Date") to receive [#RSUs] restricted stock units ("Units"). The Units are granted subject to the terms and conditions set forth below and in the Plan.

Capitalized terms used but not defined in this agreement (this "Agreement") have the meanings given to them in the Plan. The Units are subject to the terms and conditions set forth below:

1. ***Awards***. Each Unit shall represent an unfunded, unsecured promise by the Company to deliver to you one share of the Company's Class A Common Stock, par value $.01 per share ("Share") on the Delivery Date. In accordance with Section 10(b) of the Plan, in the discretion of the Committee, in lieu of all or any portion of the Shares otherwise deliverable in respect of your Units, the Company may deliver a cash amount equal to the number of such Shares multiplied by the Fair Market Value of a Share on the date when Shares would otherwise have been issued, as determined by the Committee.

2. ***Vesting***. Subject to your continuous employment with the Company or one of its Subsidiaries, one-third of your Units will vest on each of September 15, [year] and the first two anniversaries thereafter (each, a "Vesting Date"); provided that fractional Units eligible to vest on each of the first two Vesting Dates will be rounded up to the nearest whole Unit. Subject to Sections 3 and 4, none of your Units will vest and you will forfeit all of them if you do not remain continuously employed with the Company or one of its Subsidiaries from the Grant Date through each respective Vesting Date.

3. ***Vesting in the Event of Death, Disability[, Retirement][1] and Other Circumstances***.

(a) If your employment is terminated as a result of your death, all of the unvested Units will vest as of the termination date.

(b) If your employment is terminated while you are Disabled, and Cause does not then exist, your unvested Units will immediately vest, and will become payable at such times as they would have otherwise vested pursuant to Section 2.

(c) [If your employment is terminated on or after the date that you achieve Retirement Eligibility, and Cause does not then exist, then so long as you enter into the Company's then-current form of separation agreement (which shall include, without limitation, a covenant not to compete), you will vest in your Units, and such Units

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[1] To be included on a case-by-case basis as determined by the Compensation Committee in its sole discretion.

will become payable at such times as they would have otherwise vested pursuant to Section 2 regardless of whether or not you remain employed by the Company on such dates; provided, however, that upon a termination for Cause, you will forfeit all Units that had not yet been paid.][2]

(d) If your employment is terminated for other reasons, the Committee may, in its sole discretion determine to vest all or a portion of the unvested Units (but shall be under no obligation to consider doing so).

(e) For purposes of this Agreement:

(i) "Disabled" means that you received short term disability income replacement payments for six months, and thereafter (i) have been determined to be disabled in accordance with the Company's long term disability plan in which employees of the Company are generally able to participate, if one is in effect at such time, or (ii) to the extent no such long term disability plan exists, have been determined to have a medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months as determined by the department or vendor directed by the Company to determine eligibility for unpaid medical leave.

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

(iii) ["Retirement Eligibility" means that you are either (i) at least 55 years old with at least 10 years of continuous service with the Company, or (ii) at least 60 years old with at least 5 years of continuous service with the Company.][3]

4. ***Change of Control/Going Private Transaction***. As set forth in Annex 1 attached hereto, your entitlement to the Units may be affected in the event of a Change of Control of the Company or a going-private transaction (each as defined in Annex 1 attached hereto).

5. ***Transfer Restrictions***. You may not transfer, assign, pledge or otherwise encumber the Units, other than to the extent provided in the Plan.

6. ***Right to Vote and Receive Dividends***. You shall not be deemed to be the holder of, or have any of the rights of a stockholder with respect to any Units unless and until the

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[2] See Footnote 1.

[3] See Footnote 1.

Company shall have issued and delivered Shares to you and your name shall have been entered as a stockholder of record on the books of the Company. Pursuant to Section 10(c) of the Plan, all ordinary (as determined by the Committee in its sole discretion) cash dividends that would have been paid upon any Shares underlying your Units had such Shares been issued will be retained by the Company for your account until your Units vest and such dividends will be paid to you (without interest) on the applicable Delivery Date to the extent that your Units vest.

7. ***Tax Representations and Tax Withholding***. You hereby acknowledge that you have reviewed with your own tax advisors the federal, state and local tax consequences of receiving the Units. You hereby represent to the Company that you are relying solely on such advisors and not on any statements or representations of the Company, its Affiliates or any of their respective agents. If, in connection with the Units, the Company is required to withhold any amounts by reason of any federal, state or local tax, such withholding shall be effected in accordance with Section 16 of the Plan. If your Units vest prior to payment in accordance with Section 3(b)[or][,] (c)[or (d)][4], then you agree to cooperate with the Company to satisfy any tax withholding obligations, in such manner as determined by the Committee in its sole discretion.

8. ***Section 409A***. It is the Company's intent that payments under this Agreement shall comply with Section 409A of the Internal Revenue Code ("Section 409A") to the extent applicable, and that the Agreement be administered accordingly. Notwithstanding anything to the contrary contained in this Agreement or any employment agreement you have entered into with the Company, to the extent that any payment or benefit under this Agreement is determined by the Company to constitute "non-qualified deferred compensation" subject to Section 409A and is payable to you by reason of termination of your employment, then (a) such payment or benefit shall be made or provided to you only upon a "separation from service" as defined for purposes of Section 409A under applicable regulations and (b) if you are a "specified employee" (within the meaning of Section 409A and as determined by the Company), such payment or benefit shall not be made or provided before the date that is six months after the date of your separation from service (or your earlier death). Each payment under this Agreement shall be treated as a separate payment under Section 409A.

9. ***Delivery***. Subject to Sections 7, 10 and 13 and except as otherwise provided in this Agreement, the Shares will be delivered in respect of vested Units (if any) on the first to occur of the following events (i) to you on or promptly after the applicable Vesting Date (but in no case more than 15 days after such date), (ii) in the event of your death to your estate after your death and during the calendar year in which your death occurs (or such later date as may be permitted under Section 409A) and (iii) in the event of any other termination of your employment (including pursuant to the provisions of Annex 1) to you on the ninetieth (90th) day following termination of your employment (the "Delivery Date"). Unless otherwise determined by the Committee, delivery of the Shares at the Delivery Date will be by book-entry credit to an account in your name that the Company has established at a custody agent (the "custodian"). The Company's transfer agent, Wells Fargo Bank, N.A. shall act as the custodian of the Shares; however, the Company may in its sole discretion appoint another custodian to replace Wells Fargo Bank, N.A. On the Delivery Date, if you have complied with your obligations under this

[4] See footnote 1.

Agreement and provided that your tax obligations with respect to the vested Units are appropriately satisfied, we will instruct the custodian to electronically transfer your Shares to a brokerage or other account on your behalf (or make such other arrangements for the delivery of the Shares to you as we reasonably determine).

10. ***Right of Offset***. You hereby agree that the Company shall have the right to offset against its obligation to deliver shares of Class A Common Stock, cash or other property under this Agreement to the extent that it does not constitute "non-qualified deferred compensation" pursuant to Section 409A, any outstanding amounts of whatever nature that you then owe to the Company or any of its Subsidiaries.

11. ***The Committee***. For purposes of this Agreement, the term "Committee" means the Compensation Committee of the Board of Directors of the Company or any replacement committee established under, and as more fully defined in, the Plan.

12. ***Committee Discretion***. The Committee has full discretion with respect to any actions to be taken or determinations to be made in connection with this Agreement, and its determinations shall be final, binding and conclusive.

13. ***Amendment***. The Committee reserves the right at any time to amend the terms and conditions set forth in this Agreement, except that the Committee shall not make any amendment or revision in a manner unfavorable to you (other than if immaterial), without your consent. No consent shall be required for amendments made pursuant to Section 12 of the Plan, except that, for purposes of Section 19 of the Plan, Section 4 and Annex 1 of this Agreement are deemed to be "terms of an Award Agreement expressly refer[ring] to an Adjustment Event." Any amendment of this Agreement shall be in writing and signed by an authorized member of the Committee or a person or persons designated by the Committee.

14. ***Units Subject to the Plan***. The Units covered by this Agreement are subject to the Plan.

15. ***Subsidiaries***. For purposes of this Agreement, *"Subsidiaries"* shall mean any entities that are controlled, directly or indirectly, by the Company, or in which the Company owns, directly or indirectly, more than 50% of the equity interests.

16. ***Entire Agreement***. Except for any employment agreement between you and the Company or any of its Subsidiaries in effect as of the date of the grant hereof (as such employment agreement may be modified, renewed or replaced), this Agreement and the Plan constitute the entire understanding and agreement of you and the Company with respect to the Units covered hereby and supersede all prior understandings and agreements. Except as provided in Sections 8 and 15, in the event of a conflict among the documents with respect to the terms and conditions of the Units covered hereby, the documents will be accorded the following order of authority: the terms and conditions of the Plan will have highest authority followed by the terms and conditions of your employment agreement, if any, followed by the terms and conditions of this Agreement.

17. ***Successors and Assigns***. The terms and conditions of this Agreement shall be binding upon, and shall inure to the benefit of, the Company and its successors and assigns.

18. ***Governing Law***. This Agreement shall be deemed to be made under, and in all respects be interpreted, construed and governed by and in accordance with, the laws of the State of New York without regard to conflict of law principles.

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

20. ***Waiver***. No waiver by the Company at any time of any breach by you of, or compliance with, any term or condition of this Agreement or the Plan to be performed by you shall be deemed a waiver of the same term or condition, or of any similar or any dissimilar term or condition, whether at the same time or at any prior or subsequent time.

21. ***Severability***. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any term or condition hereof shall not affect the validity or enforceability of the other terms and conditions set forth herein.

22. ***Exclusion from Compensation Calculation***. By acceptance of this Agreement, you shall be deemed to be in agreement that the Units covered hereby shall be considered special incentive compensation and will be exempt from inclusion as "wages" or "salary" in pension, retirement, life insurance and other employee benefits arrangements of the Company and its Affiliates, except as determined otherwise by the Company. In addition, each of your beneficiaries shall be deemed to be in agreement that all such shares be exempt from inclusion in "wages" or "salary" for purposes of calculating benefits of any life insurance coverage sponsored by the Company or any of its Affiliates.

23. ***No Right to Continued Employment***. Nothing contained in this Agreement or the Plan shall be construed to confer on you any right to continue in the employ of the Company or any Affiliate, or derogate from the right of the Company or any Affiliate, as applicable, to retire, request the resignation of, or discharge you, at any time, with or without cause.

24. ***Headings***. The headings in this Agreement are for purposes of convenience only and are not intended to define or limit the construction of the terms and conditions of this Agreement.

25. ***Effective Date***. Upon execution by you, this Agreement shall be effective from and as of the Grant Date.

26. ***Signatures***. Execution of this Agreement by the Company may be in the form of an electronic, manual or similar signature (including, without limitation, an electronic acknowledgement of acceptance), and such signature shall be treated as an original signature for all purposes.

THE MADISON SQUARE GARDEN COMPANY

By: _____

Name:

Title:

By your electronic acknowledgement of acceptance, you (i) acknowledge that a complete copy of the Plan and an executed original of this Agreement have been made available to you and (ii) agree to all of the terms and conditions set forth in the Plan and this Agreement.

Annex 1

RESTRICTED STOCK UNITS AGREEMENT

In the event of a "Change of Control" of the Company or a "going private transaction," as defined below, your entitlement to Units shall be as follows:

1. If the Company or the "surviving entity," as defined below (if any), has shares of common stock (or partnership units) traded on a national stock exchange or on the over-the-counter market as reported on the New York Stock Exchange or any other stock exchange, the Committee shall, no later than the effective date of the transaction which results in a Change of Control or going private transaction, [deem the Performance Criteria to be satisfied and] either (A) convert your unvested Units into an amount of cash equal to (i) the number of your unvested Units multiplied by (ii) the "offer price per share," the "acquisition price per share" or the "merger price per share," each as defined below, whichever of such amounts is applicable or (B) arrange to have the Surviving Entity grant to you an award of restricted stock units (or partnership units) for shares of the surviving entity on the same terms and with a value equivalent to your unvested Units which will, in the good faith determination of the Committee, provide you with an equivalent profit potential.

2. If the Company or the Surviving Entity does not have shares of common stock (or partnership units) traded on a national stock exchange or on the over-the-counter market as reported on the New York Stock Exchange or any other stock exchange, the Committee shall [deem the Performance Criteria to be satisfied and] convert your unvested Units into an amount of cash equal to the amount calculated as per Paragraph 1(A) above.

3. Provided that you remain continuously employed with the Company, one of its Subsidiaries or the Surviving Entity through the date of the earliest event described in any of (a), (b) or (c) below, any award provided for in Paragraph 1(A) or 2 shall become payable to you (or your estate), and any substitute restricted stock unit award of the Surviving Entity provided in Paragraph 1(B) shall vest, at the earlier of (a) each applicable date on which your Units would otherwise have vested had they continued in effect, (b) the date of your death, or (c) the date on which your employment with the Company, one of its Subsidiaries or the Surviving Entity is terminated (i) by the Company, one of its Subsidiaries or the Surviving Entity other than for Cause, (ii) by you for "good reason," as defined below or (iii) by you for any reason at least six (6) months, but not more than nine (9) months after the effective date of the Change of Control or going private transaction; provided that clause (iii) herein shall not apply in the event that your rights in the Units are converted into a right to receive an amount of cash in accordance with Paragraph 1(A). The amount payable in cash shall be payable together with interest from the effective date of the Change of Control or going private transaction until the date of payment at (a) the weighted average cost of capital of the Company immediately prior to the effectiveness of the Change of Control or going private transaction, or (b) if the Company (or the Surviving Entity) sets aside the funds in a trust or other funding arrangement, the actual earnings of such trust or other funding arrangement.

4. As used herein,

"*Cause*" means your (i) commission of an act of fraud, embezzlement, misappropriation, willful misconduct, gross negligence or breach of fiduciary duty against the Company or any of its Affiliates, or (ii) commission of any act or omission that results in a conviction, plea of no contest, plea of nolo contendere, or imposition of unadjudicated probation for any crime involving moral turpitude or any felony.

"*Change of Control*" means the acquisition, in a transaction or a series of related transactions, by any person or group, other than Charles F. Dolan or members of the immediate family of Charles F. Dolan or trusts for the benefit of Charles F. Dolan or his immediate family (or an entity or entities controlled by any of them) or any employee benefit plan sponsored or maintained by the Company, of the power to direct the management of the Company or substantially all its assets (as constituted immediately prior to such transaction or transactions).

"*Surviving Entity*" means the entity that owns, directly or indirectly, after consummation of any transaction, substantially all of the Company's assets (as constituted immediately prior to such transaction). If any such entity is at least majority-owned, directly or indirectly, by any entity (a "parent entity") which has shares of common stock (or partnership units) traded on a national stock exchange or the over-the-counter market, as reported on the New York Stock Exchange or any other stock exchange, then such parent entity shall be deemed to be the Surviving Entity provided that it there shall be more than one such parent entity, the parent entity closest to ownership of the Company's assets shall be deemed to be the Surviving Entity.

"*Going private transaction*" means a transaction involving the purchase of Company securities described in Rule 13e-3 to the Securities and Exchange Act of 1934.

"*Good reason*" means

a. without your express written consent any reduction in your base salary or target bonus opportunity, or any material impairment or material adverse change in your working conditions (as the same may from time to time have been improved or, with your written consent, otherwise altered, in each case, after the Grant Date) at any time after or within ninety (90) days prior to the Change of Control including, without limitation, any material reduction of your other compensation, executive perquisites or other employee benefits (measured, where applicable, by level or participation or percentage of award under any plans of the Company), or material impairment or material adverse change of your level of responsibility, authority, autonomy or title, or to your scope of duties;

b. any failure by the Company to comply with any of the provisions of this Agreement, other than an insubstantial or inadvertent failure remedied by the Company promptly after receipt of notice thereof given by you;

c. the Company's requiring you to be based at any office or location more than thirty-five (35) miles from your location immediately prior to such event except for travel reasonably required in the performance of your responsibilities; or

d. any failure by the Company to obtain the assumption and agreement to perform this Agreement by a successor as contemplated by Paragraph 1.

"*Offer price per share*" shall mean, in the case of a tender offer or exchange offer which results in a Change of Control or going private transaction (an "Offer"), the greater of (i) the highest price per share of common stock paid pursuant to the Offer, or (ii) the highest fair market value per share of common stock during the ninety-day period ending on the date of a Change of Control or going private transaction. Any securities or property which are part or all of the consideration paid for shares of common stock in the Offer shall be valued in determining the Offer Price per Share at the higher of (A) the valuation placed on such securities or property by the Company, person or other entity making such offer or (B) the valuation placed on such securities or property by the Committee.

"*Merger price per share*" shall mean, in the case of a merger, consolidation, sale, exchange or other disposition of assets that results in a Change of Control or going private transaction (a "Merger"), the greater of (i) the fixed or formula price for the acquisition of shares of common stock occurring pursuant to the Merger, and (ii) the highest fair market value per share of common stock during the ninety-day period ending on the date of such Change of Control or going private transaction. Any securities or property which are part or all of the consideration paid for shares of common stock pursuant to the Merger shall be valued in determining the merger price per share at the higher of (A) the valuation placed on such securities or property by the Company, person or other entity which is a party with the Company to the Merger, or (B) the valuation placed on such securities or property by the Committee.

"*Acquisition price per share*" shall mean the greater of (i) the highest price per share stated on the Schedule 13D or any amendment thereto filed by the holder of twenty percent (20%) or more of the Company's voting power which gives rise to the Change of Control or going private transaction, and (ii) the highest fair market value per share of common stock during the ninety-day period ending on the date of such Change of Control or going private transaction.

FORM OF PERFORMANCE RESTRICTED STOCK UNITS AGREEMENT

Dear [Participant Name]:

Pursuant to the 2015 Employee Stock Plan (the "Plan"), you have been selected by the Compensation Committee of the Board of Directors (as more fully described in Section 12, the "Committee") of The Madison Square Garden Company (the "Company"), effective as of [Grant Date] (the "Grant Date") to receive a performance restricted stock unit award (the "Award"). The Award is granted subject to the terms and conditions set forth below and in the Plan.

Capitalized terms used but not defined in this agreement (this "Agreement") have the meanings given to them in the Plan. The Award is subject to the terms and conditions set forth below:

1. ***Awards***. In accordance with the terms of this Agreement, the target amount of your contingent Award is [#RSUs] restricted stock units (the "Target Award"), which number of units may be increased or decreased to the extent the performance criteria (the "Objectives") set forth in Annex 2 attached hereto have been attained in respect of the period from July 1, [year] through June 30, [year] (the "Performance Period"). Each unit shall represent an unfunded, unsecured promise by the Company to deliver to you one share of the Company's Class A Common Stock, par value $.01 per share ("Share") on the Delivery Date. The Award, calculated in accordance with Annex 2 attached hereto, will vest upon the later of (i) September 15, [year], and (ii) the date on which the Committee (as defined in Section 12 below) determines the Company's performance against the Objectives (the "Vesting Date") provided, that you have remained in the continuous employ of the Company or one of its Subsidiaries from the Effective Date through the Vesting Date. In accordance with Section 10(b) of the Plan, in the discretion of the Committee, in lieu of all or any portion of the Shares otherwise deliverable in respect of your Award, the Company may deliver a cash amount equal to the number of such Shares multiplied by the Fair Market Value of a Share on the date when Shares would otherwise have been issued, as determined by the Committee.

2. ***Vesting***. Subject to Sections 3 and 4, if, on or prior to the Vesting Date, your continuous employment by the Company or one of its Subsidiaries ends for any reason, other than as a result of your death [or][,] disability [or retirement][1] then you *will* automatically forfeit all of your rights and interest in the Award regardless of whether the Objectives are attained.

3. ***Vesting in the Event of Death [or][,] Disability[, or Retirement]***[2].

(a) If your employment is terminated as a result of your death on or prior to the Vesting Date, then the Target Award will vest as of the termination date. If, after June 30, [year] *but* prior to the Vesting Date, your employment is terminated as a result

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[1] To be included on a case-by-case basis as determined by the Compensation Committee in its sole discretion.

[2] See footnote 1.

of your death, then your estate will receive the Award, if any, to which you would have been entitled on the Vesting Date had your employment not been so terminated.

(b) If your employment is terminated while you are Disabled, and Cause does not then exist, the Award will remain subject to vesting on the Vesting Date in accordance with Section 1.

(c) [If your employment is terminated on or after the date that you become Retirement Eligible, and Cause does not then exist, and you enter into the Company's then-current form of separation agreement (which shall include, without limitation, a covenant not to compete), the Award will remain subject to vesting on the Vesting Date in accordance with Section 1.][3]

(d) For purposes of this Agreement:

(i) "Disabled" means that you received short term disability income replacement payments for six months, and thereafter (i) have been determined to be disabled in accordance with the Company's long term disability plan in which employees of the Company are generally able to participate, if one is in effect at such time, or (ii) to the extent no such long term disability plan exists, have been determined to have a medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months as determined by the department or vendor directed by the Company to determine eligibility for unpaid medical leave.

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

(iii) ["Retirement Eligible" means that you are either (i) at least 55 years old with at least 10 years of continuous service with the Company, or (ii) at least 60 years old with at least 5 years of continuous service with the Company.][4]

4. ***Change of Control/Going Private Transaction***. As set forth in Annex 1 attached hereto, your entitlement to the Award may be affected in the event of a Change of Control of the Company or a going-private transaction (each as defined in Annex 1 attached hereto).

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[3] See footnote 1.

[4] See footnote 1.

5. ***Transfer Restrictions***. You may not transfer, assign, pledge or otherwise encumber the units, other than to the extent provided in the Plan.

6. ***Unfunded Obligation***. The Plan will at all times be unfunded and, except as set forth in Annex 1 attached hereto, no provision will at any time be required to be made with respect to segregating any assets of the Company or any of its Subsidiaries for payment of any benefits under the Plan, including, without limitation, those covered by this Agreement. Your right or that of your estate to receive delivery or payment under this Agreement shall be an unsecured claim against the general assets of the Company, including any rabbi trust established pursuant to Annex 1. Neither you nor your estate shall have any rights in or against any specific assets of the Company other than the assets held by the rabbi trust established pursuant to Annex 1.

7. ***Right to Vote and Receive Dividends***. You shall not be deemed to be the holder of, or have any of the rights of a stockholder with respect to any units unless and until the Company shall have issued and delivered Shares to you and your name shall have been entered as a stockholder of record on the books of the Company. Pursuant to Section 10(c) of the Plan, all ordinary (as determined by the Committee in its sole discretion) cash dividends that would have been paid upon any Shares underlying your units had such Shares been issued will be retained by the Company for your account until your units vest and such dividends will be paid to you (without interest) on the Delivery Date to the extent that your units vest.

8. ***Tax Representations and Tax Withholding***. You hereby acknowledge that you have reviewed with your own tax advisors the federal, state and local tax consequences of receiving the units. You hereby represent to the Company that you are relying solely on such advisors and not on any statements or representations of the Company, its Affiliates or any of their respective agents. If, in connection with the units, the Company is required to withhold any amounts by reason of any federal, state or local tax, such withholding shall be effected in accordance with Section 16 of the Plan. If your Units vest prior to payment in accordance with Section 3(b)[or(c)][4], then you agree to cooperate with the Company to satisfy any tax withholding obligations, in such manner as determined by the Committee in its sole discretion.

9. ***Section 409A***. It is the Company's intent that payments under this Agreement shall comply with Section 409A of the Internal Revenue Code ("Section 409A") to the extent applicable, and that the Agreement be administered accordingly. Notwithstanding anything to the contrary contained in this Agreement or any employment agreement you have entered into with the Company, to the extent that any payment or benefit under this Agreement is determined by the Company to constitute "non-qualified deferred compensation" subject to Section 409A and is payable to you by reason of termination of your employment, then (a) such payment or benefit shall be made or provided to you only upon a "separation from service" as defined for purposes of Section 409A under applicable regulations and (b) if you are a "specified employee" (within the meaning of Section 409A and as determined by the Company), such payment or benefit shall not be made or provided before the date that is six months after the date

[4] See footnote 1.

of your separation from service (or your earlier death). Each payment under this Agreement shall be treated as a separate payment under Section 409A.

10. ***Delivery***. Subject to Sections 8, 11 and 14 and Annex 1 and except as otherwise provided in this Agreement, the Shares will be delivered in respect of vested units (if any) on the first to occur of the following events (i) to you on or promptly after the Vesting Date (but in no case more than 15 days after such date) and (ii) in the event of your death to your estate after your death and during the calendar year in which your death occurs (or such later date as may be permitted under Section 409A) (the "Delivery Date"). Unless otherwise determined by the Committee, delivery of the Shares at the Delivery Date will be by book-entry credit to an account in your name that the Company has established at a custody agent (the "custodian"). The Company's transfer agent, Wells Fargo Bank, N.A. shall act as the custodian of the Shares; however, the Company may in its sole discretion appoint another custodian to replace Wells Fargo Bank, N.A. On the Delivery Date, if you have complied with your obligations under this Agreement and provided that your tax obligations with respect to the vested units are appropriately satisfied, we will instruct the custodian to electronically transfer your Shares to a brokerage or other account on your behalf (or make such other arrangements for the delivery of the Shares to you as we reasonably determine).

11. ***Right of Offset***. You hereby agree that the Company shall have the right to offset against its obligation to deliver shares of Class A Common Stock, cash or other property under this Agreement to the extent that it does not constitute "non-qualified deferred compensation" pursuant to Section 409A, any outstanding amounts of whatever nature that you then owe to the Company or any of its Subsidiaries.

12. ***The Committee***. For purposes of this Agreement, the term "Committee" means the Compensation Committee of the Board of Directors of the Company or any replacement committee established under, and as more fully defined in, the Plan.

13. ***Committee Discretion***. The Committee has full discretion with respect to any actions to be taken or determinations to be made in connection with this Agreement, and its determinations shall be final, binding and conclusive.

14. ***Amendment***. The Committee reserves the right at any time to amend the terms and conditions set forth in this Agreement, except that the Committee shall not make any amendment or revision in a manner unfavorable to you (other than if immaterial), without your consent. No consent shall be required for amendments made pursuant to Section 12 of the Plan, except that, for purposes of Section 19 of the Plan, Section 4 and Annex 1 of this Agreement are deemed to be "terms of an Award Agreement expressly refer[ring] to an Adjustment Event." Any amendment of this Agreement shall be in writing and signed by an authorized member of the Committee or a person or persons designated by the Committee.

15. ***Units Subject to the Plan***. The units covered by this Agreement are subject to the Plan.

16. ***Subsidiaries***. For purposes of this Agreement, *"Subsidiaries"* shall mean any entities that are controlled, directly or indirectly, by the Company, or in which the Company owns, directly or indirectly, more than 50% of the equity interests.

17. ***Entire Agreement***. Except for any employment agreement between you and the Company or any of its Subsidiaries in effect as of the date of the grant hereof (as such employment agreement may be modified, renewed or replaced), this Agreement and the Plan constitute the entire understanding and agreement of you and the Company with respect to the units covered hereby and supersede all prior understandings and agreements. Except as provided in Sections 9 and 16, in the event of a conflict among the documents with respect to the terms and conditions of the units covered hereby, the documents will be accorded the following order of authority: the terms and conditions of the Plan will have highest authority followed by the terms and conditions of your employment agreement, if any, followed by the terms and conditions of this Agreement.

18. ***Successors and Assigns***. The terms and conditions of this Agreement shall be binding upon, and shall inure to the benefit of, the Company and its successors and assigns.

19. ***Governing Law***. This Agreement shall be deemed to be made under, and in all respects be interpreted, construed and governed by and in accordance with, the laws of the State of New York without regard to conflict of law principles.

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

21. ***Waiver***. No waiver by the Company at any time of any breach by you of, or compliance with, any term or condition of this Agreement or the Plan to be performed by you shall be deemed a waiver of the same term or condition, or of any similar or any dissimilar term or condition, whether at the same time or at any prior or subsequent time.

22. ***Severability***. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any term or condition hereof shall not affect the validity or enforceability of the other terms and conditions set forth herein.

23. ***Exclusion from Compensation Calculation***. By acceptance of this Agreement, you shall be deemed to be in agreement that the units covered hereby shall be considered special incentive compensation and will be exempt from inclusion as "wages" or "salary" in pension, retirement, life insurance and other employee benefits arrangements of the Company and its Affiliates, except as determined otherwise by the Company. In addition, each of your beneficiaries shall be deemed to be in agreement that all such shares be exempt from

inclusion in "wages" or "salary" for purposes of calculating benefits of any life insurance coverage sponsored by the Company or any of its Affiliates.

24. ***No Right to Continued Employment***. Nothing contained in this Agreement or the Plan shall be construed to confer on you any right to continue in the employ of the Company or any Affiliate, or derogate from the right of the Company or any Affiliate, as applicable, to retire, request the resignation of, or discharge you, at any time, with or without cause.

25. ***Headings***. The headings in this Agreement are for purposes of convenience only and are not intended to define or limit the construction of the terms and conditions of this Agreement.

26. ***Effective Date***. Upon execution by you, this Agreement shall be effective from and as of the Grant Date.

27. ***Signatures***. Execution of this Agreement by the Company may be in the form of an electronic, manual or similar signature (including, without limitation, an electronic acknowledgement of acceptance), and such signature shall be treated as an original signature for all purposes.

THE MADISON SQUARE GARDEN COMPANY

By: _____

Name:

Title:

By your electronic acknowledgement of acceptance, you (i) acknowledge that a complete copy of the Plan and an executed original of this Agreement have been made available to you and (ii) agree to all of the terms and conditions set forth in the Plan and this Agreement.

Annex 1

PERFORMANCE RESTRICTED STOCK UNITS AGREEMENT

1. In the event of a "going private transaction," as defined below, your entitlement to the Award shall be as follows:

(A) The Committee shall, no later than the effective date of the transaction which results in a going private transaction, deem the Objectives to be satisfied at the target level and convert your Target Award into an amount of cash equal to (i) the number of your unvested units multiplied by (ii) the "offer price per share," the "acquisition price per share" or the "merger price per share," each as defined below, whichever of such amounts is applicable.

(B) Provided that you remain continuously employed with the Company, one of its Subsidiaries or the Surviving Entity through the date of the earliest event described in any of (i), (ii) or (iii) below, any award provided for in Paragraph 1(A) shall become payable to you (or your estate) at or promptly after (but in no event more than 15 days after) the earlier of (i) the date on which your Award would otherwise have vested had it continued in effect, (ii) the date of your death, or (iii) the date on which your employment with the Company, one of its Subsidiaries or the Surviving Entity is terminated (a) by the Company, one of its Subsidiaries or the Surviving Entity other than for Cause (as defined below) or (b) by you for "good reason," (as defined below). Notwithstanding the foregoing, if you become entitled to payment of an award by virtue of a termination in accordance with (iii)(a) or (iii)(b) of this Paragraph 1(B) and are determined by the Company to be a "specified employee" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A of the IRC"), the award shall be paid to you on the earlier of: (i) July 1, [ ], (ii) the date that is six months from your date of employment termination and (iii) any other date on which such payment or any portion thereof would be a permissible distribution under Section 409A of the IRC. In the event of such a determination, the Company shall promptly following the date of your employment termination set aside such amount for your benefit in a "rabbi trust" that satisfies the requirements of Revenue Procedure 92-64, and on a monthly basis shall deposit into such trust interest in arrears (compounded quarterly at the rate provided below) until such time as such amount, together with all accrued interest thereon, is paid to you in full pursuant to the previous sentence; provided, that no payment will be made to such rabbi trust if it would be contrary to law or cause you to incur additional tax under Section 409A of the IRC. The initial interest rate shall be the average of the one-year LIBOR fixed rate equivalent for the ten business days prior to the date of your employment termination.

2. In the event of a "Change of Control" of the Company, as defined below, provided you have remained continuously employed with the Company or one of its Subsidiaries through the effective date of the transaction that results in the Change of Control, you will be entitled to the payment of the Target Award whether or not the Objectives have been attained.

(A) If the actual Change of Control:

(i) is a permissible distribution event under Section 409A of the IRC or payment of the Award promptly upon such event is otherwise permissible

under Section 409A of the IRC (including, for the avoidance of doubt, by reason of the inapplicability of Section 409A of the IRC to the Award), then the Target Award shall be paid to you by the Company promptly following the Change of Control; or

(ii) is not a permissible distribution event under Section 409A of the IRC and payment of the Award promptly upon such event is not otherwise permissible under Section 409A of the IRC, then:

(a) (1) if the Company or the Surviving Entity has shares of common stock (or partnership units) traded on a national stock exchange or on the over-the-counter market as reported on the New York Stock Exchange or any other stock exchange, then the Committee shall, no later than the effective date of the Change of Control, either (i) convert your Target Award into an amount of cash equal to (a) the number of your unvested units multiplied by (b) the "offer price per share," the "acquisition price per share" or the "merger price per share," each as defined below, whichever of such amounts is applicable or (ii) arrange to have the Surviving Entity grant to you an award of restricted stock units (or partnership units) for shares of the surviving entity on the same terms and with a value equivalent to your Target Award which will, in the good faith determination of the Committee, provide you with an equivalent profit potential or

(2) if the Company or the Surviving Entity does not have shares of common stock (or partnership units) traded on a national stock exchange or on the over-the-counter market as reported on the New York Stock Exchange or any other stock exchange, then the Award will be treated in accordance with Paragraph 1(A) above;

(b) any cash award or substitute restricted stock unit award of the Surviving Entity provided for in Paragraph 2(A)(ii)(a) will be fully vested and will be paid to you (or your estate), at the earliest to occur of: (1) any subsequent date on which you are no longer employed by the Company, one of its Subsidiaries or the Surviving Entity for any reason other than termination of your employment by one of such entities for Cause (provided that if you are determined by the Company to be a "specified employee" within the meaning of Section 409A of the IRC, six months from such date), (2) any other date on which such payment or any portion thereof would be a permissible distribution under Section 409A of the IRC, or (3) July 1, [year].

(c) the Company shall promptly following the Change of Control set aside cash (or shares in the event a substitute restricted stock unit award is made) for your benefit in a "rabbi trust" that satisfies the requirements of Revenue Procedure 92-64, and on a monthly basis shall deposit into

such trust interest in arrears (compounded quarterly at the rate provided below) until such time as such amount, together with all accrued interest thereon, is paid to you in full pursuant to Paragraph 2(A)(ii)(b) above); provided, that no payment will be made to such rabbi trust if it would be contrary to law or cause you to incur additional tax under Section 409A of the IRC. The initial interest rate shall be the average of the one-year LIBOR fixed rate equivalent for the ten business days prior to the date of the Change of Control and shall adjust annually based on the average of such rate for the ten business days prior to each anniversary of the Change of Control.

3. As used herein,

"*Cause*" means your (i) commission of an act of fraud, embezzlement, misappropriation, willful misconduct, gross negligence or breach of fiduciary duty against the Company or any of its Affiliates, or (ii) commission of any act or omission that results in a conviction, plea of no contest, plea of *nolo contendere*, or imposition of unadjudicated probation for any crime involving moral turpitude or any felony.

"*Change of Control*" means the acquisition, in a transaction or a series of related transactions, by any person or group, other than Charles F. Dolan or members of the immediate family of Charles F. Dolan or trusts for the benefit of Charles F. Dolan or his immediate family (or an entity or entities controlled by any of them) or any employee benefit plan sponsored or maintained by the Company, of the power to direct the management of the Company or substantially all its assets (as constituted immediately prior to such transaction or transactions).

"*Surviving Entity*" means the entity that owns, directly or indirectly, after consummation of any transaction, substantially all of the Company's assets (as constituted immediately prior to such transaction). If any such entity is at least majority-owned, directly or indirectly, by any entity (a "parent entity") which has shares of common stock (or partnership units) traded on a national stock exchange or the over-the-counter market, as reported on the New York Stock Exchange or any other stock exchange, then such parent entity shall be deemed to be the Surviving Entity provided that it there shall be more than one such parent entity, the parent entity closest to ownership of the Company's assets shall be deemed to be the Surviving Entity.

"*Going private transaction*" means a transaction involving the purchase of Company securities described in Rule 13e-3 to the Securities and Exchange Act of 1934.

"*Good reason*" means

a. without your express written consent any reduction in your base salary or target bonus opportunity, or any material impairment or material adverse change in your working conditions (as the same may from time to time have been improved or, with your written consent, otherwise altered, in each case, after the Grant Date) at any time after or within ninety (90) days prior to the Change of Control including, without limitation, any material reduction of your other compensation, executive perquisites or other employee benefits (measured, where applicable, by level or participation or percentage of award under any

plans of the Company), or material impairment or material adverse change of your level of responsibility, authority, autonomy or title, or to your scope of duties;

b. any failure by the Company to comply with any of the provisions of this Agreement, other than an insubstantial or inadvertent failure remedied by the Company promptly after receipt of notice thereof given by you;

c. the Company's requiring you to be based at any office or location more than thirty-five (35) miles from your location immediately prior to such event except for travel reasonably required in the performance of your responsibilities; or

d. any failure by the Company to obtain the assumption and agreement to perform this Agreement by a successor as contemplated by Paragraph 1 or Paragraph 2(A)(ii)(a).

"*Offer price per share*" shall mean, in the case of a tender offer or exchange offer which results in a Change of Control or going private transaction (an "*Offer*"), the greater of (i) the highest price per share of common stock paid pursuant to the Offer, or (ii) the highest fair market value per share of common stock during the ninety-day period ending on the date of a Change of Control or going private transaction. Any securities or property which are part or all of the consideration paid for shares of common stock in the Offer shall be valued in determining the Offer Price per Share at the higher of (A) the valuation placed on such securities or property by the Company, person or other entity making such offer or (B) the valuation placed on such securities or property by the Committee.

"*Merger price per share*" shall mean, in the case of a merger, consolidation, sale, exchange or other disposition of assets that results in a Change of Control or going private transaction (a "*Merger*"), the greater of (i) the fixed or formula price for the acquisition of shares of common stock occurring pursuant to the Merger, and (ii) the highest fair market value per share of common stock during the ninety-day period ending on the date of such Change of Control or going private transaction. Any securities or property which are part or all of the consideration paid for shares of common stock pursuant to the Merger shall be valued in determining the merger price per share at the higher of (A) the valuation placed on such securities or property by the Company, person or other entity which is a party with the Company to the Merger, or (B) the valuation placed on such securities or property by the Committee.

"*Acquisition price per share*" shall mean the greater of (i) the highest price per share stated on the Schedule 13D or any amendment thereto filed by the holder of twenty percent (20%) or more of the Company's voting power which gives rise to the Change of Control or going private transaction, and (ii) the highest fair market value per share of common stock during the ninety-day period ending on the date of such Change of Control or going private transaction.

Annex 2

The Madison Square Garden Company Objectives

Exhibit 10.39

AMENDMENT NO. 1
TO
SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

This Amendment No. 1 to Second Amended and Restated Limited Liability Company Agreement (this "**Amendment**") dated as of May 23, 2019 is among TAO Group Holdings LLC, a Delaware limited liability company (the **"Company"**), MSG TG, LLC, a Delaware limited liability company (**"MSG"**), Marc Packer, Richard Wolf, Noah Tepperberg and Jason Strauss. Capitalized terms used but not defined in this Amendment have the meanings assigned to them in the Company's Second Amended and Restated Limited Liability Company Agreement dated as of January 31, 2017, as currently in effect (the **"LLC Agreement"**).

Pursuant to Section 8.6 of the LLC Agreement, the parties desire to amend the LLC Agreement as provided in this Amendment.

In consideration of the premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. Tax Distributions. Section 2.1(b) of the LLC Agreement is amended by inserting the following immediately prior to the last sentence thereof:

"Notwithstanding the foregoing provisions of this Section 2.1(b), distributions pursuant to this Section 2.1(b) shall be made only to the extent not in violation of any Company Loan Agreement. To the extent that the full amount of distributions otherwise required pursuant to this Section 2.1(b) cannot be made as a result of the immediately preceding sentence, distributions shall be made to the Members in proportion to the amounts that would have been due absent the application of the immediately preceding sentence, and the remaining portion of any such distributions shall be made promptly after such portion would not result in violation of any Company Loan Agreement."

2. Subordinated Credit Agreement. A new Section 4.9 is added to the LLC Agreement to read as follows:

"Section 4.9 Subordinated Credit Agreement. Notwithstanding anything in this Agreement to the contrary, the Company and its Subsidiaries may enter into the Subordinated Credit Agreement, and MSG and its Affiliates may exercise any remedies thereunder or any remedies they (or any of them) have as creditors under applicable law. Without limitation of the foregoing, in the event the lender(s) under the Subordinated Credit Agreement foreclose on any equity interests pledged to them, then notwithstanding anything in this Agreement to the contrary, (a) they (or any of them) shall be entitled to exercise all rights with respect thereto without regard to anything in this Agreement to the contrary, and (b) in no event shall any foreclosure or other Transfer of Interests to them or for their benefit be prohibited hereunder."

3. Definitions.

(a) The definition of "Credit Agreement Default" in Exhibit A of the LLC Agreement is amended by adding the words "or the Subordinated Credit Agreement" immediately following the words "the Credit Agreement" in each of the two locations where the words "the Credit Agreement" appear in such definition.

(b) The following defined terms replace the same terms in Exhibit A of the LLC Agreement:

"Company Loan Agreement" means (a) the Credit Agreement and any Contract in respect of Debt in respect of any refinancings or replacements of such Credit Agreement that is hereafter binding upon the Company, (b) the Subordinated Credit Agreement and any Contract in respect of Debt in respect of any refinancing or replacements of such Subordinated Credit Agreement that is hereafter binding upon the Company, and (c) any Contract in respect of Debt that is incurred during a Cash Flow Deficiency in accordance with Section 4.2.

"Credit Agreement" means (a) from the date of this Agreement until May 23, 2019, the Credit and Guaranty Agreement among TAO Group Operating LLC, TAO Group Intermediate Holdings LLC, certain Subsidiaries of TAO Group Operating LLC, Goldman Sachs Specialty Lending Group, L.P., and various lenders party thereto, dated as of the date of this Agreement, and (b) from and after May 23, 2019, the Credit Agreement among TAO Group Operating LLC, TAO Group Intermediate Holdings LLC, the lenders party thereto and JP Morgan Chase Bank, N.A., as administrative agent, dated as of May 23, 2019.

(c) The following defined term is added in the appropriate alphabetical location in Exhibit A of the LLC Agreement:

"Subordinated Credit Agreement" means the Credit Agreement among TAO Group Sub-Holdings LLC and MSG Entertainment Holdings LLC, as administrative agent and a lender, dated as of May 23, 2019.

4. Miscellaneous.

(a) Modification; Full Force and Effect. Except as expressly modified and superseded by this Amendment, the terms, representations, warranties, covenants and other provisions of the LLC Agreement are and shall continue to be in full force and effect in accordance with their respective terms.

(b) References to the Purchase Agreement. After the date of this Amendment, all references to "this Agreement," "the transactions contemplated by this Agreement," the "LLC Agreement" and phrases of similar import, shall refer to the LLC Agreement as amended by this Amendment (it being understood that all references to "the date hereof" or "the date of this Agreement" shall continue to refer to January 31, 2017).

(c) Other Miscellaneous Terms. The provisions of Article VIII (Miscellaneous) of the LLC Agreement shall apply mutatis mutandis to this Amendment, and to the LLC Agreement as modified by this Amendment, taken together as a single agreement, reflecting the terms therein as modified hereby.

[The next page is the signature page]

The parties have executed and delivered this Amendment No. 1 to Second Amended and Restated Limited Liability Company Agreement as of the date first written above.

TAO GROUP HOLDINGS LLC

By: /s/ Marc Packer
Name: Marc Packer
Title: Co-President

By: /s/ Richard Wolf
Name: Richard Wolf
Title: Co-President

By: /s/ Noah Tepperberg
Name: Noah Tepperberg
Title: Co-President

By: /s/ Jason Strauss
Name: Jason Strauss
Title: Co-President

/s/ Marc Packer
MARC PACKER

/s/ Richard Wolf
RICHARD WOLF

/s/ Noah Tepperberg
NOAH TEPPERBERG

/s/ Jason Strauss
JASON STRAUSS

MSG TG, LLC

By: /s/ Philip D'Ambrosio
Name: Philip D'Ambrosio
Title: Senior Vice-President & Treasurer

Exhibit 10.56

FIRST AMENDMENT TO GROUND LEASE

This **FIRST AMENDMENT TO GROUND LEASE** (" **Amendment**") is made this 14th day of November, 2018, by and among the following (individually, a "**Party**" and collectively the "**Parties**"): **SANDS ARENA LANDLORD LLC**, a Nevada limited liability company ("**Lessor**"), **MSG LAS VEGAS, LLC**, a Delaware limited liability company ("**Lessee**"), **VENETIAN CASINO RESORT, LLC**, a Nevada limited liability company ("**VCR**"), and **MSG SPORTS & ENTERTAINMENT, LLC**, a Delaware limited liability company ("**MSG S&E**").

RECITALS

WHEREAS, Lessor, Lessee, VCR, and MSG S&E are parties to that certain Ground Lease dated as of July 16, 2018 (the "**Agreement**"). Capitalized terms contained herein that are not otherwise defined shall have the meaning given to such terms in the Agreement; and

WHEREAS, the Parties now desire to make certain changes to the Agreement to clarify certain pre-construction activities that shall be permitted on the Premises under the terms of the Agreement;

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

AGREEMENT

1. Amendment to Agreement. Section 5.3 of the Agreement is hereby deleted in its entirety and replaced with the following:

> "Manner of Construction. Lessee shall be solely responsible for the design and construction of the Project in material compliance with Applicable Laws and any Permitted Exceptions. Lessee shall also comply with the provisions set forth in Exhibit E attached hereto and incorporated herein by reference. Lessee shall record all notices of completion as may be required under Applicable Laws or good construction practices. Lessee shall commence erection of above-grade structural steel for the Venue no later than eighteen (18) months after the Lease Commencement Date, subject to extension on a day for day basis for each day of delay due to Force Majeure or Lessor Delay (the "**Construction Commencement Date**") (provided, however, that any Force Majeure delays shall not extend the Construction Commencement Date by more than one hundred eighty (180) days after the date that is eighteen (18) months after the Lease Commencement Date), and shall diligently pursue construction of the Project thereafter. Lessee shall have achieved Development Completion and the Development Completion Date shall have occurred no later than three (3) years after the earlier to occur of (1) the actual date of commencement of erection of above-grade structural steel for the Venue (as opposed to pre-construction activities) and (2) the Construction Commencement Date, subject to extension on a day for day basis for each day of delay due to Force Majeure or Lessor Delay (the "**Outside Development Completion Date**") (provided, however, that Force Majeure extensions shall not be available during the period between (x) the date if any that an arbitrator determines pursuant to a binding ruling (in accordance with Section 39.15) that Lessee was not diligently pursuing construction of the Project after the Construction Commencement Date in accordance with this

Section 5.3, and (y) the date that Lessee subsequently cures such default and resumes diligent pursuit of the construction). Throughout the construction process, Lessee will consult and coordinate with Lessor (with update meetings to occur no less frequently than quarterly)."

2. Successors and Assigns. The provisions of this Amendment shall be binding upon and inure to the benefit of Lessor, Lessee, VCR, and MSG S&E and their respective successors and assigns.

3. Further Assurances. The Parties agree to execute, or to cause to be executed, all documents and instruments reasonably required in order to consummate the amendment herein contemplated, and each and every one of the transactions contemplated hereby.

