



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

HOLLYWOOD FIREFIGHTERS'
PENSION FUND and JAMES R.
GOULD, JR., derivatively on behalf of
MADISON SQUARE GARDEN
ENTERTAINMENT CORP. and directly
on behalf of themselves and all others
similarly situated,

Plaintiffs,

v.

JAMES L. DOLAN, CHARLES F.
DOLAN, CHARLES P. DOLAN,
KRISTIN A. DOLAN, MARIANNE
DOLAN WEBER, PAUL J. DOLAN,
QUENTIN F. DOLAN, RYAN T.
DOLAN, THOMAS C. DOLAN,
MARTIN BANDIER, MATTHEW C.
BLANK, JOSEPH J. LHOTA,
FREDERIC V. SALERNO, BRIAN G.
SWEENEY, JOHN L. SYKES,
VINCENT TESE, ISIAH L. THOMAS
III, MADISON SQUARE GARDEN
ENTERTAINMENT CORP., and MSG
NETWORKS, INC.,

Defendants,

and

MADISON SQUARE GARDEN
ENTERTAINMENT CORP.,

Nominal Defendant.

**PUBLIC [REDACTED]
VERSION AS FILED ON
JUNE 2, 2021**

C.A. No. 2021-0468-KSJM

VERIFIED CLASS ACTION AND DERIVATIVE COMPLAINT

Plaintiffs Hollywood Firefighters' Pension Fund and James R. Gould, Jr. (each a "Plaintiff" and together "Plaintiffs") submit this Verified Class Action and Derivative Complaint (the "Complaint") derivatively on behalf of Madison Square Garden Entertainment Corp. ("MSG" or the "Company") and directly on behalf of themselves and all other similarly situated public stockholders of MSG against the defendants named herein for breaches of fiduciary duty in their capacities as directors, officers, and/or controlling stockholders of the Company, as well as for statutory violations (the "Action").

The allegations in this Complaint are made upon Plaintiffs' knowledge as to themselves and, as to all other matters, upon information and belief, including the investigation of counsel, the review of publicly available information, and the review of certain books and records produced by the Company in response to Plaintiffs' demands made under 8 *Del. C.* § 220 as to all other matters.

NATURE OF THE ACTION

1. This Action arises because James Dolan ("J. Dolan"), who along with various Dolan family members and trusts (as defined below, "Dolans," the "Dolan Family," the "Dolan Holders," or the "Dolan Defendants") control numerous corporations comprising the Madison Square Garden-related sports, media, and

entertainment empire, is merging two of those entities on unfair terms and in violation of the Delaware General Corporation Law (“DGCL”).

2. In April 2020, the company now known as Madison Square Garden Sports Corp. (“MSGS”) spun-off the recently-created MSGE, which housed the live-entertainment assets of the MSG empire (the “Spin-Off”). For its part, MSGS had previously been spun out of MSG Networks, Inc. (“MSGN”), which houses the MSG cable network assets.

3. None of the Madison Square Garden-related entities make any pretense about who controls them and their respective boards. In fact, at least half of the members of the board of directors of each of the entities are named Dolan (or are in-laws in the Dolan Family), and the few directors who are not family members have spent years in the social and business umbrella created by J. Dolan’s father, Charles F. Dolan (“C.F. Dolan”).

4. Upon its creation in 2019, MSGE’s board of directors (the “MSGE Board”) consisted of one director—J. Dolan. In November 2019, anticipating the Spin-Off, J. Dolan, acting as the MSGE Board, granted to himself and the other Dolan Holders a limited waiver (the “203 Waiver”) of the restrictions against certain “business combinations” found in 8 *Del C.* § 203 (“Section 203”).

5. J. Dolan did not exempt the Dolan Holders from attaining the status of “interested stockholder” under the statute. Nor did J. Dolan include “affiliates” or “associates” in the definition of Dolan Holders for purposes of exempting certain “business combinations” from the statutory requirements.

6. Where, as here, the plain language of the waiver is limited to the controlling stockholder and enumerated family members or trusts, the 203 Waiver must be enforced as written and approved by J. Dolan.

7. Further, because the Dolan Holders comprise such a large group and their existing and future “affiliates” and “associates” can and will be so varied and unpredictable, it makes sense to preserve the applicability of Section 203 in transactions that go beyond the pure controller squeeze-out.

8. As explained below, MSGN is plainly an “interested stockholder” of MSGE, because MSGN is an “affiliate” and “associate” the Dolans, who are “affiliates” of MSGE. The 203 Waiver does not apply to MSGN. As such, any merger of MSGN and MSGE, as is taking place here, is subject to the requirements of Section 203.

9. Because there was no pre-approval of the Merger by the MSGE Board for purposes of Section 203, the Merger is legally invalid absent approval by 66 2/3% of MSGE’s unaffiliated stockholders. Since Defendants are not conditioning

the Merger on such approval (nor even on majority-of-the-minority approval) and the bare majority approval required is already locked up, the Merger as currently structured will be legally invalid.

10. Beyond statutory invalidity, the transaction is patently unfair.

11. MSGE is a rapidly growing business, coming off an awful stock price decline caused by COVID-19 shutdowns of facilities like Madison Square Garden. As the world comes back to normal, attendance at concerts and sporting events is expected to skyrocket, pulling up MSGE's stock price along with it. On the other hand, MSGN has thrived during the pandemic, such that the Merger was timed to occur while MSGE's stock has traded at a trough and MSGN's stock has traded at a peak.

12. MSGE's largest expansion project is the MSG Sphere project in Las Vegas (with another following in London). That project is incredibly capital intensive, and MSGE's minority stockholders would be fine to see that money raised through debt or convertible securities. However, the Dolan Holders saw a better option—diluting the minority investors while preserving (and indeed enhancing) the Dolan Holders' economic and voting stake in a combination of MSGE with MSGN.

13. For its part, MSGN—a television sports and entertainment programming company—is a shrinking business that creates cash flow. Although

other sources of financing would be preferable to MSGE's public stockholders, the Dolans had every incentive to disregard such value-maximizing alternatives and unfairly consolidate their MSG empire. Thus, and unsurprisingly, MSGE's stock price has plummeted since the announcement of the Merger, a clear indication that the markets believe the deal is unfair.

