



May 4, 2012

The Madison Square Garden Company Reports Results for the Fiscal 2012 Third Quarter

Third quarter revenue of \$400.5 million, a 21% increase compared to prior year period

Third quarter AOCF of \$80.2 million, a 46% increase compared to prior year period

Third quarter operating income of \$53.3 million, up 75% versus prior year period

NEW YORK, May 4, 2012 (GLOBE NEWSWIRE) -- The Madison Square Garden Company (Nasdaq:MSG) today reported financial results for the fiscal third quarter ended March 31, 2012.

Fiscal 2012 third quarter revenues of \$400.5 million increased 21%, as compared to the prior year period, primarily reflecting an increase in revenues in the MSG Sports and MSG Media segments, partially offset by a decrease in revenues in the MSG Entertainment segment.

Fiscal 2012 third quarter adjusted operating cash flow ("AOCF")⁽¹⁾ of \$80.2 million increased 46%, as compared to the prior year period, driven primarily by an AOCF increase in the MSG Sports segment. Operating income of \$53.3 million increased 75% and net income of \$31.1 million (\$0.40 per diluted share) increased 63%, both as compared to the prior year period.

President and CEO Hank Ratner said: "We generated significant AOCF during our fiscal third quarter, a reflection of the strength of our assets and brands, as well as the value we provide to customers and partners. In particular, MSG Sports delivered its most profitable quarter in our two year history as a public company. The segment is realizing financial benefits as a result of the new products and amenities we are providing as part of the first phase of the Transformation project. Once the playoffs conclude, we will begin the second phase of the Transformation and look forward to the debut of the transformed upper bowl of the Arena this fall."

Results from Operations

Segment results for the quarters ended March 31, 2012 and 2011 are as follows:

| | Revenue | | | AOCF | | | Operating Income (Loss) | | |
|---------------------------------------|----------------|---------|----------|---------------|---------|----------|-------------------------|---------|----------|
| | Q3 2012 | Q3 2011 | % Change | Q3 2012 | Q3 2011 | % Change | Q3 2012 | Q3 2011 | % Change |
| \$ millions | | | | | | | | | |
| MSG Media | \$166.2 | \$147.6 | 13 % | \$65.3 | \$62.6 | 4 % | \$58.5 | \$56.2 | 4 % |
| MSG Entertainment | 34.3 | 42.8 | (20) % | (12.8) | (6.8) | (88) % | (16.4) | (10.0) | (64) % |
| MSG Sports | 216.1 | 157.7 | 37 % | 29.3 | 3.5 | NM | 25.4 | 0.1 | NM |
| Other (including eliminations) | (16.2) | (17.7) | 8 % | (1.7) | (4.5) | 63 % | (14.2) | (15.9) | 11 % |
| Total Company | \$400.5 | \$330.4 | 21 % | \$80.2 | \$54.9 | 46 % | \$53.3 | \$30.4 | 75 % |

Note: Does not foot due to rounding

1. See definition of adjusted operating cash flow ("AOCF") included in the discussion of non-GAAP financial measures on page 3 of this earnings release.

MSG Media

For the fiscal third quarter, MSG Media revenues of \$166.2 million increased 13%, as compared to the prior year period. Affiliate fee revenue increased \$10.4 million, as compared to the prior year period, primarily attributable to higher affiliation rates, significantly offset by the impact of the Company's networks not being carried for approximately half of the quarter by a key affiliate, net of recognizing revenue for prior periods from that affiliate. During the quarter, a new multi-year agreement for carriage of the Company's networks was reached with this affiliate. Advertising revenue increased \$4.3 million, as compared to the prior year quarter. Other revenue increased \$3.9 million, as compared to the prior year period, primarily attributable to a short-term programming licensing agreement. AOCF of \$65.3 million increased 4% and operating income of \$58.5 million increased 4%, both as compared to the prior year period. The increase in AOCF and operating income primarily reflects higher revenues, largely offset by an increase in selling, general and administrative and direct operating expenses.