4. Counterparts. This Amendment may be executed in several counterparts and all such executed counterparts shall constitute one agreement, binding on all of the Parties hereto, notwithstanding that all of the Parties hereto are not signatories to the original or to the same counterpart.

5. Governing Law; Severability. Section 39.7 of the Agreement is incorporated herein by reference and shall govern the terms of this Amendment.

6. No Obligations to Third Parties. Section 39.12 of the Agreement is incorporated herein by reference and shall govern the terms of this Amendment.

[SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, Lessor, Lessee, VCR, and MSG S&E have executed and delivered this Amendment as of the day and year first above written.

LESSOR:

SANDS ARENA LANDLORD LLC,
a Nevada limited liability company

By: /s/ Randy Hyzak
Name: Randy Hyzak
Its: President

LESSEE:

MSG LAS VEGAS, LLC,
a Delaware limited liability company

By: /s/ Marc Schoenfeld
Name: Marc Schoenfeld
Its: SVP & Assistant Secretary

VCR:

VENETIAN CASINO RESORT, LLC,
a Nevada limited liability company

By: Las Vegas Sands, LLC,
a Nevada limited liability company,
its Manager

By: /s/ George Markantonis
Name: George Markantonis
Its: SVP

MSG:

MSG SPORTS & ENTERTAINMENT, LLC,
a Delaware limited liability company

By: /s/ Marc Schoenfeld
Name: Marc Schoenfeld
Its: SVP & Assistant Secretary

Exhibit 10.65

CERTAIN CONFIDENTIAL INFORMATION, IDENTIFIED BY BRACKETED ASTERISKS "[*****]", HAS BEEN OMITTED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

MSG SPHERE AT THE VENETIAN

CONSTRUCTION AGREEMENT

Date: May 31, 2019

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SCHEDULES

CONSTRUCTION AGREEMENT

THIS CONSTRUCTION AGREEMENT (this "***Agreement***") is made as of May 31, 2019 (the "***Effective Date***"), by and between MSG Las Vegas, LLC ("***MSG***"), and Hunt Construction Group Inc. (d/b/a AECOM Hunt), ("***Contractor***") (individually, a Party and, collectively, the Parties).

MSG:	MSG Las Vegas, LLC c/o MSG Sports & Entertainment, LLC Two Penn Plaza New York, NY 10121
Contractor:	Hunt Construction Group Inc. (d/b/a AECOM Hunt) 2450 South Tibbs Avenue Indianapolis, IN 46241
Project Manager:	Rider Levett Bucknall Two Financial Center, Suite 810, 60 South St, Boston, MA 02111
Architect:	Populous Architects, P.C. 4800 Main Street Suite 300 Kansas City, MO 64112
Project:	MSG Sphere at the Venetian, Las Vegas, Nevada

RECITALS:

A. WHEREAS, Sands Arena Landlord, LLC (the "**Lessor**") is the owner of certain real property located in unincorporated Clark County, Nevada and described in **Schedule B** hereto (the **"Land"**).

B. WHEREAS, on July 16, 2018, Sands Arena Landlord LLC entered into a ground lease with MSG and MSG Sports & Entertainment, LLC, a Delaware limited liability company which is an affiliate of MSG ("**MSG S&E**") and Venetian Casino Resort, LLC ("**VCR**"), pursuant to which MSG and MSG S&E shall lease the Land (and perform other obligations set forth therein) for a term of fifty (50) years (as may be modified or amended in accordance with its terms, the "**Ground Lease**").

C. WHEREAS, further pursuant to the Ground Lease, MSG has agreed to procure the development of a multi-function, first class event venue together with such other on-site or off-site improvements as may be agreed between MSG and the Lessor, as more fully described in the Contract Documents (the "**Project**").

D. WHEREAS, Contractor is skilled and experienced in performing the work necessary to complete the Project.

E. WHEREAS, MSG seeks to engage Contractor, and Contractor agrees to be engaged, to perform the Work (as defined herein) pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Defined Terms.

Capitalized terms used herein shall have the meanings given to such terms in this Section 1.1. Terms that are not defined herein, but have well-known technical or construction industry meanings are used in this Agreement with such recognized meanings.

"*ADA*" shall mean, collectively, the Americans with Disabilities Act of 1990, the regulations promulgated thereunder, the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities, Standards for Accessible Design, 28 C.F.R. Part 36 Appendix A, and the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities, 36 C.F.R. Part 1191 Appendix A, as each may be amended from time to time.

"*Adjacent Property*" shall mean all land adjoining the Site, including streets, sidewalks and buildings situated thereon.

"*Affiliate*" shall mean (i) any Entity controlling, controlled by, or under common control with the Company or any other Affiliate and (ii) any Entity in which the Company owns at least five percent of the outstanding equity interest of such Entity.

"Agreement" shall mean this Construction Agreement between MSG and Contractor.

"***Allocation***" means the amount set forth in **Schedule F** which shall be utilized strictly in accordance with the terms of Section 4.10 and **Schedule F**. The Allocation shall not be subject to adjustment.

"*Allowance*" has the meaning in Section 4.11.1.

"*Allowance Amounts*" means the value(s) of the Allowance Items.

"*Applicable Law(s)*" shall mean, to the extent applicable to the Contractor's performance of the Work, all: (a) applicable federal, state or local law, enactment, statute, treaty, code, ordinance, charter, permit, consent, certificate, approval, resolution, order, rule, regulation, guideline, authorization, interpretation or other direction or requirement of any Governmental Authority enacted, adopted, promulgated, entered or issued (including the requirements of the ADA and environmental laws relating to the Project); and (b) judgment, decision, decree, injunction, writ, order or like action of any court, arbitrator or Governmental Authority with respect to any of the foregoing, the enforceability of which has not been stayed or appealed.

"*Application for Payment*" shall mean Contractor's certified request for payment for completed portions of the Work in the form required by the Contract Documents.

"*Architect*" means Populous Architects P.C. or any successor designated by MSG in writing.

"*As-Built Drawings*" shall mean the Drawings revised to show the "as-built" condition of the Work and other changes made during the construction process.

"***Authorization Matrix***" means the authorization matrix set forth in **Schedule O**.

"Bid Package" shall mean each of the bid packages (which may be "phased" bid packages) for each trade category included within the Work.

"Building Information Modeling" shall mean a digital representation of physical and functional characteristics of the Work that shows geometry, spatial relationships, and properties of the Facility building components.

"*Business Day*" shall mean any Day other than any weekend Day or any national or local holiday during which United States federal government agencies in Nevada are closed.

"Buy-Out Savings" has the meaning in Section 4.13.1.

"Certificate of Final Completion" has the meaning in Section 13.16.1.

"Certificate of Substantial Completion" has the meaning in Section 13.15.3.

"*Change*" shall have the meaning given to such term in Section 6.1.1.

"*Change Order*" shall have the meaning given to such term in Section 6.5.

"*Change Proposal*" shall have the meaning given to such term in Section 6.1.1.

"*Change Request*" shall have the meaning given to such term in Section 6.1.1.

"*Claim(s)*" means a demand, claim, liability, loss, cost, expense, action, cause of action, damage, suit, fine, penalty or judgment, and all reasonable expenses (including reasonable fees, charges and disbursements of attorneys, experts and consultants, regardless of whether the applicable demand, claim, action, cause of action or suit is voluntarily withdrawn or dismissed) incurred in investigating or resisting the same.

"Clerk of Works" has the meaning in Section 2.2.3.

"*Concealed Conditions*" shall have the meaning given to such term in Section 7.1.2.

"*Construction Change Directive*" shall have the meaning given to such term in Section 6.3.1.

"Construction Documents" shall mean as the case may be: (a) the Incentive Benchmark Drawings and Specifications, and the 100% Construction Documents prepared by Architect that set forth in detail the requirements for constructing the Work.

"*Construction Plan*" shall mean Contractor's plan for construction of the Work that will include: (a) the construction staging plan setting forth construction scheduling, laydown areas and storage, trailer areas, trailer locations, priorities as to Site use, ingress/egress and other similar Site logistic matters for the Work as approved by MSG; and (b) procedures for the assignment of responsibilities for safety precautions and programs for the Work.

"*Construction Schedule*" shall mean a detailed, comprehensive, computer-generated, logic-driven, precedence-style construction schedule prepared by Contractor, in a form and using a software program satisfactory to MSG, that utilizes a critical path method (CPM) network and is in conformance with accepted industry standards for projects of the size, scope and complexity of the Work. The Construction Schedule shall contain space for notations and revisions and shall show: (a) the complete sequence of the Work by activity; (b) the estimated time of each major element and phase of the Work with sufficient detail as reasonably determined by MSG; (c) a break-down of each element or phase of the Work by trade; and (d) early and late start dates for each element or phase of the Work so that all "float" time will be accurately identified. A reference to the Construction Schedule means the Construction Schedule as updated in accordance with Section 3.11.2. The Construction Schedule shall be issued to MSG and Project Manager in the source files electronic format.

"Contract Documents" shall mean, collectively: (a) this Agreement and all Schedules hereto; (b) the Incentive Benchmark Documents; (c) the Construction Documents and the Construction Plan; (d) the Incentive Benchmark Amendments and all Schedules thereto; and (e) all written modifications/amendments to this Agreement signed by both MSG and Contractor (including Change Orders) and Construction Change Directives issued by MSG in accordance with the terms of this Agreement. The Contract Documents do not include bidding documents such as the advertisement or invitation to bid, any instructions to bidders, sample forms, Contractor's bid or portions of addenda relating to any of these, or any other documents unless specifically stated to be Contract Documents in this Agreement.

"Contractor" shall have the meaning set forth in the Recitals.

"***Contractor Employee***" shall have the meaning set forth in Section 3.3.3.

"*Contractor Events of Default*" shall have the meaning given to such term in Section 18.1.1.

"Contractor Party" shall mean Contractor or any Subcontractor of Contractor (except as modified by Section 11.7.4) or anyone directly or indirectly employed or engaged by any of them, or anyone for whose acts any of them may be liable.

"Contractor's Fee" or ***"Fee"*** shall mean the fee set forth in **Schedule E**.

"Contractor's Plant" means the vehicles, plant and equipment that Contractor or its Subcontractors bring to the site in connection with the performance of the Work (whether owned, hired, leased or otherwise acquired or held by Contractor or a Subcontractor).

"*Cost of the Work*" shall have the meaning given in Section 4.8.

"Daily Delay Liquidated Damages" has the meaning in Section 1 of **Schedule I**.

"*Day*" shall mean a calendar day.

"*Defective Work*" shall mean any Work that does not comply with the requirements of the Contract Documents or Applicable Law, as reasonably determined by MSG, Project Manager or Architect, or is damaged.

"***Design Team***" means Architect and any other design consultants engaged by MSG or Architect to provide design-related services for the Project.

"Dispute" has the meaning in Section 22.1.2.

"*Drawings*" shall mean the graphic and pictorial portions of the Contract Documents showing the design, location and dimensions of the Work, generally including plans, elevations, sections, details, schedules and diagrams.

"Early Work Packages" has the meaning in Section 4.2.1.

"Early Work Authorization Agreement" has the meaning in Section 4.2.1.

"Effective Date" shall have the meaning set forth in the Recitals.

"***Entity***" shall mean any business, corporation, partnership, limited liability company or other entity.

"*Extraordinary Measures*" shall have the meaning given to such term in Section 5.4.1.

"Facility" means the completed and operational entertainment venue.

"*Final Completion*" shall mean the stage in the progress of the Work when the Work has achieved Substantial Completion and Contractor has satisfied all of its other obligations under the Contract Documents, including completion or correction of all Punchlist Items, provision of the Project Closeout Documents and satisfaction of the requirements of Sections 3.21 and 13.16.2; provided, however, that Final Completion does not require the satisfaction of obligations that are expressly contemplated to be performed after Final Completion such as warranty corrective work that may be required, if any.

"*Force Majeure*" means (i) severe, adverse weather conditions that are abnormal, based on "NOAA" historical data for the preceding ten (10) years, that delays performance of the Work on the critical path of the Construction Schedule; (ii) war or national conflicts or government intervention arising therefrom; (iii) fires; (iv) floods; (v) sabotage; (vi) acts of terror; (vii) incidences of disease or other illness that reaches epidemic, endemic, and/or pandemic proportions; (viii) hurricanes; (ix) earthquakes, earth movement and earth subsidence (including sink holes); (x) acts of God; (xi) industry wide strikes and industry-wide labor disputes; (xii) civil disturbances; and (xiii) unavoidable casualties; provided, however, that each of the foregoing is (a) outside the control of each Contractor Party, and (b) is not caused by any Contractor Party.

"*GAAP*" shall have the meaning given to such term in Section 13.14.1.

"General Conditions Costs" are the costs for the General Conditions Work, and include the labor rates set forth in **Schedule Q**.

"General Conditions Work" shall mean the personnel and all related incidental costs to be provided directly by Contractor as part of the Cost of the Work.

"*General Requirements Work*" shall mean the labor, materials, equipment and services to be provided directly by Contractor as part of the Cost of the Work.

"*General Requirements Work Expenses*" shall mean the costs and expenses incurred in connection with the General Requirements Work.

"Governmental Authority(ies)" shall mean any federal, state, county, municipal or other governmental department, entity, authority, commission, board, bureau, court agency, or any instrumentality of any of them having jurisdiction with respect to the Parties, the Work, the Project or the Site.

"Ground Lease" has the meaning in the Recitals.

"Guarantee" means the guarantee delivered to MSG by the Guarantor guaranteeing the performance of Contractor's obligations under this Agreement.

"Guarantor" means the Person providing the Guarantee in respect of this Agreement.

"*Hazardous Materials*" shall mean hazardous waste, toxic substance, asbestos containing material, petroleum product, or related materials including substances defined as "hazardous substances" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sec. 9061 *et seq.*; Hazardous Materials Transportation Act, as amended, 49 U.S.C. Sec. 1802 *et seq.*; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Sec. 6901 *et seq.*; and the corresponding regulations (as amended) issued pursuant to these acts, whether in the surface water, groundwater, land surface and subsurface strata.

"*Holoplot*" means Holoplot GmbH of Ringbahnstrasse 12 (10-14) / A2, 12099 Berlin, Germany or a subsidiary thereof.

"Incentive Benchmark" shall mean the Incentive Benchmark for performance of the Work.

"Incentive Benchmark Amendment" shall mean the amendment to this Agreement executed by the Parties establishing the Incentive Benchmark, as contemplated by Section 4.6, the form of which is attached as **Schedule H**.

"*Incentive Benchmark Development Phase*" means a phase corresponding to the period of time beginning when MSG or Architect delivers the Incentive Benchmark Drawings and Specifications to Contractor and ending when the Incentive Benchmark Amendment is executed.

"Incentive Benchmark Documents" shall mean: (a) the Incentive Benchmark Drawings and Specifications; (b) the Incentive Benchmark Qualifications and Assumptions; (c) the Construction Schedule; and (d) the other documents listed in the Incentive Benchmark Amendment.

"Incentive Benchmark Drawings and Specifications" shall mean the Drawings and Specifications prepared by Architect and utilized by the Contractor to prepare the Incentive Benchmark Proposal, as listed in the Incentive Benchmark Amendment, which Drawings and Specifications shall be at the stage of one hundred percent (100%) design development.

"Incentive Benchmark Proposal" shall have the meaning set forth in Section 4.5.

"Incentive Benchmark Qualifications and Assumptions" shall mean the written statement of qualifications and assumptions based upon the Incentive Benchmark Drawings and Specifications included in the executed Incentive Benchmark Amendment.

"***Initial Incentive Benchmark***" [*****]

"Key Construction Team Members" shall have the meaning given to such term in Section 3.3.5.

"***Key Performance Indicators***" mean the Key Performance Indicators in **Schedule E-2**.

"Land" has the meaning in the Recitals.

"***Lender***" means either the Person or Persons who may provide construction and/or permanent financing, or guarantors of such financing, for the Project.

"Lessor" has the meaning in the Recitals.

"Liquidated Damages" means the Daily Delay Liquidated Damages and the Long Stop Completion Liquidated Damages.

"LNTP" means the limited notice to proceed with the Work issued by MSG to the Contractor dated January 11, 2019.

"LNTP Work" means the scope of the Work performed by Contractor as authorized in the LNTP.

"***Long Stop Completion Liquidated Damages***" has the meaning in Section 3 of **Schedule I**.

"***Long Stop Development Completion Date***" means the date that is six (6) months after the date of Substantial Completion as certified pursuant to Section 13.15. Reference to the Long Stop Development Completion Date means the Long Stop Development Completion Date as adjusted in accordance with the terms of this Agreement.

"*Materials*" shall mean all materials, supplies, appliances, equipment, fixtures and other items to be incorporated into the Work or used in connection with the Work.

"*MSG"* shall have the meaning given to such term in the Recitals.

"*MSG Act*" shall mean: (a) failure of MSG, Architect, Project Manager or a Separate Contractor, or anyone employed or engaged by any of them, to perform any of their respective obligations set forth in the Contract Documents by the times required by the Contract Documents (including any applicable cure periods but subject to the Contractor's express obligations to coordinate and mitigate as set forth in this Agreement); or (b) any negligence or intentional misconduct by MSG, Architect, Project Manager or a Separate Contractor, or any of their respective agents, subcontractors, subconsultants or employees. The concept of an MSG Act shall apply and be used only in the context of Article 5 and Section 18.3.2 hereof.

"*MSG Events of Default*" shall have the meaning given to such term in Section 18.3.

"*MSG Parties*" means MSG, MSG Sports & Entertainment, LLC, The Madison Square Garden Company, Venetian Casino Resort, LLC, Sands Arena Landlord LLC, Project Manager, (each) Lender and each of their respective trustees, subsidiaries, affiliated and parent companies, respective successors and assigns, members, partners, officers, board members, directors, managers, shareholders, employees, attorneys, and agents.

"*Overages*" shall have the meaning given to such term in Section 13.14.3.

"*Permits*" shall mean all permits, consents, approvals, authorizations, variances, waivers, certificates and approvals from all Governmental Authorities and utility companies and any other Person which are required for the planning, design, construction, furnishing, equipping, completion, use and occupancy of the Work.

"*Person*" shall mean any individual, Entity, voluntary association, trust, or any other entity or organization, including any Governmental Authority.

"*Preconstruction Agreement*" means the agreement entered into by MSG and Contractor dated February 26, 2018 for performance of the Preconstruction Services, and subsequently amended and updated by the parties thereto.

"*Preconstruction Services*" means those services performed by Contractor pursuant to the Preconstruction Agreement.

"*Product Data*" shall mean illustrations, standard schedules, performance charts, instructions, brochures, diagrams and other information furnished by Contractor to illustrate a Material, product or system for some portion of the Work.

"*Progress Report*" shall mean a monthly progress report to be prepared by Contractor in a format and level of detail to be approved by MSG that will contain the following: (a) listing of actual costs for completed activities and estimates for incomplete tasks; (b) identification of variances between actual and budgeted or estimated costs and a comparison of such amounts with the Incentive Benchmark; (c) progress photos; (d) a Submittal log showing all Submittals to date, anticipated Submittals and their status, all via the Submittal Schedule; (e) a log of all RFIs and discussion of pending items and existing or anticipated problems; (f) a safety and accident report; (g) information on each Subcontractor and each Subcontractor's performance of the Work as well as the entire Work, showing percentages of completion and the hours worked by each Subcontractor broken down into a level of detail reasonably required by MSG; (h) the number and amounts of approved Change Orders and Construction Change Directives; (i) an updated Construction Schedule in the un-amended electronic source file format and a comparison of the Construction Schedule and the updated Construction Schedule, together with a narrative describing construction progress during the preceding month; (j) a list of all Claims and any threatened claims and issues (including of Subcontractors') that, in the

reasonable judgment of Contractor, may potentially become Claims; (k) any change in the critical path; (l) a discussion of all material issues/concerns that could affect the achievement of Substantial Completion by the Substantial Completion Date, along with plans as to how to remediate each issue; (m) significant activities and actions for the next month; (n) a look-ahead schedule; (o) reports and certifications for tests and inspections undertaken during the prior month; and (p) such other relevant information as may be reasonably required by MSG or Project Manager from time to time.

"*Project*" shall mean the project described in the Recitals.

"*Project Closeout Documents*" shall mean: (a) the As-Built Drawings (three (3) original printed sets and one (1) electronic set in their native digital format); (b) two (2) printed sets and one (1) electronic set of all maintenance and operating manuals; (c) all warranties and guarantees provided by Contractor and all Subcontractors and all other Persons performing the Work on behalf of Contractor; and (d) all training manuals, records and approved Shop Drawings and Submittals relating to the Work.

"*Project Development Team*" shall mean, collectively, MSG, Architect, Project Manager, Contractor and such other members as may be designated by MSG from time to time.

"*Project Manager*" shall mean Rider Levett Bucknall or any successor designated by MSG in writing.

"*Punchlist*" shall mean the list of Punchlist Items prepared by Contractor, supplemented by Architect and approved by Project Manager and MSG.

"*Punchlist Items*" means items of Work that are minor and insubstantial details of construction that: (a) in MSG's view, do not prevent the Work from being used for the purpose for which it is intended; and (b) will not prevent the issuance of a temporary certificate of occupancy**.**

"*QA/QC Plan*" shall mean the comprehensive construction quality assurance and quality control plan described in Section 3.5.

"*Records and Reports*" shall have the meaning given to such term in Section 13.14.1.

"*Recovery Plan*" shall mean the written plan prepared by Contractor that addresses an anticipated or actual delay to an item on the critical path of the Construction Schedule that will delay the Substantial Completion Date. In addition, the Recovery Plan shall describe in detail how the Work will be completed by the Substantial Completion Date notwithstanding such anticipated or actual delay.

"*Reporting Person*" shall have the meaning given to such term in Section 13.14.1.

"*Saco*" means Saco Technologies Inc. of 7809 TransCanada, Montreal, Quebec, QC, Canada H4S 1L3 or a subsidiary thereof.

"*Safety Program*" shall have the meaning given to such term in Section 14.2.1.

"*Samples*" shall mean physical examples that illustrate Materials, equipment or workmanship and establish standards by which the Work will be judged.

"*Schedule of Values*" shall mean the statement furnished by Contractor reflecting the portions of the Incentive Benchmark allocated to the various portions of the Work and, when reviewed by Project Manager and approved by MSG, used as the basis for reviewing Applications for Payment.

"*Self-Performed Work*" shall mean Work (other than General Conditions Work and the General Requirements Work) performed directly by Contractor's own labor forces or the labor forces of any Affiliate of Contractor, as permitted under Section 11.6.

"*Separate Contractor*" shall mean any entity other than Contractor hired by MSG to perform any construction services for the Project.

"*Shop Drawings*" shall mean drawings, diagrams, illustrations, schedules, performance charts, and other data specifically prepared for the Project by Contractor or any Subcontractor and if prepared by a Subcontractor, then reviewed by Contractor for completeness and correctness, which illustrate how specific portions of the Work shall be fabricated or installed.

"*Site*" shall mean the area of land on which the Project is to be located, as set forth in **Schedule B**.

"*Site Conditions*" has the meaning in Section 7.1.

"*Specifications*" shall mean that portion of the Contract Documents consisting of the written requirements for Materials, equipment, systems, standards and workmanship for the Work, and performance of related services.

"*Staffing Plan*" shall have the meaning given to such term in Section 3.3.2.

"*Standard of Care*" shall mean the standard of care, skill, diligence and quality that prevails among sophisticated construction firms that are experienced in, and specialize in, the construction of the specified first class, state of the art performance venues and other buildings of a similar level of structural and technical complexity to the Project, similarly time sensitive and in comparable urban areas throughout the United States, which meet the state of the art level of quality specified in the Contract Documents and which are constructed in a first class manner.

"*Subcontract*" shall mean any contract or agreement between Contractor and a Subcontractor for performance of a portion of the Work and includes purchase orders.

"*Subcontract Buy-Out*" has the meaning in Section 4.13.2.

"Subcontract Buy-Out Log" has the meaning in Section 4.13.2.

"*Subcontractor*" shall mean a Person who has a direct contract with Contractor to perform any of the Work (including, equipment leases and Material purchase agreements) as well as Suppliers, distributors, manufacturers, distributors and sub-subcontractors of Subcontractors. A reference to "Subcontractor" includes the above-referenced parties at any tier.

"*Submittal*" shall mean Shop Drawings, Product Data, Samples and similar submittals.

"***Submittal Schedule***" means the schedule of submittals to be prepared by Contractor pursuant to Section 4.5.2.6 and in accordance with Section 3.7.3.

"*Substantial Completion*" shall mean when all of the following have occurred: (i) the Work has progressed to the stage of completion so that a full capacity, full priced public entertainment event can be held at the Project and the Facility is functional and operational in accordance with the Contract Documents to permit such event to take place using the full spectrum of state of the art elements specified by the Contract Documents, subject to the terms of Section 11.7 hereof; (ii) all income-generating areas and all areas serving the general public are operational in accordance with the Contract Documents without material inconvenience or discomfort; (iii) a temporary Certificate of Occupancy and all necessary permits have been issued by the appropriate Governmental Authorities; (iv) the Work is in conformance with the Contract Documents so that it can be used for its intended purpose; (v) all commissioning and pre-commissioning of the Work, or portions thereof, have been completed in satisfaction of the requirements of the Contract Documents; (vi) all keys, manuals and operating and maintenance books necessary to operate the venue as specified in the Contract Documents have been delivered to MSG, and (vii) Contractor has removed all equipment and Material not

necessary to complete the Punchlist Items and any remaining Contractor activities or equipment and Materials shall not impede event operations.

"Substantial Completion Date" shall mean the date set forth in the Initial Benchmark Amendment, as thereafter adjusted pursuant to the terms of the Contract Documents.

"*Substitution*" shall mean any substitute product or process other than that specified in the Contract Documents that fulfills the requirements of the Contract Documents or is approved by MSG.

"Subsurface Conditions" has the meaning in Section 7.1.2.

"*Supplier*" shall mean a Person who has an agreement with Contractor or its Subcontractors or sub-subcontractors to supply by sale or lease or distribution, directly or indirectly, any materials or equipment for the Work.

"*Technology*" has the meaning in Section 11.7.1.

"*Technology Delivery Date(s)*" means the date(s) specified in the Construction Schedule to be the agreed date(s) for delivery of the Technology to the Technology Delivery Site (which dates will be different for each of Saco and Holoplot).

"*Technology Delivery Site*" means a warehouse to be identified by Contractor, which warehouse shall not be more than 45 miles' distance from the Site.

"Technology Subcontractors" has the meaning set forth in Section 11.7.1.

"Technology Work" has the meaning set forth in Section 11.7.1.

"*Value Engineering*" shall mean the process of reviewing the systems, equipment and materials included in the Drawings and Specifications and identifying those systems, equipment and materials that can be replaced by alternative systems, equipment and materials that can be obtained at a lower price than those specified in the Drawings and Specifications. Value Engineering provided by or through the Contractor shall not be considered as providing design. All Value Engineering acceptable to MSG shall be added to the Contract Documents by appropriate Change Order and incorporated into the Drawings and Specifications by Architect.

"***Warranty Period***" means the one (1) year period after the date of Substantial Completion of the Work; provided, however, that this period of one (1) year shall be extended with respect to portions of the Work first performed after Substantial Completion of the Work to the date that is one (1) year after satisfactory completion of such extended Work; and provided, further, that the foregoing one year duration shall not operate to limit any Subcontractor warranty, or warranty specified in the Contract Documents, that is in excess of one (1) year.

"*Work*" shall mean the furnishing of all Materials, labor, detailing, layout, equipment, supplies, plants, tools, scaffolding, transportation, temporary construction, superintendence, demolition, and all other services, facilities and items, reasonably necessary for the full and proper performance and completion of the construction requirements for the Project as set forth in the Contract Documents, and items reasonably inferable therefrom, and consistent therewith for the proper execution and completion of the construction and other services required of Contractor by the Contract Documents, whether provided or to be provided by Contractor or a Subcontractor, or any other entity for whom Contractor is responsible, and whether or not performed or located on or off of the Site.

1.2 Interpretation.

1.2.1 The definition of any term herein shall apply equally to the singular and plural forms of such term. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise: (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified; (b) any reference herein to any Person shall be construed to include such person's permitted successors and assigns and, in the case of Governmental Authorities, persons succeeding to such Governmental Authorities' respective functions and capacities; (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall, with respect to the Contract Document in which such reference is found, be construed to refer to such Contract Document in its entirety and not to any particular provision of such Contract Document; and (d) all references herein to Articles, Sections, Schedules, and Schedules in a Contract Document shall be construed to refer to Articles and Sections of, and Schedules and Schedules to, such Contract Document. The captions contained in the Contract Documents are for convenience and reference only and in no way define, describe, extend or limit the scope or intent of the Contract Documents or the intent of any provision contained herein.

1.2.2 The terms "knowledge," "recognize," and "discover," their respective derivatives, and similar terms in the Contract Documents, as used in reference to Contractor, shall mean (unless otherwise expressly stated) that which Contractor knows, recognizes or discovers in exercising the Standard of Care. Analogously, the expression "reasonably inferable" and similar terms in the Contract Documents shall be interpreted to mean reasonably inferable by a contractor exercising the Standard of Care. When the word "provide," including derivatives, is used, it shall mean to fabricate properly, complete transport, deliver, install, erect, construct, test, and furnish all labor, materials, equipment, apparatus, appurtenances, and all other items necessary to properly complete in place, ready for operations or use under the terms of the Construction Documents.

1.3 Correlation and Intent of Contract Documents.

1.3.1 The Contract Documents represent the entire and integrated agreement between Contractor and MSG hereto and supersede all prior negotiations, representations or agreements, either written or oral. The Contract Documents shall not be construed to create a contractual relationship of any kind: (a) between Contractor and Architect or Architect's consultants; (b) between Contractor and Project Manager; (c) between MSG and a Subcontractor or a sub-subcontractor (except as provided for in Section 11.4.1.19); or (d) between any Persons other than MSG and Contractor.

1.3.2 The Contract Documents are complementary and are intended to include all items necessary for the execution and performance of the Work by Contractor. Contractor shall perform all Work indicated in or reasonably inferable from and consistent with the Contract Documents for the proper execution and completion of the Work. In all instances where Contractor discovers any inconsistency in the quality or quantity of Work required under the Contract Documents, before Contractor executes the Work, Contractor shall promptly bring such inconsistency to the attention of MSG and Project Manager (and which inconsistency shall be resolved in accordance with the order of precedence set forth in Section 1.3.5).

1.3.3 The Specifications are separated into titled sections for convenience only and shall not control Contractor in dividing the Work among Subcontractors or in establishing the extent of Work to be performed by any trade. No responsibility is assumed by MSG, Architect or Project Manager for defining the limits of any Subcontractor's work or the work of any trade by reason of the

arrangement of the Specifications or the Drawings. Such separation shall not relieve Contractor from the responsibility for the satisfactory coordination and completion of the entire Work.

1.3.4 Whenever a product is specified in accordance with a Federal Specification, an ASTM Standard, an American National Standards Institute Specification, or other similar standard, Contractor shall present an affidavit from the manufacturer, when requested by MSG or required in the Specifications, certifying that the product complies with the particular standard or specification in effect on the date of execution of the Incentive Benchmark Amendment. When requested by MSG or specified, supporting test data shall be submitted to substantiate compliance.

1.3.5 Notwithstanding any incorporations by reference, to the extent of any direct conflict or inconsistency between any of the Contract Documents, Contractor shall proceed with the Work and give precedence to the Contract Documents in the following order of priority:

1.3.5.1 Written modifications/amendments to this Agreement signed by both MSG and Contractor (including Change Orders, the Incentive Benchmark Amendment and Schedules thereto) and Construction Change Directives issued by MSG in accordance with the terms of this Agreement, with subsequently dated items controlling over earlier dated items;

1.3.5.2 The Agreement;

1.3.5.3 The Drawings and Specifications; and

1.3.5.4 All Schedules to the Agreement;

provided, however, that notwithstanding anything herein or in any other Contract Document to the contrary: (a) the Incentive Benchmark Qualifications and Assumptions may not modify or contradict any terms or conditions set forth in the Agreement relating to warranties, insurance requirements, indemnities, or any other terms or conditions of the Agreement relating to Contractor's obligation to correct Defective Work; and (b) to the extent any provision of the Incentive Benchmark Qualifications and Assumptions purports to modify or contradict any such terms or conditions, the terms or conditions of the Agreement, as applicable, without application of such provision of the Incentive Benchmark Qualifications and Assumptions, shall control.

1.3.6 Except to the extent set forth in the Incentive Benchmark Qualifications and Assumptions, and irrespective of the document priorities elsewhere in the Contract Documents, in the event the Drawings disagree in themselves or with the Specifications, the Contractor shall, unless otherwise directed in writing by MSG, perform to the extent reasonably inferable from the Contract Documents, as a whole, as being necessary to conform to the Contract Documents to provide the greater or higher level of quality of material, equipment or Work specified in the Contract Documents.

1.3.7 Notwithstanding the above, figured dimensions on the Drawings shall take precedence over scaled dimensions, and large-scale Drawings shall take precedence over small-scale Drawings. All indications or notations which apply to one or a number of substantially identical situations, materials, or processes shall be deemed to apply to all such situations, materials or processes wherever they appear in the Work, except where a contrary result is clearly stated in the Contract Documents. Work for which no explicit quality or standards of materials and/or workmanship is defined in the Contract Documents shall be of good quality for the intended use, and consistent with the quality of surrounding work and of the construction of the Project generally. All manufactured articles, materials and equipment shall be applied, installed, connected, erected,

used, cleaned, and conditioned in accordance with the manufacturers' written instructions, unless specifically stated otherwise in the Contract Documents.

1.3.8 The Drawings are generally made to scale, but all working dimensions shall be taken from the figured dimensions, or by actual measurements taken at the job, and not by scaling the Drawings. Whether or not an error is believed to exist, material deviation from the Drawings and the dimensions given thereon shall be made only after approval in writing from Architect. Where the Work is to fit with existing conditions or work to be performed by others, Contractor shall fully and completely coordinate and join the Work with such conditions or work, unless otherwise specified.

1.3.9 Contractor acknowledges and agrees that its obligations and liabilities under the Contract Documents, remain unaffected and it will bear and continue to bear full liability and responsibility for:

1.3.9.1 the performance of the Work in accordance with this Agreement;

1.3.9.2 all construction means, methods or proposed methods of work, techniques, equipment and labor levels, procedures, safety and other matters employed or to be employed by Contractor in the performance of the Work, unless the Contract Documents give other specific instructions concerning these matters; provided, however that it shall be incumbent on the Contractor to review and verify the suitability of the instructions therein; and

1.3.9.3 any errors or omissions in, or other non-compliances with this Agreement of, any documents or other information submitted by Contractor,

notwithstanding:

1.3.9.4 any receipt, vetting or review of, or comment on, or consent to, or permission in connection with, or rejection, non-rejection or approval of, or expression of satisfaction or dissatisfaction with:

1.3.9.4.1 any documents or other information provided by Contractor; or

1.3.9.4.2 any submission, proposal, plan, request or recommendation by Contractor,

by MSG, Project Manager or Architect; or

1.3.9.5 any failure by MSG, Project Manager or Architect to identify an error or omission in, or other non-compliance with this Agreement of:

1.3.9.5.1 any document or other information provided by Contractor; or

1.3.9.5.2 any submission, proposal, plan, request or recommendation by Contractor.

ARTICLE 2
RELATIONSHIP OF THE PARTIES; ROLES OF MSG, ARCHITECT AND PROJECT MANAGER

2.1 Cooperation with Project Development Team; Coordination Obligations.

2.1.1 Throughout the term of this Agreement, Contractor shall communicate with MSG, Project Manager, Architect and the other members of the Project Development Team. MSG may, from time to time, designate in writing other persons or entities as being part of the Project Development Team.

2.1.2 Contractor shall coordinate all of Contractor's activities with those of the Project Development Team. Contractor, Project Manager and Architect agree to cooperate and effectively communicate with one another and with MSG in order to achieve the timely completion of the Work in accordance with the Contract Documents.

2.1.3 During construction, Contractor shall schedule and conduct regular meetings at which the Project Development Team shall discuss the status of the Work, including look-ahead schedules, quality of Work and cost and specifically address whether (a) the Work is proceeding according to the Construction Schedule, (b) discrepancies, conflicts or ambiguities exist in the Contract Documents that require resolution, (c) health and safety issues exist in connection with the Work, and (d) there are other items that require resolution so as not to jeopardize Contractor's ability to complete the Work within the Incentive Benchmark and by the Substantial Completion Date. Contractor shall prepare and promptly distribute meeting minutes to the Project Development Team and all other meeting attendees.

2.1.4 Without limiting Article 12, MSG may have Separate Contractors working on the Project and the Site concurrently with Contractor's performance of the Work. Contractor shall coordinate its performance of the Work with such Separate Contractors and shall otherwise cooperate with such Separate Contractors so as not to delay or interfere with their work, as further set out in Section 12.2.

2.1.5 Consistent with Section 2.1.4, Contractor hereby agrees to cooperate fully with MSG, Separate Contractors, Lessor and other parties, as necessary, to manage and coordinate the: (1) availability of parking and utilities, (2) ingress and egress to the Site, (3) maintenance and protection of both vehicular and pedestrian traffic at or adjacent to the Site, (4) safety of workers and visitors of the Site, and (5) scheduling, coordination and sequencing of the Work.

2.2 General Role of MSG.

2.2.1 Contractor acknowledges that MSG is procuring the Project in satisfaction of MSG's obligations pursuant to the Ground Lease, insofar as they relate to the Project. Contractor further acknowledges that Lessor may have rights of inspection and approval over certain elements of the Work and will cooperate with MSG and Lessor in all respects in relation to the Work.

2.2.2 During the course of the Work, MSG shall render approvals and decisions with reasonable promptness to prevent delay in the orderly progress of the Work; provided, however, that where the Lessor is afforded a specific amount of time to grant approvals relating to the Work under the Ground Lease, the same time plus ten (10) Days shall be afforded to MSG, except as otherwise agreed by the Parties as to any particular approval. It shall be Contractor's responsibility to advise MSG in writing of all time requirements and restraints with respect to such approvals and decisions. It is acknowledged and agreed that no provision of the Contract Documents that provides for any approval, review or similar participation by MSG shall be construed or interpreted to limit

Contractor's obligations and responsibilities to complete the Work in accordance with the Contract Documents.

2.2.3 MSG may hire a "Clerk of Works" who shall perform the role of an inspector and assessor of the performance of the Work throughout the term of this Agreement. The Clerk of Works shall be engaged by MSG and shall be a daily on-site representative of MSG. The Clerk of Works shall, among other activities, inspect the workmanship, quality and safety of the Work, monitor headcount and worker activity and inspect headcount records and may raise with Contractor these and other aspects of the performance of the Work. The Clerk of Works shall not give instructions or directions to Contractor, other than through MSG or Project Manager.

2.3 Information and Services Required of MSG.

2.3.1 MSG shall furnish to Contractor within fifteen (15) Days after receipt of a written request, information necessary and relevant for Contractor to evaluate, give notice of or enforce mechanic's lien rights. Such information shall include a correct statement of the record legal title to the property on which the Project is located, usually referred to as the "Site", and MSG's interest therein.

2.3.2 Upon written request of Contractor, MSG shall furnish surveys describing the physical characteristics, legal limitations and utility locations for the Site, and a legal description of the Site, all to the extent necessary for proper performance of the Work.

2.3.3 Upon written request of Contractor, information under MSG's control, and reasonably required for proper performance of the Work, shall be furnished by MSG with reasonable promptness to avoid delay in the orderly progress of the Work.

2.3.4 Contractor is entitled to reasonably rely upon the accuracy and completeness of any information furnished by MSG to Contractor. Notwithstanding the previous sentence, Contractor shall review and analyze such information and, within ten (10) Business Days of receipt of such information, notify MSG of any errors, omissions, ambiguities, inconsistencies, discrepancies or areas of concern within such information that are discovered by Contractor. Contractor waives any right to recover as a Cost of the Work, or to request an adjustment to the Substantial Completion Date or the Incentive Benchmark, from any such discovered error, inconsistency, discrepancy or area of concern not notified in accordance with this Section 2.3.4, except to the extent Contractor can demonstrate that such loss, damage or schedule or cost impact could not have been avoided if Contractor had notified MSG as required under this Section 2.3.4. Contractor shall incorporate the necessary elements of information furnished by MSG into the Work. It is understood that Contractor's review of information furnished by MSG pursuant to this Section 2.3.4 is in the capacity of a contractor and not a design professional.

2.4 MSG's Right to Stop the Work.

2.4.1 If Contractor fails to correct defective Work as required by Article 19, fails to carry out the Work in accordance with the Contract Documents, or fails to comply with the Contract Documents, and in each case fails to promptly cure any such failure within ten (10) Business Days after written notice to the Contractor (or if such failure cannot be cured within ten (10) Business Days, the Contractor has commenced to cure and is diligently continuing to cure), MSG, by a written order signed by MSG, may order Contractor to stop the Work, or any portion thereof, until the cause for such order has been eliminated; provided, however, that this right of MSG to stop the Work shall not give rise to any duty on the part of MSG to exercise this right for the benefit of Contractor or any other Person. MSG's exercise of its right to stop the Work shall not give rise to an entitlement of Contractor to terminate this Agreement pursuant to Section 18.3.2. MSG's exercise of its right

to stop the Work shall not relieve Contractor of any of its responsibilities and obligations under or pursuant to the Contract Documents and Contractor shall not be entitled to recover any costs incurred as a Cost of the Work, or receive an adjustment to the Incentive Benchmark or an adjustment to the Substantial Completion Date, as a result thereof.

2.5 MSG's Right to Carry Out the Work.

2.5.1 If Contractor defaults or neglects to carry out the Work in accordance with the Contract Documents, and fails within ten (10) Business Days after written notice from MSG or Project Manager to cure (or if such default or neglect cannot be cured within ten (10) Business Days, Contractor has failed to commence and continue correction of such default or neglect with diligence and promptness), MSG may, after such ten (10) Business Day period, and without prejudice to any other remedy, perform and/or complete such correction itself or through others. In such case, MSG shall be entitled to recover the costs of such correction from the Contractor as a reimbursement or as a set off against amounts to be paid to Contractor.

2.6 General Role of Project Manager.

2.6.1 MSG has retained Project Manager to provide project management and various contract administration services in connection with the development of the Project pursuant to separate agreements. MSG may change Project Manager by written notice to Contractor at least three (3) Days in advance of such change. Project Manager is not responsible for design or construction and none of the activities of Project Manager supplants or conflicts with any services or responsibilities customarily furnished by Architect or required of Contractor.

2.6.2 MSG and Contractor shall generally communicate with each other through MSG's Project Manager about matters arising out of or relating to the Project. Project Manager shall provide Contractor with instructions relating to Contractor's performance of the Work; provided, however, that any such instructions shall be in writing and shall be simultaneously delivered to MSG and, to the extent necessary, to Architect. MSG is not liable to, and has no obligation to pay Contractor in connection with any Construction Change Directive or Change Order that is not signed by MSG in advance of the change in the Work being performed, except that, Contractor shall be paid its reasonable costs for a change in the Work performed on an emergency basis provided that the emergency was not caused by the Contractor and the change in the Work was required to be performed on an expedited basis. Contractor shall be entitled to rely on the accuracy of information and instructions received from Project Manager.

2.6.3 [Not Used]

2.6.4 [Not Used]

2.6.5 Instructions by MSG to Contractor relating to performance of the Work will generally be issued or made through Project Manager in writing, with copies to Architect. All communications and Submittals of Contractor to MSG shall be issued or made through Project Manager, with copies to Architect and MSG. Project Manager has authority to establish procedures, consistent with the Contract Documents, to be followed by Contractor and Subcontractors with respect to communications and the submission of Submittals. Communications by or with Subcontractors shall be through Contractor.

2.6.6 Project Manager shall not be liable to Contractor or any Subcontractor with respect to any agreement or obligation of MSG contained in the Contract Documents or otherwise arising out of the Work.

2.7 General Role of Architect.

2.7.1 MSG has retained Architect to provide design and various construction administrative services in connection with the development of the Project pursuant to separate agreements. MSG may change Architect by written notice to Contractor. None of the activities of Architect supplants or conflicts with any services or responsibilities required of Contractor.

2.7.2 Contractor shall reasonably cooperate and coordinate with Architect in connection with the performance of the Work and the administration of this Agreement.

2.7.3 The term "Architect" means Architect or Architect's authorized representative. Wherever the word "Architect" appears in the Contract Documents, it shall include Architect's consultants, including engineers, landscape architects and others engaged by Architect. All communications, directives, instructions, interpretations and actions required of Architect shall be issued or taken only by or through the individual identified as Architect in the Agreement or Architect's authorized representative.

2.7.4 The authorized representative of Architect may be one or more representatives designated in writing by Architect and authorized to perform the duties and carry out the responsibilities of Architect.

2.8 Administration of the Agreement by Project Manager.

2.8.1 Project Manager will provide administration of the Agreement in conjunction with MSG as described in this Section 2.8.1. Project Manager will have authority to act on behalf of MSG only to the extent permitted by MSG. In the event Contractor receives conflicting directions from MSG and Project Manager, Contractor shall comply with the direction from MSG unless MSG instructs otherwise.

2.8.2 Project Manager will be MSG's representative during construction and until final payment to Contractor and all Subcontractors.

2.8.3 Project Manager, with the assistance of Architect, will determine in general that the Work of Contractor is being performed in accordance with the Contract Documents, and will endeavor to guard MSG against defects and deficiencies in the Work of Contractor. Project Manager will be MSG's day-to-day representative at the Site with whom Contractor may consult and through whom Contractor shall obtain all instructions and actions required of MSG or Architect by the Contract Documents. Project Manager and Architect will keep MSG informed of the progress of the Work and will be MSG's advisors concerning all instructions and actions requested of MSG during the course of the Work.

2.8.4 Project Manager will be present on the Site to administer this Agreement and to determine in general if the Work is proceeding in accordance with the Contract Documents.

2.8.5 Neither Project Manager nor Architect shall be:

2.8.5.1 responsible for or have control or charge of construction means, methods, techniques, sequences or procedures, or for safety precautions and programs in connection with the Work, unless and to the extent Architect specifies the use of any of the foregoing in the Construction Documents;

2.8.5.2 responsible for Contractor's failure to carry out the Work in accordance with the Contract Documents; or

2.8.5.3 responsible for or have control or charge over the acts or omissions of Contractor, Subcontractors, or any of their agents or employees, or any other persons performing any of the Work.

2.8.6 Architect and Project Manager shall at all times have reasonable access to the Work wherever it is in preparation and progress. Contractor shall provide facilities for such access so that Architect and Project Manager may perform their functions under the Contract Documents. Architect and Project Manager shall at all times comply with Contractor's reasonable rules for the Site, including the Project safety program.

2.8.7 [Not Used]

2.8.8 [Not Used]

2.8.9 [Not Used]

2.8.10 Project Manager, in consultation with Architect and MSG, will have authority to reject Work that does not conform to the Contract Documents to require special inspection or testing and to reject Work that does not conform to the Contract Documents. Whenever, in Project Manager's opinion, it is considered necessary or advisable for the implementation of the intent of the Contract Documents, Project Manager will have authority to require special inspection or testing of the Work in accordance with Section 3.23 whether or not such Work be then fabricated, installed or completed. However, neither Project Manager's authority to act under this Section 2.8.10, nor any decision made by Project Manager in good faith either to exercise or not to exercise such authority shall give rise to any duty or responsibility of MSG or Project Manager to Contractor, any Subcontractor, any of their agents or employees, or any other Person performing any of the Work.