14. The process by which the Merger was negotiated and approved is highly suspect. The Dolans refused to condition the transaction on a majority-of-the-minority approval. Moreover, the MSGE's special committee's (the "MSGE Special Committee") mandate was laser focused on a deal with MSGN, and one of its two members is a senior advisor to a committee financial advisor (whose contingent fee is tied to the consummation of the Merger). And, the *same* legal counsel advised the boards of both MSGE and MSGN in connection with the Merger. In other words, the Dolans stacked the deck from the outset to get a deal done.

15. At bottom, the Dolans and the MSGE Board have flouted both their obligations under the DGCL and their equitable fiduciary duties. With respect to Section 203, the Defendants have, at a minimum, neglected the requirements of the statute in an attempt to end-run a meaningful MSGE stockholder vote. With respect to their fiduciary duties, Defendants are trying to force through a patently unfair deal

by consciously disregarding the procedural protections for minority stockholders embraced by Delaware law.

16. Defendants' misconduct carries consequences. A stockholder vote on the Merger must be enjoined unless consummation of the transaction is conditioned on the vote required by Section 203. And, even if the Merger receives the necessary 66 2/3% vote and closes, Defendants must be held accountable for breaches of fiduciary duty in connection with structuring, negotiating, and approving the patently unfair Merger.

PARTIES AND RELEVANT NON-PARTIES

I. Plaintiffs

17. Plaintiff Hollywood Firefighters' Pension Fund has held shares of MSGE Class A common stock at all times relevant hereto.

18. Plaintiff James R. Gould, Jr. has held shares of MSGE Class A common stock at all times relevant hereto.

II. Defendants

19. **Defendant and Nominal Defendant MSGE** is a "live experiences" company incorporated in Delaware and headquartered in New York City. The Company's assets are comprised of event venues, entertainment content, dining and nightlife venues, and a premier music festival that, together, draw approximately 12 million guests a year. The Company owns or operates by lease Madison Square

Garden, Hulu Theater at Madison Square Garden, Radio City Music Hall, Beacon Theatre, and The Chicago Theatre. In addition, the Company is building a new state-of-the-art immersive experience venue—the MSG Sphere—in Las Vegas and plans to build a second MSG Sphere in London. MSGE also owns a controlling interest in TAO Group Holdings LLC, a hospitality group with 28 entertainment, dining, and nightlife venues in New York City, Las Vegas, Los Angeles, Chicago, Singapore and Sydney, Australia. MSGE is named as a defendant herein solely as a necessary party to the injunctive relief Plaintiffs seek.

20. **Defendant MSGN** is a Delaware corporation headquartered in New York City. MSGN owns and operates two sports broadcasting networks (MSG Network and MSG+) and owns the local broadcasting rights for live games of the New York Knicks of the National Basketball Association (“NBA”), and the New York Rangers, New York Islanders, New Jersey Devils, and Buffalo Sabres of the National Hockey League. It provides coverage of the New York Giants and Buffalo Bills of the National Football League as well. MSGN also provides a wide array of other television sports and entertainment programming. The vast majority of MSGN’s revenue (over 90%) comes from carriage fees charged to distributors (mainly cable television operators) for the right to carry MSGN’s channels. The balance of MSGN’s revenue comes from advertising. MSGN is named as a

defendant herein solely as a necessary party to the injunctive relief that Plaintiffs seek.

21. **Defendant J. Dolan** has served as a Class B Director, the Executive Chairman and Chief Executive Officer (“CEO”) of MSGE since it was created in November 2019, and as a director and Executive Chairman of MSGN since 2009. Since 2015, J. Dolan has also served as a director and the Executive Chairman of MSGS”. J. Dolan was the CEO of MSGS from November 2017 to April 2020, and the CEO and President of Cablevision Systems Corporation (“Cablevision”) from 1995 to 2016 and 1998 to 2014, respectively.¹

22. Additionally, J. Dolan was CEO of Rainbow Media Holdings, Inc. (“Rainbow Media”), a former subsidiary of Cablevision that spun-off in 2011 to become AMC Networks, Inc. (“AMC Networks”), from 1992 to 1995; and Vice President of Cablevision from 1987 to 1992. Since 2011 and September 2020, respectively, J. Dolan has served as a director and Non-Executive Chairman of AMC Networks, a company controlled by the Dolan Family, and he served as a director of Cablevision from 1991 until its sale in 2016.

¹ The Dolans controlled Cablevision Systems Corporation until its 2016 sale to Altice.

23. J. Dolan serves as the frontman and guitarist of JD & The Straight Shot, his country blues and roots rock vanity project. Reflecting his domination over the MSG empire, attendance by company employees is “expected and noted” when JD & The Straight Shot play in New York clubs.²

24. J. Dolan is related by family ties to numerous defendants in this Action. J. Dolan is: (i) the son of C.F. Dolan; (ii) the spouse of Kristin A. Dolan (“K. Dolan”); (iii) the father of Charles P. Dolan (“C.P. Dolan”), Quentin F. Dolan (“Q. Dolan”) and Ryan T. Dolan (“R. Dolan”); (iv) the brother of Marianne Dolan Weber (“Weber”) and Thomas C. Dolan (“T. Dolan”); (v) the brother-in-law of Brian G. Sweeney (“Sweeney”); and (vi) the cousin of Paul J. Dolan (“P. Dolan”). MSGE acknowledges that J. Dolan is not “independent” within the meaning of the rules of the New York Stock Exchange (“NYSE”) and the U.S. Securities and Exchange Commission (“SEC”).

25. **Defendant C.F. Dolan** has served as a Class B Director of MSGE since April 2020, and as a director of MSGN since 2009. C.F. Dolan has served as a director and Chairman Emeritus of AMC Networks since 2011 and September 2020, respectively. C.F. Dolan served as Executive Chairman of AMC Networks from

² S.L. Price, *Lord Jim*, SPORTS ILLUSTRATED (Feb. 12, 2007), <https://vault.si.com/vault/2007/02/12/lord-jim>.

2011 to September 2020 and Chairman of Cablevision from 1985 to 2016. C.F. Dolan was CEO of Cablevision from 1985 to 1995. C.F. Dolan founded and acted as the General Partner of Cablevision's predecessor from 1973 to 1985 and established Manhattan Cable Television in 1961 and Home Box Office, Inc. ("HBO") in 1971. C.F. Dolan has served as a director of MSGS since 2015, and served as a director of Cablevision from 1985 to 2016.