MSG Entertainment

For the fiscal third quarter, MSG Entertainment revenues of \$34.3 million decreased 20%, as compared to the prior year period. The decrease in revenues was primarily attributable to lower event-related revenues at The Garden, as the ability to schedule events was impacted by the uncertainty surrounding the NBA work stoppage and the increased number of New York Knicks and Rangers home games versus the prior year quarter, as well as lower event-related revenues at the Company's other venues. This overall decrease was partially offset by higher revenues from the Radio City Christmas Spectacular franchise, primarily due to scheduled performances of the New York production in January 2012 versus no performances in the prior year period. AOCF loss of \$12.8 million increased 88% and operating loss of \$16.4 million increased 64%, both as compared to the prior year quarter, due to lower event-related results at the Company's venues.

MSG Sports

For the fiscal third quarter, MSG Sports revenues of \$216.1 million increased 37%, as compared to the prior year period. The increase in revenues was primarily attributable to the financial benefits of the first phase of the Arena Transformation project and, to a lesser extent, a higher percentage of New York Knicks-related revenues being recognized during the quarter versus the prior year period as a result of the delayed start to the NBA season and the compressed New York Knicks regular season schedule. The overall revenue increase included higher professional sports team ticket-related revenue, league distributions, food, beverage and merchandise sales, suite rental fee revenue, event-related revenues from other live sporting events and sponsorship and signage revenues. AOCF increased by \$25.8 million to \$29.3 million and operating income increased by \$25.3 million to \$25.4 million, both as compared to the prior year quarter, primarily reflecting the increase in revenues, partially offset by higher direct operating expenses.

About The Madison Square Garden Company

The Madison Square Garden Company is a fully-integrated sports, media and entertainment business. The Company is comprised of three business segments: MSG Sports, MSG Media and MSG Entertainment, which are strategically aligned to work together to drive the Company's overall business, which is built on a foundation of iconic venues and compelling content that the company creates, produces, presents and/or distributes through its programming networks and other media assets. MSG Sports consists of owning and operating sports franchises, including the New York Knicks (NBA), the New York Rangers (NHL), the New York Liberty (WNBA), and the Connecticut Whale (AHL). MSG Sports also features the presentation of a wide variety of live sporting events including professional boxing, college basketball, track and field and tennis. MSG Media is a leader in production and content development for multiple distribution platforms, including content originating from MSG's venues. MSG Media consists of the MSG Networks (MSG, MSG Plus, MSG HD and MSG Plus HD) regional sports networks and the Fuse Networks (Fuse and Fuse HD), a national television network dedicated to music. MSG Entertainment is one of the country's leaders in live entertainment. MSG Entertainment creates, produces and/or presents a variety of live productions, including the Radio City Christmas Spectacular featuring the Radio City Rockettes. MSG Entertainment also presents or hosts other live entertainment events such as concerts, family shows and special events in MSG's diverse collection of venues. These venues include Madison Square Garden, Radio City Music Hall, the Theater at Madison Square Garden, the Beacon Theatre, the Chicago Theatre and the Wang Theatre. More information is available at www.themadisonsquaregardencompany.com.

The Madison Square Garden Company logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=7079>

Non-GAAP Financial Measures

We define adjusted operating cash flow ("AOCF"), which is a non-GAAP financial measure, as operating income (loss) before 1) depreciation, amortization and impairments of property and equipment and intangible assets, 2) share-based compensation expense or benefit, and 3) restructuring charges or credits. Because it is based upon operating income (loss), AOCF also excludes interest expense (including cash interest expense) and other non-operating income and expense items. We believe that the exclusion of share-based compensation expense or benefit allows investors to better track the performance of the various operating units of our business without regard to either the distortive effects of fluctuating stock prices or the settlement of an obligation that is not expected to be made in cash.