2.8.11 Project Manager will receive from Contractor and review all Submittals, and coordinate them with information contained in related documents. Such actions shall be taken with reasonable promptness so as to cause no delay and shall be consistent with the time periods set forth in any submittal schedule agreed to by Contractor and Project Manager.

2.8.12 Project Manager will assist MSG and Architect in conducting inspections to determine the dates of Substantial Completion and Final Completion. Project Manager will receive from Contractor and forward to MSG for MSG's review written warranties and related documents required by the Contract Documents and assembled by Contractor. Project Manager will issue a final Certificate for Payment upon compliance with the requirements of Section 9.9.

2.8.13 The duties, responsibilities and limitations of authority of Architect and Project Manager as MSG's representatives during construction as set forth in the Contract Documents may be modified, curtailed or extended by MSG in its sole discretion. Contractor shall be notified in writing of any such modification or extension within ten (10) Business Days after that decision.

2.8.14 In no event shall an act or omission on the part of Project Manager or Architect relieve Contractor from its obligation to perform the Work in full compliance with the Contract Documents.

2.9 Role of the Lender

2.9.1 Contractor acknowledges that the Work may be financed (in whole or in part) by a Lender. If required by a Lender, Contractor shall enter into an agreement allowing, among other things, the Lender to step in and take over MSG's role under this Agreement in the event of an event of default specified in Section 18.3. Contractor shall execute, acknowledge and deliver any and all further documents which may be necessary to satisfy the reasonable requests of one or more Lenders in connection with the financing or refinancing of the Project. For clarification, a reasonable request

shall be one that does not increase Contractor's risk or liability under the Contract Documents. In addition, the Contractor will work with the Lender and MSG in good faith to convert the cost of performing the Work, or components thereof, into a fixed price if so requested by the Lender.

ARTICLE 3
CONTRACTOR'S GENERAL RESPONSIBILITIES

3.1 Standard of Care; Applicable Laws.

3.1.1 Contractor accepts the relationship of trust and confidence established under this Agreement. Contractor shall furnish efficient business administration and supervision so as to complete the Work in accordance with the Contract Documents. In addition to Contractor's other obligations under the Contract Documents, all Work and other professional services performed by Contractor in connection with the Project shall be performed in accordance with the Standard of Care.

3.1.2 Contractor shall perform the Work in accordance with Applicable Laws. If Contractor performs any Work that is contrary to any Applicable Laws, then Contractor shall assume full responsibility therefor and shall bear all costs attributable thereto. Notwithstanding the foregoing, Contractor shall not be responsible for the cost of corrections or additions to the Work that are required because the design of the Work as set forth in the Contract Documents violates Applicable Laws, unless Contractor knows that such design was contrary to Applicable Laws and Contractor fails to notify MSG of the same (in which case, Contractor shall be liable for the costs that could have been avoided had it notified MSG). Notwithstanding anything herein to the contrary, in the event of any change in any Applicable Law that occurs after the date the Incentive Benchmark Amendment is executed by the Parties and results in increased cost or time of performance of the Work, the Incentive Benchmark and/or the Substantial Completion Date shall be equitably adjusted by Change Order (provided that the Contractor complies with the requirements of Article 6) and Contractor may seek to recover such additional cost as a Cost of the Work.

3.1.3 Contractor shall perform the Work in accordance with, and comply with, the applicable provisions of the Ground Lease set forth in Schedule A. To the extent the Contractor breaches this Agreement, which breach causes MSG to be in breach of the Ground Lease, the Contractor shall indemnify, defend and hold harmless MSG and the MSG Parties from and against any claim, liability, proceeding, loss, damage, fine, fees (including reasonable attorneys' fees) or expenses arising out of such breach. Notwithstanding the foregoing, MSG's remedies for Contractor's failure to achieve Substantial Completion by the Long Stop Development Completion Date are as set forth in this Agreement. Nothing in this Section 3.1.3 shall impact the remedies of MSG set forth in this Agreement for the Contractor's failure to achieve Substantial Completion by the Substantial Completion Date or by the Long Stop Development Completion Date. Neither the provisions of Schedule A, nor any other term of this Agreement, shall be construed to create a contractual relationship of any kind between Contractor and the Lessor. Furthermore, MSG's enforcement of the terms of the Ground Lease against Lessor shall be in the sole discretion of MSG.

3.2 Review of the Contract Documents.

3.2.1 Before Contractor delivers the Incentive Benchmark Proposal to MSG, Contractor shall carefully study the Contract Documents and shall notify Architect and MSG in writing of any errors, inconsistencies, ambiguities or omissions Contractor has identified therein.

3.2.2 Contractor shall not be liable to MSG, Architect or Project Manager with respect to any error, inconsistency or omission in the Contract Documents except to the extent Contractor: (a) knew of such error, inconsistency or omission based on its review of the Contract Documents; and (b) failed to notify MSG or Architect in writing of such error, inconsistency or omission before Contractor

delivered the Incentive Benchmark Proposal to MSG. In such event, Contractor shall be liable for the cost that would have otherwise been avoided had Contractor reported such error, inconsistency or omission to MSG and Architect as required under this Section 3.2.2 and shall not be entitled to recover such cost as a Cost of the Work or an adjustment to the Substantial Completion Date.

3.2.3 In the event that errors, inconsistencies or omissions are discovered by Contractor in the Contract Documents, Contractor shall not proceed with the affected portions of the Work until Contractor has submitted an RFI to, and received written interpretation with respect thereto from, Architect. An unanswered RFI shall not become a reason by itself for an extension of time unless Architect fails to respond to such RFI within ten (10) Business Days after receipt thereof and Contractor can otherwise demonstrate that such failure to respond results in a delay to the critical path of the Work. If Contractor: (a) delivers an RFI with respect to an error, inconsistency or omission in the Contract Documents, but proceeds with Work involving such error, inconsistency or omission prior to receiving clarification from Architect; or (b) knows that an error, inconsistency or omission exists in the Contract Documents but nonetheless proceeds with Work involving such error, inconsistency or omission without submitting an RFI to Architect, then Contractor shall correct such Work performed to comply with Architect's reasonable interpretation of the Contract Documents and Contractor shall not be entitled to recover the cost of such correction as a Cost of the Work or an adjustment to the Substantial Completion Date.

3.2.4 Contractor shall: (a) verify the dimensions shown on the Drawings before laying out the Work; (b) be responsible for the accuracy of all lines, grades and measurements prepared by Contractor; and (c) protect and preserve all permanent bench and other markers. Checking of the dimensions or lay-out by Architect shall not relieve Contractor of its responsibility to do so. These obligations are for the purpose of facilitating construction by Contractor and are not for the purpose of discovering errors, omissions or inconsistencies in the Contract Documents; provided, however, that any errors, inconsistencies or omissions discovered by Contractor shall be reported promptly to Architect as an RFI in such form as Architect may require.

3.2.5 Unless otherwise noted by Contractor to MSG in writing, commencement of any particular portion of the Work shall constitute a representation by Contractor that Contractor has reviewed the Contract Documents associated with such portion of the Work, and that to the best of Contractor's knowledge: (a) the Contract Documents including the Drawings and Specifications are sufficiently detailed and complete to permit Contractor to commence that portion of the Work; and (b) nothing contained in the Contract Documents or the Drawings and Specifications would materially hinder or prevent Contractor from completing that portion of the Work in accordance with the Contract Documents.

3.3 Staffing; Contractor's Personnel; Key Construction Team Members.

3.3.1 Contractor shall maintain, and shall ensure the Subcontractors maintain, an experienced and competent full time staff at the Site to coordinate and provide supervision of the Work. In addition, Contractor and Subcontractors shall assign sufficient numbers of duly qualified personnel to the Work to the extent necessary to ensure that its obligations under the Contract Documents are timely carried out with respect to the performance of the Work.

3.3.2 Contractor shall submit, for MSG's review and approval, a detailed staffing plan (the "Staffing Plan") with respect to the Work to be performed pursuant to the Contract Documents by Contractor. The Staffing Plan shall provide: (a) a listing of individuals assigned to the Work; (b) the background, experience and qualifications of such individuals; (c) a description of roles/responsibilities for such individuals; and (d) the anticipated time to be expended by such individuals in performing the Work. The approval by MSG of any Project personnel shall not relieve Contractor of any responsibility for such personnel.

3.3.3 In addition to MSG's rights pursuant to Section 3.12.3, if MSG finds the work of any employee of Contractor or of Contractor's agents or Subcontractors (of any tier), or of any independent contractor of any Subcontractor, who is performing the Work or any services in connection with the Project (a "Contractor Employee") to be unsatisfactory or substandard, or determines that such Contractor Employee imposes a safety hazard, a quality hazard or a material risk to the timely completion of the Work, then MSG may request by written notice to Contractor that Contractor replace, or cause the applicable agent, Subcontractor or independent contractor to replace, such Contractor Employee. Within ten (10) Business Days after Contractor receives such notice from MSG (or in the case of a Contractor Employee that is determined to pose a safety hazard, immediately after receiving such notice from MSG (which notice in such case shall be written)), Contractor shall, or shall cause the applicable agent, Subcontractor or independent contractor to, remove such Contractor Employee from the Site (if applicable) and replace such Contractor Employee with another individual who is reasonably satisfactory to MSG.

3.3.4 Contractor represents that all of its employees are, and for the duration of the Work, will be, duly licensed under the laws of the State of Nevada to the extent such licensing is required by law. Contractor further represents and warrants that it possesses, and for the duration of the Work, will possess, all licenses and permits under Nevada law necessary to perform the Work under this Agreement, including a contractor's license with the appropriate classifications issued in accordance with NRS 624.240, et. seq.

3.3.5 Contractor and MSG agree that there are certain members of Contractor's proposed team that are invaluable to the development of the Project (the "Key Construction Team Members"). The Key Construction Team Members are set forth in Schedule D. Contractor acknowledges that MSG wants to ensure that the Key Construction Team Members are assigned to the Project as outlined in Schedule D, regardless of Contractor's current and future work on other projects. The assignment, and duration of assignment, of the Key Construction Team Members to the Project as outlined in the Staffing Plan is a material requirement of this Agreement. Consequently, notwithstanding anything to the contrary in this Section 3.3 or in any other provision of the Contract Documents, and except to the extent otherwise approved by MSG, for each of the following Key Construction Team Members, if any such Key Construction Team Member is not assigned to the Project in accordance with such Key Construction Team Member's responsibilities and for the respective durations as set forth in the Staffing Plan (as reasonably determined by MSG), then Contractor shall pay to MSG, with respect to each such Key Construction Team Member that is not assigned to the Project in accordance with his/her responsibilities under the Staffing Plan, a one-time payment of liquidated damages equal to [*****] per Key Construction Team Member.

3.3.6 The Parties agree that the damages that MSG would suffer as the result of the foregoing are difficult or hard to determine and that the liquidated damages amounts set forth above are reasonable approximations of the actual damages that MSG would suffer. Neither the Key Construction Team Members, nor their responsibilities and respective durations as outlined in the Staffing Plan, may be changed without the prior approval of MSG. Any liquidated damages assessed under this Section 3.3 may be recovered by MSG through a reduction in the Contractor's Fee. Contractor's commitment to provide the Key Construction Team Members and commitment to pay liquidated damages as set forth above is only subject to the unavailability of such Key Construction Team Members due to serious illness, termination or cessation of such Key Construction Team Members' employment by Contractor, or an extraordinary personal or family issue/event (serious spouse, child, or parent illness, etc.). The nomination of any Person to replace any Key Construction Team Member in accordance with this Agreement (because, for example, such Key Construction Team Person is ill or is no longer employed by Contractor) will be subject to the prior written approval by MSG, which approval will not be unreasonably withheld or delayed.

3.3.7 Contractor shall notify MSG in writing of its appointment of a representative who shall be the Lessor's "24 hour emergency" contact and whose telephone numbers shall be provided to the Lessor for such purpose.

3.4 Taxes

3.4.1 Contractor shall pay sales, consumer, use, commercial activity, and similar taxes for the Work provided by or on behalf of Contractor. Such taxes shall be reimbursed as Cost of the Work in accordance with Section 4.8.1.6 hereof. A failure to comply with the foregoing tax obligations, or any other tax obligations required by this Agreement, shall constitute a material breach of this Agreement.

3.5 Quality Control and Quality Management.

3.5.1 No later than thirty (30) Days after the execution of the Agreement, Contractor shall provide to MSG and Project Manager for their review and approval a "QA/QC Plan". Contractor shall incorporate into the QA/QC Plan all reasonable comments and changes to the QA/QC Plan proposed by MSG or Project Manager. The goal of the QA/QC Plan shall be to ensure that construction of the Work is in accordance with the requirements of the Contract Documents. The QA/QC Plan shall also ensure that appropriate procedures are implemented to verify and document compliance with the Contract Documents. The QA/QC Plan shall include at a minimum: (a) the allocation of quality control and assurance responsibilities to the various participants in the Work; (b) an inspection and testing plan for each critical component of the Work; (c) field monitoring and inspection reports, documenting the results of inspection; (d) a plan to audit Subcontractors quality control and assurance efforts; (e) identification and reporting procedures for non-conforming Work; and (f) a tracking system to monitor correction of non-conforming Work. The QA/QC Plan shall be updated as appropriate during the course of the Work.

3.5.2 Contractor shall implement the QA/QC Plan, which implementation shall include reviewing the Work of Subcontractors to determine if the Work of each Subcontractor is being performed in accordance with the requirements of the Contract Documents, and to determine if there are any defects and deficiencies in the Work. MSG may engage an independent consultant to perform inspections of Contractor's and Subcontractors' conformance with the QA/QC Plan. Any instances of a failure to comply with the QA/QC Plan, whether identified by the independent consultant or otherwise, shall be notified by MSG or Project Manager to Contractor (provided that any failure on the part of MSG or Project Manager to notify Contractor shall not impact on Contractor's obligation to fulfil its obligations regarding quality and conformance to the QA/QC Plan) and Contractor shall rectify such failure without recovery as a Cost of the Work and without adjustment to the Incentive Benchmark or the Substantial Completion Date. Contractor shall promptly bring all such material defects and deficiencies that are not subject to correction in the normal course of construction to the attention of the applicable Subcontractor and notify MSG thereof. Communications between Contractor and Subcontractors with regard to quality management and assurance shall not in any way be construed as releasing Contractor or its Subcontractors from performing their Work in accordance with the terms of the Contract Documents.

3.5.3 Contractor shall participate in regular coordination and quality review meetings with MSG, Project Manager and Architect. During such meetings Contractor shall provide information, estimates, schemes, guidance and recommendations regarding: (i) missing data or details needed to complete the design; (ii) site conditions, site surveys and soils reports with respect to site challenges and mitigation measures; (iii) constructability; (iv) construction operations planning; (v) construction materials and systems; (vi) means and methods; (vii) phased construction opportunities and constraints; (viii) scheduling, sequencing and coordination; (ix) Value Engineering options

consistent with the requirements of Section 3.8; and (x) costs to provide the Work in accordance with the Standard of Care and within the Construction Schedule for the Work.

3.6 Consents and Approvals.

3.6.1 Unless otherwise set forth herein, Contractor shall assist MSG in obtaining all consents and approvals required to be obtained from any Governmental Authority or third party relating to the Work, together with any approvals required to be obtained from the Lessor.

3.7 Schedules.

3.7.1 Preliminary Construction Schedule

3.7.1.1 The Preliminary Construction Schedule prepared by Contractor detailing the schedule for the completion of the Work by the Substantial Completion Date has been provided to MSG under the previously issued LNTP. The Preliminary Construction Schedule shall include a schedule for the purchase of long-lead-time materials and equipment. The Preliminary Construction Schedule shall be further revised and refined by Contractor prior to the submission of the Incentive Benchmark Proposal by Contractor and shall be the basis of the proposed Construction Schedule to be established as part of the Incentive Benchmark Amendment.

3.7.2 Construction Schedule

3.7.2.1 The Construction Schedule shall be established as part of the Incentive Benchmark Amendment. The Construction Schedule shall include the Substantial Completion Date and the Long Stop Development Completion Date. Once established, the Substantial Completion Date and the Long Stop Development Completion Date may only be modified by a Change Order or Construction Change Directive signed by MSG.

3.7.2.2 At MSG's written request, Contractor also shall provide various conceptual master planning schedules that include not only the Work covered under this Agreement, but also "other components" of the Project (*e.g.*, off-site transportation improvements, off-site utility extensions, etc.) in order to assist MSG in its planning of the overall development. MSG shall provide Contractor with information regarding these "other components."

3.7.3 Submittal Schedule

3.7.3.1 Submittals are not Contract Documents. Their purpose is to demonstrate, for those portions of the Work for which Submittals are required, how Contractor proposes to conform to the information given and the design concept expressed in the Contract Documents. By preparing, reviewing and presenting submittals, Contractor represents that Contractor has determined and verified all materials, field measurements and field construction criteria related thereto and has checked and coordinated the information contained within such submittals with the requirements of the Contract Documents.

3.7.3.2 Contractor shall prepare and submit to Project Manager and MSG for their review and approval a proposed submittal schedule for the construction of the Work ("**Submittal Schedule**") pursuant to Section 4.5.2.6. The Submittal Schedule shall be coordinated with the Construction Schedule, shall identify the dates for the

submission and return of all Submittals, and shall indicate the Submittal designation, description, and Drawing and Specification reference. The Submittal Schedule shall afford Architect at least ten (10) Business Days to review and return each Submittal. Contractor shall make allowance in the Submittal Schedule for mailing of Submittals unless Contractor provides other means of delivery. Late or untimely Submittals shall not reduce Architect's review time.

3.7.3.3 Contractor shall review, stamp "Reviewed," and submit to Architect, all Submittals required by the Contract Documents. Submittals that are not stamped "Reviewed" by Contractor shall be returned, without further consideration, for resubmission in accordance with these requirements. Submittals shall be provided in accordance with the Submittal Schedule. Submittals made by Contractor, which are not required by the Contract Documents, may be returned without action. Submission of Submittals to Architect must include a statement, in writing, identifying any deviations from the Drawings and Specifications. By stamping a Submittal "Reviewed" and submitting it to Architect, Contractor represents that it has determined or verified materials and field measurements and conditions related thereto, and that it has checked and coordinated the information contained within such Submittal with the requirements of the Contract Documents and with the Submittals for related Work.

3.7.3.4 No Work requiring a Submittal shall be performed by Contractor until the Submittal has been reviewed by Architect and Architect has either approved it or affirmatively stated in writing that no exceptions have been taken. Submittals shall be returned in accordance with the Submittal Schedule. To the extent a Submittal is not covered by the Submittal Schedule, Contractor shall afford Architect as long as necessary (but in any event at least fifteen (15) Business Days) for review of Submittals, or longer for Submittals that are lengthy or complex.

3.7.3.5 Review of Submittals by Architect, Project Manager or MSG will be general and for conformance with design intent, and shall not relieve Contractor from its sole responsibility for proper fitting and construction of the Work, nor from furnishing materials and Work required by Contractor, which may not be indicated on the reviewed Submittals. Contractor shall remain solely responsible, notwithstanding MSG's, Project Manager's or Architect's review or approval of Submittals, for deviations (including without limitation those arising from standard shop practice) from requirements of the Contract Documents, unless Contractor has specifically informed MSG, Project Manager and Architect in writing of such deviation at the time of transmitting the Submittal and Architect has given specific written approval of such deviation. No recovery as a Cost of the Work nor adjustment to the Incentive Benchmark or Substantial Completion Date shall be permitted with respect to any such deviations that are noted in writing by Contractor but as to which Architect takes no exception or does not approve. Architect's approval of a Submittal shall not constitute approval of safety precautions, means, methods, techniques, sequences or procedures. Architect's approval of a specific item shall not constitute approval of an assembly of which the item is a component.

3.8 Value Engineering.

3.8.1 Contractor will assist Architect in providing life-cycle analyses and shall provide cost-reduction and Value Engineering analyses on major construction components, such as, but not restricted to: (1) structural systems; (2) the exterior envelope; (3) mechanical systems; (4) lighting; and (5) power service. When reasonably requested by MSG and Project Manager, Contractor shall

conduct Value Engineering analysis workshops prior to and during the Incentive Benchmark Development Phase and prior to the completion of the 100% Construction Documents to develop cost-saving ideas for the Work. A formal report analyzing the Value Engineering will be prepared by Contractor following these workshops and distributed to the Project Development Team.

3.9 Supervision and Construction Procedures.

3.9.1 Contractor shall develop and be responsible for implementing and enforcing the Construction Plan. Contractor shall comply with all directions of MSG and Project Manager with respect to coordination of the Construction Plan with the Lessor and any other Person having a property interest in the Site, the Adjacent Property, or facilities traversing the Site. Contractor shall administer the Construction Plan so as to cause no material disruption or damage to the property, or fixtures thereon, of the foregoing interests.

3.9.2 Contractor shall provide administrative, management and related services as required: (a) to supervise and direct the performance of the Work by all Subcontractors; and (b) to coordinate such work with the activities and responsibilities of MSG, Project Manager and Architect.

3.9.3 Contractor shall be solely responsible for all construction means, methods, techniques, sequences and procedures, including those employed by Subcontractors and sub-subcontractors in the performance of the Work. If the Contract Documents give specific instructions concerning construction means, methods, techniques, sequences or procedures, Contractor shall evaluate the jobsite safety thereof and shall be fully and solely responsible for the jobsite safety of such means, methods, techniques, sequences or procedures. If Contractor determines that such means, methods, techniques, sequences or procedures may not be safe, Contractor shall give timely written notice to MSG, Project Manager and Architect and shall not proceed with that portion of the Work without further written instruction from MSG.

3.9.4 Contractor shall coordinate all relevant aspects of the Work with Lessor, Wynn Resorts, LLC, Las Vegas Monorail Company and all Governmental Authorities and utility companies to the extent they may be implicated in the Work, but is not responsible for the acts or omissions of any of the foregoing Persons.

3.9.5 Contractor shall be responsible to MSG for the acts and omissions of Contractor's employees, Subcontractors and their agents, and any other persons performing any of the Work under a contract with Contractor or its Subcontractors.

3.9.6 Contractor shall not be relieved from Contractor's obligations to perform the Work in accordance with the Contract Documents either by the activities or duties of Project Manager or Architect in their administration of the Agreement, or by inspections, tests or approvals required or performed under Section 3.23 by persons other than Contractor.

3.9.7 Contractor shall not be responsible for or have control or charge over the acts or omissions or the performance or non-performance of MSG, Architect, Project Manager (subject to the performance of Contractor's coordination and scheduling obligations pursuant to Article 12) any Separate Contractor, or any of their respective agents or employees, or any other persons performing work or services on the Project through any of them; provided, however, that the foregoing shall not relieve Contractor of its obligations to provide notices, or follow up notices in the event no response is received, as required by the terms of this Agreement.

3.10 Communication.

3.10.1 Contractor shall develop, in conjunction with MSG, Project Manager and Architect, procedures acceptable to MSG, Project Manager and Architect for implementing, documenting, reviewing and

processing field questions and responses, field variance authorizations and directives, and minor changes. Contractor shall submit all RFIs in good faith and each RFI shall identify Contractor's proposed answer to the request, unless the requesting party, in good faith, has not identified a proposed solution. The foregoing or the submission or preparation by Contractor of a proposed answer or proposed solution shall not be deemed to create any liability on Contractor for design or for the adequacy of the proposed answer or proposed solution.

3.11 Meetings; Reports; Construction Schedule Updates.

3.11.1 Contractor shall schedule and conduct construction and progress meetings to discuss such matters as procedures, progress, problems and scheduling. Contractor shall hold progress and coordination meetings with MSG, Project Manager and Architect, at least weekly throughout the construction period. In the event that Project Manager does not attend a meeting, Contractor shall prepare and promptly distribute minutes of such meetings to MSG and to all persons or organizations in attendance and properly identified.

3.11.2 Contractor shall update and distribute (both in hard copy and in a usable native digital format) the Construction Schedule and the Submittal Schedule to the Project Development Team every month throughout the duration of the Work; provided, however, that Contractor will provide MSG and Project Manager weekly schedule updates with a thirty (30) Day look ahead. Each such update shall accurately reflect progress to date, the activities of Contractor and its Subcontractors, including the processing of Submittals and delivery of products requiring long-lead-time procurement, current conditions and revisions required by actual experience, and any new or revised logic or activities. Each such monthly update also shall include a graphic representation of the Construction Schedule, together with such reports as reasonably requested by MSG.

3.11.2.1 The updates of the Construction Schedule shall include a list of material changes made to the schedule from previous updates, including activity durations and activity logic or relationship changes.

3.11.2.2 The updates of the Construction Schedule required under this Section 3.11 shall be included in the monthly Progress Report.

3.11.2.3 Submission of a update to the Construction Schedule by Contractor shall not constitute approval by MSG of a change to the Substantial Completion Date or the Long Stop Development Completion Date (which shall only be accomplished by Change Order or Construction Change Directive) or approval by MSG of a change by Contractor to any activity duration or activity logic or relationship change set forth in the weekly update.

3.11.3 No later than thirty (30) Days after the Effective Date, Contractor shall submit to MSG and Architect for their review, comment and approval a form of Progress Report that complies with the requirements of this Agreement. Upon acceptance by MSG and Architect, the form Progress Report shall establish the standard of detail required for the remainder of the Work and shall be delivered to Project Manager and MSG monthly in hard copy and simultaneously be available online. The Progress Report shall be indexed, bound and tabulated in a manner acceptable to Project Manager and MSG. The Progress Report shall be delivered with each monthly Application for Payment.

3.11.4 Contractor shall keep a daily log containing a record of weather, Subcontractor's and sub-subcontractor's Work on the Site, number of workers, Work accomplished, problems encountered, and other similar relevant data as MSG may reasonably require. This log shall be available to MSG,

Project Manager and the Clerk of Works at the Site during regular business hours and online at all hours.

3.11.5 Contractor shall inspect the Work on an ongoing basis and shall maintain an ongoing log of Defective Work that has been installed. The log shall record any items that have been noted as Defective Work by Governmental Authorities, MSG, Project Manager, Architect, or Architect's Consultants. Such log shall be available to MSG and Project Manager at the Site during regular business hours and shall be included in Contractor's monthly Progress Report.

3.11.6 Contractor shall maintain a spreadsheet-based concrete placement log and shall regularly and diligently enter all concrete placement yardage for all pours broken down by footings, slab on grade, columns, beams, shear walls and elevated slabs in a format acceptable to Project Manager and MSG and such log shall be available to MSG and Project Manager at the Site during regular business hours.

3.11.7 Contractor shall maintain a log of: (a) recordable OSHA incidents; and (b) recordable lost time accidents, in a format that is acceptable to Project Manager and MSG. Such log shall be available to MSG and Project Manager at the Site during regular business hours.

3.11.8 Contractor shall maintain a log of all Submittals in a format that is acceptable to MSG and Project Manager. Such log shall be available to MSG and Project Manager at the Site during regular business hours.

3.11.9 Prior to submitting the Incentive Benchmark Proposal, Contractor shall prepare and submit to MSG and Architect for review, comment and approval a quality control matrix, in a format approved by MSG, based upon the requirements of the Drawings, Specifications and Applicable Laws and listing all testing, inspections and Submittals relating to the Work with specific reference to the source of the requirement. Such matrix shall be updated as appropriate during the course of the Work. The maintenance of such matrix shall be part of Contractor's duties in connection with implementing the QA/QC Plan referenced in Section 3.5.

3.11.10 A senior representative of MSG, Project Manager, Contractor and Architect, will meet at least every month to review: (1) the progress of the Work; (2) the Cost of the Work to date against the Incentive Benchmark; (3) the Construction Schedule; (4) the Submittal Schedule, (5) any pending Claims for additional time or an adjustment to the Incentive Benchmark; and (6) any other pertinent information concerning the Project or the Work.

3.12 Labor and Materials.

3.12.1 Unless otherwise provided in the Contract Documents, Contractor shall provide and pay, as a Cost of the Work, for all labor, Materials, equipment, tools, construction equipment and machinery, water, heat, utilities, transportation and other facilities and services necessary for the proper execution and completion of the Work, whether temporary or permanent and whether or not incorporated or to be incorporated in the Work.

3.12.2 It is the policy of MSG to promote and maintain harmonious relationships in connection with the Project. Contractor and its Subcontractors shall follow this policy and shall utilize only qualified persons or organizations in the performance of the Work. A qualified person or organization is one: which is not likely to promote labor unrest on the Project; which shall abide by all local, state and federal labor and employment relations rules, regulations and laws; whose financial stability is reasonably assured through the duration of the Agreement; and whose commitments to other projects are not likely to interfere with its ability to perform its portion of the Work efficiently and cost effectively.

3.12.3 Contractor shall at all times enforce strict discipline and good order among Contractor's and Subcontractor's employees and shall not employ on the Work at the Site any unfit Person (including any employee who reports for work under the influence of alcoholic beverages or drugs, who drinks alcoholic beverages or illegally uses drugs on the Site) or anyone not skilled in the task assigned them. The Site shall be an alcohol and drug free work zone. In addition, Contractor and its Subcontractors shall comply with all reasonable protocols, policies, rules and procedures imposed by MSG from time to time with respect to (i) safety, (ii) harassment and discrimination, and (iii) substance abuse. MSG shall have the right to (a) undertake investigations into the behavior or conduct of persons employed by Contractor or its Subcontractors, and (b) deny access to the site to any person it has a reasonable objection to and/or fails to satisfy the requirements of this Section 3.12.3.

3.12.4 Contractor shall promote and endeavor to maintain a workable and cooperative relationship among Subcontractors. Contractor shall take all steps necessary and appropriate to enforce the Subcontracts as needed to perform the Work to be performed thereunder.

3.12.5 Contractor is obligated to man the job and properly and timely perform the Work in a diligent manner. Upon notification of expected or actual labor disputes or job disruption, the expiration of any union or trade agreement or any other cause, Contractor and its Subcontractors shall cooperate with MSG concerning any legal, practical or contractual actions to be taken by MSG in response thereto and shall perform any actions reasonably requested by MSG to eliminate, neutralize or mitigate the effects of such actions on the progress of the Work and the impact of such actions on the public access to the Site and Adjacent Property.

3.12.6 Subject to the terms of this Section 3.12.6, it is Contractor's obligation, without recovering as a Cost of the Work or being entitled to an adjustment to the Incentive Benchmark, to take all commercially reasonable steps available to prevent any persons performing the Work from engaging in any disruptive activities such as strikes, picketing, slowdowns, job actions or work stoppages of any nature or ceasing to work due to picketing or other such activities, which steps shall include, without limitation, (a) execution of an appropriate project agreement with appropriate trade unions prohibiting all such activities on or about the Site, (b) working with any trade unions to avoid any labor interruptions or delays, (c) establishing a neutral or reserved gate in the event of a picket or strike, (d) engaging temporary replacement labor to overcome any picket or strike, and (e) taking all steps to prevent a Subcontractor or its employees from taking labor action (including striking, picketing or otherwise causing labor disharmony) during the performance of the Work, including enforcing the terms of Subcontracts against Subcontractors. Strikes and pickets by employees of Contractor or Subcontractors in sympathy with other striking or picketing unions shall not be permitted by Contractor. With respect to subsection (d) above, Contractor may seek recourse from the Allocation pursuant to Section 2.1(b) of **Schedule F**. Nothing in this Section 3.12.6 deprives Contractor of its rights with respect to the occurrence of an event described in clause (xi) of the definition of Force Majeure.

3.12.7 The Project will be subject to a project labor agreement ("PLA"), and all references in the PLA to the "Primary Employer" shall be deemed to mean Contractor. Contractor shall be responsible for arranging for the PLA. Contractor shall sign a Letter of Assent to the PLA before performing any Work and thereafter comply with the PLA in its performance of the Work and shall ensure that all parties subject to the PLA comply with the PLA in their performance of the Work. Contractor shall indemnify, defend and hold harmless the MSG Parties from and against all Claims arising out of or resulting from the failure of any Contractor Party to comply with the PLA.

3.13 Equipment.

3.13.1 Contractor acknowledges and agrees that:

3.13.1.1 it is responsible for the care of Contractor's Plant;

3.13.1.2 it must ensure that Contractor's Plant:

3.13.1.2.1 is in accordance with the manufacturer's specifications, in good repair, fit for purpose and, where relevant, suitably licensed for operation and permitted by any relevant Governmental Authorities;

3.13.1.2.2 is properly maintained and repaired (as necessary) so that it is available to operate or use in an efficient, effective and safe manner at all times; and

3.13.1.2.3 is used only for the purpose for which it was designed;

3.13.1.3 it must produce on request by MSG appropriate documentation to confirm that Contractor's Plant has been inspected within the previous six (6) months by a competent person and is in a safe, serviceable condition and complies with Applicable Law;

3.13.1.4 in addition to the requirements of Section 3.13.1.3, before bringing any Contractor's Plant to the Site, and at any other times required by MSG, Contractor's Plant will be subject to and must pass a mechanical and safety inspection;

3.13.1.5 in addition to ensuring that all other inspections required by this Section 3.13 are carried out, it must also ensure that:

3.13.1.5.1 regular mechanical and safety inspections are performed on Contractor's Plant; and

3.13.1.5.2 checklists or forms used for mechanical and safety inspections are presented to MSG before maintenance takes place and the completed checklists or forms are presented to MSG after the maintenance is completed;

3.13.1.6 before operating any Contractor's Plant on the Site or changing any operator of any Contractor's Plant on the Site, it must provide documentary evidence to MSG that the operator of Contractor's Plant has successfully completed a competency assessment, which is aligned with a nationally recognized standard, for the operation of Contractor's Plant. The documentation to be provided must include details of the:

3.13.1.6.1 plant manufacturer;

3.13.1.6.2 type of plant;

3.13.1.6.3 model of plant; and

3.13.1.6.4 type of operation (different uses of the plant);

3.13.1.7 used for earthmoving (if applicable), it must ensure that operator protective devices are fitted to the plant, that the protective devices are maintained and used

appropriately and that the structure of the protective devices complies with all Applicable Law;

3.13.1.8 the passing of, or the failure of any Contractor's Plant to pass, an inspection required by this Section 3.13 will in no way limit or change any obligation or liability of Contractor, including Contractor's obligations under this Section 3.13;

3.13.1.9 it must ensure that all slings, chains, tools and ancillary equipment used in conjunction with operating a piece of plant or equipment is tagged for compliance (and current) as required by Applicable Law before being used on the Site; and

3.13.1.10 it must obtain MSG's prior written consent before bringing on to the Site, any Contractor's Plant that is of such a size that it is likely to disrupt or interfere with Contractor's activities on the Site or on an Adjacent Property.

3.14 Permits, Fees and Notices.

3.14.1 Contractor shall prepare applications, obtain and pay for all applicable Permits and governmental fees, licensing costs and inspection costs that are customarily secured after signing of a construction contract, that are legally required at the time the Incentive Benchmark Amendment is executed, and that are necessary for the proper execution and completion of the Work. Such costs shall be a Cost of the Work and included in the Incentive Benchmark.

3.14.2 All Permits obtained by Contractor shall be in the name of MSG and shall be issued on MSG's behalf as required by Applicable Laws.

3.14.3 Except for Permits and fees that are the responsibility of Contractor under the Contract Documents, including Section 3.14.1, MSG shall secure and pay for necessary approvals, easements, assessments and charges required for construction, use or occupancy of permanent structures or for permanent changes in existing facilities.

3.14.4 In addition to its responsibilities under this Agreement, Contractor shall give all notices required by Governmental Authorities and comply with all Applicable Laws bearing on the performance of the Work.

3.14.5 If Contractor observes that any of the Contract Documents are at variance with any Permits or Applicable Laws in any respect, Contractor shall promptly notify MSG, Architect and Project Manager in writing. After consultation with Architect and Project Manager, to the extent that MSG determines that changes to the Contract Documents are necessary, then any such changes shall be accomplished by appropriate Change Order in accordance with Article 6.

3.15 Substitutions.

3.15.1 When several products or manufacturers are specified by the Contract Documents as being equally acceptable, Contractor has the option of using any product and manufacturer combination listed. When only one product or manufacturer is specified, no Substitution will be permitted, except as provided in this Section 3.15.

3.15.2 The Materials, products and equipment described in the Contract Documents establish the standard, required function, size, type, appearance and quality to be met by any proposed Substitution. Should Contractor wish to substitute a product by another manufacturer, Contractor shall submit a written request to MSG, Project Manager and Architect for approval of such product prior to incorporation into the Work. Each such request shall include the information required by this Agreement and the Specifications.

3.15.3 When a particular manufacturer's product or process is specified for an item of Work without designation of "or equal," no Substitution shall be made, and any Substitution is unacceptable except as provided herein, and MSG shall have no obligation to consider or accept such Substitution. However, if, in the judgment of Contractor, one of the conditions enumerated below exists with respect to any item so specified, Contractor may offer for MSG's consideration a Substitution. Substitutions will only be considered when such Substitution, in the opinion of MSG, is in the best interest of MSG. Architect and Project Manager will make recommendations to MSG regarding Substitutions offered by Contractor and MSG may, in its sole and absolute discretion, reject or approve such Substitution.

3.15.4 Requests for Substitutions of products or processes other than those specified in the Contract Documents shall be timely (so as not to delay the Construction Schedule), fully documented in writing and accompanied by evidence about the proposed Substitution including: (a) quality and serviceability to the specified item; (b) changes in details and construction of related work; (c) design and artistic effect; and (d) additional costs to MSG, if any. Contractor's submission of a request for Substitution shall be deemed its representation that the Substitution meets or exceeds the standards and qualities of the specified item being substituted, except to the extent such submission clearly explains in detail the deviation from such standards and qualities in clear, unequivocal prose. Adjustments to the Incentive Benchmark, if any, shall be described in an accompanying Change Request. Contractor shall furnish with its request such drawings, specifications, samples, performance data and other information as required to assist MSG, Project Manager and Architect in making their decision.

3.15.5 In responding to Contractor's request for a Substitution, MSG, Project Manager and Architect shall consider whether such requested Substitution is: (a) permitted by the bidding documents; (b) proposed as alternates to specified items; and (c) provides a more economical solution, system or material without compromising quality.

3.16 Documents and Samples at the Site.

3.16.1 Contractor shall maintain at the Site (or such other place as approved by MSG) up-to-date copies of: (a) all contracts entered into by Contractor for the Work (including this Agreement, all purchase orders, and all Subcontracts); (b) all Drawings, Specifications, Construction Change Directives, and Change Orders in good order and marked to record all changes made during construction; (c) Submittals; (d) As-Built Drawings; (e) the most recent Construction Schedule and Submittal Schedule; (f) applicable handbooks, maintenance and operating manuals and instructions; and (g) other related documents that arise out of such contracts or the Work. Contractor shall maintain records, in duplicate, of principal building layout lines, elevations of the bottom of footings, floor levels and key site elevations. Contractor shall make all such records available to MSG, Project Manager and Architect during normal business hours.

3.17 Shop Drawings, Product Data and Samples.

3.17.1 Contractor shall cooperate with MSG, Project Manager and Architect to develop an "online" system to be used by Architect, Contractor, MSG and Project Manager to facilitate quick and accurate communications and to provide for an up to date Submittal Schedule accessible by MSG, Project Manager and Architect.

3.17.2 Shop Drawings shall show dimensions, note whether they are based on field measurements, and indicate compliance with standards and special coordination requirements.

3.17.3 Before transmitting any Submittal to Architect, Contractor shall: (a) check such Submittal for conformity with the Contract Documents; (b) ensure that all errors, omissions or deviations

contained in such Submittal are corrected; (c) obtain a written certification from any Subcontractor that prepared the Submittal or a portion thereof that its work identified in the Submittal conforms to the requirements of the Contract Documents; and (d) affix Contractor's review stamp to such Submittal. Architect will annotate and correct the sepia, stamp the Shop Drawings with indication of Architect's action as appropriate, and return the sepia and one print to Contractor.

3.17.4 Corrected drawings resubmitted for review and approval shall have no changes other than those called for in the review notes on the previous submission. If Contractor shall alter any information on previously submitted Shop Drawings, besides the notations called for by the reviewing parties, Contractor must circle this new information to bring it to Architect's attention as well as fully explain it in writing with the resubmission.

3.17.5 [Not Used]

3.17.6 Contractor shall prepare (or cause to be prepared), review and submit to Architect, on the dates and in the sequence set forth in the Submittal Schedule so as to cause no delay in the Work or in the work of MSG or any Separate Contractor, all Submittals (a) required by the Contract Documents, (b) set forth in the Submittal Schedule, or (c) requested by Architect. Contractor shall coordinate Contractor's Submittals with those of other Separate Contractors to ensure consistency and timely submission of Submittals.

3.17.7 By preparing, reviewing and presenting Submittals, Contractor represents that Contractor has determined and verified all Materials, field measurements and field construction criteria related thereto and has checked and coordinated the information contained within such Submittals with the requirements of the Contract Documents.

3.17.8 Contractor shall not be relieved of responsibility for any deviation from the requirements of the Contract Documents by Architect's review of Submittals for design conformance with the requirements of the Contract Documents, unless Contractor has specifically informed Architect in writing of such deviation at the time of submission and Architect has given written approval to the specific deviation. Contractor shall not be relieved from responsibility for errors or omissions in the Submittals by Architect's approval of them.

3.17.9 Contractor shall direct specific attention, in writing or on resubmitted Submittals, to revisions other than those requested by Architect on previous Submittals.

3.17.10 No portion of the Work requiring submission of Submittals shall be commenced until the Submittal has been reviewed by Architect for design conformance with the Contract Documents. All such portions of the Work shall be in accordance with the reviewed Submittals.

3.17.11 Without limiting the foregoing provisions of this Section 3.17, Submittals must also satisfy the requirements of and be submitted in accordance with the terms and conditions set forth in the Specifications.

3.17.12 Shop Drawings shall be complete, sharp, clear and easily readable. Shop Drawings within a set shall be of uniform size, each with a title block and a space for review stamps, all in the lower right hand corner. All items shall be clearly identified with the name of the manufacturer, fabricator and installer, item designation, project name and location. Each submission shall clearly show the date of the original submission and of each subsequent revisions or resubmission. Shop Drawings shall indicate model numbers and other designations and shall reflect relations to related work and equipment. A clear space, approximately 4 x 4 inches in size, shall be provided on each print or transparency for Contractor and Architect's review stamp. Each Person reviewing Shop Drawings and/or affixing a review stamp shall include on such stamp the name of the reviewing party, the

date, outcome of the review and required further action (if any), among other items. The stamp which reflects Architect's review shall also include, or if not included, shall be deemed to include, the following:

> "Checking is only for conformance with the design concept of the Project expressed in the Contract Documents and compliance with the information given in the Contract Documents. Contractor is responsible for dimensions to be confirmed and correlated at the Site, for information that pertains solely to the fabrication process or to techniques of construction, and for coordination of the Work of all trades.
>
> Architect's stamp does not imply that the Work shown on Shop Drawings is all-inclusive of Contractor's responsibilities."

3.17.13 Contractor shall submit Shop Drawings only for complete systems. Partial submissions will not be permitted without the prior approval of Architect. Shop Drawings will be returned to Contractor without checking if they have been submitted in violation of specified procedures, have been inadequately checked by Contractor, are inadequate, or contain substantial error.

3.17.14 Contractor shall submit a minimum of six (6) copies of all Product Data, brochures, illustrations, printed charts, schedules and other such pre-prepared data. Contractor shall ensure that all such Submittals have been clearly marked to show the particular characteristics or model of the product to be approved, are properly labeled with the following information, and that all such information on such labels is true and correct:

Project name and location;
Name of Contractor;
Name of Subcontractor and manufacturer;
Name, finish and composition of the Material;
Location or applicability to the Work; and
Reference to specification section and drawing sheet number.

The labels shall include blank spaces sufficient for Contractor's and Architect's approval stamps. Upon approval, such Submittals will be stamped or labeled to indicate approval and two such Submittals will be returned to Contractor. Any approved Submittal retained by Architect will constitute the standard of quality and appearance of all Materials of the type represented by such Submittal. In the event any such Submittals are not approved, Contractor will be given reasons for disapproval and Contractor shall re-submit such Submittals until approval is obtained.

3.17.15 Contractor shall prepare and submit to Architect for approval, all Samples as required by the various technical sections of the Specifications. If not otherwise specified as to size, all samples shall be large enough to clearly represent all physical characteristics which have a bearing on the selection and appearance of the Material. Unless specified otherwise, Samples shall be submitted in quadruplicate. Contractor shall submit a minimum of six (6) copies of all Samples to Architect and shall submit such Samples in sufficient time to allow Architect reasonable time for consideration and so as not to delay progress of the Work in the event re-submission should be required. Contractor shall label each Sample with the following information, and shall ensure that all such information on such labels is true and correct:

Project name and location;
Name of Contractor;
Name of Subcontractor and manufacturer;
Name, finish and composition of the Material;
Location or applicability to the Work; and
Reference to specification section and drawing sheet number.

The labels shall include blank spaces sufficient for Contractor's and Architect's approval stamps. Upon approval, the Samples will be stamped or labeled to indicate approval and two samples will

be returned to Contractor. The approved Sample retained by Architect will constitute the standard of quality and appearance of all Materials of the type represented by the Sample to be installed. In the event Samples are not approved, Contractor will be given reasons for disapproval and Contractor shall re-submit Samples until approval is obtained.

3.18 Use of Site; Utilities.

3.18.1 Contractor shall confine operations at the Site to areas permitted by Applicable Law, the Ground Lease, ordinances, Permits, the Contract Documents, and as otherwise reasonably directed by MSG or Project Manager, so as to avoid unreasonably encumbering the Site with Materials and equipment.

3.18.2 Contractor shall coordinate all of Contractor's operations with, and secure approval from, MSG and Project Manager before using any portion of the Site.

3.18.3 All Work required by the Contract Documents shall be conducted in such manner as to cause as little interference with the continuous conduct of business on and within, or disruption to, Adjacent Property as is reasonably possible, and in such manner as will seek to reduce to a minimum any inconvenience to those occupying such Adjacent Property, their patrons, employees and other invitees.

3.18.4 Contractor shall be wholly responsible for all storage and safekeeping of its tools, equipment and Materials at all times.

3.18.5 Signs, placards, posters, or other advertising material will not be allowed on any part of the Site without the prior written permission of MSG.

3.18.6 Contractor shall arrange, construct or cause to be constructed all necessary utility connections to service the Facility in accordance with the Drawings and Specifications. Contractor shall be responsible for providing necessary temporary utilities (including but not limited to electricity, water, sanitary facilities and communication/technology facilities) to perform the Work.

3.19 Cutting and Patching of Work.

3.19.1 Contractor shall be responsible for all cutting, fitting or patching that may be required to complete the Work or to make its several parts fit together properly. Contractor shall not damage or endanger any portion of the Work, the existing improvements, or the work of MSG or any Separate Contractors by cutting, patching or otherwise altering any work, or by excavation. Contractor shall not cut or otherwise alter the work of MSG or any Separate Contractor except with the written consent of MSG and of such Separate Contractor. Contractor shall not unreasonably withhold from MSG or any Separate Contractor consent to cutting or otherwise altering the Work. MSG and Separate Contractors shall have reciprocal obligations as contained in this Section 3.19.1 to Contractor.