26. C.F. Dolan is related by family ties to numerous defendants in this Action. C.F. Dolan is: (i) the father of J. Dolan, Weber and T. Dolan; (ii) the father-in-law of K. Dolan and Sweeney; (iii) the uncle of P. Dolan; and (iv) the grandfather of C.P. Dolan, Q. Dolan and R. Dolan. MSGE acknowledges that C.F. Dolan is not "independent" within the meaning of the rules of the NYSE and the SEC.

27. **Defendant C. P. Dolan** has served as a Class B Director of MSGE since April 2020. Since 2020, C.P. Dolan has been an employee of Knickerbocker Group, LLC, an entity owned by J. Dolan. C.P. Dolan has served as a director of MSGS since 2015, and served as a director of MSGN from 2010 to 2015.

28. C.P. Dolan is related by family ties to numerous defendants in this Action. C.P. Dolan is: (i) the son of J. Dolan; (ii) the stepson of K. Dolan; (iii) the brother of Q. Dolan and R. Dolan; (iv) the grandson of C.F. Dolan; (v) the nephew of Weber, T. Dolan and Sweeney; and (vi) the cousin of P. Dolan. MSGE

acknowledges that C.P. Dolan is not “independent” within the meaning of the rules of the NYSE and the SEC.

29. **Defendant K. Dolan** has served as a Class B Director of MSGE since April 2020, and as a director of MSGN since 2018. K. Dolan served as the Chief Operating Officer of Cablevision from 2014 to 2016. Prior to becoming COO, K. Dolan served in various other roles at Cablevision, including: President of Optimum Services from 2013 to 2014; Senior Executive Vice President of Product Management and Marketing from 2011 to 2013; and Senior Vice President from 2003 to 2011. K. Dolan has served as a director of MSGS since 2015 and AMC Networks since 2011, and served as a director of Cablevision from 2010 to 2016 and MSGN from 2010 to 2015.

30. K. Dolan is related by family ties to numerous defendants in this Action. K. Dolan is: (i) the spouse of J. Dolan; (ii) the step-mother of C.P. Dolan, Q. Dolan and R. Dolan; (iii) the daughter-in-law of C.F. Dolan; (iv) the sister-in-law of Weber, T. Dolan and Sweeney; and (v) the cousin by marriage of P. Dolan. MSGE acknowledges that K. Dolan is not “independent” within the meaning of the rules of the NYSE and the SEC.

31. **Defendant Weber** has served as a Class B Director of MSGE since April 2020. Weber served as Chairman of both the Dolan Family Foundation and

the Dolan Children's Foundation from 1999 to 2011 and Vice Chairman and Director of the Dolan Family Office, LLC from 1997 to 2011. Weber has served as a director of MSGS since 2016, AMC Networks since 2011 and served as a director of Cablevision from 2005 to 2016 and MSGN from 2010 to 2014.

32. Weber is related by family ties to numerous defendants in this Action. Weber is: (i) the daughter of C.F. Dolan; (ii) the sister of J. Dolan and T. Dolan; (iii) the sister-in-law of Sweeney and K. Dolan; (iv) the cousin of P. Dolan; and (v) the aunt of C.P. Dolan, Q. Dolan and R. Dolan. MSGE acknowledges that Weber is not "independent" within the meaning of the rules of the NYSE and the SEC.

33. **Defendant P. Dolan** has served as a Class B director of MSGE since April 2020, and a director of MSGN since 2015. P. Dolan has been a director of MSGS since December 2019. P. Dolan served as a director of Cablevision from 2015 to 2016.

34. P. Dolan is related by family ties to numerous defendants in this Action. P. Dolan is: (i) the nephew of C.F. Dolan; (ii) the cousin by marriage of Sweeney and K. Dolan; and (iii) the cousin of J. Dolan, T. Dolan, Weber, C.P. Dolan, Q. Dolan and R. Dolan. MSGE acknowledges that P. Dolan is not "independent" within the meaning of the rules of the NYSE and the SEC.

35. **Defendant Q. Dolan** has served as a Class B Director of MSGE since April 2020. Q. Dolan has held an internship position at Azoff MSG Entertainment, LLC, a joint venture established in 2013 between MSGS and Azoff Music Management. Q. Dolan served as a director of MSGN from 2015 to June 2020.

36. Q. Dolan is related by family ties to numerous defendants in this Action. Q. Dolan is: (i) the son of J. Dolan; (ii) the step-son of K. Dolan; (iii) the brother of C.P. Dolan and R. Dolan; (iv) the grandson of C.F. Dolan; (v) the nephew of Weber, T. Dolan and Sweeney; and (vi) the cousin of P. Dolan. MSGE acknowledges that Q. Dolan is not “independent” within the meaning of the rules of the NYSE and the SEC.

37. **Defendant R. Dolan** has served as Class B Director of MSGE since April 2020. R. Dolan has served as Vice President, Interactive Experiences of MSG Ventures, a wholly-owned subsidiary of the Company, since June 2019, and served as Director, Interactive Experiences from 2016 to June 2019. R. Dolan has served as a director of MSGS since December 2019.

38. R. Dolan is related by family ties to numerous defendants in this Action. R. Dolan is: (i) the son of J. Dolan; (ii) the stepson of K. Dolan; (iii) the brother of C.P. Dolan and Q. Dolan; (iv) the grandson of C.F. Dolan; (v) the nephew of Weber, T. Dolan and Sweeney; and (vi) the cousin of P. Dolan. MSGE acknowledges that

R. Dolan is not “independent” within the meaning of the rules of the NYSE and the SEC.

39. **Defendant T. Dolan** has served as a Class B Director of MSGE since April 2020, and as a director of MSGN since 2010. T. Dolan served as Executive Vice President — Strategy and Development, Office of the Chairman of Cablevision from 2008 to 2016. T. Dolan was CEO of Rainbow Media from 2004 to 2005 and served in various roles at Cablevision, including: Executive Vice President and Chief Information Officer (“CIO”) from 2001 until 2005, Senior Vice President and CIO from 1996 to 2001, Vice President and CIO from 1994 to 1996, General Manager of Cablevision’s East End Long Island cable system from 1991 to 1994, and System Manager of Cablevision’s East End Long Island cable system from 1987 to 1991. T. Dolan has served as a director of MSGS since 2015 and AMC Networks since 2011. T. Dolan served as a director of Cablevision from 2007 to 2016.