We believe AOCF is an appropriate measure for evaluating the operating performance of our business segments and the company on a consolidated basis. AOCF and similar measures with similar titles are common performance measures used by investors and analysts to analyze our performance. Internally, we use revenues and AOCF measures as the most important indicators of our business performance, and evaluate management's effectiveness with specific reference to these indicators. AOCF should be viewed as a supplement to and not a substitute for operating income (loss), net income (loss), cash flows from operating activities, and other measures of performance and/or liquidity presented in accordance with U.S. generally accepted accounting principles ("GAAP"). Since AOCF is not a measure of performance calculated in accordance with GAAP, this measure may not be comparable to similar measures with similar titles used by other companies. For a reconciliation of AOCF to operating income (loss), please see page 4 of this release.

This press release may contain statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that any such forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties, and that actual results or developments may differ materially from those in the forward-looking statements as a result of various factors, including financial community and rating agency perceptions of the Company and its business, operations, financial condition and the industry in which it operates and the factors described in the Company's filings with the Securities and Exchange Commission, including the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained therein. The Company disclaims any obligation to update any forward-looking statements contained herein.

Conference Call Information:

The conference call will be Webcast live today at 10:00 a.m. ET at www.themadisonsquaregardencompany.com

Conference call dial-in number is 877-347-9170 / Conference ID Number 66103485

Conference call replay number is 855-859-2056 / Conference ID Number 66103485 until May 11, 2012

THE MADISON SQUARE GARDEN COMPANY
CONSOLIDATED OPERATIONS DATA AND RECONCILIATION
(In thousands, except per share data)
(Unaudited)

| | <u>Three Months Ended</u> <u>March 31,</u> | | <u>Nine Months Ended</u> <u>March 31,</u> | |
|--|---|------------------|--|------------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Revenues | \$ 400,451 | \$ 330,413 | \$ 951,097 | \$ 953,917 |
| Adjusted operating cash flow | \$ 80,230 | \$ 54,868 | \$ 205,453 | \$ 166,687 |
| Share-based compensation expense | <u>(4,371)</u> | <u>(3,299)</u> | <u>(14,817)</u> | <u>(8,773)</u> |
| Operating income before depreciation and amortization | 75,859 | 51,569 | 190,636 | 157,914 |
| Depreciation and amortization (incl. impairments) | <u>(22,536)</u> | <u>(21,170)</u> | <u>(62,994)</u> | <u>(48,817)</u> |
| Operating income | 53,323 | 30,399 | 127,642 | 109,097 |
| Other income (expense): | | | | |
| Interest expense, net | (1,088) | (1,059) | (3,601) | (3,410) |
| Miscellaneous | <u>6,590</u> | <u>5,561</u> | <u>6,590</u> | <u>7,485</u> |
| Income from operations before income taxes | 58,825 | 34,901 | 130,631 | 113,172 |
| Income tax expense | <u>(27,750)</u> | <u>(15,814)</u> | <u>(52,649)</u> | <u>(42,099)</u> |
| Net income | <u>\$ 31,075</u> | <u>\$ 19,087</u> | <u>\$ 77,982</u> | <u>\$ 71,073</u> |
| Basic earnings per common share | <u>\$ 0.41</u> | <u>\$ 0.26</u> | <u>\$ 1.04</u> | <u>\$ 0.96</u> |
| Diluted earnings per common share | <u>\$ 0.40</u> | <u>\$ 0.25</u> | <u>\$ 1.01</u> | <u>\$ 0.92</u> |
| Basic weighted-average number of common shares outstanding | 75,007 | 74,193 | 74,717 | 74,078 |
| Diluted weighted-average number of common shares outstanding | 77,612 | 77,200 | 77,392 | 77,016 |

ADJUSTMENTS TO RECONCILE ADJUSTED OPERATING CASH FLOW TO OPERATING INCOME (LOSS)

The following is a description of the adjustments to operating income (loss) in arriving at adjusted operating cash flow as described in this earnings release:

- Depreciation and amortization. This adjustment eliminates depreciation, amortization and impairments of property and equipment and intangible assets in all periods.
- Share-based compensation expense. This adjustment eliminates the compensation expense relating to restricted stock,

restricted stock units, stock options and stock appreciation rights granted under our employee stock plans and non-employee director plans in all periods.