3.20 Cleaning Up; Recycling.

3.20.1 Contractor shall be responsible for the overall cleanliness and neatness of Work and portions of the Site affected by the performance of the Work. Contractor shall: (a) at all times keep all areas affected by the Work free from accumulation of waste materials, rubbish and debris caused by the operations of Contractor, Subcontractors and sub-subcontractors; (b) leave the Work neat and broom clean at the end of each Day; and (c) establish and enforce a clean-up and recycling program for every Person performing Work on the Site. Contractor shall use commercially reasonable efforts to prevent dust from accumulating on, or otherwise affecting, the Site or Adjacent Property.

3.20.2 Contractor shall maintain and keep the sidewalks and other areas adjacent to or above the Project Site in safe order, repair and condition (including the prompt repair of potentially hazardous or dangerous cracks therein and the maintenance of an even level thereof on portions accessible by the public) to the extent the foregoing is impacted by Contractor's performance of the Work.

3.21 Project Close-Out.

3.21.1 At the date of Substantial Completion, Contractor shall have coordinated, scheduled and observed the checkout of utilities, operational systems and equipment for readiness by each of its Subcontractors and shall have completed their initial start-up, personnel training and testing as required by the Contract Documents.

3.21.2 Upon the Substantial Completion of the Work, Contractor shall remove from and about the Project Site and surrounding areas Contractor's tools, construction equipment, machinery, surplus materials, waste materials and rubbish.

3.21.3 After the date of Substantial Completion but before Final Completion, Contractor shall furnish to MSG and Project Manager the As-Built and Record Drawings. Such As-Built Drawings shall note all deviations between the Work and the Drawings and Specifications, including those deviations resulting from Change Orders.

3.22 Survey Marks.

3.22.1 In this Section 3.22, "survey mark" means a survey peg, bench mark, reference mark, signal alignment, level mark or other mark used for the purpose of setting out, checking or measuring the Work.

3.22.2 Unless stated otherwise in this Agreement, MSG must supply to Contractor the information and survey marks necessary to enable Contractor to set out the Work. It is Contractor's responsibility to accurately set out the Work based on these survey marks and information, after verifying their correctness.

3.22.3 Contractor must rectify any disturbance or obliteration of MSG's survey marks unless the disturbance or obliteration was caused by MSG or someone for whom MSG is responsible.

3.23 Inspection and Testing.

3.23.1 MSG, Architect and Project Manager or their nominee may inspect the Work, on reasonable notice to Contractor at any time, including any inspection or test to determine whether the Work complies with the Drawings and Specifications. Inspections and tests by MSG, Architect or Project Manager shall not be constructed as acceptance of the Work nor a waiver of any of MSG's rights under this Agreement.

3.23.2 Contractor shall develop a checking and testing procedure, subject to MSG's review and approval, that will ensure that all systems are adequately tested and balanced prior to their acceptance by MSG. Such checking and testing procedure shall include all tests and inspections required by the Contract Documents. Contractor shall cooperate with all other Persons providing testing in connection with the Project. Contractor shall keep an accurate record of all tests, inspections conducted, findings, and test reports for the Work to the extent prepared by or on behalf of Contractor or provided to Contractor.

3.23.3 If the Contract Documents or Applicable Laws require any portion of the Work to be inspected, tested or approved, Contractor shall give MSG, Architect and Project Manager timely notice (but

in no event less than five (5) Business Days) of its readiness so Architect, MSG and/or Project Manager may observe such inspection, testing or approval.

3.23.4 If MSG, Architect or Project Manager determines that any Work requires special inspection, uncovering, testing or approval not identified in the Contract Documents, then Project Manager will, upon written authorization from MSG, instruct Contractor to order such special inspection, uncovering, testing or approval, and Contractor shall give notice of such special inspection, testing or approval. If such special inspection or testing reveals a failure of the Work to comply with the requirements of the Contract Documents, Contractor shall correct such failure without recovery as a Cost of the Work and without an increase to the Incentive Benchmark or an adjustment to the Substantial Completion Date; otherwise MSG shall bear such costs, and an appropriate Change Order shall be issued.

3.23.5 Required certificates of inspection, testing or approval shall be secured by Contractor and Contractor shall promptly deliver them to Project Manager and Architect.

3.24 Pre-Term Work.

3.24.1 The Parties agree that the terms and conditions of this Agreement shall apply on a retroactive basis to the Preconstruction Services and the LNTP Work. The Parties further agree that the Preconstruction Agreement and the LNTP are deemed to have automatically terminated as of the date hereof and are of no further force or effect.

3.24.2 Any amounts paid by MSG to the Contractor pursuant to the LNTP or the Preconstruction Services Agreement shall be represented in the Incentive Benchmark Proposal as a credit to MSG.

ARTICLE 4
PRICING METHODOLOGY AND PRICING COMPONENTS

4.1 Pricing Overview.

4.1.1 The pricing methodology to be used for performance of the Work is based on a "cost of the work plus a fee" as part of an overall Incentive Benchmark, subject to the pricing of Subcontracts which will be as set forth in Section 11.1.1. The "Cost of the Work" is defined in Section 4.8 and the Contractor's Fee is defined in **Schedule E-1**. Contractor and MSG shall work together pursuant to the terms of this Article 4 and in accordance with the Incentive Benchmark Development Schedule, so as to develop the Incentive Benchmark Proposal and enter into the Incentive Benchmark Amendment (provided, however, that MSG has no obligation to accept the Incentive Benchmark Proposal or enter into the Incentive Benchmark Amendment).

4.1.2 Contractor acknowledges and accepts that MSG requires an open and transparent pricing model. Contractor agrees, and shall require its Subcontractors to agree in their Subcontracts, that Contractor and each Subcontractor shall provide the level of transparency and detail required by MSG.

4.1.3 Contractor also acknowledges and accepts that, except as otherwise approved by MSG, MSG desires that all of the elements of the Work be the subject of competition and shall take all commercially reasonable steps to ensure that each element of the Incentive Benchmark is as low as possible.

4.1.4 Contractor acknowledges that MSG's agreement to the Incentive Benchmark is not a recognition of what the Cost of the Work will ultimately be and that the purpose of the Incentive Benchmark is to determine the Contractor's Fee.

4.2 Early Work Packages

4.2.1 The Work may be divided into one or more phases or packages which will be ready for commencement of construction before the Incentive Benchmark for the entire Work has been agreed. Or, MSG may require certain preliminary Work to be performed in preparation for the balance of the Work. If MSG elects to proceed with a particular portion of the Work before the Parties arrive at the Incentive Benchmark, Contractor shall develop proposals for any such phases or packages of the Work ("**Early Work Packages**"). For each Early Work Package, MSG and the Contractor shall enter into an "**Early Work Authorization Agreement**" in a mutually acceptable format (including in the form of a field order) executed by both MSG and Contractor and which (a) describes the Work to be performed thereunder, (b) establishes at MSG's direction, pricing on a time and materials, fixed price or unit price basis for that portion of the Work, and (c) establishes a Substantial Completion Date for that portion of the Work. Notwithstanding anything in this Agreement or the Contract Documents to the contrary, MSG acknowledges and agrees that the Incentive Benchmark is not guaranteed by Contractor, except to the extent components of the Incentive Benchmark are fixed or guaranteed pursuant to the terms of the Subcontracts (but subject to the rights of adjustment of the fixed or guaranteed price that exist under any such Subcontracts).

4.2.2 The price and scope of Work that is the subject of the Early Work Authorization Agreement will be included in the Incentive Benchmark Proposal developed pursuant to Section 4.5 and the Early Work Authorization Agreement shall be of no further force and effect and shall be superseded by the Incentive Benchmark Amendment.

4.2.3 Unless otherwise stated in the Early Work Authorization Agreement, execution by MSG and delivery to Contractor of the Early Work Authorization Agreement shall constitute notice to proceed for the Work specified therein.

4.3 [Not used]

4.4 Incentive Benchmark Proposal Development

4.4.1 MSG shall cause Architect to deliver to Contractor the Incentive Benchmark Drawings and Specifications. Prior to submitting the Incentive Benchmark Proposal, Contractor shall carefully review the Incentive Benchmark Drawings and Specifications and carefully compare all existing conditions to the requirements of the Incentive Benchmark Drawings and Specifications. Based on such review and the work performed by, and knowledge gained by, Contractor during the Preconstruction Services and the LNTP Work, Contractor shall promptly notify MSG in writing: (a) of all known errors, inconsistencies or omissions in the Incentive Benchmark Drawings and Specifications; and (b) if Contractor believes the Incentive Benchmark Drawings and Specifications are not sufficient to enable Contractor to proceed with performance of the Work and otherwise fulfill its obligations under the Contract Documents.

4.5 Incentive Benchmark Proposal

4.5.1 Contractor shall prepare the Incentive Benchmark Proposal in accordance with the Standard of Care, to reflect Contractor's best estimate of what the Cost of the Work will ultimately be, without any allowance for contingencies or reserves (other than the Allowances provided for in Section 4.11.1). Contractor acknowledges receipt of the Incentive Benchmark Drawings and Specifications by electronic transmittal on May 18, 2019 and shall deliver the Incentive Benchmark Proposal to MSG on or before July 17, 2019.

4.5.2 The Incentive Benchmark Proposal shall include, in addition to the Incentive Benchmark Qualifications and Assumptions:

4.5.2.1 a detailed schedule of values detailing:

4.5.2.1.1 the estimated Cost of the Work to be incurred by Contractor organized by trade categories (which shall include any Costs of the Work incurred under the LNTP and under any Early Work Package Agreements (including to the extent such Work has been fully bought out or completed));

4.5.2.1.2 all estimated Allowances listed in accordance with Section 4.5.2.4;

4.5.2.1.3 estimated General Conditions Costs and General Requirements Work Expenses, including wages, rates and burdens (based on the rates set forth in **Schedule Q** together with any other wages, rates and burdens to be agreed to with MSG);

4.5.2.1.4 the Allocation; and

4.5.2.1.5 the Contractor's Fee, as set forth in **Schedule E**,

4.5.2.2 a statement of the proposed Incentive Benchmark, which proposed Incentive Benchmark will equal the sum of the amounts listed in the detailed schedule of values described in Section 4.5.2.1;

4.5.2.3 Contractor's Incentive Benchmark Qualifications and Assumptions;

4.5.2.4 a list of proposed Allowances and for each such Allowance, the estimated amount for such Allowance and a statement of its basis, as more fully described in Section 4.11;

4.5.2.5 a schedule of applicable alternate prices (for alternates requested by MSG);

4.5.2.6 a proposed Construction Schedule and a proposed Submittal Schedule;

4.5.2.7 a schedule of unit prices to be used in the calculation of Change Order amounts; provided that the failure of the Parties to agree on such unit prices will not affect the effectiveness of the remainder of the Incentive Benchmark Proposal;

4.5.2.8 a proposed Staffing Plan (which Staffing Plan shall include the staff of major Subcontractors as agreed between the Parties);

4.5.2.9 the time limit for validity of the Incentive Benchmark Proposal (which shall not be less than ninety (90) Days and may be extended by the Parties by mutual agreement); and

4.5.2.10 any not to exceed amounts required by MSG with respect to individual trade packages or other packages of the Work.

4.5.3 To the extent that the Incentive Benchmark Drawings and Specifications are anticipated to require further development by Architect, Contractor shall provide in the Incentive Benchmark Proposal for such further development consistent with the Contract Documents.

4.5.4 MSG shall be entitled to full access to all details of the process of preparing the Incentive Benchmark Proposal. Contractor shall comply with the requirements of Article 11, including making available to MSG upon request all Subcontractor bids and underlying documentation upon

which the Incentive Benchmark Proposal is based. It is the intent of this Agreement that the Incentive Benchmark will minimize the Allowances, assumptions, clarifications and any other elements that could lead to Change Orders or to the actual Cost of the Work exceeding the Incentive Benchmark.

4.5.5 Promptly after Contractor delivers the Incentive Benchmark Proposal to MSG, the Project Development Team shall meet to review and confer about the Incentive Benchmark Proposal. If MSG, Project Manager, or Architect discovers any inconsistencies or inaccuracies in the Incentive Benchmark Proposal, then they shall promptly notify Contractor, who shall make appropriate adjustments to the Incentive Benchmark Proposal. The reconciliation shall be documented by an addendum to the Incentive Benchmark Qualifications and Assumptions that shall be approved in writing by MSG and Contractor. The Project Development Team shall work cooperatively in a diligent manner to review and assess the Incentive Benchmark within twenty-one (21) Days after Contractor provides the Incentive Benchmark Proposal to MSG; provided that MSG may extend such time (subject to the time limit specified in Section 4.5.2.9 above), if necessary.

4.5.6 If, within the twenty-one (21) day (or such longer) period, MSG (in its sole discretion) rejects the Incentive Benchmark Proposal, MSG may, at its election: (a) terminate this Agreement within seven (7) days' notice of termination for convenience and without cause pursuant to Section 18.6.1; (b) direct Contractor to perform Value Engineering in accordance with the following paragraph, or (c) direct Contractor to perform certain packages of the Work selected by MSG on the terms set forth in this Agreement; provided that, in the context of (c) Contractor's Fee shall be the flat rate identified in Section B of **Schedule E-1** hereto.

4.5.7 If MSG so requests pursuant to Section 4.5.6(b) above, Contractor shall notify the Project Development Team promptly and thereafter, diligently work with Project Manager, MSG, and Architect to develop Value Engineering and other cost-saving alternatives to reduce the proposed Incentive Benchmark to an amount acceptable to MSG and within the time requested by MSG; provided, however, that MSG has no obligation to incorporate into the Drawings and Specifications any alternatives proposed by the Contractor (except to the extent any such alternatives are accepted in writing by MSG). If MSG still does not approve the Incentive Benchmark Proposal (whether with or without any of the Value Engineering or other cost-saving alternatives developed by Contractor), then at MSG's request, MSG and Contractor will meet and confer in good faith to discuss such modifications to the Incentive Benchmark Proposal that will make the Incentive Benchmark Proposal acceptable to MSG and Contractor.

4.6 Incentive Benchmark Amendment

4.6.1 MSG and Contractor shall use good faith efforts to promptly negotiate the Incentive Benchmark Amendment. If MSG approves the Incentive Benchmark Proposal, MSG and Contractor will enter into a "Incentive Benchmark Amendment" based upon the approved Incentive Benchmark Proposal, including the associated Incentive Benchmark Drawings and Specifications, Incentive Benchmark Qualifications and Assumptions, Construction Schedule and other agreed to documents. Upon execution of the Incentive Benchmark Amendment, the Incentive Benchmark Amendment and its Schedules shall become part of the Contract Documents and shall have the same effect as a Schedule to this Agreement. Upon execution of the Incentive Benchmark Amendment, the proposed Construction Schedule attached thereto shall become the "Construction Schedule".

4.6.2 The Incentive Benchmark and Construction Schedule, once established, shall be modified only upon the issuance of properly-authorized Change Orders or Construction Change Directives signed by MSG. The Incentive Benchmark shall be based upon completion of the Work pursuant to the

Substantial Completion Date, the Long Stop Development Completion Date and other dates set forth in the Construction Schedule.

4.7 [Not Used]

4.8 Cost of the Work.

4.8.1 [*****]

4.8.2 [*****]

4.8.3 Notwithstanding the breakdown or categorization of any costs to be reimbursed in this Article 4 or elsewhere in the Contract Documents, there shall be no duplication of payment if any particular item for which payment is requested can be characterized as falling into more than one of the types of compensable or reimbursable categories. Whenever Contractor has been paid, as a Cost of the Work or otherwise, amounts that are recovered from any other source (e.g., a Subcontractor, any insurer, surety or other third party), Contractor shall credit MSG with any amounts recovered.

4.8.4 Whenever additional overtime, extra-shift work or similar premium Work is used on the Project, Contractor shall implement such Work in a cost efficient manner. Before commencing any additional overtime, extra-shift work or similar premium work, Contractor shall obtain the prior written consent of MSG; provided that such consent may be sought and obtained through look ahead schedules or other mechanisms that avoid the need for individual consents.

4.8.5 The actual Cost of the Work shall be adjusted to reflect any and all discounts, including trade, quantity and cash discounts, rebates, refunds and other similar considerations; provided, however, that MSG provides any funds when needed to obtain such considerations. Such considerations shall accrue exclusively to the benefit of MSG unless MSG does not provide funds, in which case it accrues to Contractor. Contractor agrees to use commercially reasonable efforts to secure such considerations on behalf of MSG.

4.8.6 Upon Substantial Completion, Contractor shall submit a list of any tools, equipment, or office equipment purchased for the Project above the value of Five Hundred Dollars ($500.00) and for which MSG has paid as a Cost of the Work. If MSG so elects, any such tools or equipment shall be delivered to MSG at the end of the Project. If MSG elects not to take title to any such tools or equipment, then MSG shall be credited with the fair market value thereof as a deduction against the Cost of the Work via the following Application for Payment.

4.8.7 Contractor shall not be entitled to recover the Contractor's Fee for the Cost of the Work for Contractor's own insurance premiums, the premium for or any other payments or costs associated with the CoCIP program referred to in **Schedule C** or the premium for bonds (if required by MSG).

4.8.8 Except to the extent expressly permitted by Section 4.8.1, Contractor shall only invoice MSG for internal or third party costs that are directly attributable to this Project.

4.9 General Conditions Costs and General Requirements Work Expenses.

4.9.1 With each of its monthly invoices, Contractor shall provide MSG and Project Manager with a detailed spreadsheet that identifies the General Conditions Costs and General Requirements Work Expenses that Contractor has incurred for that month and all previous months, broken out by the specific types of General Conditions and in the level of detail reasonably requested by MSG. To the extent the General Conditions Costs and/or General Requirements Work Expenses exceed the estimate provided by Contractor to MSG, Contractor shall provide written reasons for such overruns.

4.9.2 Included in the General Conditions Costs will be an amount equal to [*****] of the actual Cost of the Work (the "Staff Incentive Amount"), which will be distributed by Contractor, at its sole discretion, as bonuses to Contractor's staff and personnel that have been involved with the Project (regardless of whether such involvement was full time, part time, on Site or at the home office). Contractor shall not be entitled to any Fee or any other markups or overhead of any kind, on any portion of the Staff Incentive Amount.

4.10 Allocation

4.10.1 Subject to the other provisions of this Section 4.10, Contractor may use the Allocation in accordance with **Schedule F**. Contractor may not use any portion of the Allocation without first obtaining MSG's prior written approval (which approval shall not be unreasonably withheld) except where Contractor is entitled to use the Allocation without MSG's prior consent, as set forth in **Schedule F**.

4.10.2 To the extent MSG's prior written approval to an Allocation expenditure is required, Contractor shall provide written notice to MSG of its intent to use the Allocation, which notice shall include a description and amount of the Cost of the Work to be covered by said expenditure, the efforts made to avoid the expenditure and the efforts Contractor will make to replenish the Allocation. MSG shall either provide approval or state the reasons for its disapproval in writing within five (5) Business Days after MSG receives a request from Contractor to use the Allocation. Subject to the terms in this Agreement, MSG's approval of such request shall not unreasonably delay the performance of the Work.

4.10.3 Contractor shall not be entitled to any Fee, General Conditions Costs, General Requirement Work Expenses, or any other markups or overhead of any kind, on any portion of the Allocation that is not used. In addition, Contractor shall not be entitled to any Fee, General Conditions Costs, General Requirement Work Expenses, or any other markups or overhead of any kind, on any portion of the Allocation that is used for legal expenses as described in Section 2.1(c) of **Schedule F**.

4.10.4 Whenever Contractor has been paid out of the Allocation, and such amounts paid may be recoverable from a third party, such as a Subcontractor, insurance company or surety, Contractor shall diligently and in good faith pursue recovery and any recovery obtained by Contractor shall be credited back to the Allocation. Contractor shall keep MSG informed of the status of its recovery efforts, and will not cease in its pursuit without first obtaining MSG's consent, which consent shall not be unreasonably withheld.

4.10.5 Contractor shall provide monthly written reports to MSG and Project Manager of its use of the Allocation (and any replenishment thereof).

4.11 Allowance Amounts.

4.11.1 The Incentive Benchmark Amendment may contain allowances as part of the Cost of the Work only if the Incentive Benchmark Drawings and Specifications do not include sufficient specificity, detail or certainty for Contractor to incorporate pricing into the Incentive Benchmark Amendment ("**Allowance**"). For these Allowances, Contractor shall propose its estimates of the cost for the Allowance item and accounting for the unique features of this Project, its location, information available, local labor rates and MSG's directions.

4.11.2 The estimate of the cost for each Allowance item shall be subject to Contractor's Fee (calculated in accordance with **Schedule E-1**). No work shall be performed on any Allowance without the Contractor first obtaining MSG's approval. Contractor represents to MSG that the estimate of the

cost for each Allowance item is reasonable based on the information known by Contractor at the time of the Incentive Benchmark Amendment. Unless otherwise noted in the Contract Documents, the Cost of the Work for any Allowance in the Incentive Benchmark shall include all labor, material, equipment, taxes, transportation, Subcontractor overhead and profit, and insurance associated with the applicable Allowance. Contractor's overall project management and overhead and its General Conditions Costs associated with any Allowance are deemed to be included in the Incentive Benchmark set forth in the Incentive Benchmark Amendment, and are not subject to adjustment, regardless of the actual amount of the Allowance.

4.11.3 Contractor shall continue to work with other members of the Project Development Team to develop a final price for each portion of the Work covered by an Allowance promptly after MSG has finalized its selection of items and Architect has completed all related Contract Documents associated with any such Allowance. Contractor shall give notice to MSG of the final amount. MSG thereafter shall promptly elect to either:

4.11.3.1 Issue a Change Order increasing or reducing the Incentive Benchmark (with any associated increase or decrease in the Contractor's Fee) by the difference between the estimate of the cost for each Allowance item set forth in the Incentive Benchmark Amendment and the final amount agreed upon by Contractor and MSG to furnish or construct the Allowance item. For any such Change Order reducing the Incentive Benchmark, such reduction shall accrue solely to MSG; and/or

4.11.3.2 Direct Architect to undertake the redesign of the Allowance item or any other item of Work in such a manner that the Allowance item can be installed without the Incentive Benchmark being exceeded or the Construction Schedule being extended. If MSG elects to so redesign, Contractor agrees to cooperate with MSG, Architect, and any other consultant of MSG in order to reduce the cost of constructing or furnishing the Allowance item or any other item of Work. Contractor shall not be responsible for consultant fees incurred by MSG in the event of a redesign effort.

4.12 [Not Used]

4.13 Subcontract Buy-Out.

4.13.1 Through bidding and negotiation with Subcontractors pursuant to Article 11, Contractor shall use its best efforts to obtain the best value for the Work which shall be reflected in Subcontracts entered into by Contractor for performance of the Work. Where a Subcontract price is selected by MSG pursuant to Section 11.1.1 to be a fixed price, the difference between (i) the fixed price of the Subcontract amounts in the estimate used to establish the Incentive Benchmark, and (ii) the fixed price of the actual Subcontract amounts entered into by Contractor for performance of the Work (taking into consideration any early payment or similar discounts) shall hereinafter be referred to as "**Buy-Out Savings**".

4.13.2 Buy-Out Savings shall be tracked and calculated by Contractor and reported to MSG and Project Manager in a **"Subcontract Buy-Out Log"** as each Subcontract is entered into and upon Substantial Completion of the Work (such process referred to as the "**Subcontract Buy-Out**"). The Subcontract Buy-Out Log shall be prepared on a line item basis in a form reasonably acceptable to MSG and Project Manager which identifies the specific scope of Work and Subcontractor in each line item for which the pricing has been fixed in the Subcontract and the amount of such pricing, the scope and estimated Cost of the Work in each line item that has not been fixed in the Subcontract, and any "savings" or amounts not reasonably anticipated by Contractor to be required for payment for Cost of the Work under the respective line item.

4.13.3 Prior to the issuance of an Early Work Authorization Agreement or the Incentive Benchmark Amendment, Contractor shall provide updated copies of the Subcontractor Buy-Out Log on a monthly basis. Thereafter, a copy of the updated Subcontract Buy-Out Log shall be furnished with Contractor's Application for Payment, until the Subcontract Buy-Out is complete.

4.13.4 Contractor shall report to MSG and Project Manager the proposed adjustments to the Schedule of Values to reflect the difference between the sum of the Subcontract amounts in the Schedule of Values used to establish the Incentive Benchmark and the sum of the actual amounts of the Subcontracts entered into by Contractor for performance of the Work. The Incentive Benchmark shall be reduced by an amount equal to the total Buy-Out Savings. Contractor's Subcontract Buy-Out Log shall be revised to accurately reflect such adjustments and transfers. Buy-Out Savings shall be separately tracked in the Schedule of Values.

4.13.5 Notwithstanding anything herein to the contrary, it is expressly acknowledged and agreed that the Incentive Benchmark agreed upon in the Incentive Benchmark Amendment will not be based upon and will not establish individual guaranteed line items for the various components of the Work which make up the Incentive Benchmark, nor is the Incentive Benchmark itself guaranteed; provided, however, that to the extent one or more portions of the Incentive Benchmark are fixed or guaranteed pursuant to the Subcontracts, such fixed or guaranteed amounts will appear as fixed or guaranteed individual line items and be tracked in the Subcontract Buy-Out Log.

ACTICLE 5
TIME AND DELAYS

5.1 Definitions.

5.1.1 TIME IS OF THE ESSENCE OF THIS AGREEMENT. Contractor shall perform the Work in accordance with the Construction Schedule so as to achieve Substantial Completion on or before the Substantial Completion Date. Notwithstanding anything to the contrary in the Contract Documents and notwithstanding the fact that, except as set out in Section 4.2.1, the Incentive Benchmark is not a guaranteed cap, the Substantial Completion Date and the Long Stop Development Completion Date shall not be adjusted except by a properly executed Change Order or Construction Change Directive signed by MSG.

5.1.2 The date of Substantial Completion is the date certified by Project Manager pursuant to Section 13.15 when Substantial Completion has been achieved pursuant to the terms of this Agreement. The date of Final Completion is the date certified by Project Manager pursuant to Section 13.16 when Final Completion has been achieved pursuant to the terms of this Agreement.

5.2 Progress and Completion.

5.2.1 Contractor shall perform the Work expeditiously and shall achieve Substantial Completion by the Substantial Completion Date. The Substantial Completion Date shall only be adjusted in accordance with this Agreement. Where there is an adjustment to the Substantial Completion Date, the Long Stop Development Completion Date shall be equally adjusted on a day for day basis; provided, however, that Contractor shall use all commercially reasonable efforts to avoid the need for an adjustment to the Long Stop Development Completion Date by accelerating or resequencing the Work, the costs of which shall be dealt with in accordance with Section 5.4 below.

5.3 Delays and Extensions of Time.

5.3.1 To the extent the performance by Contractor of any activity on the critical path of the Construction Schedule is delayed by reason of, and only by reason of, an MSG Act, an event of Force Majeure or another event expressly identified in this Agreement as giving Contractor the right to seek an

adjustment, then the Substantial Completion Date may be extended as provided in this Section 5.3; provided that in each instance the notice provisions and other conditions and requirements of this Section 5.3 are satisfied as a precondition to any entitlement of Contractor to the adjustments set forth herein. Any adjustment to the Substantial Completion Date shall be limited to the period of time that an activity on the critical path of the Construction Schedule is actually delayed by the MSG Act, the other events giving Contractor the right to seek an adjustment or the event of Force Majeure described in such notice. For periods of delay caused by reason of:

5.3.1.1 an MSG Act, Contractor shall be entitled, subject to the requirements of Article 6, to an adjustment to the Incentive Benchmark based upon any actual and proven increase in the Cost of the Work as a result of the MSG Act;

5.3.1.2 an event of Force Majeure, the provisions of Section 5.3.6 shall apply with respect to any cost recovery entitlement of Contractor; and

5.3.1.3 an event expressly identified in this Agreement as giving Contractor the right to recover additional cost in addition to an adjustment to the Substantial Completion Date, then the terms of the relevant provision shall apply,

5.3.1.4 provided, however, that any claim by Contractor for an adjustment to the Incentive Benchmark or for additional Cost of the Work shall be subject to audit by MSG and Contractor shall make all of its and its Subcontractors' books and records available to MSG or its nominee for such audit, upon MSG's request.

5.3.2 As a precondition to any entitlement to an adjustment to the Substantial Completion Date in accordance with this Section 5.3, Contractor shall use reasonable efforts: (x) to mitigate the effects and duration of, and costs arising from, any suspension or delay in the performance of its obligations under the Contract Documents; (y) to the extent reasonably possible, continue to perform its obligations under the Contract Documents; and (z) to the extent reasonably possible, remedy its inability to perform the Work or a portion thereof.

5.3.3 Contractor shall notify MSG and Project Manager in writing of any MSG Act for which it seeks an adjustment to the Substantial Completion Date no later than ten (10) Business Days after Contractor has knowledge of the event that caused the delay for which it seeks an adjustment, or reasonably should have had knowledge, in accordance with the Standard of Care, of the event that caused the delay for which it seeks an adjustment, whichever is sooner.

5.3.4 Within a further ten (10) Business Days of Contactor's initial written notice of the MSG Act that caused the delay for which Contractor seeks an adjustment, Contractor shall provide a written estimate of the probable effect of such delay on the progress of the Work to the extent then known.

5.3.5 If Contractor is entitled to an adjustment to the Substantial Completion Date under this Section 5.3 due to an MSG Act or an event of Force Majeure, then the Substantial Completion Date shall be adjusted pursuant to a Change Order in accordance with Section 5.3.8 to the extent Contractor demonstrates using critical path analysis and the most recent monthly update of the Construction Schedule approved by MSG that the performance of the Work or the achievement of Substantial Completion, as applicable, will be delayed by such MSG Act or event of Force Majeure, despite Contractor's notification of the event to MSG.

5.3.6 If Contractor experiences one or more events of Force Majeure, the following provisions shall apply:

5.3.6.1 Contractor shall give written notice of the occurrence of the event of Force Majeure to MSG and Project Manager within five (5) Business Days and shall take all steps required by this Agreement to protect the Work.

5.3.6.2 If MSG agrees that an event of Force Majeure has occurred then, within five (5) Business Days of receipt of such notice, Contractor and MSG shall meet and discuss whether, based on the probable magnitude and duration of the impact of the event of Force Majeure, the delay to the Work for that particular event of Force Majeure is likely to exceed sixty (60) Days.

5.3.6.3 If the impact of the event of Force Majeure is likely to continue for sixty (60) Days, MSG may direct Contractor and its Subcontractors to demobilize from the Site and MSG shall pay [*****] of the reasonable and actual costs of demobilization of Contractor and its Subcontractors. Contractor shall be responsible for the other [*****] of such costs.

5.3.6.4 Subject to Section 5.3.6.5, if, after the cessation of the impact of the event of Force Majeure, MSG directs Contractor to remobilize, MSG shall pay [*****] of the reasonable and actual costs of remobilization of Contractor and its Subcontractors. Contractor shall be responsible for the other [*****] of such costs.

5.3.6.5 If the impacts of the event of Force Majeure continue for longer than the ninety (90) consecutive Days, MSG may terminate this Agreement for its convenience in accordance with Section 18.6.1 hereof and shall owe no further amounts to Contractor or its Subcontractors, other than amounts described in Section 18.6.2 hereof.

5.3.7 Notwithstanding any other provision of the Contract Documents to the contrary, Contractor shall not be entitled to an increase in the Incentive Benchmark, or to recover as a Cost of the Work, to the extent that an MSG Act or event of Force Majeure occurs concurrently with a delay attributable to Contractor; or on account of the delay of any Work not on the critical path.

5.3.8 The requirements set forth in this Section 5.3 are express conditions precedent to Contractor's right to pursue a claim for an adjustment to the Substantial Completion Date or additional cost. Any adjustment to the Construction Schedule shall be set forth in a Change Order executed by MSG and Contractor.

5.4 Contractor's Recovery Plan.

5.4.1 In the event that at any time: (a) Contractor, MSG or Project Manager determines, or (b) the Construction Schedule indicates, that Substantial Completion is unlikely to be achieved on or before the Substantial Completion Date, MSG may request Contractor to provide a Recovery Plan within five (5) Business Days of such determination or indication. Such Recovery Plan shall be subject to approval by MSG and shall set forth a reasonably detailed description of the corrective measures Contractor intends to take to recover and expedite the progress of the Work, including, without limitation: (x) working additional shifts or overtime or resequencing the Work; (y) supplying additional manpower, equipment, and facilities; and (z) other similar measures (referred to collectively as "**Extraordinary Measures**").

5.4.2 MSG shall respond within five (5) Business Days of the receipt of the Recovery Plan. MSG shall not unreasonably withhold, condition or delay MSG's approval of the submitted Recovery Plan. If MSG disapproves the Recovery Plan (or a portion thereof), Contractor shall resubmit the revised Recovery Plan within five (5) Business Days of the disapproval.

5.4.3 Contractor shall diligently implement each approved Recovery Plan and provide weekly updates thereto to MSG. Such Extraordinary Measures shall continue until the progress of the Work complies with the stage of completion required by the Construction Schedule. MSG's right to require Extraordinary Measures is solely for the purpose of ensuring Contractor's compliance with the Construction Schedule.

5.4.4 Unless an entitlement to an adjustment to the Substantial Completion Date exists pursuant to Section 5.3, Contractor shall not be entitled to an adjustment to the Incentive Benchmark or the Substantial Completion Date in connection with Extraordinary Measures required by MSG under or pursuant to this Section 5.4; provided, however, that Contractor may have the right to seek to use the Allocation pursuant to Section 4.10. To the extent Contractor is entitled to an adjustment to the Substantial Completion Date, MSG shall issue a Change Order that reflects an adjustment to the Incentive Benchmark based on the Cost of the Work incurred in connection with Extraordinary Measures, which payment shall be in lieu of the adjustment to the Substantial Completion Date.

5.4.5 MSG may exercise the rights furnished to MSG under or pursuant to this Section 5.4 as frequently as MSG deems reasonably necessary to ensure that Contractor's performance of the Work will comply with the Construction Schedule and ensure the Work achieves Substantial Completion by the Subs.

5.5 Liquidated Damages.

5.5.1 Contractor acknowledges that:

5.5.1.1 MSG is incurring substantial and unprecedented costs to construct the Project as a first class, state of the art entertainment venue;

5.5.1.2 to warrant the incurrence of such costs and the risks being undertaken in connection with the design and construction of the Project, MSG has developed a business plan that will generate substantial revenues and provide substantial new business opportunities that cannot be fully realized if Substantial Completion does not occur by the Substantial Completion Date;

5.5.1.3 as an essential part of the consideration from Contractor under this Agreement, Contractor has committed to achieve Substantial Completion not later than the Substantial Completion Date, which will allow MSG, among other things, the opportunity to use and enjoy the Facility fully from and after that date; to book, announce and ticket events at the Facility; and to ensure that the Facility can be opened and operated from the date of the first public event, which is essential to the preservation of the goodwill and reputation of MSG, the fulfilment of MSG's obligations under the Ground Lease and the long term financial success of the Project;

5.5.1.4 if Substantial Completion does not occur by the Substantial Completion Date, MSG will suffer substantial harm, the damages for which are incapable or very difficult to estimate accurately; will entail substantial cost and inconvenience; and will be difficult for the Parties to prove and calculate; and

5.5.1.5 the elements of such harm are expected to include, but may not be limited to: (1) lost or substantially diminished revenues from contracts that cannot be performed fully (or at all), and business opportunities that cannot be realized or exploited fully (or at all); (2) substantial harm and damage to the reputation of MSG; (3) substantial harm

to the relationships of MSG with fans, advertisers and sponsors which, among other things, may adversely affect the ability to sell Project inventory (including, but not limited to, booking, announcing and ticketing of admissions, naming rights, advertising, sponsorship, parking and concessions), and to renew sales of Project inventory, at the highest possible prices; (4) diversion of management time; and (5) loss of full and timely use of the Facility and its components to their maximum potential from and after the Substantial Completion Date.

5.5.2 In light of the acknowledgements set forth in Section 5.5.1, and including without limitation, the difficulty in calculating precisely the damages that MSG would incur, the Parties have agreed that if Substantial Completion is not achieved by the Substantial Completion Date, Contractor shall pay to MSG (by direct payment or offset at the election of MSG) the amounts set forth in **Schedule I** as liquidated damages, and not as a penalty.

5.5.3 This Section 5.5 and **Schedule I** shall survive Final Completion or termination of this Agreement. The Liquidated Damages are intended to be MSG's sole and exclusive remedy for delay, including any failure by Contractor to achieve Substantial Completion on or before the Substantial Completion Date and/or the Long Stop Completion Date, but shall not: (w) be deemed to cover the cost of completion of the Work; (x) limit any non-delay related damages resulting from Defective Work; (y) limit in any way MSG's remedies for any other non-delay related breach of this Agreement; or (z) in any way preclude MSG from terminating the Agreement pursuant to Article 18 of this Agreement.

5.5.4 Contractor specifically acknowledges that the Liquidated Damages are: (1) a reasonable forecast of just compensation for the harm that would be caused to MSG by the failure to achieve Substantial Completion by the Substantial Completion Date and/or the Long Stop Completion Date; (2) reasonable in light of the anticipated or actual harm to be caused to MSG for such failure; (3) accepted practice in the construction industry; and (4) not intended as a penalty.

ARTICLE 6
CHANGES IN THE WORK

6.1 Changes Directed by MSG.

6.1.1 MSG may direct a change that would alter, add to or deduct from the scope of Work (each such change, a "**Change**") by submitting to Contractor a written request setting forth in reasonable detail the nature of the requested change (each such request, a "**Change Request**").

6.1.2 Promptly after receiving a Change Request from MSG (but in no event later than ten (10) Business Days after receiving such Change Request), Contractor shall provide to MSG Contractor's reasonable written estimate (a "**Change Proposal**") of: (a) the impact of the Change Request, if any, on the Construction Schedule, the Substantial Completion Date and the Long Stop Development Completion Date as demonstrated by critical path analysis; and (b) any effect of the Change Request on Contractor's ability to comply with any of its obligations hereunder, including any warranty obligations under the Contract Documents.

6.1.3 The cost of the Change, if any, shall be determined in accordance with **Schedule G**.

6.2 Review of Change Proposal.

6.2.1 Within seven (7) Days after receiving a Change Proposal in accordance with Section 6.1.2, MSG shall:

6.2.1.1 accept the Change Proposal and issue a Change Order to Contractor in accordance with Section 6.5;

6.2.1.2 notify Contractor that additional information is required for MSG to evaluate such Change Proposal;

6.2.1.3 issue a Construction Change Directive for that portion of the Change Proposal that MSG accepts; or

6.2.1.4 reject the Change Proposal.

6.3 Construction Change Directives.

6.3.1 If: (a) a Change Proposal is rejected pursuant to Section 6.2.1.4; (b) the Parties are unable to agree to a modification of such Change Proposal within five (5) Business Days of such rejection; and (c) the requested Change is generally consistent with the scope of services typically provided by similarly-situated contractors for similar projects, then MSG shall have the right to direct Contractor to comply with such Change by delivering a signed, written notice to Contractor (a "**Construction Change Directive**").

6.3.2 MSG shall compensate Contractor on a time-and-materials or unit rates basis in accordance with the compensation rates set forth in the Incentive Benchmark Amendment for the Work performed by Contractor in connection with such Construction Change Directive that are undisputed by MSG. Upon receipt of a Construction Change Directive, Contractor shall promptly proceed with the Change involved. The amount of credit to which MSG is entitled for a Change under a Construction Change Directive that results in a net decrease in the Incentive Benchmark shall be the actual net cost. When both additions and credits covering related Work or substitutions are involved in a Change, the allowance for overhead and profit shall be figured on the basis of net increase, if any, with respect to that change. Contractor may submit in its Application for Payment only the cost of the changed Work not in dispute by MSG as set forth in the Construction Change Directive.

6.3.3 The Parties shall diligently negotiate in good faith and as expeditiously as possible to convert the Construction Change Directive into final terms under a Change Order for the cost and schedule impact associated with the Construction Change Directive.

6.3.4 [*****]

6.4 Changes Requested by Contractor.

6.4.1 If (a) Contractor considers that a direction by MSG constitutes a Change, or (b) Contractor considers that a direction by MSG is likely to prevent Contractor from fulfilling any of its obligations, Contractor must notify MSG in what respect it considers the direction to involve a Change or that it is likely to prevent it from fulfilling its obligations. Such notice must be given within ten (10) Business Days of the date of the direction and before Contractor proceeds with the direction and must contain sufficient detail for MSG to assess the request. If Contractor fails to submit such notice as required, Contractor will not be entitled to submit any claim for a Change Order, recover as a Cost of the Work or be entitled to an adjustment to the Incentive Benchmark or to the Substantial Completion Date with respect to the direction.

6.4.2 Within thirty (30) Days of receipt of the notice in Section 6.4.1 above, and which notice complies with the requirements of Section 6.4.1, MSG shall:

6.4.2.1 issue a Change Order pursuant to Section 6.5; or

6.4.2.2 issue a written response to Contractor of the reasons the request for a Change Order is unreasonable or explain that additional information and time are necessary to make a determination regarding the request.

6.4.3 [*****]

6.5 Change Orders.

6.5.1 Upon accepting a Change Proposal, MSG shall issue a formal change order setting forth: (a) the nature of the Change; (b) an adjustment to the Incentive Benchmark (consistent with the adjustments set forth in such Change Proposal), if any; and (c) an adjustment to the Substantial Completion Date, if any, and the Long Stop Development Completion Date, if any (a "**Change Order**"). All Change Orders shall be executed in writing by MSG and Contractor and shall be in the form attached hereto as **Schedule J**. All Change Order are subject to the Authorization Matrix in **Schedule O**.

6.6 Unauthorized Changes.

6.6.1 No changes to the scope of Work, the Incentive Benchmark or the Substantial Completion Date shall be made, and Contractor shall not be entitled to compensation with respect to such changes to the extent permitted by this Agreement, except in accordance with: (a) a duly issued Change Order executed by both MSG and Contractor; or (b) a Construction Change Directive issued and signed by MSG.

6.6.2 Notwithstanding anything contained in the Contract Documents to the contrary, Contractor shall have no duty to proceed with Changes issued by MSG pursuant to Section 6.1 to the scope of the Work until such time as there is a fully executed Change Order or Construction Change Directive executed by MSG.

6.7 Change Orders Final.

6.7.1 Contractor agrees that a Change Order constitutes the full and final adjustment for all direct and indirect costs, delays, disruptions, inefficiencies, accelerations, schedule impacts, and other consequences arising from the event or Change that is the subject of the Change Order, as well as the cumulative effect of all Change Orders that have been made up through the date of the Change Order, and that no further adjustments in compensation or time shall be sought or made with respect to such event, Change or cumulative effect.

6.8 Unit Prices.

6.8.1 If unit prices are stated in the Contract Documents or subsequently agreed upon, and if the quantities originally contemplated are so changed in a proposed Change Order or Construction Change Directive that application of the agreed unit prices to the quantities of Work proposed will cause substantial inequity to MSG or Contractor, the applicable unit prices shall be equitably adjusted.

6.9 Accounting.

6.9.1 Contractor and all Subcontractors affected by a Change Order or Construction Change Directive being charged on the basis of costs incurred shall maintain itemized accounts showing all relevant charges and credits for additions to, deletions from, or other changes in the Work ordered by MSG which shall at all times be open to inspection by MSG, Project Manager, and Architect.

ARTICLE 7
SITE CONDITIONS AND SUBSURFACE CONDITIONS

7.1 Site Conditions.

7.1.1 Contractor represents that it has taken steps in accordance with the Standard of Care to ascertain the nature and location of the Work, and that it (a) has investigated and satisfied itself as to the general and local conditions and constraints that are applicable to the Work, such as: (i) conditions bearing on access, transportation, disposal, handling and storage of materials; (ii) the availability of labor, water, power and roads; (iii) normal weather conditions; (iv) physical conditions at, over and adjacent to the Site; (v) the surface conditions of the Site; and (vi) the character of equipment and facilities needed prior to and during the performance of the Work; and (b) has reviewed all documentation and reports provided by or on behalf of MSG, together with documents, reports and other information that are publicly available (collectively, the "**Site Conditions**").

7.1.2 Contractor acknowledges that during performance of the Preconstruction Agreement and LNTP, it was given the opportunity to perform a thorough review of the Site Conditions referred to in Section 7.1 and the surrounding areas to familiarize itself with the conditions on, above and adjacent to the Site, consistent with the Standard of Care. In the event Contractor failed to undertake such a thorough review of the type set out in this Section 7.1.2, Contractor shall be deemed to have known of those Site Conditions which a thorough review reasonably would have detected

7.2 Subsurface Conditions

7.2.1 If Contractor encounters subsurface conditions that were not included in any geotechnical or other reports for the Site provided by MSG and (x) differ materially from those actually known by Contractor on the date the Incentive Benchmark Amendment is executed or should have been known by a Contractor acting in accordance with the Standard of Care; and (y) constitutes an unknown subsurface condition of an unusual nature that differs materially from those ordinarily found to exist in the location of the Site (the "**Subsurface Conditions**"), then Contractor shall notify MSG promptly before the alleged Subsurface Conditions are disturbed, and in no event later than ten (10) Business Days after the first observance of the alleged Subsurface Conditions.

7.2.2 If Contractor complies with the foregoing notice period and MSG and Project Manager agree that the encountered condition is a Subsurface Conditions, Contractor shall be entitled to recover its actual additional costs as a Cost of the Work, as well as an adjustment to the Incentive Benchmark and the Substantial Completion Date pursuant to Section 5.3 (to the extent the critical path has been impacted).

ARTICLE 8
LIENS

8.1 To the fullest extent permitted by law, Contractor shall not permit any laborer's, materialmen's, mechanic's or other similar liens to be recorded, filed or otherwise imposed on any part of the Work or the property on which the Work is performed by its Subcontractors except for any such laborer's, materialmen's, mechanic's or other similar liens filed or imposed on any part of the Work, or the real property on which the Work is

situated, to the extent of MSG's failure to pay Contractor amounts that are due and owing (and not disputed) in accordance with the Contract Documents.

8.2 If any such laborer's, materialmen's, mechanic's, or other similar lien or claim is recorded or filed and if Contractor does not cause such lien to be released or discharged (by payment, bonding or otherwise) within ten (10) Days after written notice from MSG, then MSG shall have the right to pay all sums necessary to obtain such release or discharge and recover such sums from Contractor, including via setoff against amounts to be paid to Contractor.

8.3 In the event a lien of any type is recorded or filed against the Work, or the real property on which the Work is situated, MSG has the unconditional right to investigate the reason for said lien. If MSG exercises such right, then Contractor shall fully disclose the circumstances surrounding the lien, and Contractor shall require all Subcontractors to comply with this requirement. Contractor shall immediately notify any bonding company or other surety, as applicable, of any lien.

8.4 Contractor agrees to fully indemnify, defend and hold harmless the MSG Parties from and against any and all Claims resulting from such lien, claim, security interest or other encumbrance. MSG may withhold from any undisputed amount due or to become due to Contractor an amount sufficient to remove and discharge such encumbrance until Contractor has removed and discharged such encumbrance as required by this Article 8.

8.5 If Contractor has not removed and discharged a lien, claim, security interest or other encumbrance covered by this Article 8 within ten (10) Days after being notified of the same, MSG may cause the encumbrance to be removed and discharged, whereupon for purposes of this Agreement, all amounts reasonably paid to discharge the encumbrance and all amounts reasonably incurred by MSG in connection with the encumbrance (including, but not limited to, reasonable attorney's fees) shall be recoverable by MSG from Contractor, as a reimbursement or as a set off against amounts to be paid to Contractor.