40. T. Dolan is related by family ties to numerous defendants in this Action. T. Dolan is: (i) the son of C.F. Dolan; (ii) the brother of J. Dolan and Weber; (iii) the brother-in-law of Sweeney and K. Dolan; (iv) the cousin of P. Dolan; and (v) the uncle of C.P. Dolan, Q. Dolan and R. Dolan. MSGE acknowledges that T. Dolan is not “independent” within the meaning of the rules of the NYSE and the SEC.

41. **Defendant Martin Bandier** (“Bandier”) has served as a Class A Director of MSGE since April 2020.

42. **Defendant Matthew C. Blank** (“Blank”) has served as a Class A Director of MSGE since April 2020. Blank served as a director at MSGS from December 2019 until April 2020. Blank has also served as a senior advisor to The Raine Group, LLC (the “Raine Group”), a merchant bank focused on technology, media and telecommunications, since September 2020. Blank was a member of the two-person MSGE Special Committee.

43. **Defendant Joseph J. Lhota** (“Lhota”) has served as a Class A Director of MSGE since April 2020, and a director of MSGN since 2016. Lhota was a director of MSGS from 2017 to April 2020. Lhota was Executive Vice President of MSGN from 2010 to 2011 and Executive Vice President of Cablevision from 2002 to 2010. Lhota served as a director of Cablevision from 2014 to 2016.

44. **Defendant Frederic V. Salerno** (“Salerno”) has served as a Class A Director of MSGE since April 2020. Salerno served as a director of MSGS from December 2019 until April 2020. Salerno was a member of the two-person MSGE Special Committee.

45. **Defendant Sweeney** has served as a Class B Director of MSGE since April 2020, and as a director of MSGN since 2010. Sweeney served as the President

of Cablevision from 2014 and President and Chief Financial Officer of Cablevision from 2015 to 2016. Previously, Sweeney served in various other roles at Cablevision, including: Senior Executive Vice President, Strategy and Chief of Staff from 2013 to 2014; Senior Vice President — Strategic Software Solutions from 2012 to 2013; and Senior Vice President — eMedia from January 2000 to 2012. Sweeney has served as a director of MSGS since 2015, AMC Networks since 2011, and served as a director of Cablevision from 2005 to 2016.

46. Sweeney is related by family ties to numerous defendants in this Action. Sweeney is: (i) the son-in-law of C.F. Dolan; (ii) the brother-in-law of J. Dolan, Weber, T. Dolan and K. Dolan; (iii) the cousin of P. Dolan; and (iv) the uncle of C.P. Dolan, Q. Dolan and R. Dolan. MSGE acknowledges that Sweeney is not “independent” within the meaning of the rules of the NYSE and the SEC.

47. **Defendant John L. Sykes** (“Sykes”) has served as a Class A Director of MSGE since April 2020, and as a director of MSGN since 2015.

48. **Defendant Vincent Tese** (“Tese”) has served as a Class B Director of MSGE since April 2020. Tese has served as a director of AMC Networks since 2016 and MSGS since 2015. Tese served as a director of Cablevision from 1996 to 2016 and MSGN from 2010 to 2015. Tese’s brother is employed by MSG Entertainment Group, LLC, a subsidiary of the Company.

49. **Defendant Isiah L. Thomas III** (“Thomas”) has served as a Class B Director of MSGE since April 2020. Thomas served as the President & Alternate Governor of the New York Liberty of the Women’s National Basketball Association from 2015 to February 2019, which was owned by MSGS until it was sold to a third party. Following a successful basketball career that included winning the NBA Championship with the Detroit Pistons, Thomas became a lightning rod for discontented fans while serving as the General Manager, President of Basketball Operation and Head Coach of the New York Knicks, which is owned by MSGS, from 2006 to 2008. MSGE acknowledges that Thomas is not “independent” within the meaning of the rules of the NYSE and the SEC.

50. Defendants J. Dolan, C.F. Dolan, C.P. Dolan, K. Dolan, Weber, P. Dolan, Q. Dolan, R. Dolan, T. Dolan, and Sweeney are collectively referred to herein as the “Dolans,” the “Dolan Family,” the “Dolan Holders,” or the “Dolan Defendants.”

51. The defendants listed in ¶¶21-49 collectively referred to herein as the “Director Defendants.”

52. MSGE, MSGN, and the Director Defendants are collectively referred to herein as the “Defendants.”

III. Relevant Non-Party

53. Relevant non-party MSGS is a Delaware corporation headquartered in New York City. MSGS was incorporated on March 4, 2015 as an indirect, wholly-owned subsidiary of MSGN. MSGS owns and operates a portfolio of assets featuring professional sports team such as the New York Knicks and the New York Rangers.

FACTUAL BACKGROUND

I. The Origins of MSGE and MSGN

54. On September 30, 2015, MSGN spun off MSGS.

55. A few years later, MSGS decided to spin off MSGE. In 2019, MSGE was incorporated in Delaware, and at the time was a wholly-owned subsidiary of MSGS. MSGE's certificate of incorporation did not contain a provision expressly electing not to be governed by Section 203.

56. On April 17, 2020, MSGS spun off MSGE (the "Spin-Off"). Prior to the Spin-Off, the MSGE Board consisted solely of J. Dolan.

57. On March 31, 2020, the MSGE Board, *i.e.*, J. Dolan, acting by written consent, adopted the following ***limited*** waiver of Section 203 (as defined above, the "203 Waiver"):³

³ MSGE-220-000016.

DGCL 203

FURTHER RESOLVED, that, based in part on the recommendation and direction of the Special Committee of the Board of Directors of the Corporation's parent company, MSG, the acquisition of ownership, as such term is contemplated by Section 203 of the General Corporation Law of the State of Delaware ("Section 203") of shares of the Corporation's Class A Common Stock and Class B Common Stock by each of the persons listed on Exhibit 6 to this consent and any member of their immediate family (each, a "Dolan Holder" and, collectively, the "Dolan Holders") and beneficiaries of the trusts listed on Exhibit 6 as a result of (a) the Distribution, (b) any change hereafter in any trustee of any such trust in accordance with the terms of the trust agreement of such trust, or (c) any formation of any Dolan Holder that is a trust and any Dolan Holder becoming a party to the Class B Stockholders Agreement, in substantially the form attached hereto and as it has been and may in the future be amended, be, and hereby is, approved for purposes of Section 203 and the restrictions on "business combinations" contained in Section 203 shall not apply to any of the Dolan Holders; and

[The interest or potential interest of James L. Dolan in the subject matter of this resolution is deemed to be disclosed in connection with the adoption thereof.]