THE MADISON SQUARE GARDEN COMPANY

CONSOLIDATED OPERATIONS DATA

(Dollars in thousands)

(Unaudited)

REVENUES

| | Three Months Ended March 31, | | % Change |
|--|---------------------------------|--------------------------|---------------|
| | 2012 | 2011 | |
| MSG Media | \$ 166,180 | \$ 147,564 | 13 % |
| MSG Entertainment | 34,342 | 42,805 | (20) % |
| MSG Sports | 216,131 | 157,739 | 37 % |
| Other (including Inter-segment eliminations) | <u>(16,202)</u> | <u>(17,695)</u> | 8 % |
| Total Madison Square Garden Company | <u>\$ 400,451</u> | <u>\$ 330,413</u> | 21 % |

| | Nine Months Ended March 31, | | % Change |
|--|--------------------------------|--------------------------|---------------|
| | 2012 | 2011 | |
| MSG Media | \$ 447,218 | \$ 425,103 | 5 % |
| MSG Entertainment | 213,168 | 258,519 | (18) % |
| MSG Sports | 333,567 | 323,376 | 3 % |
| Other (including Inter-segment eliminations) | <u>(42,856)</u> | <u>(53,081)</u> | 19 % |
| Total Madison Square Garden Company | <u>\$ 951,097</u> | <u>\$ 953,917</u> | (0) % |

ADJUSTED OPERATING CASH FLOW AND OPERATING INCOME (LOSS)

| | Adjusted Operating Cash Flow | | % Change | Operating Income (Loss) | | % Change |
|--|---------------------------------|-------------------------|---------------|---------------------------------|-------------------------|---------------|
| | Three Months Ended March 31, | | | Three Months Ended March 31, | | |
| | 2012 | 2011 | | 2012 | 2011 | |
| MSG Media | \$ 65,347 | \$ 62,577 | 4 % | \$ 58,545 | \$ 56,164 | 4 % |
| MSG Entertainment | (12,764) | (6,782) | (88) % | (16,415) | (9,998) | (64) % |
| MSG Sports | 29,316 | 3,540 | -- | 25,381 | 129 | -- |
| All other | <u>(1,669)</u> | <u>(4,467)</u> | 63 % | <u>(14,188)</u> | <u>(15,896)</u> | 11 % |
| Total Madison Square Garden Company | <u>\$ 80,230</u> | <u>\$ 54,868</u> | 46 % | <u>\$ 53,323</u> | <u>\$ 30,399</u> | 75 % |

| | Adjusted Operating Cash Flow | | % Change | Operating Income (Loss) | | % Change |
|--|---------------------------------|------|-------------|--------------------------------|------|-------------|
| | Nine Months Ended March 31, | | | Nine Months Ended March 31, | | |
| | 2012 | 2011 | | 2012 | 2011 | |
| | | | | | | |

| | <u>2012</u> | <u>2011</u> | <u>Change</u> | <u>2012</u> | <u>2011</u> | <u>Change</u> |
|--|--------------------------|--------------------------|---------------|--------------------------|--------------------------|---------------|
| MSG Media | \$ 192,718 | \$ 169,952 | 13 % | \$ 168,837 | \$ 153,099 | 10 % |
| MSG Entertainment | 10,617 | 436 | -- | (644) | (9,441) | 93 % |
| MSG Sports | 8,933 | 8,297 | 8 % | (2,949) | (2,176) | (36) % |
| All other | <u>(6,815)</u> | <u>(11,998)</u> | 43 % | <u>(37,602)</u> | <u>(32,385)</u> | (16) % |
| Total Madison Square Garden Company | <u>\$ 205,453</u> | <u>\$ 166,687</u> | 23 % | <u>\$ 127,642</u> | <u>\$ 109,097</u> | 17 % |