8.6 Contractor's obligations and MSG's rights under this Article 8 shall not apply if the lien, claim, security interest or other encumbrance is based upon an amount that MSG owes Contractor and which MSG has not paid Contractor (other than as a result of the payment being disputed).

ARTICLE 9
OWNERSHIP OF DOCUMENTS; ROYALTIES AND PATENTS

9.1 Documents Prepared by or for Architect.

9.1.1 Any and all Drawings and Specifications and other documents prepared by or for Architect in connection with the Project, including reports, surveys, and electronic data, are the property of MSG. The Drawings and Specifications, and other documents prepared by Architect, and copies thereof furnished to Contractor, are for use solely with respect to this Project and are not to be used by Contractor or any Subcontractor on other projects or for additions to this Project after Final Completion without the specific written consent of MSG. Contractor and Subcontractors are granted a limited license to appropriately use and reproduce applicable portions of the Drawings and Specifications and other documents prepared by Architect for use in the execution of the Work.

9.1.2 If Drawings and Specifications and other documents prepared by Architect contain a statutory copyright notice, all copies made under this license shall also bear such statutory copyright notice. Submittal or distribution to meet official regulatory requirements or for other purposes in connection with this Project is not to be construed as publication in derogation of MSG's copyright or other reserved rights.

9.2 Documents Prepared by or for Contractor.

9.2.1 The drawings, specifications, design documents and other documents (collectively "Documents") and any computer tapes, disks, electronic data, or CAD files (collectively "Data") prepared by Contractor alone or together with others in connection with performance of the Work, are instruments of service. Upon completion of the Work, or termination of this Agreement, all of the Documents and Data shall become MSG's property, along with any copyrights, patents or other property rights embodied therein, for marketing the Project, for the construction, maintenance, repair, modification or expansion of the Facility, and for any other similar Project issues.

9.2.2 In furtherance of the above, Contractor agrees to, and hereby does, unconditionally and irrevocably, transfer and assign to MSG full and exclusive ownership of the Documents and Data and all rights in and to the same, including, without limitation, all patents, copyrights, trademarks, service marks and other intellectual property rights in the Documents and Data. Contractor agrees that it shall obtain from each of its Subcontractors a written assignment of rights consent to transfer such Subcontractor's intellectual property rights to effectuate the foregoing. Contractor shall not use, and shall not grant to any other Person the right to use, any unique or distinctive architectural or aesthetic components of the Project on a different project.

9.2.3 MSG and its Affiliates and assignees may utilize the Documents and Data for marketing the Project, for the construction, maintenance, repair, modification or expansion of the Facility, and for any other similar Project purposes. In either circumstance, MSG's (a) alteration of Contractor's Work Product, or (b) use of the Documents or Data, for other projects unrelated to the Project without the involvement of Contractor is at MSG's sole risk and without liability or legal exposure to Contractor or anyone working by or through Contractor, and MSG agrees to indemnify, defend and hold harmless Contractor and anyone working by or through Contractor from any such liability (including for reasonable attorneys' fees).

9.2.4 Notwithstanding anything to the contrary contained herein, all intellectual property of Contractor developed during the usual course of its business or anyone working by or through Contractor including, but not limited to, any computer software (object code and source code), tools, systems, equipment or other information used by Contractor or anyone working by or through Contractor in the course of performance of the Work hereunder, and any know-how, methodologies or processes used by Contractor or anyone working by or through Contractor in connection with performance of the Work, including, without limitation, all copyrights, trademarks, patents, trade secrets and any other proprietary rights inherent therein and appurtenant thereto, that was developed prior to commencement, and independent, of the Project (collectively referred to as the "Background Material") shall remain the sole and exclusive property of Contractor or the applicable party working by or through Contractor. Contractor grants to MSG a perpetual, royalty-free, non-exclusive, sub-licensable and irrevocable right and license to use, modify, and copy such Background Material.

9.3 Royalties and Patents.

9.3.1 Subject to Section 9.3.2, Contractor shall defend and hold the MSG Parties harmless from all Claims for infringement (whether actual or alleged) of any patent, copyright, or other intellectual property rights, or the use of the equipment or Materials furnished by Contractor pursuant to this Agreement, or the processes or action employed by or on behalf of Contractor in connection with the performance of the Work and shall indemnify, save, and hold harmless the MSG Parties from Claims on account thereof.

9.3.2 In instances where the Contract Documents mandate a particular design, process or the product of a particular manufacturer or manufacturers, MSG shall pay all royalties and license fees and shall

indemnify, save and hold harmless Contractor from all suits or claims for actual infringement of any patent, copyright, or other intellectual property rights on account thereof (including for reasonable attorneys' fees except insofar as MSG opts to assume the defense of such Claim).

9.3.3 Notwithstanding the foregoing, if Contractor has reason to believe that a design, process or product required by the Contract Documents infringes a patent, copyright, or other intellectual property rights, Contractor shall be responsible for promptly notifying MSG and Architect.

9.4 Access.

9.4.1 Project Manager, MSG and the Clerk of Works shall have access at all reasonable times to the Drawings and Specifications, the Data and any non-confidential documents produced by Contractor, Subcontractors or Architect for this Project, including all reports, surveys or electronic data relating to this Project.

ARTICLE 10
SECURITY FOR PERFORMANCE AND PAYMENT

10.1 Performance and Payment Bonds.

10.1.1 Contractor shall procure from each Subcontractor (unless Contractor recommends and MSG approves an alternative security arrangement for particular Subcontractors) a payment bond and a performance bond initially in the amount of the Subcontract amount and thereafter adjusted for Change Orders, each of which shall meet all statutory requirements of the State of Nevada and the following specific requirements:

10.1.1.1 Each bond shall be in a form acceptable to MSG and shall be properly completed.

10.1.1.2 Each bond shall be executed by a responsible surety licensed in Nevada having policy holder ratings not lower than "A" and financing ratings not lower than "X" under A.M. Best. The surety shall also be included in the most current version of the Department of Treasury's Listing of Approved Sureties.

10.1.2 Contractor shall require that all Subcontractors providing such bonds require the attorney-in-fact who executes the bonds on behalf of the surety to affix thereto a certified and current copy of such person's power of attorney indicating the monetary limit of such power.

10.1.3 The following terms shall apply to such bonds (as the case may be):

10.1.3.1 The performance bond shall be a multiple obligee bond under which both MSG and any Lender shall be obligees under such bond.

10.1.3.2 Upon execution of any Change Orders increasing the Subcontract amount, the applicable payment bond and the performance bond shall each be increased in the amount that equals the increased Subcontract amount and each bond shall continue to comply with the requirements of this Section 10.1.

10.1.3.3 There shall be no affiliation between Subcontractor and its bonding company. All performance bonds shall cover all warranties and guarantees of Subcontractor.

10.1.3.4 Upon the request of any Person appearing to be a potential beneficiary of bonds covering payment of obligations arising under the Subcontract, Contractor shall promptly arrange for a copy of the bonds to be furnished to said Person.

10.1.3.5 The cost of performance and payment bonds (or any alternative security approved by MSG under Section 10.1.1) provided by Subcontractors pursuant to this Section 10.1 shall be considered a Cost of the Work.

ARTICLE 11
SUBCONTRACTORS

11.1 Subcontracting - General.

11.1.1 It is contemplated that substantially all of the Work will be carried out by Subcontractors and that those Subcontractors will be procured by competitive sealed bidding or competitive negotiations. The Subcontractors will be engaged by Contractor pursuant to the Subcontracts. The Subcontract pricing will be based on a time and materials, fixed price or unit price basis as selected by MSG prior to Contractor entering into the Subcontract. A Subcontract may reflect a combination of the foregoing pricing options, as selected by MSG. To the extent a Subcontract price is based on time and materials and/or unit prices, each bid shall be fully transparent, with all component pricing being open book.

11.2 Procurement of Subcontractor Bids.

11.2.1 Contractor shall develop bidder interest in the Project and shall competitively bid the Work of the various Subcontractors in accordance with an open, competitive procurement process and in accordance with the requirements of Applicable Law. Contractor shall structure the bidding process in a manner that is most advantageous to the Project, taking into account all relevant factors including the Incentive Benchmark. The bidding for construction, equipment and Materials must be conducted so as to achieve maximum competition among qualified bidders in order to obtain the most reasonable price, but only from responsive and responsible bidders that can ensure the successful completion of the Work. In the event there are insufficient bidders to create the competition required by MSG, as determined by MSG, Contractor shall seek bids from non-local bidders as well as non-union bidders, to the extent permissible by the terms of the PLA (if any) as mutually agreed upon by MSG and Contractor.

11.2.2 Contractor shall be responsible for dividing the Work into the Bid Packages, so that all of the Bid Packages taken together provide for the complete performance of the Work, without omissions or gaps, and so that obtaining bids from suitable potential Subcontractors is facilitated. Contractor shall develop and discuss with MSG and Project Manager lists of suitable bidders who should be invited to bid on each Bid Package. Contractor shall not solicit bids from any Person to whom MSG or Project Manager has made reasonable and timely objection. In addition to Subcontractors MSG and Project Manager approve from the foregoing list, Contractor shall solicit bids from any Subcontractor proposed by MSG or Project Manager unless Contractor has a reasonable objection to such proposed Subcontractor and provides MSG and Project Manager with a written statement of such objection within seven (7) Days after MSG or Project Manager has proposed such Subcontractor.

11.2.3 Contractor shall administer actual solicitation of bids from potential Subcontractors in accordance with the timing and scheduling requirements of MSG and Project Manager. Unless MSG and Project Manager agree otherwise in writing, Contractor shall use best efforts to obtain bids from at least three (3) Subcontractors for Subcontracts where the budgeted amount for the Subcontract is in excess of [*****]. Contractor shall open all quotes, bids and proposals submitted by potential Subcontractors in real time with MSG and Project Manager.

11.2.4 Contractor shall carefully document its procedures for making available Bid Packages to potential bidders, the contents of each Bid Package, discussions with bidders at any pre-bid meetings,

bidders' compliance with bid requirements, all bids received, Contractor's evaluations of all bids, and the basis for Contractor's recommendation as to which bidders should be chosen. MSG and Project Manager shall be afforded access to all such records at all reasonable times so that, among other things, they may independently confirm Contractor's adherence to these requirements.

11.2.5 Contractor shall develop for MSG's and Project Manager's review and approval pre-qualification criteria to be used in evaluating bidder suitability in each of the trade categories. Contractor shall prepare for MSG's and Project Manager's review and approval a "Request for Pre-Determination of Bidder Qualifications" based upon the approved pre-qualification criteria to be used to solicit bidder responses.

11.2.6 With respect to any Work on which Contractor or any of its Affiliates shall bid in accordance with Section 11.6, MSG and Project Manager shall approve both the pre-qualification criteria and the list of qualified bidders.

11.2.7 Contractor shall procure a written statement from each bidder that "the bidder, being duly sworn on oath, represents that he/she has not, nor has any other officer, director, representative, or agent of the bidder represented by him or her, entered into any combination, collusion or other anti-competitive agreement with any person relative to the price to be bid by the bidder, or anyone, for the work or service, nor to prevent any person from bidding, nor to include anyone to refrain from bidding, and that this bid is made without reference to any other bid and without any agreement, understanding or combination with any other person in reference to such bidding. He/she further represents that no person, company or corporation has received or will receive directly or indirectly, any rebate, fee gift, kickback, commission or thing of value on account of such bid."

11.3 Analysis of Subcontractor Bids.

11.3.1 All bids and responses shall be opened by Contractor in the presence of Project Manager and MSG, and will be made available for review by MSG, Project Manager and Architect.

11.3.2 All bids and responses shall be treated as confidential by the Project Development Team. Specifically, Contractor shall assist MSG in evaluating all responses to the Request for Pre-Determination of Bidder Qualifications. Contractor shall receive bids and responses, prepare bid and response analyses and consult with MSG, Project Manager, and Architect regarding the award of Subcontracts or rejection of bids. Bid analyses shall include, without limitation, a budget comparison with budget assumptions.

11.3.3 Contractor shall award Work to Subcontractors based on the bid that represents the best value to the Project, as determined by Contractor in its professional judgment after consultation with MSG, unless MSG or Project Manager objects to such bid within five (5) Business Days after receiving Contractor's determination with respect to such bid.

11.3.4 If MSG timely rejects Contractor's preferred bid and requests the selection of another bid, then Contractor shall comply with such request so long as such other bid substantially complies with the bidding requirements, and shall not, as a result thereof, be entitled to an adjustment to the Incentive Benchmark or the Substantial Completion Date.

11.3.5 MSG may, in its reasonable discretion, reject any or all quotes, bids and proposals received for any Bid Package, and may require Contractor to obtain new or revised quotes, bids or proposals. MSG must exercise this right within seven (7) Days of receiving the quote, bid or proposal.

11.3.6 Contractor shall make no substitution for any Subcontractor previously selected without the consent of MSG.

11.4 Subcontracts With Subcontractors.

11.4.1 Unless otherwise waived in writing by MSG, all Subcontracts with Subcontractors shall contain the following provisions (which provisions do not form an exhaustive list); provided, however, that MSG and Contractor may agree that certain Subcontracts or types of Subcontracts (e.g., purchase orders) do not require the full extent of the following provisions:

11.4.1.1 a provision providing that MSG may, at reasonable times, request joint meetings with Contractor and Subcontractor to discuss Subcontractor's Work; provided, that in no event, prior to any assignment of the Subcontract to MSG, shall Subcontractor take instructions directly from MSG;

11.4.1.2 a provision requiring all Work under such Subcontract to be performed in accordance with the Contract Documents;

11.4.1.3 a provision requiring the Subcontractor under such Subcontract to remove any employee or independent contractor of such Subcontractor used in the performance of the Work or in such Subcontractor's warranty obligations within ten (10) Business Days after receiving notice from MSG to remove such employee or independent contractor if: (a) MSG determines that such employee creates a material risk: (i) that Substantial Completion will not be achieved by the Substantial Completion Date; or (ii) of non-performance by Subcontractor in accordance with this Agreement; and (b) Subcontractor has not corrected such risk identified in clause (a) to the reasonable satisfaction of MSG during such ten (10) Business Day period;

11.4.1.4 a provision requiring the Subcontractor to remove immediately upon written notice from MSG or Project Manager (to be delivered to Subcontractor through Contractor) any employee or independent contractor of such Subcontractor used in the Work or in such Subcontractor's warranty obligations if MSG makes a determination pursuant to Section 3.12.3;

11.4.1.5 a provision requiring that the Subcontractor warrant for at least one (1) year (or such longer period of time as may be required in the Specifications) its work after the date of Substantial Completion of all Work;

11.4.1.6 a provision requiring Subcontractor to promptly disclose to Contractor any defect, omission, error or deficiency in the Drawings, Specifications or the Work of which it has knowledge;

11.4.1.7 a provision requiring Subcontractor to maintain insurance in accordance with the Contract Documents;

11.4.1.8 a provision providing that the Subcontract with the Subcontractor shall be terminable for default or convenience upon no more than ten (10) Days' prior written notice by Contractor (provided that Contractor shall notify MSG prior to terminating any Subcontract), or, if the Subcontract has been assigned to MSG, by MSG, and if such Subcontract is terminated before Substantial Completion of the Work for any reason, then the Subcontractor shall not be entitled to any amount, fee or profit, or compensation for lost profits, for Work not required to be performed;

11.4.1.9 requiring Subcontractor to comply with and pass down to sub-subcontractors the requirements of this Agreement;

11.4.1.10 requiring Subcontractor to comply with all Applicable Laws and maintain all files, records, accounts of expenditures for Subcontractor's portion of the Work to the standards required by the Contract Documents; and

11.4.1.11 requiring Subcontractor to comply with the record retention and audit provisions set forth in Section 13.16.

11.4.1.12 that, if it comes to MSG's attention that a Subcontractor has not been paid in a timely fashion (other than for disputed amounts or Work for which MSG has not paid Contractor), and if Contractor fails to cure the non-payment within five (5) Days after MSG provides it written notice of the non-payment, MSG may make payments to the Subcontractor and Contractor by joint check;

11.4.1.13 that the Subcontractor shall not be entitled to payment for defective or nonconforming Work, Materials or equipment, and shall be obligated promptly to repair or replace non-conforming Work, Materials or equipment at its own cost;

11.4.1.14 requiring that Subcontractors promptly pay their sub-subcontractors and Suppliers at lower tiers in accordance with Applicable Law, imposing upon the Subcontractors a duty to pay interest on late payments, and barring reimbursement for interest paid to lower tier Subcontractors due to a Subcontractor's failure to pay them in timely fashion;

11.4.1.15 substantially similar to Sections 6.4.2 and 6.4.3, requiring that Subcontractors promptly respond to change order requests from their sub-subcontractors and Suppliers at lower tiers.

11.4.1.16 that the Subcontractor or Supplier is not in privity with MSG or Lessor and is not entitled to and shall not seek compensation directly from MSG or Lessor on any third-party beneficiary, quantum meruit, or unjust enrichment claim, or otherwise;

11.4.1.17 that the Subcontractor expressly makes the same representations as Contractor makes in Section 3.3.4 as well as the representation that the Subcontractor is financially solvent, able to pay all debts as they mature, and possesses sufficient working capital to complete the Work and perform all obligations under the Subcontract;

11.4.1.18 that in the event of an assignment of the Subcontract pursuant to Section 11.5, MSG shall only be responsible to the Subcontractor for those obligations that accrue subsequent to MSG's exercise of any rights under this conditional assignment;

11.4.1.19 that MSG is a third-party beneficiary of the Subcontract and is entitled to enforce any rights thereunder for its benefit at any time.

11.4.2 Contractor shall require each Subcontractor, to the extent of the Work to be performed by the Subcontractors, to be bound to Contractor by the terms of the Contract Documents, and to assume toward Contractor all of the obligations and responsibilities, including the provisions governing the allowability of costs and including the responsibility for safety of the Subcontractor's Work, which Contractor, by the Contract Documents, assumes toward MSG.

11.4.3 The forms of Subcontract and purchase orders attached hereto as **Schedule N** shall be Contractor's standard form Subcontract as amended for this Project and the requirements of this Agreement. Any material variations therefrom must be approved in writing in advance by MSG, said approval

not to be unreasonably withheld. Contractor shall supply MSG with copies of all executed Subcontracts including, to the extent requested by MSG, purchase orders.

11.5 Conditional Assignment of Subcontracts with Subcontractors.

11.5.1 Pursuant to this Agreement, Contractor has conditionally assigned to MSG all the rights, title and interest of Contractor in, to and under any and all Subcontracts. The assignment is exercisable by MSG, at its election, in the event that: (a) MSG has exercised its right to terminate this Agreement due to a Contractor Event of Default, or (b) MSG has exercised its right to terminate this Agreement for convenience pursuant to Section 18.6; or (c) Contractor has exercised its right to terminate this Agreement pursuant to Section 18.3.

11.5.2 Following any assignment, MSG may reassign Subcontracts to another contractor or any other Person, and such assignee may exercise MSG's rights under the Subcontracts. Each Subcontractor shall, upon written notice of MSG's exercise by MSG of its rights of assignment (or the portion thereof applicable to the Materials, equipment or services being furnished by such Subcontractor), continue to perform all of such Subcontractor's obligations, covenants and agreements under such Subcontract for the benefit of MSG.

11.5.3 To the extent Contractor has received payment from MSG for Work performed and/or Materials and labor supplied by its Subcontractors prior to any such Subcontract assignments, Contractor remains responsible to pay any and all such Subcontractors for all Work performed and/or Materials and labor supplied to Contractor for the Work prior to the date of such assignment unless MSG has elected to make such payment itself, in which case the amount of any such payment shall be paid by Contractor to MSG. When MSG takes assignment of a Subcontract, MSG assumes Contractor's rights and obligations under the Subcontract from the date of assignment but not for any Claims against Contractor. Notwithstanding the assignment, where MSG's termination is for a Contractor Event of Default, MSG shall not be responsible for, or release Contractor from, any alleged performance failures that accrued or occurred prior to the date of assignment and Contractor shall indemnify, defend and hold the MSG Parties harmless from and against any and all such Claims or performance failures.

11.5.4 Each Subcontract entered into by Contractor in connection with the Work shall contain the consent of each Subcontractor to the foregoing assignment and the agreement of each such Subcontractor that, upon written notice from MSG that it has assumed the Subcontract and exercised its rights under this Section 11.5 or portion thereof applicable to the Materials, equipment or services being furnished by such Subcontractor, such Subcontractor, as so requested by MSG, shall continue to perform all of such Party's obligations, covenants and agreements under Subcontractor's Subcontract with Contractor for the benefit of MSG.

11.6 Self-Performed Work.

11.6.1 Neither Contractor nor any of its Affiliates shall bid on any Bid Package unless MSG has given its express prior written approval. If MSG does approve such bidding by Contractor or any of its Affiliates, Contractor, or its Affiliates, shall be permitted to submit a sealed bid for such Work pursuant to the competitive bidding procedures applicable to all bidders. Also, in such instance, the opening, review and advice with respect to award and/or rejection of such bids shall be handled solely by MSG and Project Manager. The following requirements shall also apply if Contractor or its Affiliates desire to bid on a Bid Package:

11.6.1.1 Contractor or its Affiliate shall review the Work included in such Bid Package (including the bid packaging plan) with MSG and Architect prior to finalizing the Bid Package;

11.6.1.2 there shall be a strict separation of the personnel of Contractor or its Affiliate involved with bidding on such Work and Contractor's other personnel involved in the Project, and Contractor shall, by written policy distributed to all affected personnel (a copy of which shall be delivered to MSG), strictly prohibit any communication prior to bid award among personnel involved with the estimating, bidding, management or other services in connection with such Work and personnel working on other aspects of this Project pursuant to this Agreement (other than such communication as is permitted by all bidders);

11.6.1.3 if less than two other bids from responsible bidders are submitted for such Work, MSG, at its option, may disqualify Contractor or its Affiliate from award of the bid for such Work and, in MSG's discretion, may cause the Bid Package with respect to such Work to be re-bid;

11.6.1.4 Contractor shall not participate in the analysis and/or recommendations with respect to the award of any Subcontract for such Work, and all inquiries shall be forwarded to MSG or Project Manager;

11.6.1.5 Contractor or its Affiliate shall not, in its bid, use any of the General Conditions Work to support such Work or use the General Conditions Work for such Work, on any terms or conditions different from the terms or conditions on which such General Conditions Work are made available to all other bidders; and

11.6.1.6 the solicitation for bids for such Work shall specifically state that Contractor or its Affiliate shall have the right to submit a sealed bid on such Work.

11.6.2 If the foregoing procedures are not strictly followed, then MSG shall have the right to reject the bid of Contractor or its Affiliates for such Work. Any rejection of a bid or required re-bid under this Section 11.6 shall not be the basis for recovery as a Cost of the Work or an adjustment to the Incentive Benchmark or the Date for Substantial Completion or the Long Stop Completion Date.

11.7 [*****]

ARTICLE 12
WORK BY MSG OR BY SEPARATE CONTRACTORS

12.1 MSG's Right to Perform Work and to Award Separate Contracts.

12.1.1 MSG reserves the right to perform work related to the Project with MSG's own forces, and to award separate contracts in connection with other portions of the Project or other work on the Site.

12.1.2 When separate contracts are awarded for different portions of the Project or work on the Site, the term "Contractor" in the Contract Documents with respect to such portions of the Project or other work shall mean the Separate Contractor who executes each separate contract with MSG.

12.1.3 If Separate Contractors are retained by MSG to perform work at the Project, the Separate Contractors shall be required to comply with Contractor's safety program and Site security requirements. The requirements under this Section 12.1.3 shall be included by MSG in any agreements with Separate Contractors performing work at the Project.

12.2 Mutual Responsibility.

12.2.1 This Section 12.2 is without limitation of Section 2.1. Contractor shall coordinate performance of the Work by the Contractor Parties with the work of MSG's Separate Contractors so as to minimize

delay or disruption to the Work. Contractor shall afford Separate Contractors reasonable opportunity for the introduction and storage of their materials and equipment on Site and for the execution of their services, and shall properly connect and coordinate the Work with the services of such Separate Contractors.

12.2.2 If any part of the Work depends upon the proper performance of work of any Separate Contractor, Contractor shall, prior to proceeding with that portion of the Work, inspect and measure the work of the Separate Contractor and promptly report to MSG and Project Manager any apparent discrepancy or defects in such other work that are actually discovered by Contractor. Contractor's failure to inspect and make such report shall constitute an acceptance of the Separate Contractor's work as fit and proper for the proper execution of the Work by Contractor, except for latent or concealed defects.

12.2.3 Contractor shall reimburse MSG for costs MSG incurs that are payable to a Separate Contractor because of Contractor's delays, improperly timed activities or defective construction; provided, however, that the Separate Contractors have fulfilled their obligations to coordinate their work pursuant to the terms of their separate contracts. MSG shall be responsible to Contractor for costs Contractor incurs because of a Separate Contractor's delays, improperly timed activities, damage to the Work or defective construction; provided, however, that Contractor has fulfilled its obligations to coordinate performance of the Work pursuant to Section 12.2.1.

12.2.4 If a Contractor Party causes damage to the Work or the property of MSG or the work on property of a Separate Contractor, then, notwithstanding any builder's risk insurance, Contractor shall promptly remedy such damage as provided in Section 14.2; provided, however, that nothing herein prevents either Party's right to recover the proceeds from insurance.

12.2.5 If any Separate Contractor sues or initiates a court proceeding against any MSG Party on account of any delay, damage or loss alleged to have been caused by a Contractor Party, then MSG shall notify Contractor, who shall defend such proceedings at Contractor's expense, and if any judgment or award against an MSG Party arises therefrom, then Contractor shall pay or satisfy the portion of such judgment or award attributable to the delay, damage or loss determined to have been caused by a Contractor Party, and Contractor shall reimburse the MSG Party for attorneys' fees and costs for defending any action and court or arbitration costs which the MSG Party has incurred as a result of a delay, damage or loss determined to have been caused by a Contractor Party; provided, however, that Contractor's liability with respect to any such indemnification obligations shall be reduced to the extent the MSG Party actually receives proceeds from the builder's risk or any other applicable insurance maintained with respect to the Project.

12.3 Changes to Construction Schedule.

12.3.1 MSG shall have the right to direct a postponement or rescheduling of any date or time for the performance of any part of the Work that may interfere with the operations of Separate Contractors or MSG's agents or employees. Contractor shall, upon request by MSG or Project Manager, reschedule any portion of the Work affecting Separate Contractors. Contractor may be entitled to an equitable adjustment to the Substantial Completion Date and Incentive Benchmark in connection with any such postponement, rescheduling, or performance of the Work under this Section 12.3.

12.4 MSG's Right to Clean Up.

12.4.1 If a dispute arises between Contractor and Separate Contractors as to their responsibility for cleaning up as required by Section 3.20, MSG may clean up and allocate the cost thereof among those responsible therefor as MSG reasonably determines to be just.

ARTICLE 13
PAYMENTS AND COMPLETION

13.1 Payment Process.

13.1.1 Contractor shall submit its Application for Payments to and receive payment from MSG as set forth in this Article 13.

13.1.2 With regard to its Subcontractors, Contractor will be utilizing the Textura-CPM™ payment management system. All Applications for Payment and supporting documentation (including but not limited to lien waivers, sworn statements, and the like) for Subcontractors shall be in electronic format and shall be submitted to Contractor using the Textura-CPM™ payment management system. Throughout the performance of the Work and for a period of three (3) years after Final Completion of the Work, Contractor shall provide MSG online access to the Textura-CPM™ payment management system including for purposes of reviewing the Subcontractors' payment submissions, together with all supporting documentation, and reviewing the status of payments to Subcontractors generally. Fees directly attributable to the use by Contractor and its Subcontractors of the Textura-CPM™ payment management system on the Project are recoverable as a Cost of the Work; provided, however, that (a) MSG shall not be charged any incremental cost for MSG's or MSG's representatives' use of the Textura-CPM™ payment management system, and (b) Contractor shall not be entitled to recover any Fee on such Cost of the Work.

13.2 Schedule of Values.

13.2.1 Before the first Application for Payment, Contractor shall submit to MSG and Project Manager a Schedule of Values allocated to the various portions of the Work, prepared in the form required by the Agreement and the Specifications. The Schedule of Values shall be prepared in such form and supported by such data to substantiate its accuracy as MSG and Project Manager may require. This Schedule of Values, unless objected to by Project Manager or MSG, shall be used only as a basis for reviewing Contractor's Applications for Payment.

13.2.2 The Schedule of Values:

13.2.2.1 shall be prepared in such a manner that each major item of Work is shown as a single line item;

13.2.2.2 shall allocate the entire Incentive Benchmark among the various portions of the Work, except that each of the Contractor's Fee, the General Conditions Costs, the General Requirements Expenses and all Allowances, shall be shown as a single, separate item. Contractor will provide a listing of the Work items and the code costing items to be shown on the Schedule of Values, which listing shall meet the approval and shall be subject to revision by MSG and Project Manager.

13.3 Progress Payments; Applications for Payment.

13.3.1 The period covered by each Application for Payment shall be one calendar month ending on the last Day of the month.

13.3.2 On or before the twenty-fifth (25th) Day of each month (or if the twenty-fifth (25th) Day is a weekend, the first Business Day thereafter), Contractor shall submit to MSG, Project Manager and Architect a pencil draft Application for Payment for the then current month, together with the required supporting data, for the Work performed and expected to be performed through the end of the then current month. Contractor shall revise the pencil draft Application for Payment based on any comments received from Project Manager or MSG and submit the final Application for

Payment by the first (1st) Day of the following month (or if the first (1st) Day is a weekend, the first Business Day thereafter) to MSG and Project Manager, together with the required supporting data, for all Work performed through the end of the previous month.

13.3.3 Applications for Payment shall not include requests for payment for portions of the Work for which Contractor does not intend to pay a Subcontractor, unless such Work has been performed by others whom Contractor intends to pay in lieu of the original Subcontractor. Applications for Payment shall be reflective of all taxes specified in Section 4.8.1.4. Contractor shall not submit for Project Manager's and MSG's review and approval any Application for Payment which is incomplete, inaccurate or lacks the detail, specificity or supporting documentation required in this Agreement.

13.3.4 Unless otherwise provided in the Contract Documents, payments shall be made on account of Materials and equipment to be incorporated into the Work when advance procurement of such Materials and equipment is needed to maintain the sequence of the Work and such Materials and equipment have been delivered to and safely stored and protected at the Site. Payments may similarly be made for such Materials or equipment suitably stored and protected at a location other than the Site if and only to the extent that MSG has first approved in writing the storage of such Materials and equipment at such other location, with such approval being conditioned on Contractor's representation that (a) Contractor has inspected the Material and found it to be free from defects and otherwise in conformity with the Contract Documents; and (b) the Materials are insured, under the builder's all risk policy or otherwise. Payments for Materials or equipment stored on or off the Site in accordance with this Section 13.3.4 shall be conditioned upon submission by Contractor of bills of sale or such other procedures satisfactory to MSG to establish MSG's title to such Materials or equipment and to otherwise protect MSG's interest therein and to provide MSG with a perfected first priority security interest in such Materials or equipment to the extent MSG's title in such Materials or equipment is deemed to create a security interest or is otherwise sufficient to secure MSG's absolute right and title to such Materials and equipment, including applicable insurance and transportation to the Site for those Materials and equipment stored off the Site.

13.3.5 Without limiting its obligations pursuant to Section 14.2.4, Contractor shall bear the risk of loss of such Materials and equipment at all times while such Materials and equipment are stored off the Site and during transportation to the Site, and Contractor shall be responsible for the proper care, storage, preservation, protection and (to the extent required by this Agreement) insurance of all such Materials and equipment. Materials and equipment stored off the Site shall be appropriately tagged and segregated in order to further protect MSG's interest therein prior to delivery thereof to the Site. To the extent MSG has paid Contractor for such Materials and equipment, Contractor hereby absolutely and unconditionally guarantees to MSG delivery of all Materials and equipment stored off the Site as aforesaid, free and clear of all liens and encumbrances, and Contractor shall indemnify, defend and hold harmless the MSG Parties from and against all Claims arising or resulting, directly or indirectly, from such storage of Materials and equipment off-the Site or from the failure of any such Subcontractor, materialman or Supplier to deliver such Materials and equipment to MSG as and when called for by MSG or Contractor. Contractor waives and releases any Claims it may have against MSG, either directly or indirectly (including through any right of subrogation), for damage to, destruction of, or loss of, Materials or equipment stored off the Site. Nothing in this Section 13.3.5 is intended to prevent either Party's rights to recover the proceeds of insurance.

13.3.6 Contractor warrants and guarantees that title to all Work, Materials, and equipment covered by an Application for Payment, regardless of whether then incorporated in the Project, will, and such title shall, pass to MSG free and clear of all liens, claims, security interests or encumbrances (other than any statutory liens arising as an operation of law) no later than the time of payment for such Work, Materials, or equipment.

13.3.7 Contractor further warrants that upon submittal of an Application for Payment, all Work for which Certificates for Payment have been previously issued and paid shall, to the best of Contractor's knowledge, information and belief, be free and clear of liens, claims, security interests or encumbrances in favor of Contractor, Subcontractors, or other persons or entities making a claim by reason of having provided labor, Materials and equipment relating to the Work.

13.3.8 Without MSG's prior written consent, Contractor shall not: (x) remove any Materials or equipment from the Site; or (y) attempt to sell, donate, lease or otherwise convey to itself or a third party title in any Materials or equipment that: (i) constitute a portion of the Work; (ii) are the property of MSG; or (iii) existed at the Site prior to Contractor's commencement of the Work.

13.3.9 Nothing in this Section 13.3 shall be construed as relieving Contractor of any obligation or liability with respect any Work for which payment has been made, or any obligation to restore any damaged Work that may exist, or as a waiver of the right of MSG to require the fulfillment of any requirement of the Contract Documents. Regardless of payment hereunder, until any item of Work, any Material, or any piece of equipment is accepted by MSG in accordance with the express terms of this Agreement, Contractor shall have custody over such item of Work, such Material, or such piece of equipment, as applicable, and shall bear the risk of loss with respect thereto, except to the extent of any insurance proceeds received by MSG in connection with any such loss.

13.3.10 At the request of MSG from time to time, Contractor shall provide a written statement to MSG for the benefit of Project Manager, Architect and MSG that sets forth the total estimated cost of all remaining Work that needs to be completed to achieve Final Completion with respect to the entire Work. Such statement shall contain sufficient information to allow Project Manager, Architect and MSG to reasonably determine whether or not the Work can be completed for the remaining unpaid portion of the Incentive Benchmark. No such statement shall relieve Contractor of its obligations to complete the Work by the Substantial Completion Date.

13.3.11 Documents to be Submitted with Each Application for Payment. Contractor shall include the following with each Application for Payment, together with any other information and documentation as may be reasonably requested by MSG:

13.3.11.1 (a) a conditional waiver and release of lien upon progress payment from Contractor, in the form attached hereto as **Schedule M**, in the total amount of the progress payment being requested; (b) a conditional waiver and release of lien upon progress payment from each Subcontractor (and sub-subcontractors) with a Subcontract value of Fifty Thousand Dollars ($50,000.00) or more, in the form attached hereto as **Schedule M**, for the amount sought by Contractor for each Subcontractor; (c) an unconditional waiver and release of lien upon progress payment from Contractor, in the form attached hereto as **Schedule M**; and (d) an unconditional waiver and release of lien upon progress payment from each Subcontractor (and sub-subcontractors) with a Subcontract value of Fifty Thousand Dollars ($50,000.00) or more, in the form attached hereto as **Schedule M**. For the avoidance of doubt, the foregoing threshold for Subcontractor lien waivers and releases does not limit Contractor's obligations pursuant to Article 8;

13.3.11.2 a sworn statement listing: (a) the names, addresses, and federal taxpayer identification numbers of all parties furnishing materials, labor or services in connection with the Work, (b) the materials, labor or services to be furnished by each such party; (c) the amounts actually paid to each party furnishing materials, labor or services; (d) the amounts due or to become due to each such party; (e) the taxes required to be paid pursuant to Section 4.8.1.4 (and that such taxes are

reflective of all the taxes required to be paid), and (f) a statement that said sworn statement is made in order to induce MSG to make the payment requested;

13.3.11.3 payrolls, petty cash accounts, receipted invoices or invoices with check vouchers attached, and any other evidence reasonably required by MSG to demonstrate that cash disbursements already made by Contractor on account of Cost of the Work, including those made prior to the execution of the Incentive Benchmark Amendment, equal or exceed: (a) progress and other payments already received by Contractor, including those made prior to the execution of the Incentive Benchmark Amendment; *less* (b) that portion of those payments attributable to Contractor's Fee; *plus* (c) payrolls for the period covered by the present Application for Payment; *plus* (d) retainage withheld in accordance with Section 13.9, if any, applicable to prior progress payments (including any retainage withheld prior to the execution of the Incentive Benchmark Amendment), less back-charges or other credits or offsets for Contractor pursuant to Subcontracts;

13.3.11.4 a statement by Contractor certifying that, to the best of its information and belief no Subcontractor has a Claim or has asserted a Claim arising from or in connection with the Work, other than any Claim that has been fully paid and duly released or is included in the current Application for Payment, or, if Contractor knows or believes that there present facts or circumstances that could give rise to a Claim or that a Claim has been or may be asserted or made, the statement shall disclose the estimated amount of any potential Claim and/or disclose the Claim to the extent known by stating the name of the claimant or potential claimant, a description of the Work for which payment is claimed and the amount of such Claim if known;

13.3.11.5 an updated Schedule of Values showing all committed Subcontracts and expenses to date;

13.3.11.6 a copy of the application for payment from each Subcontractor for whom payment is being sought; and

13.3.11.7 permit logs, insurance logs (for Contractor and Subcontractors of all tiers) and logs showing receipt of the lien waivers required by Section 13.16.4.

13.3.12 Incomplete/Uncertified Applications for Payment. Only that portion of an Application for Payment that is supported by the documentation required under Section 13.3.11 shall be processed for payment. No payment on the account of any Application for Payment shall be made until MSG has approved and Project Manager has issued a Certificate for Payment with respect to such Application for Payment or a portion thereof. A complete and certified Application for Payment, or a portion thereof, shall be referred to as an **"Approved Application for Payment."**

13.4 Certificates For Payment.

13.4.1 Following assessment of the Application for Payment by MSG, Project Manager will, within twelve (12) Days after the receipt of the Application for Payment: (a) issue a Certificate for Payment to MSG for distribution to Contractor for such amounts as Project Manager and MSG have determined are properly due; and/or (b) notify Contractor of the reasons for withholding certification of all or a portion of the payments requested in such Application for Payment in accordance with Section 13.6. In the event that Project Manager issues a Certificate for Payment to MSG, MSG will make payment to Contractor of the amounts determined to be properly due and payable (and not disputed) within nine (9) Days of receipt of the Certificate for Payment.

13.4.2 Upon direction from MSG, Project Manager may withhold a Certificate for Payment in whole or in part or, because of subsequently discovered evidence, may nullify in whole or in part a Certificate for Payment previously issued, in each case to the extent reasonably necessary to protect MSG from loss or damage for which Contractor is responsible.

13.5 Calculation of Progress Payments.

13.5.1 Subject to other provisions of the Contract Documents and the reconciliation set forth in the Incentive Benchmark Amendment, the amount of each progress payment after the Incentive Benchmark Amendment is executed shall be computed as follows:

13.5.1.1 Take the Cost of the Work for the Work performed during the month prior to the Application for Payment being submitted.

13.5.1.2 Add a portion of the Contractor's Fee based on the formula set forth in **Schedule E-1**.

13.5.1.3 Subtract the shortfall, if any, indicated in the documentation required by Section 13.3.11 to substantiate prior Applications for Payment, or resulting from errors subsequently discovered by MSG in such documentation.

13.5.1.4 Subtract amounts, if any, for which MSG is entitled to withhold or offset payment under the Contract Documents.

13.5.1.5 Subtract retainage in accordance with Section 13.9.

13.6 Withholding.

13.6.1 In addition to the retention permitted to be withheld pursuant to Section 13.9, MSG may withhold the whole or any part of any payment to the Contractor to such extent as MSG reasonably deems necessary to protect it from loss as a result of:

13.6.1.1 incomplete, defective or damaged Work not remedied or the failure to pay amounts with respect thereto;

13.6.1.2 Contractor back charges;

13.6.1.3 claims filed or reasonable evidence indicating probable filing of claims, including lien claims, involving or arising out of the Work under the Agreement;

13.6.1.4 damage to Separate Contractors' work;

13.6.1.5 damage to property for which Contractor or any Subcontractor is responsible;

13.6.1.6 liens arising in connection with the Work (other than as a result of MSG's failure to pay an undisputed amount hereunder);

13.6.1.7 failure of Contractor to make payments when due to Subcontractors;

13.6.1.8 reasonable insecurity regarding Contractor's intention or ability to continue with the proper and timely performance of the Work;

13.6.1.9 failure of Contractor to perform or comply with any of its material obligations under the Contract Documents;

13.6.1.10 expenses arising from frivolous claims asserted by Contractor against MSG; or

13.6.1.11 an Application for Payment that is not adequately supported.

13.6.2 In the event that MSG intends to withhold any amount from a payment that is otherwise properly due and payable (and not disputed) under this Agreement, including for the purpose of withholding retention, MSG will, in accordance with Section 13.6.1, provide written notice to Contractor, on or before the date the payment is due, of the amount to be withheld with a reasonably detailed explanation of the condition(s) or reason(s) for the withholding with a specific reference to the Agreement, Contract Documents, or Applicable Laws with which Contractor has failed to comply.

13.6.3 Upon receipt of a written notice in accordance with Section 13.6.2, Contractor may within five (5) Business Days:

13.6.3.1 give MSG a written notice that it disputes in good faith and for reasonable cause the amount withheld or the conditions for withholding; or

13.6.3.2 correct any condition or reason for withholding described in MSG's notice of withholding and thereafter provide written notice to MSG of the correction of the condition or reason for withholding. The notice of correction must be sufficient to identify the scope and manner of the correction of the condition or reason for the withholding and be signed by an authorized representative of Contractor.

13.6.4 If MSG receives a notice of correction pursuant to Section 13.6.3 above, MSG shall within five (5) Business Days:

13.6.4.1 pay Contractor the amount withheld for that condition or reason for the withholding as part of the next payment application that is due to Contractor; or

13.6.4.2 object to the scope and manner of the correction of the condition or reason for the withholding on or before the date the next payment is due to Contractor, in a written statement which sets forth the condition or reason for the objection and which complies with Section 13.6.2.

13.6.5 If MSG objects to the scope and manner of the correction of a condition or reason for the withholding, MSG shall nevertheless pay to Contractor, together with payment to be made pursuant to Contractor's next Application for Payment, the amount withheld for the correction of the conditions or reasons for the withholding to which MSG no longer objects.

13.6.6 If MSG receives a written notice pursuant to Section 13.6, then MSG shall respond in writing to the written notice on or before the date the following Application for Payment is due.

13.6.7 If MSG makes a timely objection in accordance with Section 13.6.4.2 or Section 13.6.6, and continues to withhold payment, Contractor may pursue its rights pursuant to Articles 22 and 23 of this Agreement.

13.6.8 MSG may also at any time on written notice to Contractor offset against any payment due to Contractor under the Agreement any amount due from Contractor to MSG under this Agreement.

13.7 Contractor's Use of Payments.

13.7.1 Contractor shall promptly pay its Subcontractors for all labor, services, equipment, Materials, supplies and other items acquired, performed, furnished or used in connection with the performance of the Work: (1) within thirty (30) Days after the date the Subcontractor submits an

Application for Payment to Contractor; or (2) within ten (10) Days after the date Contractor receives payment from MSG for all or a portion of the Subcontractor's Work; whichever is earlier.

13.7.2 Contractor acknowledges and agrees that all payments made by MSG to Contractor are trust funds for the benefit of all persons or entities that have performed Work or labor, supplied services or supplied Materials for Contractor in connection with the Work.

13.8 Late Application for Payment.

13.8.1 If a final (i.e., not pencil) Application for Payment for a month is received by Project Manager or MSG after the date required by Section 13.3.2, then MSG shall pay Contractor all amounts, less any amount subject to withholding, relating to such Application for Payment no later than thirty (30) Days after Project Manager and MSG receive such Application for Payment.

13.9 [*****]

13.10 [*****]

13.11 Interest.

13.11.1 Payments of undisputed amounts unpaid under this Agreement shall, from the date that is thirty (30) Days after an undisputed payment is due and until payment is made, bear simple interest at an annual rate equal to the prime rate of interest reported by The Wall Street Journal (or if more than one such rate is reported, by the average of such rates), plus one percent (1%), or the maximum rates permitted by law, whichever is less.

13.12 Payment Not Evidence.

13.12.1 Neither a Certificate for Payment nor a progress payment, nor any partial or entire use or occupancy of the Work prior to Substantial Completion of the Work, shall constitute an acceptance by MSG of any Work that is not in accordance with the Contract Documents. MSG may make payments to Contractor on a "without prejudice" basis, including to facilitate the continued performance of the Work by Contractor and its Subcontractors, and any such payment made on an expressly "without prejudice" basis shall constitute a full reservation of MSG's right to (a) later re-assess and/or dispute such payment (in part or in whole) including payments agreed to in a Change Order; and (b) adjust the Certificate for Payment of future payments to accommodate the re-assessed and/or disputed portion or whole of one or more previous invoices.

13.12.2 Upon any Contractor Event of Default under the Contract Documents, the Parties agree that MSG may, at its sole option, make payments due under any Application for Payment by joint check to Contractor and to any Subcontractor to whom Contractor has failed to make payment at the time of the default for Work properly performed or Material or equipment suitably delivered and covered by such Application for Payment.

13.13 [*****]

13.14 Audit Rights.

13.14.1 Contractor shall cause all files, records and accounts of expenditures for Materials, equipment, employees and Subcontracts and the like and other costs of rendering services or performing Work hereunder to be available for review (in hard copy or electronic format) in Las Vegas, Clark County, Nevada. Such records shall be kept on the basis of generally-accepted accounting principles ("**GAAP**") and in accordance with the Contract Documents. Contractor will furnish MSG with statements of such expenditures, together with complete documentary back-up therefor,

on a monthly basis. Contractor shall give MSG and its representatives access to all financial information, materials and data and all labor-related records, reports and data related to the Project (together, "**Records and Reports**"). Such Records and Reports shall include, with respect to each Reporting Person, evidence according to GAAP that sufficiently and properly reflects all costs and expenditures of any nature incurred by MSG or any Person in connection with the Project. For the purposes of this Section 13.14, each Person obligated to maintain Records and Reports as provided herein is referred to as a "*Reporting Person*".

13.14.2 MSG, or MSG's representatives, shall have full access, within five (5) Business Days of a request, during regular business hours to all Records and Reports for the purpose of auditing Contractor's compliance with the Agreement. Such Records and Reports shall be made available at the Reporting Person's local place of business or at another location in Clark County, Nevada. Subject to Section 13.14.4, MSG shall pay the cost of copying any Records and Reports. MSG and MSG's representatives shall have reasonable access to the Reporting Person's facilities, shall be allowed to interview all current employees of the Reporting Person to discuss matters pertinent to the performance of the audit, and shall have adequate and appropriate work space in order conduct audits in accordance with the Agreement. Records and Reports subject to audit shall also include: (x) those records and documents necessary to evaluate and verify direct and indirect costs (including overhead allocations) as they may apply to costs associated with the Project; and (y) any other records of the Reporting Person that may have a bearing on matters related to the Agreement or the Reporting Person's dealings with MSG to the extent necessary to adequately permit evaluation and verification of Contractor's and each of its Subcontractors' compliance with the requirements of this Agreement and Applicable Law.