58. As shown above, the 203 Waiver provides only that Section 203's restrictions on "business combinations" do not apply to the "Dolan Holders." The 203 Waiver does *not* disclaim that the "Dolan Holders" are "interested stockholders," as defined in Section 203. *See 8 Del. C. § 203(c)(5)*. Thus, for example, any person or entity that reaches an "agreement, arrangement or understanding" through which such person or entity becomes an "owner" of the Dolan Holders' stock would, by the terms of the 203 Waiver itself, become an "interested stockholder" barred from completing any "business combinations" absent compliance with Section 203.

59. In light of the continued applicability of Section 203 to MSGE as an entity (since there is no exemption from the statute in the MSGE charter) and to any

person not defined as a “Dolan Holder” in the 203 Waiver, the list of persons and entities that the one-person MSGE Board determined would comprise the “Dolan Holders” is critical.

60. The following “Dolan Holders” were listed on Exhibit 6 to the March 31, 2020 written consent:⁴

⁴ MSGE-220-000024.

DOLAN HOLDERS

Charles F. Dolan
Helen A. Dolan
James L. Dolan
Kristin A. Dolan
Thomas C. Dolan
Kathleen M. Dolan
Marianne Dolan Weber
Deborah A. Dolan-Sweeney
Brian G. Sweeney
Corby Dolan Leinauer
Paul J. Dolan
Matthew J. Dolan
Mary S. Dolan
Charles F. Dolan 2009 Revocable Trust
Helen A. Dolan 2009 Revocable Trust
Charles F. Dolan Children Trust f/b/o Kathleen M. Dolan
Charles F. Dolan Children Trust f/b/o Deborah Dolan-Sweeney
Charles F. Dolan Children Trust f/b/o Marianne Dolan Weber
Charles F. Dolan Children Trust f/b/o Thomas C. Dolan
Charles F. Dolan Children Trust f/b/o James L. Dolan
Charles F. Dolan 2009 Family Trust f/b/o James L. Dolan
Charles F. Dolan 2009 Family Trust f/b/o Thomas C. Dolan
Charles F. Dolan 2009 Family Trust f/b/o Kathleen M. Dolan
Charles F. Dolan 2009 Family Trust f/b/o Marianne Dolan Weber
Charles F. Dolan 2009 Family Trust f/b/o Deborah A. Dolan-Sweeney
Ryan Dolan 1989 Trust
Tara Dolan 1989 Trust
Charles F. Dolan 2018 Grantor Retained Annuity Trust #1M
Helen A. Dolan 2018 Grantor Retained Annuity Trust #1M
Charles F. Dolan 2019 Grantor Retained Annuity Trust #1M
Helen A. Dolan 2019 Grantor Retained Annuity Trust #1M

61. Notably, MSGN was *not* listed as a “Dolan Holder” and, thus, is *not* covered by the 203 Waiver.

II. The Dolans Control MSGE and MSGN

62. Through their ownership of super-voting stock, ability to appoint directors, and service as directors and officers, the Dolans control both MSGE and MSGN.

63. The Dolans are infamous for their disregard for proper corporate governance and for engaging in improper related-party transactions. Indeed, the stock of companies controlled by the Dolans are known to be afflicted by the so-called “Dolan Discount” because they trade at a discount to peers, reflecting the market’s concern that the Dolans will spend “cash in ways that don’t necessarily help the company” and their willingness to “punish[] investors” for not bowing to their will.⁵

64. Both MSGE and MSGN have two classes of common stock: one-vote-per-share Class A stock and ten-votes-per-share Class B stock. Holders of Class B stock also are entitled to elect 75% of the directors at each company.

65. The Dolans, through a series of family trusts, control a super-majority of the voting power at MSGE and MSGN. The Dolans own 100% of MSGE’s super-voting Class B stock and 4.2% of the Company’s Class A stock. As a result, they

⁵ Vishesh Kumar, ‘*Dolan Discount*’ Affliction, WALL ST. J. (May 2, 2008), <https://www.wsj.com/articles/SB120968814983361367>.

control approximately 71% of MSGE's total voting power despite holding an approximately 21% economic interest in the Company.

66. Similarly, the Dolans own 100% of MSGN's super-voting Class B stock and 7.2% of MSGN's Class A stock. As a result, they control approximately 77% of MSGN's total voting power despite holding an approximately 29% economic interest in MSGN.

67. The MSGE Board comprises 17 directors, 12 of whom the Dolans directly elected⁶ and ten of whom are members of the Dolan Family.⁷ Moreover, as described in ¶¶43, 47-48, *supra*, at least three of the remaining five Class A directors have deep and longstanding ties to the Dolans and/or serve as dual directors inherently conflicted by the Merger:

- Lhota was Executive Vice President of MSGN from 2010-2011, and he was Executive Vice President of Cablevision from 2002-2010. Lhota has also served as a director of MSGN since 2016 and served as a director of MSGS from 2017-2020.
- Sykes has also served as a director of MSGN since 2015.
- Tese served as a director of MSGN from 2010 to 2015, and has served as a director of MSGS since 2015 and AMC Networks since 2016. Tese's brother is employed by a subsidiary of the Company.

⁶ J. Dolan, C.F. Dolan, C.P. Dolan, K. Dolan, Weber, P. Dolan, Q. Dolan, R. Dolan, T. Dolan, Sweeney, Tese, and Thomas.

⁷ J. Dolan, C.F. Dolan, C.P. Dolan, K. Dolan, Weber, P. Dolan, Q. Dolan, R. Dolan, T. Dolan, and Sweeney.

68. The MSGN board of directors (the “MSGN Board”) comprises 14 directors, ten of whom the Dolans directly elected⁸ and seven of whom are members of the Dolan Family.⁹ Moreover, at least two of the remaining four Class A directors have deep and longstanding ties to the Dolans and/or serve as dual directors inherently conflicted by the Merger:

- Lhota was Executive Vice President of MSGN from 2010-2011, and he was Executive Vice President of Cablevision from 2002-2010. Lhota has also served as a director of MSGE since 2020 and served as a director of MSGS from 2017-2020.
- Joseph M. Cohen was President of MSGN from 1977-1985 and has served as a director of MSGS since 2020.