THE MADISON SQUARE GARDEN COMPANY

CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)
(Unaudited)

| | <u>March 31,</u> <u>2012</u> | <u>June 30,</u> <u>2011</u> |
|--|---------------------------------|--------------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 181,096 | \$ 304,876 |
| Restricted cash | 5,253 | 8,051 |
| Accounts receivable, net of allowance for doubtful accounts of \$2,288 and \$2,292 | 162,591 | 118,013 |
| Net related party receivables | 27,722 | 22,587 |
| Prepaid expenses | 33,416 | 34,512 |
| Other current assets | <u>23,132</u> | <u>21,379</u> |
| Total current assets | 433,210 | 509,418 |
| Property and equipment, net of accumulated depreciation and amortization of \$427,718 and \$407,190 | 908,742 | 607,792 |
| Amortizable intangible assets, net of accumulated amortization of \$132,541 and \$122,093 | 105,967 | 121,794 |
| Indefinite-lived intangible assets | 158,096 | 158,096 |
| Goodwill | 742,492 | 742,492 |
| Other assets | <u>145,988</u> | <u>140,664</u> |
| | <u>\$ 2,494,495</u> | <u>\$ 2,280,256</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Accounts payable | \$ 16,245 | \$ 31,769 |
| Net related party payables | 498 | -- |
| Accrued liabilities: | | |
| Employee related costs | 71,226 | 55,007 |
| Other accrued liabilities | 207,499 | 167,784 |
| Deferred revenue | <u>211,760</u> | <u>156,047</u> |
| Total current liabilities | 507,228 | 410,607 |
| Defined benefit and other postretirement obligations | 49,577 | 52,865 |
| Other employee related costs | 43,886 | 39,700 |
| Other liabilities | 63,903 | 53,995 |
| Deferred tax liability | <u>537,044</u> | <u>517,204</u> |
| Total liabilities | <u>1,201,638</u> | <u>1,074,371</u> |
| Commitments and contingencies | | |
| Stockholders' Equity: | | |
| Class A Common stock, par value \$0.01, 360,000 shares authorized; 61,999 and 62,094 shares outstanding. | 628 | 625 |
| Class B Common stock, par value \$0.01, 90,000 shares authorized; 13,589 shares outstanding | 136 | 136 |
| Preferred stock, par value \$0.01, 45,000 shares authorized; none outstanding | -- | -- |

| | | |
|---|---------------------|---------------------|
| Additional paid-in capital | 1,066,375 | 1,041,769 |
| Treasury stock, at cost, 927 and 500 shares | (22,047) | (10,279) |
| Retained earnings | 266,849 | 188,867 |
| Accumulated other comprehensive loss | <u>(19,084)</u> | <u>(15,233)</u> |
| Total stockholders' equity | <u>1,292,857</u> | <u>1,205,885</u> |
| | <u>\$ 2,494,495</u> | <u>\$ 2,280,256</u> |

THE MADISON SQUARE GARDEN COMPANY

SELECTED CASH FLOW INFORMATION

(Dollars in thousands)

(Unaudited)

| | Nine Months Ended March 31, | |
|--|--------------------------------|-------------------|
| | 2012 | 2011 |
| Net cash provided by operating activities | <u>\$ 235,567</u> | <u>\$ 131,725</u> |
| Net cash used in investing activities | <u>(356,473)</u> | <u>(137,066)</u> |
| Net cash used in financing activities | <u>(2,874)</u> | <u>(3,587)</u> |
| Net increase (decrease) in cash and cash equivalents | (123,780) | (8,928) |
| Cash and cash equivalents at beginning of period | <u>304,876</u> | <u>319,745</u> |
| Cash and cash equivalents at end of period | <u>\$ 181,096</u> | <u>\$ 310,817</u> |

CONTACT: Kimberly Kerns

Senior Vice President

Communications

The Madison Square Garden Company

(212) 465-6442

Ari Danes, CFA

Vice President

Investor Relations

The Madison Square Garden Company

(212) 465-6072



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