13.14.3 [*****]

13.14.4 All Records and Reports shall be retained by each Reporting Person for five (5) years after Final Completion. If any litigation, claim or audit relating to any Records and Reports is commenced prior to the expiration of the foregoing five (5) year period, then the affected or related Records and Reports shall be maintained by the Reporting Party until all litigation, claims or audit findings involving the Records and Reports have been resolved.

13.14.5 In those situations where records have been generated from computerized data (whether mainframe, mini-computer, or PC based computer systems), MSG, or MSG's representative, shall be provided with extracts of data files in computer readable format on data disks or suitable alternative computer exchange formats.

13.15 Substantial Completion.

13.15.1 When Contractor considers the Work (or portions thereof) to have achieved Substantial Completion, Contractor shall so notify Project Manager and MSG in writing and prepare for Project Manager and MSG: (a) a Punchlist; and (b) a schedule for completing all Punchlist Items on such Punchlist.

13.15.2 Contractor shall develop, in conjunction with MSG and Project Manager, a schedule setting forth anticipated dates for inspections of the Work by MSG, Project Manager and Architect in order to determine Substantial Completion of the Work and agree upon the Punchlist Items and the schedule for their completion. Architect, Project Manager and MSG shall inspect the Work. If, after making such inspection, Architect, Project Manager and MSG determine that the Work has not achieved Substantial Completion or that previously scheduled Punchlist Items have not been completed, then Contractor shall complete or rectify the elements of the Work that Project Manager, Architect and MSG identified as requiring completion or rectification in order for the Work to achieve Substantial Completion. Contractor shall thereafter notify MSG and Project Manager that it

considers the Work to have achieved Substantial Completion and the process set forth in this Section 13.15.2 shall repeat until such time as Substantial Completion is achieved.

13.15.3 When Project Manager, Architect and MSG, on the basis of inspections and otherwise, determine all of the criteria for Substantial Completion have been met, and the Punchlist Items have been agreed, Project Manager will prepare, upon MSG's direction, a Certificate of Substantial Completion in the form attached hereto as **Schedule P** that establishes the date of Substantial Completion and attaches the Punchlist.

13.15.4 After Substantial Completion, and upon application by Contractor and certification by Architect and Project Manager, MSG shall make payment for the Work performed in the month preceding Substantial Completion, including the return of retainage pursuant to Section 13.9.2.2.

13.15.5 After Project Manager issues the Certificate of Substantial Completion, Contractor shall complete the Punchlist Items as well as any other activities or deliverables for Final Completion within the agreed deadline for Final Completion, which deadline shall be not later than six (6) months from the date of Substantial Completion; provided that Contractor shall not interfere with MSG's operations, including the hosting and operation of events, during the period for completion of the Punchlist Items. When Contractor believes that the Punchlist Items have been completed, Contractor shall notify Project Manager and Architect, who shall then inspect such Punchlist Items. If Project Manager or Architect determines that any such Punchlist Item has not been completed in accordance with the Contract Documents, then Project Manager shall notify MSG and Contractor and Contractor shall re-perform such Punchlist Items. The process set forth in this Section 13.15.5 shall then be repeated until all Punchlist Items have been completed in accordance with the Contract Documents.

13.15.6 Warranties required by the Contract Documents shall commence on the date of Substantial Completion of the entirety of the Work unless otherwise provided in the Certificate of Substantial Completion.

13.16 Final Completion and Final Payment.

13.16.1 Contractor shall notify MSG, Project Manager and Architect in writing when it believes the Work has achieved Final Completion and is ready for final inspection and acceptance, and shall also forward to MSG, Project Manager and Architect a final Application for Payment that complies with the requirements of Article 13. Upon receipt, Architect, Project Manager and MSG will promptly make such inspection. When Architect, Project Manager and MSG find that the Work has achieved Final Completion, Project Manager will, upon MSG's direction, issue a Certificate of Final Completion that will approve the final payment due to Contractor and Contractor shall promptly remove any remaining tools, equipment or Materials so as to be completely demobilized from the Site, other than as may be necessary to satisfy its obligations pursuant to Section 17.2.8 and its warranty obligations.

13.16.2 It is a precondition to Final Completion (and thereby MSG's obligation to make final payment) that Contractor has furnished to MSG: (a) an affidavit stating that to Contractor's best knowledge, information and belief, all payrolls, bills for Materials and equipment, and other indebtedness connected with the Work for which MSG or MSG's property might be responsible or encumbered (less amounts withheld by MSG) have been paid or otherwise satisfied or will be paid or otherwise satisfied upon receipt of final payment; (b) a certificate evidencing that insurance required by the Contract Documents to remain in force after final payment is currently in effect and will not be canceled or allowed to expire until at least thirty (30) Days' prior written notice has been given to MSG; (c) a written statement that Contractor knows of no substantial reason that the insurance will not be renewable to cover the period required by the Contract Documents; (d) all Project Closeout

Documents; (e) consent of surety, if any, to final payment; (f) a conditional waiver and release of lien upon final payment from Contractor and each Subcontractor in the form attached as **Schedule M**, conditioned upon receipt of final payment; and (g) if required by MSG, other reasonable data establishing payment or satisfaction of obligations, such as receipts, releases and waivers of claims, security interests or encumbrances arising out of the Work, to the extent and in such form as may be reasonably designated by MSG. If any lien remains unsatisfied after all payments are made, Contractor shall refund to MSG all reasonable costs that the latter may be compelled to pay in discharging such lien, including reasonable attorneys' fees. Provided all of the foregoing conditions are satisfied, final payment will be made in thirty (30) Days of receipt of the final Application for Payment.

13.16.3 Contractor's final Application for Payment shall be assessed in accordance with Article 13 and MSG shall make final payment to Contractor in accordance with Article 13, including any retainage still held by MSG. Acceptance of final payment shall constitute a waiver by Contractor and each Subcontractor of all Claims, except for any Claims identified as unsettled in the final Application for Payment.

13.16.4 Within ten (10) Business Days after final payment, Contractor shall deliver an unconditional waiver and release upon final payment from Contractor and each Subcontractor in the form attached hereto as **Schedule M**.

ARTICLE 14
PROTECTION OF PERSONS AND PROPERTY

14.1 Hazardous Materials.

14.1.1 Contractor is responsible for compliance with any requirements included in the Contract Documents and all Applicable Laws regarding Hazardous Materials. To the extent Contractor encounters Hazardous Materials at the Site not addressed in the Contract Documents, Contractor shall notify MSG promptly, and in no event later than three (3) Business Days after Contractor first encounters such Hazardous Materials and cease performance of the Work. Contractor shall resume the Work immediately following the occurrence of any one of the following events: (a) MSG causes remedial work to be performed that results in the absence of such materials or substances, or (b) MSG and Contractor, by written agreement, decide to resume performance of the Work, or (c) the Work may safely and lawfully proceed, as determined by an appropriate governmental authority or as evidenced by a written report to MSG, which is prepared by an environmental engineer reasonable satisfactory to MSG.

14.1.2 Contractor shall only bring or permit any Subcontractor to bring, Hazardous Materials or explosives to, or use or store, or permit any Subcontractor to use or store, Hazardous Materials or explosives at, the Site: (a) to the extent Contractor or such Subcontractor must do so in connection with the performance of the Work; (b) in conformance with all Applicable Laws and standards of the industry regarding any such use or storage; (c) under the supervision of properly qualified personnel; and (d) with respect to explosives, only with the prior written consent of MSG and Project Manager. Without precluding the foregoing permissible uses, Contractor shall not treat, release or dispose of Hazardous Materials at the Site and shall follow all directions of MSG and Project Manager.

14.1.3 MSG shall not be responsible under this Section 14.1 for Hazardous Materials Contractor brings to the Site unless such Hazardous Materials are required by the Contract Documents. MSG shall be responsible for Hazardous Materials or substances required by the Contract Documents, except to the extent of Contractor's fault or negligence in the use and handling of such materials or substances.

14.1.4 Subject to the terms of this Article 14, Contractor agrees to defend, indemnify and hold harmless the MSG Parties from Claims arising out of or in connection with (1) remediation of a Hazardous Material Contractor brings to the Site and negligently handles, or (2) Contractor's failure to perform its obligations under Section 14.1.1, except to the extent that the cost and expense are due to MSG's fault or negligence.

14.1.5 To the fullest extent permitted by Applicable Law, MSG agrees to defend, indemnify and hold harmless the Contractor Parties from and against Claims arising out of performance of the Work in the affected area if in fact the Hazardous Material has not been rendered harmless in accordance with Section 14.1.1 and causes or is alleged to have caused bodily injury or death.

14.1.6 The Substantial Completion Date and Incentive Benchmark shall be adjusted accordingly for time and cost impacts attributed to Hazardous Materials discovered at the Site pursuant to this Section 14.1 and Contractor shall be entitled to recover the cost as a Cost of the Work as expressly permitted by this Section 14.1.

14.2 Safety Precautions and Programs.

14.2.1 Contractor shall be responsible for initiating, maintaining and supervising all safety precautions and programs in connection with the Work. Contractor shall, within thirty (30) Days of the date of this Agreement, submit to MSG for review a comprehensive safety and fire prevention program for the Site consistent with the Standard or Care and Applicable Law (the "**Safety Program**"). Contractor shall incorporate into such safety and fire prevention program all reasonable comments and changes proposed by MSG or Project Manager.

14.2.2 Contractor shall monitor and have overall responsibility for the compliance of its employees, Subcontractors, and any other Persons on the Site with: (a) the Safety Program; and (b) all applicable regulatory and advisory agency construction safety standards of any Governmental Authority.

14.2.3 Contractor shall take all reasonable precautions for the safety of:

14.2.3.1 all Persons involved in performing, overseeing or supervising performance of the Work, all Persons on the Site and all other Persons who may be affected thereby;

14.2.3.2 all owners and tenants of Adjacent Property, and their patrons, employees and other invitees, and

14.2.4 Contractor is responsible for the care of the Work until Substantial Completion is achieved, as evidenced by a Certificate of Substantial Completion, and thereafter for the care of outstanding Work and items to be removed from the Site, and for any damage caused by Contractor or a Subcontractor in the course of completing their obligations under this Agreement. Nothing herein is intended to deprive the Parties of their rights to recover the proceeds of any applicable insurance. Contractor shall provide all reasonable protection to prevent damage, injury or loss from the Work to:

14.2.4.1 all of the Work, whether in storage on or off the Site, under the care, custody or control of Contractor or any of Contractor's Subcontractors;

14.2.4.2 other property at the Site or on Adjacent Property, including trees, shrubs, lawns, walks, pavements, roadways, structures, buildings and utilities not designated for removal, relocation or replacement in the course of construction; and

14.2.4.3 the work of MSG or Separate Contractors.

14.2.5 Contractor shall give all notices and comply with all Applicable Laws bearing on the safety of Persons or property or their protection from damage, injury or loss.

14.2.6 Contractor shall erect and maintain, as required by existing conditions and the progress of the Work, all reasonable safeguards for safety and protection, including posting danger signs and other warnings against hazards, promulgating safety regulations and notifying owners and users of adjacent utilities. Contractor shall not perform the Work in a manner that would disrupt or otherwise interfere with the operation of any pipeline, telephone line, electronic transmission line or other structure which may be on the Site or Adjacent Property.

14.2.7 Contractor shall promptly remedy all damage or loss to any property or Work referred to in Sections 14.2.4 caused by any Contractor Party, except damage or loss attributable to the acts or omissions of MSG, Architect, Project Manager, Separate Contractors or anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. The foregoing obligations of Contractor are in addition to Contractor's obligations under Article 15. Nothing in this Section 14.2.7 is intended to deprive Contractor of its insurance rights or other recovery rights, if any, under the Contract Documents.

14.2.8 Contractor shall designate a responsible and qualified member of Contractor's organization at the Site whose sole duty shall be the manager of the Safety Program.

14.2.9 Contractor shall report in writing to MSG, Project Manager and other MSG personnel as may be directed by MSG from time to time, all accidents arising out of or in connection with the Work which cause death, personal injury or property damage, giving full details and statements of witnesses. Contractor shall submit its report to MSG and Project Manager within three (3) Days after the occurrence. In addition, if death or serious personal injuries or serious property damage are caused, the accident shall be reported immediately by telephone or messenger to MSG and Project Manager.

14.2.10 Contractor shall review the safety programs of each of the Subcontractors to make sure they comply with the Safety Program. The performance of such services by Contractor shall not relieve Subcontractor of its responsibility for the safety of persons and property, and for any compliance with all Applicable Laws. Contractor is responsible for any and all the safety issues relating to the Work on the Project by Contractor and its Subcontractors, including any personal injuries or death. Contractor shall administer and manage the safety program. This will include, but not necessarily be limited to review of the safety programs of each Subcontractor. Contractor shall monitor the establishment and execution of effective safety practices then known to the industry, as applicable to Work on this Project, and the compliance with all applicable regulatory and advisory agency construction safety standards. As between Contractor and its Subcontractors, Contractor's responsibility for review, monitoring and coordination of its Subcontractors' safety programs shall not extend to direct control over execution of the Subcontractors' safety programs. Notwithstanding Contractor's safety obligations to MSG, it is agreed and understood that each individual Subcontractor shall remain the controlling employer responsible for the safety programs and precautions applicable to the work of its own employees and the activities of employees of other contractors in areas designated to be controlled by such Subcontractor; provided, however, that nothing herein shall reduce or impact Contractor's responsibility with respect to MSG for safety in the performance of the Work.

14.2.11 Any suspension of Work by MSG related to Contractor's failure to comply with its safety obligations set forth under Section 14.2, including the failure of any individual to comply with the Contractor's Safety Program, shall be considered a suspension for cause.

14.3 Emergencies.

14.3.1 In any emergency affecting the safety of Persons or property or the Work, Contractor shall act, at Contractor's discretion, to prevent threatened damage, injury or loss and shall promptly notify MSG and Project Manager. Any additional compensation or extension of time claimed by Contractor on account of emergency work shall be determined in accordance with Article 6.

14.3.2 Contractor acknowledges that in the event of an emergency the Lessor will be allowed, and Contractor shall allow the Lessor, entry to the Site.

14.4 Security.

14.4.1 Contractor is responsible at all times for the Work and for the Project Site regardless of whether or not MSG has required any insurance coverages (such as builder's risk insurance) which would have protected the interests of MSG and Contractor. Contractor shall take reasonable precautions against all conditions involving risk of damage, injury, loss or theft. Contractor shall cooperate with MSG and Lessor on all security matters and requirements established by MSG or Lessor. Such compliance shall not relieve Contractor of its responsibility for maintaining proper security or taking action to maintain secure conditions at the Site. Contractor shall prepare and maintain accurate reports of incidents of loss, theft or vandalism and shall furnish these reports to MSG in a timely manner.

14.5 Trade Monitoring

14.5.1 Contractor acknowledges that MSG shall have one or more representatives present at the entrance to the Site through which labor enters and exits. MSG's representative shall be present at the entrance for the purpose of keeping a log of Persons who enter and exit the Site on a daily basis. Contractor acknowledges that the performance of this role by MSG's representative is for MSG's benefit only and does not detract from any obligation of Contractor under the Contract Documents, including the obligation to retain its own records as to the presence of Subcontractors, or Persons, on the Site on a daily basis. Nor does MSG's presence at the gate amount to MSG having control over the gate or the labor entering or exiting through the gate, or for safety requirements, which responsibility and control remains with the Contractor pursuant to the terms of this Agreement.

14.5.2 To the fullest extent permitted by law, MSG may require the labor to wear radio frequency identification or other recording devices to monitor their presence and movement around the site, which data shall be recorded by resource monitoring and reporting services. MSG may also introduce such other integrity monitoring measures as it deems necessary or advisable. Contractor shall include in each Subcontract the right of MSG to require the measures set forth in this Section 14.5.

ARTICLE 15
INDEMNIFICATION

15.1 Indemnification.

15.1.1 To the fullest extent permitted by law, Contractor shall defend, indemnify and hold harmless the MSG Parties from and against any and all third party Claims (including for economic loss), to the extent arising out of or resulting from, directly or indirectly (a) any negligent act, omission or other tortious conduct of Contractor or a Contractor Party provided that such Claim is attributable to bodily injury, personal injury, sickness, disease or death, or to injury to or destruction of or damage to property (other than the Work itself to the extent covered by insurance) or loss of use resulting therefrom; (b) the gross negligence, wilful misconduct or fraud of Contractor or a Contractor Party; or (c) a breach of Applicable Law by Contractor or a Contractor Party. Such obligations shall not

be construed to negate, abridge, or reduce other rights or obligations of indemnity set forth elsewhere in this Agreement.

15.1.2 [Not Used]

15.1.3 Contractor shall indemnify the MSG Parties from and defend any MSG Party against any Claim brought or filed against an MSG Party that allegedly arises out of the conduct set forth in Sections 15.1.1, regardless of whether such Claim is rightfully or wrongfully brought or filed.

15.1.4 In the event that any Claim is made or an action or proceeding is brought against one or more of the MSG Parties, any such MSG Party may, by notice to Contractor, require Contractor, at Contractor's expense, to resist such Claim or take over the defense of any such action or proceeding and employ counsel for such purpose. Any counsel chosen by Contractor is subject to the MSG Party's prior written approval, which approval shall not be unreasonably conditioned, delayed or denied.

15.1.5 Contractor shall not enter into any settlement or compromise in connection with an indemnified claim without the MSG Party's prior written consent, which consent shall not be unreasonably withheld or delayed.

15.1.6 If any Claim is brought against an MSG Party by any employee of any Contractor Party, Contractor's obligation to indemnify the MSG Party under this Article 15 shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for Contractor or any Subcontractor under workers' or workmen's compensation acts, disability benefit acts or other employee benefit acts.

15.1.7 The indemnity obligations set forth under this Article 15: (i) are independent of, and will not be limited by, any insurance obligations in the Contract Documents (whether or not complied with) or level of damages; (ii) are not diminished or limited in any way by any insurance carried in whole or in part by MSG, which shall in all cases function as excess of these indemnification obligations; and (iii) will survive the termination of this Agreement until all matters covered by the indemnity obligations under this Article 15 are fully and finally barred by Applicable Law. To the extent the indemnity obligations under this Article 15 are unenforceable under Applicable Law, the obligations shall not be void but instead shall be modified and amended to the minimum extent necessary to bring such obligations into conformity with the Applicable Law. The obligations, as modified, shall continue in full force and effect.

ARTICLE 16
INSURANCE

16.1 Insurance Requirements.

16.1.1 The Parties shall comply with the obligations and responsibilities pertaining to insurance set forth in **Schedule C**.

ARTICLE 17
UNCOVERING AND CORRECTION OF WORK

17.1 Uncovering of Work.

17.1.1 If any portion of the Work is covered contrary to the written request of MSG, Architect or Project Manager or to requirements specifically expressed in the Contract Documents, or prior to any required inspections by Governmental Authorities, then Contractor must, if required in writing by

MSG, Architect or Project Manager uncover such portion of the Work for observation and shall replace and restore such Work at Contractor's expense and not as a Cost of the Work.

17.1.2 If any other portion of the Work has been covered, then Architect, Project Manager or MSG may request to see such Work and it shall be uncovered by Contractor. If such Work is in accordance with the Contract Documents, then the cost of uncovering and replacement shall be a Cost of the Work, and the Incentive Benchmark shall be equitably adjusted via Change Order. If such Work is not in accordance with the Contract Documents, then Contractor shall pay such costs and shall not be entitled to recover them as a Cost of the Work.

17.2 Correction of Work.

17.2.1 Contractor warrants to MSG that:

17.2.1.1 any and all materials, equipment and furnishings incorporated into the Work shall be of good quality and new unless otherwise required or permitted by the Contract Documents;

17.2.1.2 that the Work shall be free from defects not inherent in the quality required or permitted;

17.2.1.3 and that the Work shall conform with the requirements of Applicable Laws and the Contract Documents;

17.2.1.4 it will not, and will not allow any Subcontractor to, install any product or perform any procedure which voids any warranty.

Work not conforming to these requirements, including substitutions not properly approved and authorized, shall be considered Defective Work, the cost of rectification of which may be recoverable from the Allocation in accordance with Section 4.10 but otherwise not recoverable as a Cost of the Work. The above warranty excludes: (a) damage or defect caused by abuse, modifications not executed by Contractor, improper or insufficient maintenance, or improper operation; and (b) normal wear and tear under normal usage.

17.2.2 Prior to the Substantial Completion Date, Contractor shall correct Work, or cause its Subcontractors to correct Work, that: (a) MSG, in a written notice delivered to Contractor, reasonably rejects as being Defective Work; or (b) Contractor recognizes is Defective Work. If other portions of the Work are adversely affected or damaged by such Defective Work, Contractor shall, without adjustment to the Substantial Completion Date, also correct, repair or replace or cause the correction, repair or replacement, of such affected or damaged Work, as appropriate, as well as any other property of MSG or others damaged by such Defective Work.

17.2.3 If MSG notifies Contractor of Defective Work before the end of the Warranty Period, then Contractor shall re-execute, correct, repair or replace, as appropriate, or cause such re-execution, correction, repair or replacement by its Subcontractors, all such Defective Work. If other portions of the Work are adversely affected or damaged by such Defective Work, Contractor shall, without adjustment to the Substantial Completion Date, also correct, repair or replace or cause such correction, repair or replacement, such affected or damaged Work, as appropriate, as well as any other property of MSG or others damaged by such Defective Work.

17.2.4 Contractor may seek to use the Allocation pursuant to Section 4.10 to cover the costs of rectification of Defective Work, in accordance with the terms of Section 4.10 and **Schedule F**; provided, however, that Contractor shall not be entitled to recover either as a Cost of the Work or

otherwise for Defective Work, including under Sections 17.2.2 and 17.2.3, to the extent the Allocation is not permitted to be used or has been exhausted.

17.2.5 If, prior to Substantial Completion, MSG does not require Defective Work to be removed or corrected by Contractor, then MSG may withhold such sums as are just and reasonable from amounts, if any, due Contractor hereunder, unless and until the amount of any such deduction is agreed upon by MSG and Contractor.

17.2.6 If Contractor fails to correct Defective Work in accordance with Sections 17.2.2 or 17.2.3, as applicable, within a reasonable time after written notice from MSG, then MSG may correct such Defective Work. Contractor shall promptly reimburse MSG for the out-of-pocket costs incurred by MSG as a direct result of the correction of such Defective Work, plus ten percent (10%) of such costs for MSG's overhead. In such case, MSG may also remove such Defective Work and store the salvageable materials or equipment at Contractor's expense. If Contractor does not pay costs of such removal and storage within ten (10) Business Days after receipt of written notice, then MSG may, upon ten (10) additional Business Days' written notice, sell such materials and equipment at auction or at private sale, and shall account for the proceeds thereof, after deducting costs and damages that should have been borne by Contractor, including compensation for services and expenses made necessary thereby. If such proceeds of sale do not cover costs that Contractor should have borne, then Contractor shall pay such excess to MSG or MSG shall the right to set such amount off against any payments due from MSG to Contractor. If, however, such proceeds are in excess of the costs that Contractor should have borne, then MSG shall pay such excess to Contractor.

17.2.7 Nothing contained in this Article 17 shall be construed to establish a period of limitation with respect to any other warranty obligation under the Contract Documents. The Warranty Period relates only to the specific obligation of Contractor to correct Defective Work after Substantial Completion, and has no relationship to the time within which obligation to comply with the Contract Documents may be sought to be enforced, nor the time within which proceedings may be commenced to establish Contractor's liability with respect to its obligations other than specifically to correct Defective Work. The expiration of any guarantee or any obligation of Contractor to correct Work shall not relieve Contractor of the obligation to correct any latent defect in the Work or deficiencies that are not readily ascertained, including defective Materials and workmanship, defects attributable to Substitutions for specified Materials, and substandard performance of any of the Work otherwise not in compliance with the Contract Documents.

17.2.8 During the first ten (10) events held at the Project after Substantial Completion, Contractor shall have personnel reasonably acceptable to MSG stationed at the Site and "on call" to promptly deal with any warranty issues that may occur with respect to any of the Project's major systems. If any problems with such major systems do arise during those events, then all such personnel shall remain "on call" until any issues with respect to those major systems are resolved.

17.2.9 The Contractor shall procure extended warranties, equipment warranties and manufacturers' warranties from its Subcontractors as specified in the Contract Documents with respect to the Work or, to the extent not reflected in the Contract Documents, such warranties as manufacturers and suppliers would typically provide. MSG may, at its election, request to review the terms of such warranties. All such warranties shall commence upon the Date of Substantial Completion. Further, all such warranties shall be assigned to MSG or at the direction of MSG and shall be executed in writing for the benefit of MSG and/or its nominee (including naming the Lessor as a third-party beneficiary of warranties as required under **Schedule A**).

17.2.10 If a manufacturer or Supplier of any plant, equipment, materials, goods, item or other thing ("product") to be installed in or otherwise incorporated into the Work stipulates that the warranties

and guarantees of its product are conditional or dependent upon the product being installed or applied by an installer or applicator approved by the manufacturer or Supplier, Contractor:

17.21.10.1 must ensure that the product is only installed or applied by an installer or applicator approved by the manufacturer or Supplier; and

17.21.10.2 must provide written confirmation from the manufacturer or Supplier that the Contractor or the Contractor's proposed Subcontractor for the installation or application of the product is an approved installer or applicator of the product. Such written confirmation must be provided to MSG not less than ten (10) Business Days before the proposed commencement of the installation or application of the product in the Works.

17.2.11 All warranties arising from this Article 17 and from other provisions of the Contract Documents shall run directly to MSG. All warranties and guarantees of manufacturers or Subcontractors for any Work shall be fully assignable to MSG or MSG's designee and shall be assigned to MSG upon Substantial Completion. The warranties and remedies provided in this Article 17 shall be in addition to and not in limitation of any other warranty or remedy arising by law or by the Contract Documents. Contractor shall, during the Warranty Period, assist MSG in enforcement of warranties and guarantees from Subcontractors.

17.2.12 On or about the date that is [*****] after the date of Substantial Completion, Contractor shall, together with MSG, Architect and Project Manager, attend a final inspection of the Work to ensure that it comports with all warranties and guarantees. Contractor shall promptly correct any deficiencies noted during such inspection in accordance with this Section 17.2.

ARTICLE 18
TERMINATION OF THE CONTRACT

18.1 Contractor Events of Default.

18.1.1 The following shall be considered "Contractor Events of Default":

18.1.1.1 if Contractor persistently fails or neglects to carry out the Work in accordance with the provisions of the Contract Documents, and fails, after five (5) Business Days' notice from MSG, to commence a cure to correct such failure or neglects or fails thereafter to diligently pursue such cure to completion, as reasonably determined by MSG;

18.1.1.2 if Contractor breaches this Agreement and fails, after five (5) Business Days' notice from MSG, to commence a cure to correct such breach or fails thereafter to diligently pursue such cure to completion, as reasonably determined by MSG;

18.1.1.3 if Contractor repeatedly refuses or fails to supply enough properly skilled workers or proper Materials;

18.1.1.4 if Contractor fails to make payment to Subcontractors for materials or labor in accordance with the Subcontracts;

18.1.1.5 if Contractor repeatedly disregards Applicable Laws;

18.1.1.6 if a custodian, trustee or receiver is appointed for Contractor, or if Contractor becomes insolvent or bankrupt, is generally not paying its debts as they become due or makes an assignment for the benefit of creditors, or Contractor causes or suffers

an order for relief to be entered with respect to it under applicable federal bankruptcy law, or applies for or consents to the appointment of a custodian, trustee or receiver for Contractor, or bankruptcy, reorganization, arrangement or insolvency proceedings, or other proceedings for relief under any bankruptcy or similar law or laws for the relief of debtors are instituted by or against Contractor, and in any of the foregoing cases such action is not discharged or terminated within sixty (60) Days of its institution;

18.1.1.7 if Contractor assigns or transfers, or purports to assign or transfer, this Agreement or any right or interest herein, except as expressly permitted hereunder; and

18.1.1.8 if Contractor materially fails to perform the Work in accordance with the Construction Schedule.

18.2 Remedies of MSG upon a Contractor Event of Default.

18.2.1 Without limiting Section 18.5, upon the occurrence of a Contractor Event of Default, MSG shall have the right to terminate this Agreement by written notice to Contractor (with simultaneous written notice to the Contractor's Guarantors, if any). Without prejudice to any other rights or remedies of MSG pursuant to this Agreement, at law or in equity or the rights that MSG hereby expressly reserves (including the right to collect Liquidated Damages and pursue damages other than damages caused by delays (except as provided in Section 18.2.2(b))), MSG may take any or all of the following steps:

18.2.1.1 take possession of the Site and of all materials, equipment, tools and construction equipment thereon owned by Contractor;

18.2.1.2 accept assignment and take assumption of the Subcontracts in accordance with the terms of this Agreement;

18.2.1.3 finish and/or correct the Work by whatever reasonable method MSG may deem expedient;

18.2.1.4 if applicable, collect Liquidated Damages that have accrued through the date of termination.

18.2.2 If MSG terminates the Agreement pursuant to this Section 18.2, MSG shall be entitled to recover the costs, loss and damage arising from such termination (**"Termination Costs"**) including but not limited to [*****].

18.2.3 Notwithstanding anything herein, Contractor shall not be entitled to recover any amount, including for lost profit, on account of the balance of the Work not performed, nor shall Contractor be entitled to recover the demobilization costs of Contractor or its Subcontractors.

18.3 Contractor Suspension and Termination Rights

18.3.1 If Contractor stops Work pursuant to Sections 13.13.1.1, 13.13.1.2, or 13.13.1.3 for a minimum of twenty (20) consecutive Days, then, subject to Sections 18.3.1.1 and 18.3.1.2 below, Contractor shall issue a second written notice that is personally delivered to the President of The Madison Square Garden Company (at the address of MSG specified in Section 19.1) which shall contain the following provision in capital letters and bold font: "THIS IS A SECOND NOTICE REQUESTING MSG TO CURE THE BASIS FOR THE STOPPAGE OF WORK PURSUANT TO SECTION [13.13.1.1, 13.13.1.2 OR 13.13.1.3] OF THE AGREEMENT. FAILURE BY MSG TO CURE SUCH BASIS FOR STOPPAGE OF THE WORK WITHIN FIFTEEN (15)

BUSINESS DAYS OF RECEIPT HEREOF (OR WHERE SUCH BASIS FOR THE STOPPAGE OF WORK CANNOT BE CURED WITHIN FIFTEEN (15) BUSINESS DAYS, MSG HAS FAILED TO COMMENCE AND BE DILIGENTLY PURSUING A CURE), CONTRACTOR SHALL BE ENTITLED TO TERMINATE THE AGREEMENT FIFTEEN (15) DAYS FOLLOWING RECEIPT OF THIS SECOND NOTICE".

18.3.1.1 If, however, Contractor is paid the undisputed amount due prior to the expiry of the aggregate time period set forth in Section 18.3.1, Contractor shall not be entitled to terminate the Agreement and shall resume performance of the Work.

18.3.1.2 Any payment made to Contractor pursuant to this Section 18.3.1 may include payments made on a "without prejudice" basis, including to facilitate the continued performance of the Work by Contractor and its Subcontractors, and any such payment made on an expressly "without prejudice" basis shall constitute a full reservation of MSG's right to (a) later re-assess and/or dispute such payment (in part or in whole); and (b) adjust the Certificate for Payment of future payments to accommodate the re-assessed and/or disputed portion or whole of one or more previous invoices.

18.3.2 In addition, if an MSG Act causes the entirety of the Work to be stopped for a period of [*****] or more then, subject to the proviso below, Contractor may terminate the Agreement if:

18.3.2.1 Contractor gives written notice of its intention to terminate the Agreement to MSG and Project Manager at least ten (10) Days before terminating the Agreement; and

18.3.2.2 MSG fails to allow Contractor to resume the Work within the time set forth in the written notice given pursuant to Section 18.3.2.1 above; and

18.3.2.3 Contractor has issued a second notice that is personally delivered to the President of The Madison Square Garden Company which shall contain the following provision in capital letters and bold font: "THIS IS A SECOND NOTICE REQUESTING MSG TO CURE THE BASIS FOR THE STOPPAGE OF WORK PURSUANT TO SECTION 18.3.2 OF THE AGREEMENT. FAILURE BY MSG TO CURE SUCH BASIS FOR STOPPAGE OF THE WORK WITHIN FIFTEEN (15) BUSINESS DAYS OF RECEIPT HEREOF (OR WHERE SUCH BASIS FOR THE STOPPAGE OF WORK CANNOT BE CURED WITHIN FIFTEEN (15) BUSINESS DAYS, MSG HAS FAILED TO COMMENCE AND BE DILIGENTLY PURSUING A CURE), CONTRACTOR SHALL BE ENTITLED TO REFER SUCH STOPPAGE TO A DESIGNATED REPRESENTATIVES MEETING PURSUANT TO SECTION 22.1.3 FIFTEEN (15) DAYS FOLLOWING RECEIPT OF THIS SECOND NOTICE"; and

18.3.2.4 MSG fails to allow Contractor to resume the Work within the time set forth in the second written notice given pursuant to Section 18.3.2.3; and

18.3.2.5 the Parties have scheduled and attended the Designated Representatives Meeting referred to in Section 22.1.3 but achieved no mutually satisfactory resolution of MSG's failure to allow Contractor to resume the Work; provided that the written notice of intention to terminate referred to in Section 18.3.2.1 above shall serve as the "Dispute Notice" referred to in Section 22.1.3,

provided, however, that Contractor may not enforce its rights pursuant to Section 18.3.1 when it is simultaneously seeking relief pursuant to Article 5 for the same MSG Act.

18.3.3 If Contractor stops the Work pursuant to Section 13.13.1.1, 13.13.1.2, or 13.13.1.3, MSG may terminate this Agreement by giving Contractor notice of its intent to terminate at least fifteen (15) Days before terminating the Agreement.

18.3.4 If a custodian, trustee or receiver is appointed for MSG, or if MSG becomes insolvent or bankrupt, is generally not paying its debts as they become due or makes an assignment for the benefit of creditors, or MSG causes or suffers an order for relief to be entered with respect to it under applicable federal bankruptcy law or applies for or consents to the appointment of a custodian, trustee or receiver for MSG, or bankruptcy, reorganization, arrangement or insolvency proceedings, or other proceedings for relief under any bankruptcy or similar law or laws for the relief of debtors, are instituted by or against MSG, and in any of the foregoing cases such action is not discharged or terminated within sixty (60) Days of its institution, Contractor may terminate this Agreement upon fifteen (15) Days written notice to MSG and Project Manager.

18.4 Remedies of Contractor upon Termination by Contractor.

18.4.1 If Contractor terminates this Agreement in accordance with Section 18.3, such a termination shall be deemed a termination for convenience by MSG and the provisions of Section 18.6 shall apply.

18.5 Injunctive Relief.

18.5.1 Contractor acknowledges and agrees that MSG will suffer immediate, irreparable harm in the event Contractor breaches any of its obligations under the covenants and provisions set forth in this Agreement, that monetary damages will be inadequate to compensate MSG for such breach and that MSG shall be entitled to injunctive relief as a remedy for any such breach (or threatened breach). Such remedy shall not be deemed to be the exclusive remedy in the event of breach by Contractor of any of the covenants or provisions set forth in this Agreement, but shall be in addition to all other remedies available to MSG at law or in equity. Contractor hereby waives, to the extent permitted by law, any requirement for security or the posting of any bond or other surety in connection with any temporary or permanent award of injunctive or other equitable relief, and further waives, again to the extent permitted by law, the defense in any action for specific performance or other equitable remedy that a remedy at law would be adequate.

18.6 Termination for Convenience.

18.6.1 MSG may terminate this Agreement for any reason or no reason, without cause, at any time, upon providing fifteen (15) Days' prior written notice from MSG to Contractor. Upon receipt of such notice, Contractor shall immediately or on the date set forth in the written notice: (a) terminate performance of the Work; (b) take actions necessary, or that MSG may direct, for the protection and preservation of the Work; (c) enter into no further Subcontracts; (d) at MSG's option (except with respect to Work directed to be performed prior to the effective date of the termination stated in the notice): (i) terminate all existing Subcontracts and purchase orders; or (ii) assign to MSG such Subcontracts and purchase orders identified by MSG; and (e) subject to the terms of Section 9.2 above, deliver to MSG copies of, and assign (or cause to be assigned) to MSG, at MSG's request all rights to any and all designs, drawings, specifications, reports, studies and all other plans prepared (or caused to be prepared) by Contractor in connection with the Project.

18.6.2 Upon any such termination for convenience, MSG shall pay to Contractor: (a) the Cost of the Work due (and undisputed) to Contractor for Work performed through the date of the termination, plus

Contractor's Fee thereon; *plus* (b) actual demobilization, close-out costs, and costs reasonably incurred to protect or preserve the Work, all of which must be attributable to the termination. All funds due hereunder, including unpaid retainage, shall be released within thirty (30) Days of termination. In the event of such termination for convenience, Contractor shall not be entitled to any anticipated profits or portions of the Contractor's Fee attributable to Work not performed, nor any other consequential, indirect or incidental damages relating to such termination.

18.7 Suspension for Convenience.

18.7.1 MSG may, without cause, order Contractor in writing to suspend, delay or interrupt the Work in whole or in part for such period of time as MSG may determine. An adjustment shall be made for actual increases in the cost of, or delay to, performance of the Work, including the Contractor's Fee on the increased cost of performance, if any, to the extent caused by the suspension, delay or interruption, in accordance with Article 5; provided that no adjustment shall be made to the extent that: (a) the performance is, was or would have been so suspended, delayed or interrupted by another cause for which Contractor is responsible; or (b) an adjustment to the Incentive Benchmark and/or Construction Schedule is made or denied under another provision of this Agreement. Adjustments made in the cost of performance may have a mutually-agreed fixed or percentage increase or decrease to the Contractor's Fee. In the event that the Work is suspended for convenience, Contractor shall not be permitted to terminate the Agreement in accordance with Section 18.3.

18.8 Termination of the Ground Lease.

18.8.1 In the event the Ground Lease is terminated prior to Final Completion, this Agreement will automatically terminate and Contractor's rights and responsibilities shall be governed by Section 18.6.

ARTICLE 19
NOTICES

19.1 Subject to Section 19.2, any notice required to be given by the terms and provisions of this Agreement or by Applicable Laws or governmental regulation, either by MSG or Contractor, shall be in writing and shall be deemed to have been served and given when sent by either hand delivery, overnight delivery, or email (provided that email is not an authorized method of delivery of (a) Change Requests, Change Proposals or Construction Change Directives pursuant to Article 6; (b) notifications related to assertions of delay, Recovery Plans or extensions of time pursuant to Section 5.3 or Section 5.4, (c) notices related to payment, non-payment or stopping the Work pursuant to Section 13.13, (d) notices of Claims however arising; or (e) notices of default or termination pursuant to Article 18 or otherwise, all of which shall be sent by hand or overnight delivery) and addressed as follows:

If to MSG:	MSG Las Vegas, LLC c/o MSG Sports & Entertainment, LLC Two Penn Plaza New York, NY 10121 Attn: Executive Vice President, Development and Construction MSG Las Vegas, LLC c/o MSG Sports & Entertainment, LLC Two Penn Plaza New York, NY 10121 Attn: General Counsel and Rider Levett Bucknall Two Financial Center, Suite 810, 60 South St, Boston, MA 02111
With a copy to:	Seyfarth Shaw LLP 620 Eighth Avenue New York, New York 10018 Attention: Alison Ashford, Esq.
If to Contractor:	Hunt Construction Group Inc. (d/b/a AECOM Hunt) 2450 South Tibbs Avenue Indianapolis, IN 46241 Attn: Robert May and Hunt Construction Group Inc. (d/b/a AECOM Hunt) 7720 N. 16th St., Suite 100 Phoenix, AZ 85020 Attn: Jose Pienknagura, Esq.

19.2 Contractor shall have the right to deliver any plans, reports, communications or other deliveries required or permitted to be delivered through the online system described in Section 3.17.1 (in lieu of the methods specified in Section 19.1) unless they involve (a) the occurrence of a casualty, commencement of litigation, filing of a mechanic's lien or notice of violation of Applicable Law, (b) an allegation of breach of or default under this Agreement, or (c) Claims, including for schedule or cost adjustments pursuant to this Agreement.

19.3 Written notices are required whether or not MSG is aware of the existence of any circumstances which might constitute a basis for a Claim and whether or not MSG has indicated it will consider a Claim. Since merely oral notice may cause disputes as to the existence or substance thereof, and since notice, even if written to other than MSG's representative above designated to receive it may not be sufficient to come to the attention of the representative of MSG with the knowledge and responsibility of dealing with the situation, only written notice and information complying with the express provisions of Article 19 shall be deemed to fulfil a Party's obligations under this Agreement, even where another term of this Agreement that refer to "notice" is not preceded by the word "written".

ARTICLE 20
CONFIDENTIALITY

20.1 Confidentiality.

20.1.1 The terms of the Contract Documents and any and all information or materials obtained by Contractor from MSG, Lessor or any agents, representatives or Affiliates of either of them in conjunction with or incidental to performing the Work hereunder are confidential and shall not be disclosed by Contractor, any Subcontractor, or any of their respective Affiliates, employees, or agents, to any third party without MSG's or Lessor's prior written consent; provided that Contractor may disclose such information to a Governmental Authority as may be required to perform the Work or to Contractor's employees, attorneys, consultants, insurers, and Subcontractors who have a need to know such information and Contractor shall ensure that its employees, attorneys, consultants, insurers, and Subcontractors maintain the confidentiality thereof on terms substantially similar to the terms set forth in this Section 20.1.

20.1.2 Any and all information obtained by MSG from Contractor regarding Contractor's costs, accounting, or finances in connection with the Contract Documents is confidential and shall not be disclosed by MSG or by any of its agents, employees or representatives without Contractor's prior written consent; provided that MSG may disclose such information to (i) governmental authorities as necessary to complete the Work; (ii) its employees, attorneys, accountants, cost consultants, potential equity investors, and insurers who have a need to know such information, each of whom must agree to maintain the confidentiality thereof; (iii) the extent disclosure is required or advisable by law, statute, rule, regulation, or judicial process (including, but not limited to, applicable securities laws), and (iv) any regulator having jurisdiction over the Project including, but not limited to, any securities regulatory authority, including rating agencies and national securities exchanges, to which MSG is subject.

20.1.3 The provisions of this Section 20.1 shall survive termination of the Contract Documents. This provision shall not apply to information that comes into the public domain (except to the extent that it comes into the public domain as a result of a disclosure prohibited by the foregoing provisions of this Section 20.1) or is required to be disclosed by any Applicable Laws.

20.2 Publicity/Promotion Prohibition.

20.2.1 Contractor shall not display or distribute any advertising signs or notices of any kind whatsoever at the Site, except signs required by law or for public safety, without the prior written permission of MSG in each instance. Any such permission given shall be revocable at any time thereafter

without prior notice to Contractor and at the sole discretion of MSG. Additionally, Contractor hereby covenants and agrees not to use the name of the Project or Site, or any variation thereof, or any other trademarks or logotypes now or hereafter used by the Project or MSG, in any manner without the prior written approval of MSG. In the event of such approval, Contractor may use the name of the Site or MSG only in the manner and at such times as prescribed in such approval.

20.3 Remedy for Breach or Threatened Breach

20.3.1 If any Party breaches, or threatens to commit a breach of, any of the provisions of this Article 20, the other Party shall have all rights and remedies available to such persons at law or in equity under this Agreement or otherwise, including, without limitation, the right and remedy of injunctive relief (without the necessity of posting any bond or security) and to have each and every one of the restrictive covenants in this Article 20 specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of these restrictive covenants would cause irreparable injury and that money damages would not provide an adequate remedy.

ARTICLE 21
REPRESENTATIONS AND WARRANTIES

21.1 Representations And Warranties.

21.1.1 Contractor represents and warrants the following to MSG (in addition to any other representations and warranties contained in the Contract Documents) as a material inducement to MSG to execute this Agreement, which representations and warranties shall be continuing throughout performance of the Work and shall survive the execution and delivery of this Agreement, any termination of this Agreement and Final Completion of the Work:

21.1.1.1 Contractor is financially solvent, able to pay all debts as they mature, and possesses sufficient working capital to complete the Work and perform all obligations hereunder;

21.1.1.2 Contractor is able to furnish the plant, tools, materials, supplies, equipment, and labor required to complete the Work and perform its obligations hereunder and has sufficient experience and competence to do so;

21.1.1.3 Contractor's execution of this Agreement and performance thereof are within the Contractor's duly authorized powers;

21.1.1.4 Contractor's duly authorized representative has visited the Site, is familiar with the local conditions under which the Work is to be performed, and has correlated observations with the requirements of the Contract Documents; and

21.1.1.5 Contractor is a large, sophisticated contractor who possesses a high level of experience and expertise in the business administration, construction, and superintendence of projects of the size, complexity, and nature of this particular Project and will perform the Work in accordance with the Standard of Care.

21.2 Licensing Requirements.

21.2.1 Contractor represents and warrants that it is authorized to do business in the State of Nevada and is properly licensed to perform the Work by all necessary Governmental Authorities (including local governments, counties, cities, and municipalities) having jurisdiction over Contractor, the Work and the Project. Contractor may satisfy licensing requirements concerning its design and engineering services through the design professionals it retains to perform those services if they

are properly licensed. Contractor has no reason to believe that any approval required to be obtained by Contractor from a Governmental Authority for the execution of the Work will not be granted in due course and thereafter remain in effect so as to enable the Work to proceed in accordance with the Contract Documents.

21.3 Survival.

All of the representations, warranties and indemnifications made in, required by or given in accordance with the Contract Documents, the Work or the Project, which are expressly stated to survive or which by their nature survive, as well as all continuing obligations under the Contract Documents, shall survive (a) termination of the Agreement, and (b) Final Completion.

ARTICLE 22
DISPUTE RESOLUTION

22.1 Dispute Resolution Procedures.

22.1.1 Any Claim or dispute arising out of or relating to this Agreement shall be resolved in accordance with, the dispute resolution procedures set forth in this Article 22.

22.1.2 In the event of any dispute between MSG and Contractor that arises under or in connection with this Agreement or the Work (a "**Dispute**"), Contractor shall continue to perform as required under the Agreement notwithstanding the existence of such Dispute. In the event of such a Dispute, MSG shall continue to pay Contractor as provided in this Agreement, excepting only such amount as may be disputed.

22.1.3 If any event or circumstance gives rise to a Dispute, the aggrieved party (the "**Disputing Party**") shall promptly notify (each such notice, a "**Dispute Notice**") the other party (the "**Responding Party**") of such Dispute. At the next project meeting following delivery of such Dispute Notice, Contractor and MSG shall reserve time at the end of such project meeting to attempt to resolve such Dispute at the field level through discussions between Contractor's project manager and MSG's representative (such meeting the "**Initial Meeting**"). If any Dispute is not resolved through such discussions within thirty (30) Days after delivery of such Dispute Notice, then Contractor's Designated Senior Representative and MSG's Designated Senior Representative, upon the request of either Party, shall meet as soon as conveniently possible, but in no case later than thirty (30) Days after delivery of such Dispute Notice, to attempt to resolve such Dispute (such meeting the "**Designated Representatives Meeting**"). If a Party intends to be accompanied at a meeting by an attorney, the other Party shall be given at least five (5) Days' notice of such intention and may also be accompanied by an attorney. Both Parties may change their Designated Senior Representative from time to time upon written notice to the other Party.