69. There is substantial overlap of directors between MSGE and MSGN, as the following eight people (six of whom are Dolans) serve on both boards: J. Dolan, C.F. Dolan, K. Dolan, P. Dolan, T. Dolan, Sweeney, Lhota, and Sykes. J. Dolan serves as Executive Chairman of both MSGE and MSGN, and he also serves as CEO of MSGE.

70. Therefore, it is unsurprising that both MSGE and MSGN have publicly disclosed: “*We Are Controlled by the Dolan Family.*” Each have elected to be a “Controlled Company” under NYSE listing standards. Moreover, the resolutions

⁸ J. Dolan, Aiden J. Dolan, C.F. Dolan, K. Dolan, P. Dolan, T. Dolan, William J. Bell, Stephen C. Mills, Hank J. Ratner, and Sweeney.

⁹ J. Dolan, Aiden J. Dolan, C.F. Dolan, K. Dolan, P. Dolan, T. Dolan, and Sweeney.

forming the MSGE Special Committee recognize that MSGE and MSGN “are under common control of the Dolan family.”¹⁰

III. MSGE and MSGN Agree to the Merger, Destroying Value for Public Stockholders and Benefiting Only the Dolans

A. A Conflicted Management Team Initiates Merger Discussions

71. MSGE’s Form S-4 Registration Statement filed in connection with the Merger (the “Proxy”) describes the deal as being the result of arm’s-length negotiation. The evidence produced to date shows it was nothing of the sort.

72. According to the Proxy, in December 2020, “members of MSG Entertainment and MSG Networks management” discussed a potential business combination transaction between the two companies.

73. The Proxy very conspicuously notes whenever conflicted management members were excluded from a conversation or meeting that the Proxy describes. The fact that the Proxy never mentions that conflicted members of management were excluded from these initial discussions is a glaring omission. It is reasonable to infer that these critical preliminary discussions, which set the stage for and kicked off the Merger process, included J. Dolan—the Chairman and CEO of MSGE and Chairman

¹⁰ MSGE-220-000061.

of MSGN—and other conflicted members of MSGE management who stand on both sides of the Merger.¹¹

B. The MSGE Board Forms the MSGE Special Committee, which is Hamstrung by Its Limited Mandate

74. On January 6, 2021, the MSGE Board held a meeting to discuss a potential transaction with MSGN. According to the Proxy, Sullivan & Cromwell LLP (“S&C”)—which also acted as counsel to MSGN in connection with the Merger—provided legal advice to the MSGE Board at that meeting.

75. At that meeting, the MSGE Board appointed Defendants Blank and Salerno, both previously directors of MSGS, as a two-member MSGE Special Committee.

76. The MSGE Board gave the MSGE Special Committee a sharply restricted mandate. The MSGE Special Committee could block a strategic transaction with MSGN, but it was neither authorized to pursue any alternative transaction with a different counterparty nor to pursue alternative methods for financing MSGE’s capital needs.

¹¹ For instance, MSGE’s Vice Chairman, Gregg G. Seibert, also serves as the Vice Chairman of MSGN; and MSGE’s Executive Vice President, Corporate Development, Lawrence J. Burian, also serves as Executive Vice President and General Counsel of MSGN.

77. That day, January 6, 2021, the MSGE Special Committee held a meeting at which it, again, received advice from conflicted legal advisors: S&C and MSGE’s General Counsel, Scott Packman—an officer of MSGE whose job depends on remaining in the good graces of the Dolans. Two days later, the MSGE Special Committee retained Wachtell, Lipton, Rosen & Katz (“Wachtell”) as its legal counsel.

78. On January 7, 2021, the MSGN Board formed its own special committee (the “MSGN Special Committee”) after receiving legal advice from S&C. The MSGN Special Committee retained Davis Polk & Wardwell LLP as its legal advisor and LionTree Advisors, LLC (“LionTree”) and Morgan Stanley & Co. LLC (“Morgan Stanley”) as its financial advisors.

79. On January 18, 2021, the MSGE Special Committee hired two financial advisors: Moelis & Company (“Moelis”) and Raine Securities LLC (“Raine”), a subsidiary of the Raine Group. Notably, Blank, one of the two members of the MSGE Special Committee, is a senior advisor to Raine Group—which is a relatively obscure investment bank that is not usually hired in connection with transactions of this size. Raine was paid \$1.5 million when it signed the engagement letter. It was paid \$2.5 million after delivering its fairness opinion, and it will earn another \$3.5 million if the Merger closes.

80. The parties then began the diligence process. On February 5, 2021, MSGE and MSGN executed non-disclosure agreements.

81. For the balance of February 2021, members of the two special committees and their advisors held meetings with management teams from each company. On March 2, 2021, MSGE opened up a virtual data room for the MSGN advisors. Two days later, MSGN provided a data room for MSGE's advisors.

C. Negotiations Accelerate Once News of the Merger Discussions Leaks

82. In January and February 2021, the Company's stock consistently traded in the high-\$90s to low-\$100s per share. By late February and early March, the stock price had risen even further, closing at \$117.61 per share on March 8, 2021.

83. On March 10, 2021, *Bloomberg* published a story entitled: "MSG Networks Considering Rejoining with MSG Entertainment," which reported ongoing Merger talks:

MSG Networks Inc., which owns the cable channel that airs New York Knicks basketball games, is considering a merger with Madison Square Garden Entertainment Corp., according to people familiar with the matter, potentially recombining two pieces of the Dolan family entertainment empire.

MSG Networks is working with advisers to explore a merger with the owner of the iconic Madison Square Garden arena in New York City, said the people, who asked to not be identified because the matter isn't public.

84. The market reaction was pronounced and telling. Although *Bloomberg's* story gave no hint of what the economic terms of a MSGE-MSGN merger might look like, MSGN's stock price increased by 12% in trading after the market closed, while MSGE's stock price declined by 0.6%. This likely reflected the market's expectation that, in any combination, the Dolans would favor the interests of MSGN over the interests of MSGE.

85. On March 11, 2021, MSGE's shares closed down 4.4% from the March 10 closing price of \$116 per share. And over the following ten trading days, the Company's stock price continued to fall, closing at \$93.94 on March 25, 2021—a 19% decline from March 10, 2021.

