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The Madison Square Garden Company Partners With TAO Group

MSG Acquires 62.5% Interest in New Entity; TAO Group's Management Retains Remaining Stake

New Partnership Joins Two Companies With Proven Track Records of Delivering Unmatched Live Experiences

NEW YORK, Feb. 01, 2017 (GLOBE NEWSWIRE) -- The Madison Square Garden Company (NYSE:MSG) and TAO Group today announced that MSG acquired a 62.5 percent common equity interest in a newly formed TAO Group for \$181 million, plus a potential performance earn-out of up to \$25.5 million. This partnership strengthens MSG's portfolio of live offerings with a complementary, world-class entertainment dining and hospitality group that generates substantial adjusted operating income, and provides significant potential for growth.

 TAO Group logo

TAO Group's highly experienced and entrepreneurial management team - led by Founders Marc Packer, Rich Wolf, Noah Tepperberg and Jason Strauss - retains a 37.5 percent interest in the newly formed TAO Group and will continue to run the day-to-day operations of the business. TAO Group operates 19 entertainment dining and nightlife venues in New York City, Las Vegas, and Sydney, Australia with globally-recognized brands - Tao, Marquee, Lavo, Avenue, The Stanton Social, Beauty & Essex and Vandal. This footprint will continue to expand as TAO Group is currently in contract to open five new venues in New York City and eight additional venues in new markets, including Los Angeles, Chicago and Singapore.

"TAO Group is a unique and attractive business that furthers our focus on the 'live experience' while also exposing us to new areas of growth," said James L. Dolan, Executive Chairman of The Madison Square Garden Company. "TAO Group is creating the most innovative premium experiences in the entertainment dining and hospitality industry - no one does it better. We now have a tremendous opportunity to utilize that expertise across our live offerings, while leveraging each other's strengths to drive value and growth for both businesses."

"Over the last 16 years, we've seen tremendous growth as we've successfully created some of the most enduring brands in the hospitality industry," said TAO Group Co-Founder Rich Wolf. "Our partnership with MSG enables us to continue down this path as we advance our plans to build a global hospitality platform, now backed by an organization with an unparalleled position as one of the world's leading live entertainment companies. We are thrilled to be joining the MSG family, and look forward to working with them on creating truly unique and exceptional experiences."

The benefits of the partnership are numerous for both companies. For MSG, this transaction adds an industry-leading entertainment dining and hospitality group that complements its existing live entertainment business, while further enhancing MSG's growth profile by consolidating a profitable, high-growth, non-capital intensive business that includes four of the top 11 highest grossing restaurants in the U.S.

MSG and TAO Group will work together to create new and innovative premium hospitality experiences that can be integrated across MSG's portfolio of live offerings. This includes MSG's current collection of renowned venues and popular music and film festivals, as well as emerging opportunities as MSG continues to pursue its venue expansion strategy, with recently announced plans to build a state-of-the-art venue in Las Vegas. In addition, MSG's reach will be expanded through TAO Group's footprint - in New York and Las Vegas, and soon-to-be Los Angeles and Chicago - providing increased customer touchpoints and premium packaging opportunities using both TAO Group and MSG venues.

Each year, MSG's venues host more than 6 million visitors, while the TAO Group welcomes more than 4 million people to its entertainment destinations, enabling both companies to benefit from marketing and cross-promotion opportunities. TAO Group will now also have access to MSG's vast knowledge in ticketing and sponsorship sales, as well as enhanced corporate resources.

TAO Group is made up of a leading collection of entertainment dining and hospitality brands that, for calendar year 2016, generated revenue and pro forma adjusted operating income of approximately \$235 million and \$43 million, respectively.¹ In New York City, these brands include: Avenue, Beauty & Essex, Lavo Italian Restaurant and Nightclub, Marquee Nightclub,

The Stanton Social, Tao Asian Bistro Uptown, Tao Asian Bistro Downtown and Vandal. Additionally, TAO Group operates all of the food and beverage outlets of the Dream Downtown hotel, including room service, PHD Rooftop, Electric Room Lounge and Bodega Negra, as well as lounge spaces at the Dream Midtown hotel including PHD Rooftop, The Fishbowl and The Rickey. Las Vegas operations include: Beauty & Essex, Tao Asian Bistro, Nightclub & Beach at The Venetian; Lavo Italian Restaurant & Lounge at The Palazzo and Marquee Nightclub & Dayclub at The Cosmopolitan. Marquee Nightclub at The Star - Sydney represents the company's first international offering.

The new partnership will also leverage MSG's world-renowned properties, which include its collection of iconic venues: Madison Square Garden, The Theater at Madison Square Garden, Radio City Music Hall, Beacon Theatre, the Forum in Inglewood, California, The Chicago Theatre, and the Wang Theatre in Boston . In addition, MSG owns and operates legendary sports teams, including the New York Knicks and the New York Rangers, and original productions - the *Christmas Spectacular* and *New York Spectacular*, both starring the Radio City Rockettes. MSG's portfolio also includes live festivals through its controlling interest in Boston Calling Events, the owner and operator of New England's premier Boston Calling Music Festival, and its 50 percent ownership of Tribeca Enterprises, best known for the acclaimed Tribeca Film Festival.

In addition to the strategic benefits, this transaction streamlines TAO Group's ownership structure and consolidates the hospitality group's assets - further preparing TAO Group to take advantage of growth opportunities.

For MSG, Goldman, Sachs & Co. served as the financial advisor and Hughes Hubbard & Reed LLP as legal counsel. Moelis & Company acted as the financial advisor to TAO Group, and Paul, Weiss, Rifkind, Wharton & Garrison LLP as legal counsel.

Separately, MSG also plans to enter into a Rule 10b5-1 stock repurchase plan (the "Plan"). The Plan will permit the Company to effect additional stock repurchases under its existing stock repurchase authorization, including during periods when the Company might otherwise be prevented from making open market purchases. Under the Plan, purchases will be made through a broker in accordance with the instructions and limitations set forth in the Plan.

¹ The pro forma unaudited adjusted operating income reflects the replacement of historical management fees paid to affiliates with the go-forward compensation structure to TAO Group founders, as well as the exclusion of certain non-recurring transaction costs.

Contact:

Kimberly Kerns

The Madison Square Garden Company

212-465-6442 / kimberly.kerns@msg.com

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