22.1.4 Unless the Parties otherwise agree, if a Dispute has not been settled or resolved within one hundred (100) Days after delivery of such Dispute Notice, then either Party may initiate litigation. Any litigation based on, or arising out of, under, or in connection with, the Agreement, or any course of conduct, course of dealing, statements (whether oral or written) or actions of the Parties in connection herewith or therewith, shall be brought and maintained in a court of competent jurisdiction located in Las Vegas, Clark County, Nevada.

22.1.5 Either Party may commence litigation on any Dispute without complying with the process set forth in Sections 22.1.3, and 22.1.4 if, at the time such litigation is commenced, the applicable statute of limitations period for such Dispute is less than thirty (30) Days from expiring. If a Dispute relates to or is the subject of a mechanic's lien, Contractor may proceed in accordance with Applicable Law to comply with the lien notice or filing deadlines.

22.1.6 In any Dispute between MSG and Contractor, the prevailing Party shall be awarded its reasonable attorneys' fees and costs.

22.1.7 THE PARTIES HERETO HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER IN CONTRACT, TORT OR OTHERWISE, RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

22.1.8 Nothing herein shall prejudice the right of a Party to commence litigation seeking urgent relief to prevent imminent irreparable harm in respect of a Dispute arising under or in connection with this Agreement.

ARTICLE 23
CLAIMS

23.1 To the extent permitted by law, Contractor agrees that MSG will not be liable to Contractor and Contractor is not entitled to make any Claim or recover as a Cost of the Work:

23.1.1 arising out of, or in any way in connection with, any breach of this Agreement by MSG, any direction, consent or approval by MSG, any other act or omission of MSG or its employees or agents, or the subject matter of this Agreement;

23.1.2 under any provision of this Agreement;

23.1.3 in tort (including for negligence), for strict liability, under any law or statute, for restitution based on unjust enrichment or for rectification; or

23.1.4 for payment or compensation on any other legal or equitable basis,

if Contractor has not given to MSG:

23.1.5 a prescribed notice for the Claim within ten (10) Business Days of the first day on which Contractor became aware, or should reasonably have become aware of the breach, direction, consent, approval, act, omission or other event, fact, matter or circumstance on which the Claim is based; and

23.1.6 in the case where the relevant breach, direction, consent, approval, act, omission or other event, fact, matter or circumstance is ongoing, weekly (or such other frequency as the Parties may mutually agree) updates of the prescribed notice until the breach, direction, consent, approval, act, omission or other event, fact, matter or circumstance has ceased.

23.2 A 'prescribed notice' is a notice in writing that is endorsed 'Prescribed Notice under Article 23 and includes particulars of all of the following:

23.2.1 the breach, act, omission, direction, consent, approval, event, fact, matter or circumstance on which the Claim is or will be based;

23.2.2 the provision of this Agreement or other basis for the Claim;

23.2.3 the quantum or likely quantum of the Claim; and

23.2.4 any measures taken by Contractor to reduce the impact of the breach, act, omission, direction, consent, approval, event, fact, matter or circumstance on which the Claim is based.

23.3 The amount (if any) of any Claim that Contractor has notified in accordance with this Article 23 will be valued, and the Incentive Benchmark adjusted, under whichever parts of Article 6 are applicable having regard to the nature of the Claim and after taking into account measures that were reasonably available to Contractor to reduce the impact of the breach, act, omission, direction, consent, approval, event, fact, matter or circumstance on which the Claim is based.

23.4 This Article 23 does not apply to any claim for:

23.4.1 an Application for Payment pursuant to this Agreement;

23.4.2 payment of a Construction Change Directive that has been directed in writing by MSG under Section 6.3; or

23.4.3 an adjustment to the Substantial Completion Date under Article 5,

but nothing in this Article 23 limits the operation or effect of any other notice provision, time-bar provision, condition precedent or limitation or exclusion clause in this Agreement.

23.5 MSG and Contractor waive Claims against each other for consequential, indirect and incidental damages arising out of or relating to this Agreement or the Project; provided, however, that the foregoing waiver shall not apply to:

23.5.1 MSG's recovery from Contractor of Daily Delay Liquidated Damages and Long Stop Completion Liquidated Damages, subject to the caps thereon established in **Schedule I**;

23.5.2 the Termination Costs referred to in Section 18.2.2(b), subject to the cap on Termination Costs established in Section 18.2.2 with respect to Section 18.2.2(b);

23.5.3 MSG's recovery from a Contractor Party for a failure by a Contractor Party's to comply with its tax obligations hereunder and any fines, levies, fees or expenses imposed by a Governmental Authority against MSG as a result of a Contractor Party's breach of its obligations under this Agreement;

23.5.4 such consequential, indirect and incidental damages, losses and costs arising from (a) any third party claim to the extent a Contractor Party is required to provide indemnification of the MSG Parties pursuant to this Agreement, and (b) any claim (not covered by Section 23.5.4(a)) to the extent a Contractor Party is required to provide indemnification of the MSG Parties pursuant to this Agreement, with the understanding that this Section 23.5.4(b) shall be subject to a maximum cumulative cap on all such consequential, indirect and incidental damages, losses and costs equal to [*****];

23.5.5 all damages, losses and costs to the extent paid by insurance proceeds from any applicable insurance maintained by either Party; and

23.5.6 a Contractor Party's or MSG Party's gross negligence, fraud or willful misconduct.

ARTICLE 24
ETHICAL OBLIGATIONS

24.1 Equal Opportunity.

24.1.1 MSG is committed to equal opportunity in employment and in the awarding of contracts for goods and services. It is the policy of MSG to seek and employ the best-qualified individuals for all job opportunities. MSG prohibits unlawful discrimination against any employee or applicant for

employment on the basis of race, color, national origin, ancestry, sex, sexual orientation, age, religion, physical or mental disability, medical condition, veteran status, marital status, or any other characteristic protected under federal or state law. This policy applies to all areas of employment, including hiring, awarding contracts, training, promotion, demotion, transfer, layoff, termination, and compensation. Contractor and its Subcontractors are required to abide by any affirmative action requirements imposed upon MSG pursuant to Applicable Law or any other applicable affirmative action requirements of which MSG has notified Contractor in advance and in writing.

24.2 Harassment or Offensive Behavior.

24.2.1 MSG is committed to maintaining a work environment that is free of harassment and offensive behavior and such behavior is strictly prohibited by MSG. Neither Contractor nor any of its Subcontractors shall engage in any harassment or offensive behavior in connection with this Agreement or the Project. Contractor shall immediately address any claim of harassment or offensive behavior involving it or its Subcontractors, properly discipline any person determined to have engaged in such conduct, including dismissal or removal from the Project where appropriate, and use its best efforts to ensure that such conduct does not reoccur.

24.3 Ethical Standards.

24.3.1 Contractor shall observe high ethical standards and comply with all Applicable Law governing ethical conduct or conflicts of interest. Neither Contractor, nor any person associated with Contractor (including a Subcontractor), shall provide (or seek reimbursement for) any gift, gratuity, favor, entertainment, loan or other thing of value to any official, director, employee, agent or representative of MSG not in conformity with Applicable Law.

24.3.2 Contractor shall not engage the services of any person or persons in the employment of MSG for any services required, contemplated or performed under this Agreement. Contractor may not assign to any former MSG employee or agent who has joined Contractor's firm any matter on which the former employees, while in the employ of MSG, had material or substantial involvement in the matter. Contractor may request a waiver to permit the assignment of such matters to former MSG personnel on a case-by-case basis. Contractor shall include in every Subcontract a provision substantially similar to this Article so that such provision shall be binding upon each Subcontractor.

24.3.3 Contractor represents and warrants that it did not, directly or indirectly, engage in any collusive or other anti-competitive behavior in connection with the award of the Contract and will not engage in any such conduct with respect to the Project or its performance of the Work. Contractor shall procure the same representation and warranty from each Subcontractor in each Subcontract.

24.3.4 Contractor shall have in place and follow, and shall ensure that its Subcontractors have in place and follow, policies and procedures to prevent and detect possible violations described in this Section 24.3.

24.3.5 Contractor agrees, and shall procure the agreement of its Subcontractors, that MSG shall have the right to audit Contractor's and each Subcontractor's books and records to ensure compliance with this Article 24 and agrees to provide such information and other assurances of compliance with this Article 24 as MSG may request from time to time.

24.3.6 This provision shall survive termination of this Agreement. A breach of this Article 24 shall constitute a material breach of this Agreement.

ARTICLE 25
MISCELLANEOUS PROVISIONS

25.1 Governing Law.

25.1.1 This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada without regard to principles of conflicts of law.

25.2 Entire Agreement.

25.2.1 The Contract Documents represent the entire and integrated agreement between MSG and Contractor and supersede all prior negotiations, representations or agreements, either written or oral, including the Preconstruction Services Agreement and the LNTP. The Contract Documents may be amended only by written instrument signed by both MSG and Contractor or a Construction Change Directive issued by MSG.

25.3 Schedules.

25.3.1 All Schedules (including all attachments to such Schedules) referenced in this Agreement are an integral part of the Contract Documents.

25.4 Relationship of the Parties.

25.4.1 Contractor is an independent contractor and shall not be deemed an agent, employee or partner of MSG. Nothing contained in this Agreement shall be construed as constituting a joint venture, partnership or similar relationship between Contractor and MSG for any purpose, including federal, state and local income tax purposes. In no event shall either party take a position in any tax return or other writing of any kind that a partnership, joint venture or similar relationship exists.

25.5 Third Parties.

25.5.1 Nothing contained herein shall be deemed to give any third party any claim or right of action against MSG or Contractor that does not otherwise exist without regard to this Agreement.

25.6 Counterparts.

25.6.1 This Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

25.7 Remedies.

25.7.1 Except as otherwise expressly provided in the Contract Documents, all rights and remedies provided to either Party in the Contract Documents are in addition to all other rights and remedies available to that Party at law or in equity.

25.8 Successors and Assigns.

25.8.1 MSG and Contractor, respectively, bind themselves, their successors and assigns to the other Party to this Agreement, and to the successors and assigns of such other Party with respect to all covenants and obligations of the Contract Documents.

25.9 Assignment.

25.9.1 Contractor shall not assign or transfer any interest in this Agreement without the prior written consent of MSG. MSG may, without the consent of Contractor, assign this Agreement to an Affiliate or related party, or any lender or financial or other institution providing funding for the Project. MSG may otherwise assign this Agreement without the consent of Contractor provided that (i) MSG gives fourteen (14) Days advance notice to Contractor; and (ii) such assignee assumes all of the obligations of MSG as otherwise set forth under this Agreement and is capable of fully satisfying all obligations owed by MSG, including payment obligations, after the date of assignment.

25.10 Liability.

25.10.1 This Agreement is executed by MSG in its own capacity and not as agent for or representative of any other Person. Contractor acknowledges and agrees that it shall look only to the funds and property of MSG for payment or satisfaction of any claim arising out of or in connection with this Agreement or the Work.

25.11 Survival.

25.11.1 The obligations of MSG and Contractor hereunder that are expressly deemed to survive expiration or earlier termination of this Agreement shall survive such termination or expiration.

25.12 Severability.

25.12.1 If any term, covenant, restriction or condition contained in this Agreement shall, to any extent, be invalid or unenforceable, the remainder of this Agreement (or the application of such term, covenant restriction or condition to Persons or circumstance, other than those with respect to which it is invalid or unenforceable) shall not be affected thereby and each term, covenant, restriction and condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

25.13 No Waiver.

25.13.1 A failure by either Party to insist on the performance of any of the other Party's obligations under this Agreement shall not be construed as a waiver, modification or relinquishment of such obligations or right with respect to future performance. The consent or approval by either Party of any act by the other Party requiring such Party's consent or approval shall not be construed to waive or render unnecessary the requirement for that Party's consent or approval of any subsequent similar act by the other Party. The payment by MSG of any amount due hereunder with knowledge of a breach of any provision of this Agreement shall not be deemed a waiver of such breach. No provision of this Agreement shall be deemed to have been waived unless such waiver shall be in writing signed by the Party to be charged.

[EXECUTION PAGE TO FOLLOW]

IN WITNESS WHEREOF this Agreement has been executed by the Parties as of the day and year first written above.

MSG LAS VEGAS, LLC

By: /s/ Andrew Lustgarten

Name: Andrew Lustgarten

Title: President

HUNT CONSTRUCTION GROUP INC. (D/B/A AECOM HUNT)

By: /s/ Jay Badame

Name: Jay Badame

Title: Director

SCHEDULE A

APPLICABLE PROVISIONS OF GROUND LEASE

1.10 "**Bridge Construction Drawings**" is defined in Section 5.7.4.

1.11 "**Bridge DD Documents**" is defined in Section 5.7.3.

1.12. "**Bridge Schematic Drawings**" is defined in Section 5.7.2.

1.20 "**Construction Commencement Date**" is defined in Section 5.3.

1.26. "**Development**" shall mean the construction of the entire Project set forth on the approved Plans.

1.27 "**Development Completion**" shall mean substantial completion of the Development, as evidenced by the issuance of a temporary or permanent certificate of occupancy.

1.28 "**Development Completion Date**" shall mean the date upon which Development Completion occurs as evidenced by a notice from Lessee to Lessor promptly following Development Completion, which notice shall contain a copy of all applicable certificates of occupancy evidencing that the Development Completion Date has occurred.

1.39. **"Hazardous Material"** shall mean any substance, material or waste (regardless of physical form or concentration) that is (a) toxic, radioactive, hazardous, explosive, carcinogenic, ignitable, corrosive, reactive or words of similar meaning or regulatory effect under Environmental Laws; or (b) restricted or regulated under any Environmental Laws. Without limiting the foregoing, "Hazardous Materials" includes petroleum, petroleum products and by-products including gasoline, diesel fuel or other petroleum hydrocarbons; asbestos and asbestos-containing materials, in any form, whether friable or nonfriable; polychlorinated biphenyls; and radon gas.

1.46. "**Interconnection Point**" is defined in Section 5.7.1.

1.90. **"Plans"** is defined in Section 5.2.

1.121. **"Unpermitted Lien"** shall mean any mechanic's, materialman's, material supplier's, or vendor's statutory lien or similar lien arising out of work, labor services, equipment or materials supplied to Lessee or on behalf of Lessee in connection with the initial construction or subsequent alterations to the Property by Lessee, which lien is recorded against Lessor's interest in the Premises, as owner, or is filed against the leasehold estate and subsequently attaches to the Lessor's interest in the Premises by operation of law.

4.2. Use of Hazardous Materials by Lessee. Lessee shall not, and Lessee shall not permit its tenants, agents, contractors, employees, or invitees to, generate, treat, store, dispose of, or otherwise deposit Hazardous Materials in, on, under or about or allow Hazardous Materials to emanate from the Property or any portion thereof, including, without limitation, into the surface waters and subsurface waters thereof in violation of Applicable Laws. Hazardous Materials may be transported to and from the Premises, and may be stored, generated, or used and disposed of at the Premises, by Lessee and its agents and employees, so long as such transport, storage, generation, or use and disposal is (i) ancillary to the ordinary course of business, (ii) in quantities customarily used in the ordinary course of business, and (iii) conducted in full compliance with all Applicable Laws.

5.1. Delivery of Site; Lessee's Intention to Construct. On the Lease Commencement Date, Lessor shall deliver the Premises to Lessee free and clear of all trailers, equipment, or other personal property, and with all existing improvements removed other than paved surface parking, light poles, or perimeter fencing. Lessee shall develop and construct the Project on the Premises in accordance with the Building Standard, at its sole cost and expense, inclusive of any and all cost overruns, but subject to the TI Allowance. Lessee shall be solely responsible, at its sole cost and expense, for compliance with all Applicable Laws, including obtaining all necessary zoning changes, conditional use permits, variances, permits, approvals and all other necessary land use approvals, in connection with the construction of any Improvements on the Premises (it being acknowledged by the parties that Lessee has already obtained the Project Entitlements as of the date hereof, and it being further agreed that, subject to Lessor's limited approval rights as set forth in the last sentence of Section 8, Lessor shall cooperate in good faith with Lessee in the processing of any further applications for and pursuit of any of the land use approvals described herein at no out of pocket cost or expense to Lessor).

5.2. Plans and Specifications. Lessor acknowledges that in connection with Lessee obtaining the Project Entitlements, Lessor has previously approved the general architectural character of the exterior building design as set forth on the concept drawings for the Project listed on Schedule J (collectively, the "**Plans**") in accordance with the terms and conditions of the Agreement to Lease. Lessee shall not engage in any Material Modification of the Plans without the prior written approval of Lessor, such approval not to be unreasonably withheld, conditioned, or delayed. Following completion of the Development of the Premises pursuant to the approved Plans, this Section 5.2 shall no longer apply, and any alterations of and additions to the Project shall be subject to the terms of Section 8.

5.3. Manner of Construction. Lessee shall be solely responsible for the design and construction of the Project in material compliance with Applicable Laws and any Permitted Exceptions. Lessee shall also comply with the provisions set forth in Schedule E attached hereto and incorporated herein by reference. Lessee shall record all notices of completion as may be required under Applicable Laws

or good construction practices. Lessee shall commence construction of work on the foundations for the Venue (as opposed to pre-construction activities) no later than eighteen (18) months after the Lease Commencement Date, subject to extension on a day for day basis for each day of delay due to Force Majeure or Lessor Delay (the "**Construction Commencement Date**") (provided, however, that any Force Majeure delays shall not extend the Construction Commencement Date by more than one hundred eighty (180) days after the date that is eighteen (18) months after the Lease Commencement Date), and shall diligently pursue construction of the Project thereafter. Lessee shall have achieved Development Completion and the Development Completion Date shall have occurred no later than three (3) years after the earlier to occur of (1) the actual date of commencement of work on the foundations for the Venue (as opposed to pre-construction activities) and (2) the Construction Commencement Date, subject to extension on a day for day basis for each day of delay due to Force Majeure or Lessor Delay (the "Outside Development Completion Date") (provided, however, that Force Majeure extensions shall not be available during the period between (x) the date if any that an arbitrator determines pursuant to a binding ruling (in accordance with Section 39.15) that Lessee was not diligently pursuing construction of the Project after the Construction Commencement Date in accordance with this Section 5.3, and (y) the date that Lessee subsequently cures such default and resumes diligent pursuit of the construction). Throughout the construction process, Lessee will consult and coordinate with Lessor (with update meetings to occur no less frequently than quarterly).

5.7. Pedestrian Bridge.

5.7.1. The Plans include a pedestrian bridge (the "**Bridge**"), to be constructed by Lessee to connect the Project to the Venetian/Palazzo hotel complex at a point of interconnection (the "**Interconnection Point**").

5.7.2. Lessor and Lessee shall cooperate in good faith in the implementation of the Bridge at the Interconnection Point, consistent with the Concept Drawings that were approved as part of the Agreement to Lease. In that regard, Lessee shall prepare and submit to Lessor, at Lessee's expense, schematic drawings with respect to the design specifications of the Bridge, including the Interconnection Point (the "**Bridge Schematic Drawings**"). Within thirty (30) days of receiving the Bridge Schematic Drawings, Lessor shall determine whether to approve (a) the Interconnection Point and (b) any other points where the Bridge physically connects to the Sands Expo Center improvements or land (collectively, "**Other Physical Connection Points**"), such approval not to be unreasonably withheld, conditioned, or delayed. Any disapproval shall be in writing and shall specify the specific reasons for the denial and the changes to the Bridge Schematic Drawings that would render them acceptable, at which time Lessor and Lessee shall promptly meet and confer in good faith to resolve such issues. If Lessor fails to respond to the above request for approval within thirty (30) days of receipt of the Bridge Schematic Drawings, then Lessee may send Lessor a second notice requesting Lessor's approval of the Bridge Schematic Drawings, which notice shall be in accordance with the Deemed Approval Process set forth in Section 34 hereof. If Lessor fails to respond to such second notice within fifteen (15) days, Lessor shall be deemed to have approved such Bridge Schematic Drawings. Notwithstanding the foregoing, if Lessor, in connection with its review of the Bridge Schematic Drawings, desires to make any changes from what was previously approved by Lessor in the Concept Drawings that were approved as part of the Agreement to Lease, then any direct incremental cost increases (including the costs of revising the Bridge Schematic Drawings) associated with such relocation shall be borne by Lessor.

5.7.3. Subsequent to the approval of the Bridge Schematic Drawings in accordance with Section 5.7.2 above, Lessee shall prepare and submit to Lessor, at Lessee's expense, design

development drawings consistent with the Bridge Schematic Drawings (the "**Bridge DD Documents**"). Within thirty (30) days of receiving the Bridge DD Documents, Lessor shall determine whether to approve (a) the Interconnection Point and (b) any Other Physical Connection Points, in each case only to the extent that the Bridge DD Documents disclose new information not previously shown on the Bridge Schematic Drawings, such approval not to be unreasonably withheld, conditioned, or delayed. Any disapproval shall be in writing and shall specify the specific reasons for the denial and the changes to the Bridge DD Documents that would render them acceptable, at which time Lessor and Lessee shall promptly meet and confer in good faith to resolve such issues. If Lessor fails to respond to the above request for approval within thirty (30) days of receipt of the Bridge DD Documents, then Lessee may send Lessor a second notice requesting Lessor's approval of the Bridge DD Documents, which notice shall be in accordance with the Deemed Approval Process set forth in Section 34 hereof. If Lessor fails to respond to such second notice within fifteen (15) days, Lessor shall be deemed to have approved such Bridge DD Documents. Notwithstanding the foregoing, if Lessor, in connection with its review of the Bridge DD Documents, desires to make any changes from what was previously approved by Lessor in the approved Bridge Schematic Drawings, then any direct incremental cost increases (including the costs of revising the Bridge DD Documents) associated with such relocation shall be borne by Lessor.

5.7.4. Subsequent to the approval of the Bridge DD Documents in accordance with Section 5.7.3 above, Lessee shall prepare and submit to Lessor, at Lessee's expense, construction drawings with respect to the Bridge, including the Interconnection Point (the "**Bridge Construction Drawings**"). Within thirty (30) days of receiving the Bridge Construction Drawings, Lessor shall determine whether to approve (a) the Interconnection Point and (b) any Other Physical Connection Points, in each case only to the extent that the Bridge Construction Drawings disclose new information not previously shown on the Bridge DD Documents, such approval not to be unreasonably withheld, conditioned, or delayed. Any disapproval shall be in writing and shall specify the specific reasons for the denial and the changes to the Bridge Construction Drawings that would render them acceptable, at which time Lessor and Lessee shall promptly meet and confer in good faith to resolve such issues. If Lessor fails to respond to the above request for approval within thirty (30) days of receipt of the Bridge Construction Drawings, then Lessee may send Lessor a second notice requesting Lessor's approval of the Bridge Construction Drawings, which notice shall be in accordance with the Deemed Approval Process set forth in Section 34 hereof. If Lessor fails to respond to such second notice within fifteen (15) days, Lessor shall be deemed to have approved such Bridge Construction Drawings. Notwithstanding the foregoing, if Lessor, in connection with its review of the Bridge Construction Drawings, desires to make any changes from what was previously approved by Lessor in the approved Bridge DD Documents, then any direct incremental cost increases (including the costs of revising the Bridge Construction Drawings) associated with such relocation shall be borne by Lessor.

5.7.5. Throughout the Bridge construction process, Lessee will consult and coordinate with Lessor (with update meetings to occur no less frequently than quarterly). Without limiting the generality of the foregoing, in the course of construction of the Project in accordance with the terms and conditions of this Lease, Lessor and Lessee shall cooperate in good faith on issues related to construction staging, crane overhang, and construction parking.

5.7.6. Lessee shall use commercially reasonable efforts to cause Lessor to be named as a third-party beneficiary of any contractor or manufacturer warranties in favor of Lessee in respect of the construction of the Interconnection Point and any other portion of the Bridge located on the Sands Expo Center property.

5.7.7. In the course of construction of the Bridge, Lessee shall comply with the terms and conditions of all agreements with Wynn Sunrise LLC, a Nevada limited liability company ("**Wynn**"), pertaining to the Bridge and recorded against title to the Premises (collectively, and as may be amended from time to time by Wynn and Lessee, the "**Wynn Bridge Agreements**"). Lessor shall reasonably cooperate with Lessee, at no out of pocket cost or expense to Lessor, in connection with any amendments or assignments of or supplements to the Wynn Bridge Agreements necessary for the construction and operation of the Project, provided that any such amendments do not result in a material adverse impact on the Venetian/Palazzo Resort or the Sands Expo Center.

5.8. Cooperation. Lessor, as the fee owner of the Premises, shall provide the appropriate authorizations and signatures on applications and other documents so as to permit Lessee to develop, construct, install, maintain, operate, or repair the Project, at no out-of-pocket expense to Lessor. Lessor shall not (i) take and/or express positions adverse to and/or otherwise interfere with the development, construction, installation, maintenance, operation, and/or repair of the Improvements during the Lease Term except as expressly permitted under this Lease, or (ii) without the prior approval of Lessee, not to be unreasonably withheld, conditioned, or delayed, initiate contact or participate in any meetings with any governmental authority having jurisdiction over the Premises or any portion thereof to discuss matters relating to the development of the Premises or the Project; provided, however, that the restriction in this clause (ii) shall not apply during the last year of the Term of the Lease to the extent that Lessor intends to process any redevelopment approvals for the Premises related to the period from and after the expiration of the Lease. The Parties shall reasonably cooperate and coordinate with one another regarding construction activities taking place at the Premises and related to construction efforts with respect to the Bridge (including the Interconnection Point), including without limitation the granting of any temporary construction licenses that may be reasonably required in order for Lessee to access Lessor's property for such purposes, and Lessor shall, at no out of pocket cost or expense to Lessor, reasonably cooperate with Lessee's efforts to interconnect all utilities to the Premises (including the Interconnection Point and Bridge) and reasonably consent to any such interconnections, as required.

6. **Environmental Matters; Premises Use.**

6.1. Indemnity for Hazardous Materials. Lessor hereby agrees to defend, protect, and indemnify the Lessee Parties, and to hold the Lessee Parties harmless from and against, any and all claims, demands, causes of action, judgments, losses, liabilities, costs or expenses (including, without limitation, reasonable attorneys' fees and expenses) arising from the presence of any Hazardous Material located in, at, on or under the Premises if and to the extent the presence of such Hazardous Material is in violation of any Environmental Law (a) prior to the Lease Commencement Date or (b) as a result of the actions of Lessor or Lessor's employees or agents, provided, however, that Lessor's indemnification obligations hereunder shall not apply to the extent the presence or exacerbation of such Hazardous Materials is as a result of the actions of Lessee or Lessee's employees, agents or invitees (it being understood that mere discovery of Hazardous Materials by Lessee shall not be considered exacerbation). Lessee hereby agrees to defend, protect, and indemnify the Lessor Parties, and to hold the Lessor Parties harmless from and against, any and all claims, demands, causes of action, judgments, losses, liabilities, costs or expenses (including, without limitation, reasonable attorneys' fees and expenses) arising from the presence of any Hazardous Material located in, at, on or under the Premises (a) as a result of the actions of Lessee or Lessee's employees, agents, contractors, invitees, tenants or subtenants in violation of any Environmental Law or (b) as prohibited by Section 4.2, provided, however, that Lessee's indemnification obligations hereunder shall not

apply to the extent the presence of such Hazardous Materials is as a result of the actions of Lessor or Lessor's employees or agents. For purposes of this Section 6.1, the indemnifying party shall be referred to as the "Indemnitor" and the indemnified parties shall be referred to collectively as the "Indemnitee."

6.2. Notwithstanding any provision of this Lease to the contrary, Lessee shall have no obligation to indemnify Lessor or the Lessor Parties in respect of any contamination of ground water if such contamination was the result of the migration of Hazardous Materials to the Premises from real property other than the Premises, and was not caused by Lessee or Lessee's employees, agents, contractors, invitees, tenants or subtenants. Lessee shall provide Lessor with prompt written notice of any contamination issue described in the previous sentence upon Lessee obtaining actual knowledge of same.

6.3. Scope of Indemnification. In connection with any claim for indemnification under Section 6.1 above, Indemnitor shall indemnify and defend Indemnitee with counsel reasonably satisfactory to Indemnitee, to the extent provided in Section 6.1. This indemnification shall include without limitation (i) personal injury claims, (ii) the payment of liens, fines or penalties, (iii) damages for the loss of or restriction on the use of the Premises, whether temporary or permanent, (iv) sums reasonably paid in settlement of claims, (v) reasonable attorneys' fees and experts' fees, (vi) the reasonable cost of investigation of site environmental conditions required by law, (vii) the reasonable cost of remediation to achieve non-residential environmental cleanup standards required by any governmental authority pursuant to an Environmental Law and related repair and restoration. Subject to Section 6.4, any costs or expenses incurred by Indemnitee for which Indemnitor is responsible under this Section 6.3 or for which Indemnitor has indemnified Indemnitee shall be paid to Indemnitee in accordance with Section 6.5, or otherwise on demand.

6.4. Claims for Indemnification. If an Indemnitee believes that it is entitled to indemnification pursuant to this Section 6, such Indemnitee shall give prompt written notice thereof to Indemnitor. Any such notice shall set forth in reasonable detail and to the extent then known the basis for such claim for indemnification. Each such claim for indemnification shall expressly state that Indemnitor shall have only the ninety (90) day period referred to in the next sentence to dispute or deny such claim. Indemnitor shall have ninety (90) days following its receipt of such notice either (a) to acquiesce in such claim and Indemnitor's responsibility to indemnify Indemnitee in respect thereof in accordance with the terms of this Section 6 by giving Indemnitee written notice of such acquiescence, or (b) to object to the claim by giving Indemnitee written notice of the objection. If Indemnitor does not acquiesce in such claim for indemnification within such ninety (90) day period, such claim shall be deemed to have been objected to by Indemnitor. If Indemnitor objects, or is deemed to have objected, to such claim for indemnification within such ninety (90) day period but it is subsequently determined by a court of competent jurisdiction that Indemnitee is entitled to indemnification from Indemnitor, interest shall be deemed to have accrued on the unpaid amount of such indemnification from the date on which Indemnitee tendered payment in satisfaction of the liability or liabilities giving rise to such claim for indemnification until full payment of the amount of such indemnification at a rate equal to the lesser of (i) ten percent (10%) per annum and (ii) the maximum amount permitted by law, and Indemnitee shall be entitled to payment of such interest from Indemnitor.

6.5. Defense of Claims.

6.5.1. In connection with any claim which may give rise to indemnity under this Section 6 resulting from or arising out of any claim or proceeding against an Indemnitee by a Person that is not a party to this Lease, Indemnitor may (unless such Indemnitee elects not to seek indemnity hereunder for such claim), upon written notice sent at any time to the relevant Indemnitee, assume the defense of any such claim or proceeding if Indemnitor acknowledges to Indemnitee Indemnitee's right to indemnity pursuant hereto in respect of the entirety of such claim (as such claim may have been modified through written agreement of the parties) and provides assurances, reasonably satisfactory to Indemnitee, that Indemnitor will be financially able to satisfy the amount of such claim in full if such claim or proceeding is decided adversely.

6.5.2. If Indemnitor assumes the defense of any such claim or proceeding, Indemnitor shall select counsel reasonably acceptable to Indemnitee to conduct the defense of such claim or proceeding, shall take all steps reasonably necessary in the defense or settlement thereof, shall at all times diligently and promptly pursue the resolution thereof, and shall bear all costs and expenses in connection with defending against such claim or proceeding. If Indemnitor shall have assumed the defense of any claim or proceeding in accordance with this Section 6.5, Indemnitor may consent to a settlement of, or the entry of any judgment arising from, any such claim or proceeding only with the prior written consent of Indemnitee, not to be unreasonably withheld, conditioned or delayed; provided, that Indemnitor shall pay or cause to be paid all amounts arising out of such settlement or judgment either concurrently with the effectiveness thereof or shall obtain and deliver to Indemnitee prior to the execution of such settlement a general release executed by the Person not a party hereto, which general release shall release Indemnitee from any liability in such matter; *provided*, *further*, that Indemnitor shall not be authorized to encumber any of the assets of Indemnitee or to agree to any restriction that would apply to Indemnitee or to its conduct of business; provided, further, that a condition to any such settlement shall be a complete release of Indemnitee and its Affiliates, trustees, officers, employees, consultants and agents with respect to such claim. Indemnitee shall be entitled to participate in (but not control) the defense of any such action, with its own counsel and at its own expense. Each Indemnitee shall, and shall cause each of their Affiliates, officers, employees, consultants and agents to, cooperate fully with Indemnitor in the defense of any claim or proceeding being defended by Indemnitor pursuant to this Section 6.5.

6.5.3. If Indemnitor does not assume the defense of any claim or proceeding resulting therefrom in accordance with the terms of this Section 6.5, Indemnitee may defend against such claim or proceeding in such manner as it may deem appropriate, including settling such claim or proceeding after giving notice of the same to Indemnitor, on such terms as Indemnitee may deem appropriate. If Indemnitor seeks to question the manner in which Indemnitee defended such claim or proceeding or the amount of or nature of any such settlement, Indemnitor shall have the burden to prove by a preponderance of the evidence that Indemnitee did not defend such claim or proceeding in a reasonably prudent manner.

6.6. Definition of "Lessor Parties" and "Lessee Parties". The term "**Lessor Parties**" shall mean and include each and all of Lessor and Lessor's trustees, members, managers, shareholders, directors, officers, employees, agents, contractors, assigns and any successors to Lessor's interest in the Premises, and (b) "**Lessee Parties**" shall mean and include each and all of Lessee and Lessee's trustees, members, managers, shareholders, directors, officers, employees, agents, contractors, assigns and any successors to Lessee's interest in the Property.

6.7. Notice of Violations/Releases. Each party hereto shall immediately advise the other party in writing of, and if applicable provide the other party with a copy of: (a) any notices of violation or potential or alleged violation of any Environmental Laws that are received by such party with respect to the Property from any governmental authorities; (b) any and all inquiries, investigations, enforcement, cleanup, removal, or other governmental or regulatory actions instituted or threatened relating to Hazardous Materials on the Property; (c) all claims made or threatened by any third party against such party or the Property relating to any Hazardous Materials at or emanating from the Property; and (d) any release of Hazardous Materials on or about the Property that such party knows of or reasonably believes may have occurred.

8. **Alterations and Additions**. Subject to the terms, provisions, covenants and conditions of this Lease, Lessee at its sole cost and expense may make Improvements on the Premises. In connection therewith, Lessee shall comply with the provisions set forth in Schedule E attached hereto and incorporated herein by reference. Subject to the terms of Section 21 hereof, Lessee may obtain financing for such Improvements, and any such financing may be secured by Lessee's interest in the Property. During the Lease Term, all such Improvements shall be and remain the property of Lessee in accordance with Section 5.4. Lessor shall not have any design approval rights over Improvements except to the extent they relate to (a) the location and design of the Bridge, (b) the location and design of the Interconnection Point and any Other Physical Connection Points, or (c) a Material Modification, in each case with such approval not to be unreasonably withheld, conditioned, or delayed.

9. **Compliance with Applicable Laws**.

10.1 Lessee Compliance. Subject to events of Force Majeure, events of Lessor Delay, and Section 12 relating to permitted contests and cure rights, Lessee at its sole cost and expense will promptly and diligently comply with all Applicable Laws.

11. **Liens.**

11.1 Generally. Lessee will not directly or indirectly create, or permit the creation of, any mortgage, lien, security interest, encumbrance or charge on, pledge of or conditional sale or other title retention agreement with respect to the Premises or any part thereof, other than (a) this Lease and ancillary rights in favor of third parties as permitted herein; (b) a Leasehold Mortgage which is permitted under the terms of Section 21; (c) liens for Impositions not yet payable, or payable without the addition of any fine, penalty, interest or cost for nonpayment, or being contested as permitted by Section 12; (d) Permitted Exceptions; and (e) Unpermitted Liens, incurred in the ordinary course of business for sums which under the terms of the related contracts are not at the time due if adequate provision for the payment thereof shall have been made by Lessee. Lessee will provide Lessor with prompt written notice of any lien or notice of lien placed against the Premises, and Lessee will promptly thereafter remove and discharge any mortgage, lien, security interest, encumbrance or charge created by Lessee (or by any third party as a result of Lessee's conduct) in violation of the preceding sentence. In the event that Lessee's leasehold interest under the Lease is encumbered by a Leasehold Mortgage pursuant to the provisions of Section 21, Lessee shall (i) use commercially reasonable efforts to cause any Leasehold Mortgagee to provide to Lessor copies of any notices from such Leasehold Mortgagee alleging any non-compliance, breach or default by Lessee in respect of such Leasehold Mortgage (provided that Lessee shall be deemed to satisfy the

requirements of this clause (i) if Lessee delivers to such Leasehold Mortgagee a written request to provide such notices to Lessor; and (ii) within ten (10) days after receipt of any such notice from Leasehold Mortgagee, provide to Lessor a copy of any such notice from such Leasehold Mortgagee alleging any non-compliance, breach or default under any of the loan documents regarding such Leasehold Mortgage (provided that so long as Lessor receives such notice pursuant to either clause (i) or (ii) above, Lessee shall be deemed to satisfy the requirements of this clause). Notwithstanding anything to the contrary contained in this Section 11, Lessee may enter into fixture financing arrangements for fixtures and equipment located on the Property, and Lessor agrees that Lessor's claims to such fixtures and equipment, if any, shall be subordinate to any such fixture financing arrangements so long as such arrangements do not encumber Lessor's interest in the Premises. If Lessee fails to remove, discharge or bond over any lien not otherwise described in (a) through (e) above including without limitation any Unpermitted Lien within thirty (30) days of its being placed against the Property, Lessor may do so, and Lessee shall reimburse Lessor for all costs incurred by Lessor in connection with removing such lien.

13. **Lessor's Access Rights**. Lessor and its agents, employees and representatives shall have the right to enter the Property at all reasonable times (except while an event is being held at the Premises) upon reasonable prior written notice for the purposes of (1) inspecting the Property for the purposes of determining Lessee's compliance with the terms hereof, and (2) during the last twenty four (24) months of the Lease Term, Scheduleing the Property to other Persons, provided, however, that any such entry under clause (1) or (2) above shall be conducted in such a manner as to minimize interference with the business being conducted in and on the Property. A representative of Lessee shall have the right to be present upon any such entry by Lessee, provided Lessee makes such representative reasonably available for such entry.

14. **Mutual Indemnification.**

14.1. Lessee will defend, protect, indemnify, and hold Lessor harmless from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs, and expenses (including, without limitation, reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against Lessor, the Lessor Parties, or the Property or any portion thereof, by reason of the occurrence or existence of any of the following: (a) any accident, injury to, or death of persons (including workmen), or loss of or damage to property occurring in, on, under, or about the Property during the Lease Term, except to the extent caused by the gross negligence or willful misconduct of Lessor or Lessor's agents, employees, invitees, or contractors; (b) any failure on the part of Lessee to perform or comply with any of the terms of this Lease; or (c) any non-compliance by Lessee with Applicable Laws, whether or not Lessee's non-compliance with Applicable Laws would constitute an Event of Default under Section 24 below. In case any action, suit or proceeding is brought against Lessor by reason of any such occurrence, Lessor will notify Lessee of such action, suit, or proceeding, and upon Lessor's request Lessee will, at Lessee's sole cost and expense, resist and defend such action, suit, or proceeding. Notwithstanding the foregoing, Lessee shall neither have any liability nor any obligation to indemnify Lessor solely for the discovery of Hazardous Material on the Premises unless and to the extent provided under the terms of Section 6 hereof.

14.2. Lessor will defend, protect, indemnify, and hold Lessee harmless from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs, and expenses (including, without limitation, reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against Lessee, the Lessee Parties, or the Property or any portion thereof, by reason of the occurrence or existence of any of the following: (a) any accident, injury to, or death of persons (including workmen), or loss of or damage to property occurring in, on, under, or about the Property prior to

the Lease Term, except to the extent caused by the gross negligence or willful misconduct of Lessee or Lessee's agents, employees, invitees, or contractors; or (b) any failure on the part of Lessor to perform or comply with any of the terms of this Lease. In case any action, suit or proceeding is brought against Lessee by reason of any such occurrence, Lessee will notify Lessor of such action, suit, or proceeding, and upon Lessee's request Lessor will, at Lessor's sole cost and expense, resist and defend such action, suit, or proceeding.

15. **Utility Services**. Lessee shall be solely responsible (at its sole cost and expense) to procure and interconnect all utilities to the Premises (including the Interconnection Point and Bridge). Lessor shall, at no out of pocket cost or expense to Lessor, reasonably cooperate with Lessee's efforts to interconnect all utilities to the Premises (including the Interconnection Point and Bridge) and reasonably consent to any such interconnections, as required. [*****].

18. **Insurance.**

18.1 Generally. Lessee, at its sole cost and expense, shall procure and keep in full force until all of its obligations under this Lease have been discharged (or any additional periods described on Schedule I), insurance as set forth on Schedule I attached hereto. Lessor, at its sole cost and expense, shall maintain Commercial General Liability Insurance for claims arising from its ownership of the Premises with limits in an amount not less than [*****]. Insurance required to be maintained by Lessor or Lessee pursuant to this Section 18.1 may be provided under blanket policies covering other locations operated by Lessor or Lessee or any Affiliate of Lessor or Lessee.

18.2. Delivery of Evidence of Insurance. Upon commencement of the Lease Term, Lessee will deliver to Lessor certificates of insurance showing the required coverage is in force (provided that Lessee may redact portions of any umbrella policies that are solely applicable to other projects), and thereafter Lessee shall use commercially reasonable efforts to deliver to Lessor certificates of insurance showing the required coverage is still in force not less than ten (10) days prior to the expiration of any policy required pursuant to this Section 18, but in any event, Lessee shall deliver to Lessor such certificates prior to the expiration of any policy required pursuant to this Section 18.

18.3. Waiver of Subrogation. Neither Lessor nor Lessee shall be liable to the other or to any insurance company (by way of subrogation or otherwise) insuring the other party for any loss or damage to any building, structure or other tangible property, or any resulting loss of income and benefits (even though such loss or damage might have been occasioned by the negligence of such party, its agents or employees) if such loss or damage is covered by insurance benefiting the party suffering such loss or damage or is required to be covered by insurance pursuant to this Lease. Lessor and Lessee agree that deductibles under Lessor's insurance policies and other amounts that are self-insured by Lessor or Lessee shall be deemed covered by insurance and all claims for recovery thereof are hereby waived. Lessor and Lessee shall require their respective insurance companies to include a standard waiver of subrogation provision in their respective policies.

18.4. No Entry Until Insurance In Place. Lessee shall not be permitted to take possession of any portion of the Premises until all applicable insurance required under this Lease is in place.

19. **Damage to or Destruction of Property.**

19.1. Lessee to Give Notice. In case of any damage to or destruction of the Premises or any Improvements, or any material part thereof, that will materially and adversely affect the operation of the Premises (a "**Casualty**"), Lessee will promptly give telephonic and written notice thereof to Lessor generally describing the nature and extent of such Casualty. Lessor shall have no interest in any property insurance proceeds paid to Lessee or Leasehold Mortgagee due to a Casualty or any other damage to the Premises or any Improvements (the "**Casualty Proceeds**"), except as expressly provided in this Section 19.1. Following any Casualty, Lessee shall either (i) diligently rebuild and replace such damaged Improvements at the Premises in accordance with the Building Standard (provided that Lessor's approval, not to be unreasonably withheld, conditioned or delayed, shall be required with respect to (a) the location and design of the Interconnection Point or any Other Physical Connection Points, (b) the location and design of the Bridge, and (c) any Material Modification from the Improvements in existence immediately prior to such Casualty), or (ii) elect not to rebuild or replace such damaged Improvements, in which event Lessee shall cause the distribution of the Casualty Proceeds in the following order and priority, in each case, subject to Leasehold Mortgagee making such Casualty Proceeds available therefor and any other rights of Leasehold Mortgagee: (1) first, to Leasehold Mortgagee, in accordance with Section 21.2.10; (2) second, to Lessee, to fund the activities described in Section 19.3; (3) third, to Lessor, to refund an amount equal to (A) that portion of the TI Allowance actually paid to Lessee, *multiplied by* (B) the Insurance to Replacement Cost Ratio (the "**TI Allowance Refund**"); and (4) fourth, to Lessee, as to any balance remaining. Lessee shall be liable to Lessor under clause (ii) above for the TI Allowance Refund regardless of whether Leasehold Mortgagee makes such Casualty Proceeds available therefor or any Casualty Proceeds are remaining after the payment of the amounts in subclauses (1) and (2) above, which obligation shall survive the termination of this Lease. Lessee shall make its election in writing (the "**Casualty Election Notice**") as to whether or not to rebuild the damaged Improvements no later than one hundred eighty (180) days after any Casualty event. In the event that Lessee elects not to rebuild, repair or replace the damaged Improvements pursuant to clause (ii) above, and as a consequence of such election not to rebuild the Project would remain completely inoperable (e.g., a total Casualty has occurred), then Lessee's Casualty Election Notice shall also serve to terminate this Lease. Notwithstanding any election by Lessee not to rebuild or replace damaged Improvements pursuant to clause (ii) above, (A) all of Lessee's obligations set forth in this Lease shall remain in full force and effect, including without limitation Lessee's obligation to maintain, repair, operate, and manage the Property in accordance with the Building Standard pursuant to Section 7 herein and to construct any alterations or additions to the Improvements in accordance with Section 8 herein and (B) Lessee shall ensure that the Improvements continue to include an approximately 350,000 square foot, first-class, multi-function event venue with capacity of at least 16,000 seats.

19.2. No Effect on Lease. Except as specifically provided in Section 19.1, this Lease shall not terminate or be forfeited or be affected in any manner by reason of damage to or total, substantial or partial destruction of the Premises or the Improvements or any part or parts thereof or by reason of the untenantability of the same or any part thereof, for or due to any reason or cause whatsoever, and Lessee, notwithstanding any law or statute present or future, waives any and all rights to quit or surrender the Premises or any part thereof, Lessee acknowledging and agreeing that the provisions of this Section 19 shall govern the rights and remedies of the parties in the event of a Casualty. Lessee expressly agrees that its obligations hereunder, including the payment of the Lessor's Participation Payment and any other sums due hereunder, shall continue as though said Premises and/or Improvements had not been damaged or destroyed and without abatement, suspension, diminution or reduction of any kind, but with an appropriate reduction to be made to the Minimum Event Levels as mutually agreed upon in good faith by Lessor and Lessee.

19.3. If Lessee terminates this Lease pursuant to Section 19.1, then Lessor may, by written notice delivered to Lessee, require Lessee, at Lessee's sole expense, to tear down and remove, prior to the termination

of this Lease, all or a portion of the Improvements (at Lessor's sole option and direction), including the debris resulting therefrom, and to otherwise clean and restore the area affected by such casualty to a level and clean and reasonably safe and secure condition, which obligation shall survive the termination of this Lease.