86. After *Bloomberg* published its story, both sides moved quickly to bring negotiations to a close. Although no formal offer had been made, or economic terms proposed, at the time of the *Bloomberg* story, substantive economic negotiations would be complete just two weeks later.

87. The day after the *Bloomberg* story was published, the MSGE Special Committee held a meeting and was informed by Moelis and Raine that the MSGN Special Committee was prepared to receive a proposal. The MSGE Special Committee determined to make an “at-the-market” proposal for an exchange ratio of 0.163 shares of MSGE for each share of MSGN, which was derived from the two

companies' volume-weighted average prices for the 60 days prior to the *Bloomberg* story.

88. [REDACTED]

[REDACTED]

[REDACTED]¹² It is reasonably inferable that the MSGE Special Committee spurned the idea of a “majority of the minority” vote in light of the market’s sharply negative reaction to news of the potential transaction. In other words, because there was a real risk that public investors would not approve the deal, the MSGE Special Committee decided not to provide such procedural protection. The MSGE Special Committee’s perfunctory consideration and rejection of this material stockholder protection is conspicuously missing from the Proxy.

89. The day after that, the two committees met and the MSGE Special Committee made its proposal verbally. Wachtell delivered the same proposal in writing later that day. In the written proposal, Wachtell confirmed that the MSGE Special Committee would not agree to condition a transaction on approval by a majority of MSGN public stockholders.

90. The following week, on March 18, 2021, the MSGN Special Committee delivered a counterproposal to MSGE. The MSGN Special Committee

¹² MSG-220-000610.

proposed an exchange ratio of 0.180 shares of MSGE stock for each share of MSGN stock.

91. Around this time, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].¹³

[REDACTED]

¹³ [REDACTED].

92. Three days after that, the two special committees met to finalize the Merger. Following various discussions, including with their advisors, the two committees then both agreed that they could each recommend an exchange ratio of 0.172.

93. The agreed-upon exchange ratio of 0.172 shares of MSGE stock for each share of MSGN stock overvalues MSGN and its declining company prospects. The agreed-upon exchange ratio exceeds every measure of the many historical exchange ratios for the two companies that the MSGE Special Committee was advised of. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]¹⁵ The exchange ratio is, therefore, completely unjustified based on the MSGE Special Committee's determination to seek an at-the-market transaction.

¹⁴ MSGE-220-000606.

¹⁵ MSGE-220-000626; MSGE-220-000653.

94. The Proxy’s description appears to confirm that the MSGE Special Committee’s superficial process—discussing the potential exchange ratio on only four occasions—was mere window dressing for a Merger that the Dolans are forcing on the Company. Per the Proxy’s descriptions, no transaction terms were ever discussed by the MSGE Special Committee until March 11, 2021, only ten days before the Merger was effectively agreed-to.

D. Both Boards Approve the Merger; The Market Pans the Deal

95. On March 24, 2021, Raine and Moelis delivered fairness opinions (discussed in greater detail *infra* in Section IV.B.ii.) and the MSGE Special Committee determined to recommend that the full MSGE Board approve the Merger and the necessary share issuance by MSGE. The next day, the MSGE Board met and—after receiving legal advice from S&C—unanimously voted to approve the Merger.

96. Also on March 25, 2021, the full MSGN Board met. After also receiving legal advice from S&C, the MSGN Board unanimously voted to approve the Merger. That same day, the “Dolan family committee”¹⁶ approved the Dolans’

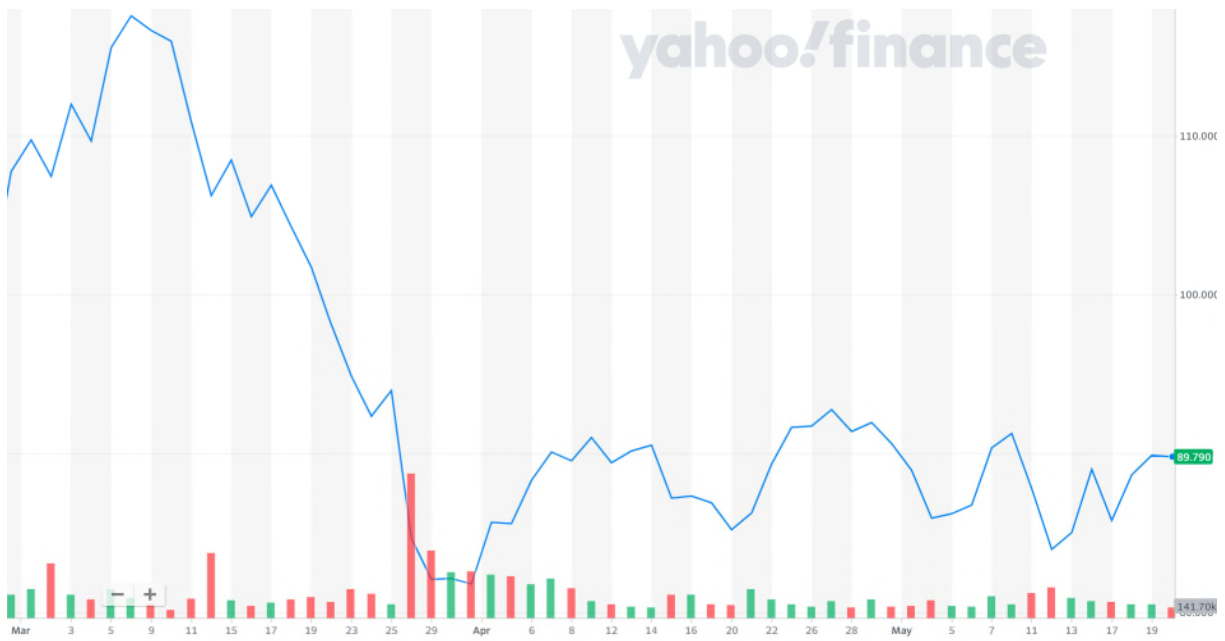
¹⁶ As set forth in the Proxy, “the Dolan family committee . . . has authority with respect to voting matters for the Dolan family group.” The Dolan family committee consists of C.F. Dolan, J. Dolan, T. Dolan, P. Dolan, K. Dolan, Weber, and Deborah A. Dolan-Sweeney. The Dolan family committee generally acts by majority vote,

shares being voted in favor of the Merger. Later that evening, after the parties finalized the transaction documents, MSGE and MSGN executed the merger agreement (the “Merger Agreement”) and the Dolans executed voting agreements. The Merger Agreement only requires approval from a bare majority of MSGE stockholders.