25.4 Termination by Lessee for Unforeseeable Conditions. Lessee may terminate this Lease upon reasonable prior written notice to Lessor (an "**Unforeseeable Condition Termination**") prior to the Outside Unforeseeable Condition Date if, prior to completion of the excavation of the Premises in connection with the Project, soil, geotechnical, environmental, or other unknown and reasonably unforeseeable physical conditions of the Premises ("**Unforeseen Conditions**") are discovered which are reasonably expected to increase budgeted Project costs by more than [*****] in Lessee's good faith and reasonable estimation based on reasonable documentary evidence provided to Lessor, unless (i) within ninety (90) days of Lessee's Unforeseeable Condition Termination notice Lessor gives Lessee written notice (Lessor having no obligation to do so) of Lessor's election to bear the incremental costs above [*****] of such Unforeseen Conditions, which election shall be in a form reasonably acceptable to Lessee and (ii) such Unforeseen Conditions shall not result in a material delay in the Development Completion Date for the Project. If Lessor elects to cure any Unforeseen Condition, Lessor shall cure the same within such period to be reasonably agreed upon in writing by Lessor and Lessee based on an independent third party contractor estimate of the time for such cure, and to the extent such cure results in an actual delay in the Development Completion Date, the Outside Development Completion Date shall be extended by such period. "**Outside Unforeseeable Condition Date**" shall mean not later than thirty (30) days following completion of excavation and prior to pouring of the foundation of the Project. In the event of an Unforeseeable Condition Termination, Lessee shall, at its expense, deliver the Premises to Lessor upon such termination in a reasonably safe and secure condition. **ANY NOTICE DELIVERED PURSUANT TO THIS SECTION 25.4 SHALL BE INVALID UNLESS THE SAME CONTAINS A LEGEND IN BOLD CAPITAL LETTERS PROMINENTLY DISPLAYED AT THE TOP OF SUCH NOTICE THAT FAILURE TO RESPOND TO SUCH NOTICE MIGHT RESULT IN THE TERMINATION OF THE LEASE.**

25.5. Termination by Lessor for Pre-Existing Hazardous Materials. Prior to Development Completion, Lessor may terminate this Lease upon reasonable prior written notice to Lessee if Pre-Existing Hazardous Materials are discovered at the Premises that are the obligation of Lessor to pay for or mitigate and that cost in excess of [*****] in Lessor's good faith and reasonable estimation based on reasonable documentary evidence provided to Lessee, unless Lessee agrees in writing (Lessee having no obligation to do so) no later than thirty (30) days after receipt of such notice from Lessor that Lessee will bear the incremental costs associated with such Pre-Existing Hazardous Materials above [*****] which agreement shall be in a form reasonably acceptable to Lessor. "**Pre-Existing Hazardous Materials**" shall mean Hazardous Materials in the environment, including surface water, groundwater and land surface and subsurface strata, in such quantities, concentrations and locations as were present at the Premises prior to the Lease Commencement Date, but shall not include any Hazardous Materials arising as a result of the actions of Lessee or its agents, contractors, employees or others acting by through or under Lessee. **ANY NOTICE DELIVERED PURSUANT TO THIS SECTION 25.5 SHALL BE INVALID UNLESS THE SAME CONTAINS A LEGEND IN BOLD CAPITAL LETTERS PROMINENTLY DISPLAYED AT THE TOP OF SUCH NOTICE THAT FAILURE TO RESPOND TO SUCH NOTICE MIGHT RESULT IN THE TERMINATION OF THE LEASE.**

SCHEDULE E

Additional Provisions Regarding Construction

In addition to the provisions set forth in the Lease regarding construction, including alterations and additions, the following provisions shall apply in the event Lessee undertakes any work in, on, under or about the Premises.

1. Intentionally Deleted.

2. Prior to Construction. At least five (5) business days prior to the commencement of construction, Lessee shall deliver to Lessor the following:

2.1. Contact List. A list of names, and regular and 24-hour "emergency" phone numbers for Lessee's construction representative and general contractor.

2.2. Schedule. A schedule for construction to be performed at the Premises by or on behalf of Lessee or its agents, employees, contractors, tenants or subtenants including all Improvements ("**Lessee's Work**"), including starting and completion dates.

2.3. Insurance. Certificates of insurance, to the extent required pursuant to the Lease and Schedule I.

2.4 Permits. Photocopy of permit card(s) for Lessee's Work as issued by governing agencies.

3. Construction. Lessee's Work shall be performed in compliance with all Applicable Laws and in accordance with the terms of the Lease. Lessor shall be allowed to enter the Premises during construction for emergency purposes.

3.1. General Contractor. Lessee shall use a licensed, bondable, general contractor, experienced in commercial construction for the construction of Lessee's Work.

3.2. Disruptive Conduct. Lessee and Lessee's contractor(s) shall use good faith, commercially reasonable efforts to minimize disruption to neighboring land and any portion of the Premises to which such construction does not relate.

3.3. Safety. All of Lessee's Work shall be planned and conducted in an orderly manner, with regard for the safety of the public, the workers, and the Premises.

3.5. Utilities During Construction. Lessee shall arrange and pay for temporary utilities and facilities, including electricity, water, sanitary facilities, *etc.*, as reasonably necessary for the completion of Lessee's Work.

4. Completion. Prior to opening any Improvements for business (either as part of the initial construction of the Project or in connection with any future Improvements), Lessee shall deliver to Lessor a copy of a temporary or permanent Certificate of Occupancy for the Premises, or final inspection sign-off from the applicable governmental agency(ies), as applicable.

SCHEDULE I

Insurance Requirements

Lessee, at its sole cost and expense, shall procure and keep in full force until all of its obligations have been discharged, insurance against liabilities which may arise directly or indirectly from or in connection with the Property, with insurer(s) lawfully authorized to do business in the jurisdiction in which the Property is located.

The insurance requirements herein are minimum requirements of this Lease and in no way limit the indemnity covenants hereunder. Lessor in no way warrants that the minimum limits contained herein are sufficient to protect Lessee, its agents, representatives, employees, contractors and/or subcontractors of every tier from liabilities that might arise directly or indirectly from or in connection with the Property. Lessee, its contactors, and subcontractors MUST provide Lessor with evidence satisfactory to Lessor that the insurance requirements in this Lease have been met prior to commencement of work or services and/or entry onto the premises of the Property as outlined below.

Construction Insurance Requirements

Prior to commencement of construction of the Project or any other work by Lessee permitted under this Lease, including without limitation, any Improvements, Lessee shall procure or cause to be procured, and after such dates, shall carry or caused to be carried, until final completion of such work at least the following:

Builder's Risk Insurance (standard "All Risk" or equivalent coverage) including without limitation, coverage against perils of fire (with extended coverage) lightning, windstorm, hail, vehicle impact, explosion, smoke, theft, vandalism, malicious mischief, water damage other than caused by flood, flood, explosion or rupture of pressure vessels, mechanical or electrical breakdown, collapse, scaffolding and temporary structures, testing and startup, temporary buildings and debris removal including demolition occasioned by enforcement of any applicable legal requirements, in an amount not less than one hundred percent replacement cost for all materials and equipment incorporated into the buildings and structures forming part of the Property, and all materials and equipment on or about the job site intended for incorporation into the Property, protecting Lessee, the Lessor, the general contractor, any Fee Mortgagee, and any Leasehold Mortgagee, as their interests may appear; to include rental payment coverage from the date of projected completion and extending the full period of construction or reconstruction or repair following the casualty and an endorsement for an "extended period of indemnity" for an additional twelve (12) months.

The Builder's Risk Insurance shall also include a Permission to Complete and Occupy endorsement as well as coverage for materials stored off-site and in-transit and Business Interruption/Extra Expense coverage. The policy shall be issued in the names of Lessee, Lessor, any Fee Mortgagee, and any Leasehold Mortgagee, as their interests may appear. Any proceeds received because of a loss covered by such insurance shall be used and applied in the manner required by Section 19.

Commercial General Liability insurance against claims for bodily injury and property damage including but not limited to death, independent contractors, blanket contractual liability, personal and advertising injury, broad form property damage, products/products-completed operations, and explosion, collapse and underground property damage ("XCU") occurring upon, in or about the Project or other Improvements, and on, in, or about the adjoining sidewalks and passageways (including bodily injury including death, personal injury, and property damage resulting directly or indirectly from any change, alteration, improvement or repair thereof), or arising out of or in connection with the construction of the Project or other Improvements, with limits of liability in an amount not less than [*****] each occurrence and [*****] in the aggregate.

Commercial General Liability Insurance may be arranged under a single policy for the full limits required or by a combination of underlying policies with the balance provided by an Excess or Umbrella Liability policy. Coverage shall be at least as broad as the primary Commercial General Liability Policy to the extent reasonably commercially available to Lessee in the marketplace.

Commercial Auto Liability insurance covering any automobile (Symbol 1) used in connection with work being performed on or about or for the Property with limits of liability in an amount not less than [*****] per occurrence. Coverage should include Motor Carrier Act endorsement - hazardous materials clean up (MCS-90), if applicable. Commercial Auto Liability Insurance may be arranged under a single policy for the full limits required or by a combination of underlying policies with the balance provided by an Excess or Umbrella Liability policy

Workers' Compensation insurance in accordance with the Nevada statute with waivers of subrogation in favor of Lessor and all its Affiliates. Lessee shall cause all contractors and subcontractors of every tier to maintain Workers' Compensation insurance in accordance with the Nevada statute with waivers of subrogation in favor of Lessor and all its Affiliates.

Employers' Liability insurance with limits in an amount not less than:

Each Accident	[*****]
Disease - Each Employee	[*****]
Disease - Policy Limit	[*****]

Pollution Legal Liability insurance providing coverage for claims for bodily injury, property damage, clean-up costs, and related legal defense expense for pollution conditions that result from, or are disrupted by or on behalf of, Lessee or by the services rendered by a contractor or subcontractor of every tier, whether arising on-site or off-site. Coverage will include extensions for transportation and disposal, and full asbestos, lead, and underground and above ground storage tanks (as applicable), will include full severability of interests, and will not be restricted by any time element limitations. Coverage will apply to pollution conditions on, at, under, or migrating from the Property with limits in an amount not less than [*****] each loss and in the aggregate and shall provide coverage for punitive damages, fines, or penalties where allowable by law.

Contractor's Protective Professional Indemnity Insurance Policy (CPPI) providing coverage for actual or alleged breach of duty, neglect, acts, errors, or omissions committed by a property developer, its design consultants, and contractors in the development of the property

If Lessee decides to arrange the Property to be insured under an Owner Controlled Insurance Program ("OCIP") or Contractor Controlled Insurance Program ("CCIP") during the construction phase. Lessor and all its Affiliates shall be endorsed as an additional insured on the "OCIP" / "CCIP" including a waiver of subrogation in favor of Lessor and all its Affiliates.

Contractors and Subcontractors of All Tiers. Lessee shall require all contractors and subcontractors of all tiers to carry liability insurance that complies with the requirements of the foregoing sections, with limits complying with a schedule of such limits to be submitted by Lessee and approved by Lessor. Contractors and subcontractors of all tiers shall also (a) supply certificates of insurance (i) to the fullest extent permitted by law, naming Lessor and its Affiliates as additional insureds with respect to liability arising out of the operations of the contractor or subcontractor, including liability to their employees, representatives, heirs, and beneficiaries; (ii) providing that their insurance is primary and the insurance of Lessor and each additional insured is secondary and non-contributory to any other that may be in place; and (iii) waiving any right of subrogation against Lessor and each additional insured; or (b) supply copies of the provisions in or endorsements to their insurance policies that confirm such terms. Lessee shall obtain from the contractors and subcontractors of all tiers the certificates of insurance and/or policy provisions required by this subparagraph. Lessee shall cause the general contractor to be responsible for identifying and remedying any deficiencies in the certificates of insurance or policy provisions. Lessee shall make such certificates of insurance and/or policy provisions available to Lessor upon Lessor's reasonable request.

Operational Insurance Requirements

Property Insurance covering Lessee's Improvements and other Improvements located on the Land, and on the FF&E and other property installed or used in, on or about the Property at least equal to the full replacement cost

thereof, without deduction for depreciation, against all risk of direct physical loss or damage as may from time to time be included within the definition of an "All Risk Insurance Policy" and, provided such is available from time to time on commercially reasonable terms, extended to include coverage against earthquake, earth movement, flood (including back-up of sewers and drains), terrorism (which may be provided by a stand-alone program otherwise meeting the requirements hereof), sprinkler leakage, breakdown of boilers, machinery and electrical equipment, and such other risks (to the extend obtainable on commercially reasonable terms) as the Lessor may reasonably designate. The All Risk Insurance Policy shall contain a waiver of subrogation for the benefit of Lessor and all of its Affiliates.

Increase Costs: The Property Insurance policy also shall cover increase cost of construction, demolition and debris removal coverage, arising out of the enforcement of building laws and ordinance governing repair and reconstruction and shall include an agreed amount provision or not contain a coinsurance clause. The replacement cost of the Property and such other improvements as are located on the Land, and of the FF&E and other property installed or used in, on or about the Property shall be determined at least once every forty-eight (48) months by Lessee.

Loss of Rent/Business Income: The insurance shall also include, at Lessee's sole cost and expense, a rent endorsement protecting the Lessor, for all Loss Rent for the full period of reconstruction or repair following the casualty and an endorsement for an "extended period of indemnity" for an additional eighteen (18) months.

Stored FF&E: Lessee shall also keep in effect, at its sole cost and expense, insurance on the FF&E and other property intended for installation or use in, on, or about the Property, while in temporary storage away from the Property, against all risk of loss or damage as would typically be included within an "All Risk Policy" as then available, in an amount not less than the full replacement cost thereof.

Liability Insurance: Lessee shall maintain, for the mutual benefit of the Lessee and Lessor, and shall add Lessor and all of its Affiliates as an additional insured, Commercial General Liability insurance against claims for bodily injury and property damage including but not limited to personal & advertising injury, death, premises, independent contractors, blanket contractual liability, broad form property damage, products-completed operations, occurring upon, in or about the Property, and on, in or about the adjoining sidewalks and passageways (including but not limited to personal injury, death, and property damage resulting directly or indirectly from any change, alteration, improvement or repair thereof), or arising out of or in connection with the ownership management, maintenance or operations of the Property with limits in an amount not less than [*****] per occurrence and in the aggregate. If Lessee's liability policy does not contain the standard separation of insureds provision or a substantially similar clause, the policy shall be endorsed to provide cross-liability coverage.

Tenant's liability insurance policies must provide the following coverages with minimum limits as indicated (in each case to the extent such coverage is applicable to the Property):

i. Liquor Liability insurance covering claims arising from providing, serving, or sale of alcoholic beverages with limits in an amount not less than [*****] per occurrence and in the aggregate.
ii. Liability policy should not exclude coverage for organized racing, speed, or stunting activities.
iii. Modification of Products Completed Operations Hazards Definition to include bodily injury and/or property damage arising out of your products manufactured, sold, or distributed.
iv. Liability policy should not exclude coverage for Pyrotechnics.
v. Liability policy should not exclude coverage for the actions of live or exotic animals.
vi. Liability policy should include Participants Legal Liability Endorsement to the extent reasonably commercially available to Lessee in the market place.
vii. Liability policy should include Incidental Medical Errors & Omissions Endorsement.

Commercial General Liability Insurance may be arranged under a single policy for the full limits required or by a combination of underlying policies with the balance provided by an Excess or Umbrella Liability policy. Coverage

shall be at least as broad as primary Commercial General Liability Policy, to the extent reasonably commercially available to Lessee in the market place.

Errors & Omissions Insurance (including Privacy Liability Coverage, Network Security Coverage, Media and Content Coverage and Software Copyright Coverage), in an amount not less than [*****] each claim and in the aggregate providing coverage for damages and claims expense arising from any acts, error, or omission of the Insured, and the Insured's employees and independent contractors, related to all products and services of the Insured including but not limited to, as applicable, the design, operation, and hosting of a website (including e-commerce) or content posted on the Internet and including coverage for Network Security / Data Privacy claims including notification and forensics expenses. Coverage shall also include:

i. If subject to an Insured versus Insured exclusion, such exclusion must expressly carve out claims by an additional insured.
ii. Coverage for Intellectual Property Infringement including, but not limited to, claims arising out of the actual or ALLEGED infringement of copyright, trademark, trade name, trade dress, service mark, service name, or software code.
iii. Coverage for liability arising from the failure to protect or the loss or disclosure of private / confidential information no matter how the loss occurs.
iv. Coverage for failure to prevent denial of service, unauthorized access to, unauthorized use of, tampering with or the introduction of malicious or damaging code into firmware, data, software, systems or networks.
v. Includes Personal Injury coverage for injury other than bodily injury including defamation, libel, slander, invasion of or violation of rights to privacy, infliction of emotional distress, outrage, or other tort related to disparagement or harm of the reputation of any person or organization and other Personal Injury coverage for injury other than bodily injury.
vi. Such insurance shall have a retroactive coverage date no later than the Effective Date of this Lease. Coverage must be kept in force for at least two (2) years after termination of this Lease or an extended reporting period option of at least two (2) years must be purchased.

Aviation Liability Insurance, if applicable, with limits in an amount not less than [*****] per occurrence to include war risk and personal injury liability.

Comprehensive blanket crime Insurance, in an amount not less than [*****] which shall include coverage for lease, contract, temporary or seasonal employees and employees of the Property.

Employment Practices Liability (EPL) Insurance, in an amount not less than [*****] which shall include coverage for sexual harassment, discrimination, wrongful termination, breach of employment contract, negligent evaluation, failure to employ or promote, wrongful discipline, deprivation of career opportunity, wrongful infliction of emotional distress, and mismanagement of employee benefit plan(s) and includes coverage for third party claims by non-employees.

Commercial Automobile Liability insurance covering all owned, hired, and non-owned vehicles in an amount not less than [*****] each accident, including all statutory coverage for all states of operation. Commercial Auto Liability Insurance may be arranged under a single policy for the full limits required or by a combination of underlying policies with the balance provided by an Excess or Umbrella Liability policy

Workers' Compensation insurance in accordance with Nevada statute with waivers of subrogation in favor of Lessor and all its Affiliates. Lessee shall cause all vendors, contractors and subcontractors to maintain Workers' Compensation insurance in accordance with Nevada statute with waivers of subrogation in favor of Lessor and all its Affiliates.

Employers' Liability insurance with limits in an amount not less than:

Each Accident	[*****]
Disease - Each Employee	[*****]
Disease - Policy Limit	[*****]

If Lessee is using its employees as armed or unarmed security for the Property then Liability insurance shall be obtained to provide coverage for assault and battery, false arrest, libel and/or slander, discrimination, wrongful eviction, and any other related events that would be typically insured by a prudent person and contain no exclusion for use of force. In the event a third party is used for security at the Property then either MSG's or such third party's liability coverage shall cover the same risks and have a limit of not less than [*****] per occurrence and in the aggregate and name Lessor and all of its Affiliates as additional insureds in the General Liability policy.

The following coverage shall only apply to the extent applicable to the operations on the Property: If Lessee operates, with its employees, a valet service or parking garage then its General Liability shall include garage keepers' liability and insurance for self-park garages covering all damage to vehicles under the control of Lessee or its Affiliates. In the event a third party is used to operate the valet or the parking garage, then such third party's liability coverage shall cover the same risks and have a limit of not less than [*****] per occurrence and in aggregate and name the Lessor and all of its Affiliates as additional insureds in the General Liability policy.

Premise and Operation insurance covering those exposures to loss that fall outside the defined "products-completed operations hazard," including liability for injury or damage arising outside of the Property or outside of Lessee's business operations while such operations are in progress.

The above required minimum policies shall include the following:

1. Lessor, all its Affiliates, and its respective directors, officers, employees, and agents is an additional insured except for Workers' Compensation/Employer's Liability/Crime/EPL policies and shall be covered to the full limits of liability purchased by Lessee, even if those limits are in excess of those required by this Lease.

2. Lessee's insurance policies shall be primary and non-contributory with respect to any other insurance available to or maintained by Lessor.

3. Each policy will contain "Separation of Insureds" or "Severability of Interest" clause indicating this insurance applies as if each named insured were the only named insured, and separately to each insured against whom claim is made or suit is brought.

4. Waiver of subrogation in favor of Lessor, and all its Affiliates, and its respective agents, officers, directors, and employees for recovery of damages.

Other Requirements

From time to time, Lessor may request other insurance in such amount as Lessee and Lessor in their reasonable judgment deem advisable for protection against claims, liabilities and losses arising out of or connected with the operations of the Property provided such increases in limits or coverages shall not occur more than once every five years unless required by Lessor's lender or if a new risk arises that is not currently anticipated by the existing insurance coverage.

Insurance Carriers, Policies: All insurance provided for in this Lease shall be effected under valid and enforceable policies, issued by insurers of recognized responsibility and having an A.M. Best Rating of "A-, VIII" or better. Notwithstanding the foregoing, the use of captive insurance companies is permitted in order to obtain commercially reasonable terrorism insurance coverage in satisfaction of the Lessee's insurance obligations.

If Lessee fails to purchase and maintain, or to require to be purchased and maintained, any insurance required by this Lease, Lessor may, but shall not be obligated to, upon five (5) days' written notice to Lessee, purchase such insurance on behalf of Lessee and shall be reimbursed by Lessee upon demand for all amounts paid by Lessor in connection therewith, or may deduct such amounts from sums due to Lessee.

If Lessee assigns or subleases all or any portion of its rights under this Lease, any assignee or sub lessee of such rights shall be bound by the insurance and indemnity provisions of this Lease, and Lessor shall obtain from such assignee or sub lessee its express written agreement that it shall comply with such provisions.

Lessee shall not violate the terms and conditions of Lessor's insurance policies or engage in conduct that would prejudice or diminish Lessor's rights under its policies or result in higher premiums.

Lessee shall require that any subcontractor, vendor, or other supplier hired to perform work at the Property will agree to indemnify, defend and hold harmless Lessee and Lessor from and against any and all claims, allegations, lawsuits, or other causes of actions arising out of such subcontractor's, vendor's or supplier's work done at the Property on behalf of Lessee due to such party's negligent acts, errors or omissions.

For any claims made policies, such policies shall have a retroactive coverage date no later than the Effective Date of this Lease. Coverage must be kept in force for at least two (2) years after termination of this Lease or an extended reporting period option of at least two (2) years must be purchased.

Verification of Coverage: Lessee shall furnish Lessor with a certificate of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth herein; the additional insured and waiver of subrogation endorsements shall be attached to the certificate of insurance thereof.

Lessor shall have the right, but not the obligation, to prohibit Lessee or any contractors/subcontractors from entering the Property until such certificates or other evidence that insurance has been placed in complete compliance with these requirements is received and approved by Lessor, which shall not be unreasonably withheld.

Failure of Lessor to demand such certificates or other evidence of full compliance with these insurance requirements or failure of Lessor to identify a deficiency from evidence that is provided shall not be construed as a waiver of Lessee's and/or its contractors/subcontractors obligations to maintain such insurance.

Insurance Separate from Indemnity: For avoidance of doubt, the insurance obligations imposed by this Schedule are separate and distinct from any indemnification obligations imposed by this Lease. The insurance as required in this Lease shall in no way be interpreted as relieving Lessee and/or its contractor/subcontractor of any indemnification obligation in this Lease.

SCHEDULE E-1

CONTRACTOR'S FEE

A. Contractor's Fee

1.1 The Contractor shall be paid the Contractor's Fee in accordance with the terms of this Schedule and the Agreement.

1.2 The Contractor's Fee shall be calculated as follows:

(a) on the portion of the actual Cost of the Work that is less than or equal to the Initial Incentive Benchmark and subject to Section 1.3 of this Schedule E-1, Contractor shall be paid the amount of [*****] of the Cost of the Work as the Contractor's Fee;

(b) on the portion, if any, of the actual Cost of the Work that is between the Initial Incentive Benchmark and the Incentive Benchmark, Contractor shall be paid the amount of [*****] of the Cost of the Work as the Contractor's Fee, with such Fee to only apply to the Work performed within the foregoing incremental amounts;

(c) on the portion, if any, of the actual Cost of the Work that is between the Incentive Benchmark and the amount that is [*****] above the Incentive Benchmark, Contractor shall be paid the amount of [*****] of the Cost of the Work as the Contractor's Fee, with such Fee to only apply to the work performed within the foregoing incremental amounts;

(d) on the portion, if any, of the actual Cost of the Work that is above the number that is [*****] above the Incentive Benchmark, Contractor shall be paid the amount of [*****] of the Cost of the Work as the Contractor's Fee, with such Fee to apply to only the Work performed within the foregoing incremental amounts; provided, however, that for every [*****] above such [*****] amount, the Fee shall reduce by [*****].

Throughout the performance of the Work, at such times as the actual Cost of the Work causes the Contractor's Fee to move into the next band in accordance with the above, MSG shall have the right, but not the obligation, to notify Contractor in writing of such fact and shall automatically apply the Contractor's Fee for the next band in subsequent Applications for Payment.

1.3 In addition to the Contractor's Fee set forth in Section 1.2(a) of this Schedule E-1, and subject to the terms of Section 1.4 of this Schedule E-1, Contractor shall be entitled to up to an additional [*****] (i.e., a total Contractor's Fee of [*****]) on the Cost of the Work that is less than or equal to the Initial Incentive Benchmark subject to Contractor meeting and showing reasonable evidence of having met, the key performance indicators set forth in Schedule E-2 ("Key Performance Indicators"). For the avoidance of doubt, the additional [*****] Contractor's Fee only applies (a) if the Incentive Benchmark has been agreed to and the Incentive Benchmark Proposal has been executed by both Parties, and (b) to that portion of the Cost of the Work that is less than or equal to the Initial Incentive Benchmark (that is, the maximum amount recoverable by way of the additional fee described in this Section 1.3 is [*****]).

1.4 With each Application for Payment submitted by Contractor pursuant to Article 13, Contractor shall submit evidence of its satisfaction of the Key Performance Indicators in Section 1.3 of this Schedule E-1. To the extent Contractor can demonstrate at Final Completion, to MSG's reasonable satisfaction, that it has satisfied the Key Performance Indicators on a monthly basis, MSG shall increase the Contractor's Fee in accordance with Section 1.3 above, up to a maximum of [*****], with such additional Contractor's Fee to be paid as part of Contractor's final payment. For the avoidance of doubt, achievement or non-achievement of the KPIs

by Contractor, or the payment or non-payment by MSG of the additional Contractor's Fee, pursuant to this Section 1.4 shall not relieve either Party of their rights or remedies pursuant to, or their obligations to comply with, the terms of this Agreement.

B. Flat Fee Pursuant to Section 4.5.6(c) of the Agreement

The flat fee shall be [*****] of the Cost of the Work performed by Contractor (with no increase or decrease in the Contractor's Fee as outlined in Section 1.4 of this Schedule E-1).

SCHEDULE E-2
KEY PERFORMANCE INDICATORS

MSG SPHERE AT THE VENETIAN - KEY PERFORMANCE INDICATOR SCORECARD

Item	Score Owner	Category	Description	KPI / Project Measurement	Las Vegas Duration / Milestone	Q1			Q2			Q3			Q4			KPI Achieved (Average)
Construction - Project Management				20%		Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	
1.01	MSG	Resource availability	Appropriate resources consistently available, effective management of the project, senior management availability / accessibility	Y/N	Monthly													Y/N
1.02	MSG	Attitude / Professionalism	Per staffing plan, proactive management, strong team ethos and positive professional reactions to management requests. Acting in the best interests of the Owner (to the extent the Contract allows).	Y/N	Monthly													Y/N
1.03	MSG	Staffing Knowledge & Experience	Experience and capabilities of overall staff.	Y/N	Monthly													Y/N
1.04	MSG	Staff Retention / Attrition	Ability to maintain Key / Senior Staff throughout the project in accordance with the Contract / Agreement.	Y/N	Monthly													Y/N
1.05	MSG	Staff Attributes	Compliance with MSG Ethics and Procurement Policy Procedures and/or the Procurement Policy.	Y/N	Monthly													Y/N
1.06	MSG	Quality of Deliverables	Provide quality, accurate and comprehensive deliverables.	Y/N	Monthly													Y/N
1.07	MSG	Project Interest	Acting in the best interests of the Owner (to the extent the Contract allows) to obtain value with all project vendors throughout the life-cycle of the project	Y/N	Monthly													Y/N
Operational: Schedule, Service, Delivery 20%																		
2.01	MSG	Reporting	Issue accurate and timely weekly project meeting minutes with RFI's, Submittals and Change Order Logs	Y/N	Weekly													Y/N
2.02	MSG	Reporting	Submit Progress Report with each Application For Payment.	Y/N	Monthly													Y/N
2.03	MSG	Labor Reporting	Effective management of badging / project access system, including availability of online access, monitoring and reporting.	Y/N	Weekly													Y/N
2.04	MSG	Schedule	Issue project schedule at agreed monthly updates and project milestones quality and accuracy. Clear demonstration of actual progress vs. baseline, project float, recovery, etc.	Y/N	Monthly													Y/N
2.05	MSG	Schedule	Issue project schedule updates with one-month (4 week) look ahead on a weekly basis.	Y/N	Weekly													Y/N
2.06	MSG	Change Management	Proactively facilitate the change management process with vetted deliverables.	Y/N	Monthly													Y/N
2.07	MSG	Change Management	Timely response and processing of change requests initiated by MSG.	Y/N	Weekly													Y/N
2.08	MSG	Service	Effective use of all emerging technologies (BIM, Project Controls, etc.) in the performance of the Work	Y/N	Monthly													Y/N
2.09	MSG	Closeout	Prompt subcontract closeout (after scope completion by subcontractor), includes collation of all pertinent payment applications, final payment, all certificates, change notices (accepted or rejected), warranties, claims, etc.	Y/N	180 days (from Substantial Completion)													Y/N
Commercial: Budget Management, Trade Buy-Out Log, Cost Savings, Pay Applications, Risk Management, Value Add 20%																		
3.01	MSG	Accuracy of Forecast Advice	Monthly "Progress Reports" are presented in a professional accurate, comprehensive and timely manor.	Y/N	Agreed Milestones													Y/N
3.02	MSG	Accuracy of Cost Report	Issue budget updates and cost reports at agreed milestones (50% SD; 100% DD, etc.) , including ACL (Anticipated Cost Log).	Y/N	Agreed Milestones													Y/N
3.03	MSG	Procurement	Effective reconciliation of estimate updates against Contractor award values < +/-10% (excluding MSG scope changes)	Y/N	Monthly													Y/N
3.04	MSG	Procurement	Effective Management of Procurement Matrix/bid event schedule (and associated updates)	Y/N	Monthly													Y/N
3.05	MSG	Procurement	Compliance with MSG/RLB confirmed templates and process for procurement of trades to the extent of the Agreement (To be provided and mutually agreed).	Y/N	Monthly													Y/N
3.06	MSG	Requisition & Payment Processing	Accurate & timely submission of payment applications with supporting documents; payment distribution to all vendors under Contractors remit in accordance with the Agreement	Y/N	Monthly													Y/N

MSG SPHERE AT THE VENETIAN - KEY PERFORMANCE INDICATOR SCORECARD

Item	Score Owner	Category	Description	KPI / Project Measurement	Las Vegas Duration / Milestone	Q1			Q2			Q3			Q4			KPI Achieved (Average)
Safety Management 15%																		
4.01	MSG	Safety / Incident Log / Register	Issue the Safety Program and monthly enforcement	Y/N	30 days from execution of Agreement / Monthly													Y/N
4.02	MSG	Safety / Incident Log / Register	Prompt accident reporting	Y/N	3 days from occurrence													Y/N
4.03	MSG	Safety / Incident Log / Register	Compare lost time and recordable incident rates with national industry standards.	Y/N	Monthly													Y/N
4.04	MSG	Safety / Incident Log / Register	Proactive monitoring and maintenance of all site security provisions	Y/N	Daily													Y/N
4.05	MSG	Safety / Incident Log / Register	Review and report of Subcontractors' safety programs for compliance with overall Safety Program	Y/N	As required													Y/N
QA/QC Plan / Commissioning 15%																		
5.01	MSG	QA/QC Plan	Develop QA/QC Plan and monthly review of the plan and its compliance.	Y/N	30 days from execution of Agreement / Monthly													Y/N
5.02	MSG	QA/QC Plan	Effective implementation and monitoring of the QA/QC Plan for all work performed under the Agreement.	Y/N	Monthly													Y/N
5.03	MSG	QA/QC Plan	Participate in all regular coordination and quality review meetings with MSG, Project Manager, Architect.	Y/N	Monthly													Y/N
5.04	MSG	QA/QC Plan	Contractor Completion Lists / Punch-list - continuous progress in accordance with project specifications & agreed project milestones / schedule dates; includes collation of all pertinent certificates, permits, local authority sign-offs in accordance with the Contract Agreement	Y/N	Monthly													Y/N
5.05	MSG	QA/QC Plan	Authority having jurisdiction (AHJ) / identified / corrected/ signed off / to agreed quality in a timely fashion.	Y/N	Monthly													Y/N
5.06	MSG	Closeout	Provision of all required as-built, O&M manuals as required by the Agreement.	Y/N	180 days (from Substantial Completion)													Y/N
Summary 10%																		
6.01	MSG	Overall performance against agreed scope of services	MSG perception on the quality of service provision and overall vendor performance	Y/N	Monthly													Y/N

1.	**Construction - Project Management**	**20%**	[*****]
2.	**Operational**	**20%**	[*****]
3.	**Commercial**	**20%**	[*****]
4.	**Safety Management**	**15%**	[*****]
5.	**Quality Assurance / Commissioning**	**15%**	[*****]
6.	**Summary**	**10%**	[*****]
	TOTAL	**100%**	[*****]

SCHEDULE F

ALLOCATION

1. Allocation

1.1 The Allocation is the amount of [*****].

2. Costs for which Allocation may be used by Contractor

2.1 Subject to the terms of Section 4.10 of this Agreement, Contractor may have recourse to the Allocation for so long as the relevant portion of the Allocation has a positive balance, as follows:

(a) Defective Work Costs.

(i) Contractor may use the Allocation to rectify Defective Work; provided, however, (i) that such Defective Work was not caused by Contractor's failure to meet the Standard of Care, and (ii) Contractor's use of the Allocation for rectification of Defective Work is limited to [*****] in the aggregate (except that any costs of rectification recovered by Contractor from insurance, sureties, Subcontractors, suppliers or others will be credited to the Allocation and the [*****] limit).

(ii) Contractor shall not be required to obtain MSG's prior written consent pursuant to Section 4.10 to use the Allocation for rectification costs which, in any one instance (or related instances) of rectification, is less than [*****]; provided, however, that Contractor shall comply with its reporting requirements in Section 4.10.5.

(b) Acceleration Costs.

(i) Contractor may use the Allocation for acceleration costs pursuant to Section 5.4.4 and the measures specified in Section 3.12.6(d) of this Agreement but only when no entitlement to an adjustment to the Substantial Completion Date and/or the Incentive Benchmark exists. Contractor's use of the Allocation for acceleration costs is limited to [*****] in the aggregate (except that any costs of acceleration recovered by Contractor from insurance, sureties, Subcontractors, suppliers or others will be credited to the Allocation and the [*****].

(ii) Contractor shall not be required to obtain MSG's prior written consent pursuant to Section 4.10 to use the Allocation for acceleration costs which, in any one instance (or related instances) of acceleration, is less than [*****]; provided, however, that Contractor shall comply with is reporting requirements in Section 4.10.5.

(c) Legal Fees.

(i) Contractor may use the Allocation for reasonable out of pocket attorneys' fees incurred by Contractor in the defense of a claim by a Subcontractor relating to this Project; provided that (i) Contractor may only recover an amount of such attorneys' fees that is equal to the amount spent by Contractor at any one time for the same litigation matter (by way of example only, if Contractor wants to use [*****] from the Allocation, it must demonstrate that it has spent - out of pocket - the same amount for the same litigation matter), and (ii) Contractor's use of the Allocation for such attorneys' fees shall be limited to [*****] (except that [*****] of any such attorneys' fees recovered by Contractor from insurance, sureties, Subcontractors, suppliers or others will be credited to the Allocation and the [*****].

(ii) Contractor shall provide MSG promptly upon request with copies of all invoices for attorneys' fees.

3. Allocation Savings

To the extent there is any unused Allocation at Final Completion, the amount of the unused Allocation shall be [*****] between MSG and Contractor; provided, however, that Contractor's recovery of savings shall be capped at [*****].

SCHEDULE I

LIQUIDATED DAMAGES

1. Pursuant to Section 5.5.2 of the Agreement, Contractor shall pay the following amounts as daily delay liquidated damages ("**Daily Delay Liquidated Damages**"):

Time Period	Daily Delay Liquidated Damages Amount
For each Day from Day One (1) to Day 30 after the Substantial Completion Date	[*****]
For each Day from Day 31 to Day 60 after the Substantial Completion Date	[*****]
For each Day from Day 61 to Day 90 after the Substantial Completion Date	[*****]
For each Day from Day 91 after the Substantial Completion Date	[*****]

2. Contractor will be liable to MSG for the cumulative Daily Delay Liquidated Damages. However, subject to Section 3 immediately below, Contractor's total liability to MSG for Daily Delay Liquidated Damages shall not exceed and is capped at [*****] of the amount of Contractor's final Fee under this Agreement.

3. In the event Substantial Completion has not been achieved by the Long Stop Completion Deadline, MSG shall be entitled to a one-time payment of liquidated damages equal to the value that is [*****] of the amount of Contractor's final Fee under this Agreement (the "**Long Stop Completion Liquidated Damages**"). For the avoidance of doubt, the Long Stop Completion Liquidated Damages shall be payable by Contractor in addition to the Daily Delay Liquidated Damages.

4. If Substantial Completion is not achieved by the Long Stop Development Completion Date and the Daily Delay Liquidated Damages deducted by MSG do not equal [*****] of the amount of Contractor's final Fee under this Agreement, then in addition to the Daily Delay Liquidated Damages and the Long Stop Completion Liquidated Damages, Contractor shall pay to MSG the difference between the cumulative Daily Delay Liquidated Damages paid by Contractor and the amount that is equal to [*****] of the amount of Contractor's final adjusted Fee.

SCHEDULE K

SUBSTANTIAL COMPLETION DETAILS

1. The Substantial Completion Date shall be the date set forth in the executed Incentive Benchmark Amendment by which the Work is required to have achieved Substantial Completion, as such date may be adjusted in accordance with this Agreement, but which date shall not be later than [*****].

2. Notwithstanding the Substantial Completion Date set forth in the Incentive Benchmark Amendment, Contractor acknowledges that MSG desires Substantial Completion to be achieved no later than [*****]. Contractor shall use reasonable efforts to achieve Substantial Completion prior to this date. In the event Contractor achieves Substantial Completion on or before [*****], MSG shall pay Contractor a bonus of [*****].

SCHEDULE O

AUTHORIZATION MATRIX

1. For (i) adjustments to the Substantial Completion Date and the Long Stop Completion Date; and (ii) adjustments to the Incentive Benchmark or the right to recover additional costs as a Cost of the Work, the certificate, document, Change Order or other signed statement required by the terms of this Agreement must be executed on behalf of MSG in accordance with the following:

    (a) All Change Orders to the Substantial Completion Date / Long Stop Completion Deadline to be executed by the President of The Madison Square Garden Company.

    (b) All Change Orders and Construction Change Directives with a cost impact up to [*****] to be executed by Senior Vice President - Project Management Executive.

    (c) All Change Orders and Construction Change Directives with a cost impact above [*****] to be executed by the President of the Madison Square Garden Company.

2. Any certificate, document, Change Order or other signed statement not executed in accordance with Section 1 above shall not be valid and Contractor shall not be entitled to recover the relief it is seeking until such time as the certificate, document, Change Order or other signed statement is duly authorized in accordance with the Authorization Matrix.

3. The above Authorization Matrix shall not apply to Applications for Payment, which shall be assessed and certified in accordance with Article 13. MSG may change the Authorization Matrix at any time and shall notify Contractor of any changes.

The Madison Square Garden Company
Subsidiaries

Exhibit 21.1

ENTITY NAME	STATE/COUNTRY FORMED
11th Street Hospitality LLC	NY
289 Hospitality, LLC	NY
29th Street Club Brands LLC	DE
29th Street F&B/Hotel Brands LLC	DE
3292592 Nova Scotia Company	Nova Scotia
5 Chinese Brothers LLC	DE
55th Street Hospitality Holdings, LLC	NY
57th Street Hospitality Group, LLC	NY
632 N. Dearborn Operations, LLC	DE
ALA Hospitality LLC	DE
Asia Chicago Management LLC	DE
Asia Five Eight LLC	NY
Asia Las Vegas LLC	DE
Asia Los Angeles LLC	DE
Asia One Six LLC	NY
Avenue Hospitality Group, LLC	NY
B&E Los Angeles LLC	DE
Bayside Hospitality Group LLC	NY
BD Stanhope, LLC	NY
Boston Calling Events, LLC	DE
Bowery Hospitality Associates LLC	NY
Buddha Beach LLC	DE
Buddha Entertainment LLC	DE
Chelsea Hospitality Associates LLC	NY
Chelsea Hospitality Partners, LLC	NY
China Management, LLC	NY
CLG Esports Holdings, LLC	DE
CLG Esports, LLC	DE
Dearborn Ventures LLC	DE
Eden Insurance Company, Inc.	NY
Entertainment Ventures, LLC	DE
Garden of Dreams Foundation	NY
Genco Land Development Corp.	NY
The Grand Tour, LLC	NY
Guapo Bodega Las Vegas LLC	DE
Guapo Bodega LLC	NY
Hartford Wolfpack, LLC	DE
IP BISC LLC	NY
Knicks Gaming, LLC	DE
Knicks Holdings, LLC	DE
Lower East Side Hospitality LLC	NY
Madison Entertainment Associates LLC	DE
Madison Square Garden Investments, LLC	DE

The Madison Square Garden Company
Subsidiaries

Exhibit 21.1

ENTITY NAME	STATE/COUNTRY FORMED
Manchester Prairie, LLC	DE
Marquee Brand Holdings, LLC	DE
Miami Hospitality IP Group, LLC	DE
Miami Hospitality Operating Group, LLC	DE
MSG Aircraft Leasing, L.L.C.	DE
MSG Arena Holdings, LLC	DE
MSG Arena, LLC	DE
MSG Aviation, LLC	DE
MSG BCE, LLC	DE
MSG BBLV, LLC	DE
MSG Beacon, LLC	DE
MSG Boston Theatrical, L.L.C.	DE
MSG Cap, LLC	DE
MSG CLG, LLC	DE
MSG Chicago, LLC	DE
MSG Eden Realty, LLC	DE
MSG Entertainment Holdings, LLC	DE
MSG Esports, LLC	DE
MSG Flight Operations, L.L.C.	DE
MSG Forum, LLC	DE
MSG Holdings Music, LLC	DE
MSG Immersive Ventures, LLC	DE
MSG Interactive, LLC	DE
MSG Las Vegas, LLC	DE
MSG National Properties LLC	DE
MSG Publishing, LLC	DE
MSG Songs, LLC	DE
MSG Sports & Entertainment, LLC	DE
MSG Sports, LLC	DE
MSG Sports Spinco, Inc.	DE
MSG TE, LLC	DE
MSG TG, LLC	DE
MSG Theatrical Ventures, LLC	DE
MSG Training Center, LLC	DE
MSG Vaudeville, LLC	DE
MSG Ventures Holdings, LLC	DE
MSG Ventures, LLC	DE
MSG Winter Productions, LLC	DE
New York Knicks, LLC	DE
New York Rangers, LLC	DE
Ninth Avenue Hospitality LLC	NY
Obscura Digital, LLC	DE
Radio City Productions LLC	DE

The Madison Square Garden Company
Subsidiaries

Exhibit 21.1

ENTITY NAME	STATE/COUNTRY FORMED
Radio City Trademarks, LLC	DE
Rangers Holdings, LLC	DE
RMC Licensing LLC	NY
RMNJ Licensing LLC	DE
RPC Licensing LLC	NY
Roof Deck Australia LLC	DE
Roof Deck Entertainment LLC	DE
Seventh Avenue Hospitality, LLC	NY
Stay in Your Lane Holdings, LLC	DE
Strategic Dream Lounge, LLC	NY
Strategic Dream Midtown BL, LLC	NY
Strategic Dream Midtown LL, LLC	NY
Strategic Dream Midtown RT, LLC	NY
Strategic Dream Restaurant, LLC	NY
Strategic Dream Rooftop, LLC	NY
Stratford Garden Development Limited	United Kingdom
Stratford Garden Property Holdings Limited	Jersey
Stratford Garden Property Limited	Jersey
Stratford Garden Property Holdings (UK) Limited	United Kingdom
Stratford Garden Property (UK) Limited	United Kingdom
Strip View Entertainment LLC	DE
Suite Sixteen LLC	DE
TAO Group Holdings LLC	DE
TAO Group Intermediate Holdings LLC	DE
TAO Group Management LLC	DE
TAO Group Operating LLC	DE
TAO Group Sub-Holdings LLC	DE
TAO Licensing LLC	DE
TAO Park Hospitality, LLC	DE
TG 29 Hospitality, LLC	DE
TG Hospitality Licensing, LLC	DE
TG Hospitality Group LLC	CA
TGPH Nightclub, LLC	DE
TGPH Restaurant, LLC	DE
TSPW Managers LA, LLC	DE
VIP Event Management LLC	DE
Westchester Knicks, LLC	DE
Women’s Club Holdings, LLC	DE
Women’s Club IP, LLC	DE
WPTS, LLC	DE
WPTS Restaurant, LLC	DE

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
The Madison Square Garden Company:

We consent to the incorporation by reference in the registration statement (No. 333-207183) on Form S-8 of The Madison Square Garden Company of our reports dated August 20, 2019, with respect to the consolidated balance sheets of The Madison Square Garden Company as of June 30, 2019 and 2018, the related consolidated statements of operations, comprehensive income (loss), equity and redeemable noncontrolling interests, and cash flows for each of the years in the three-year period ended June 30, 2019, and the related notes and financial statement schedule II (collectively, the "consolidated financial statements"), and the effectiveness of internal control over financial reporting as of June 30, 2019, which reports appear in the June 30, 2019 annual report on Form 10-K of The Madison Square Garden Company.

Our report refers to a change in the accounting method for revenue recognition effective July 1, 2018 due to the adoption of Accounting Standards Codification Topic 606, Revenue from Contracts with Customers.

/s/ KPMG LLP

New York, New York

August 20, 2019

Exhibit 31.1

Certification

I, James L. Dolan, certify that:

1. I have reviewed this Annual Report on Form 10-K of The Madison Square Garden Company;

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

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

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

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

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

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

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

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

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

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

Date: August 20, 2019

/s/ JAMES L. DOLAN

James L. Dolan

Executive Chairman and Chief Executive Officer

Exhibit 31.2

Certification

I, Victoria M. Mink, certify that:

1. I have reviewed this Annual Report on Form 10-K of The Madison Square Garden Company;

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

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

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

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

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

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

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

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

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

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

Date: August 20, 2019

/s/ VICTORIA M. MINK

Victoria M. Mink

Executive Vice President and Chief Financial Officer

Exhibit 32.1

Certification

Pursuant to 18 U.S.C. §1350, the undersigned officer of The Madison Square Garden Company (the "Company"), hereby certifies, to such officer's knowledge, that the Company's Annual Report on Form 10-K for the year ended June 30, 2019 (the "Report") fully complies with the requirements of §13(a) or §15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 20, 2019

/s/ JAMES L. DOLAN

James L. Dolan

Executive Chairman and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

Certification

Pursuant to 18 U.S.C. §1350, the undersigned officer of The Madison Square Garden Company (the "Company"), hereby certifies, to such officer's knowledge, that the Company's Annual Report on Form 10-K for the year ended June 30, 2019 (the "Report") fully complies with the requirements of §13(a) or §15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 20, 2019

/s/ VICTORIA M. MINK

Victoria M. Mink

Executive Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Report or as a separate disclosure document.