97. The Merger was publicly announced prior to the start of trading on March 26, 2021. Once the news was revealed to the market, MSGE’s stock price plummeted almost \$10 per share—from \$93.94 at closing on March 25, 2021 to \$84.67 at closing on March 26, 2021.

98. MSGE’s stock price has consistently traded well below the \$115-per-share level at which it was trading before news of the Merger leaked:

except that approval of a going-private transaction must be approved by a two-thirds vote and two votes are sufficient to block approval of a change-in-control transaction. The voting members of the Dolan family committee are J. Dolan, T. Dolan, K. Dolan, Deborah A. Dolan-Sweeney and Weber, with J. Dolan having two votes and the other members each having one.



99. The reaction from analysts and major stockholders has been highly critical of the Merger. Jefferies noted that MSGE’s stock price dropped after the announcement and speculated that this reaction might “be driven by the lower multiples for MSGN and the perception of linear TV deteriorating, magnified by recent market weakness in media companies.” Oppenheimer explained that the “somewhat confusing” Merger “clouds the growth attributes of MSG Entertainment” and suggested that the Merger appears more favorable to MSGN, which it described as a “declining business.”

100. Berenberg wrote that it “would like more industrial logic for the combination.” And Boyar Value Group published an open letter stating that “there

are no aspects of the ‘synergies’ created by the transaction . . . that cannot be accomplished via a contractual relationship between both entities.”

101. On May 10, 2021, an analyst conducted a Q&A session with members of MSGE and MSGN management and asked a number of questions highlighting investor skepticism about the deal. Management’s responses were unconvincing.

102. The first question focused on conflicts of interest: “And the first thing I wanted to ask you is what do you say to investors who are concerned that the interests of the Class B shareholders are different from those of the Class A shareholders?” Gregg Seibert (“Seibert”), who is the Vice Chairman of both MSGE and MSGN, gave a rambling and entirely non-responsive answer, that concluded with the demonstrably false statement that “I think everyone’s interests are aligned.”

103. The next question was: “[I]f you’re so confident in the merits of the transaction and everybody’s interests being aligned as you just said, why not just let the merger be subject to a majority of the minority vote?” Again, Seibert’s answer was unconvincing. He simply passed the buck, asserting “that was a decision that was made by the Special Committee and their advisors.”

104. Later in the interview, an analyst asked: “[I]n the past . . . you’ve done these things through as you’ve done spins intercompany agreements and it seemed like the different MSG Sports, Entertainment and Networks were very tightly

aligned anyway [so] why do you need to put them all together under the same roof to achieve that?” In response, Andrew Lustgarten, MSGE’s President, replied that “an intercompany agreement works to a certain extent it’s not – it definitely puts you in the right direction but there’s nothing like being under the same roof, growing together with one focus on the bottom line saying same similar goals similar objectives, incentivize together and we just think that this is a really great opportunity to really grow the business.”

105. Finally, an analyst noted that the Proxy’s optimistic projections for MSGN were “[a] little surpris[ing]” because they “showed I think revenue growth kind of continuing over the next I don’t know whether it’s four or five years and pretty steady AOI [adjusted operating income]. And as we’ve hinted at already it’s a fairly challenged business and a lot of regards cord cutting wherever it may be.”

106. Seibert responded by aggressively disavowing the projections: “[J]ust to refer to the numbers in the prospectus I just want to make clear that those are internal numbers that were used by the Special Committees in the negotiations and they’re not intended to be guidance for investors.”

107. The MSGE Board appears to recognize that the transaction is unpopular with investors. In April 2021, MSGE retained PJT Partners, Goldman Sachs, and

J.P. Morgan to prepare investor materials and work on stockholder engagement. On May 6, 2021, MSGN retained Guggenheim Securities for similar reasons.

108. The Merger’s “outside date” is December 31, 2021 (the “Outside Date”). Following the Outside Date, either party may terminate the Merger, so long as the terminating party has not breached certain provisions of the Merger Agreement.

E. The Proxy Falsely Portrays Approval of the Merger As A *Fait Accompli* While Denying Section 203’s Applicability

109. On May 6, 2021, MSGE and MSGN filed the Proxy, a preliminary joint proxy, and prospectus on Form S-4 that was approved by the boards of each company.

110. As noted above, the Merger was not conditioned on majority-of-the-minority approval. But, as discussed in greater detail below, the Merger is subject to the restrictions of Section 203 and cannot be validly consummated unless it is approved by the affirmative vote of at least two-thirds of the outstanding MSGE voting stock not owned by the Dolans or their affiliates. Nonetheless, the Proxy falsely states that the Merger is a *fait accompli* and that the Dolans’ votes alone will be “sufficient to approve the proposals”:

Q: Are any MSG Entertainment stockholders already committed to vote in favor of the proposals?

A: . . . Even though a special meeting is required to be held and all MSG Entertainment stockholders of record on the record date have a right to vote on the proposals presented at the MSGE special meeting, the principal MSGE stockholders' shares of MSGE common stock to be voted in favor of the MSGE share issuance proposal and the MSGE adjournment proposal will be sufficient to approve the proposals.

111. The Proxy also falsely states or implies that the Merger was pre-approved, for purposes of Section 203, by the MSGE Board:

Section 203 of the Delaware General Corporation Law

. . . These restrictions [of Section 203(a)] do not apply if, among other things, MSG Entertainment's certificate of incorporation contains a provision expressly electing not to be governed by Section 203. The MSGE charter does not contain such an election. *However, the MSGE board exercised its right under Section 203 to approve the acquisition of MSGE common stock in the spin-off of MSG Entertainment from MSG Sports by members of the Dolan family group. This has the effect of making Section 203 inapplicable to transactions between MSG Entertainment and current and future members of the Dolan family group.*

112. As discussed below, that claim is materially misleading to the extent it seeks to represent that the Merger is valid under Section 203.

IV. The Merger Is Improper Under Section 203 and Unfair to Unaffiliated MSGE Stockholders

A. The Merger Violates Section 203

113. The 203 Waiver that the MSGE Board approved in connection with the Spin-Off does not extend to transactions with MSGN. The 203 Waiver applies only

to the persons listed in the above-excerpted exhibit to the March 31, 2020 written consent of the MSGE Board, and the beneficiaries of the trusts listed.

114. MSGN is not listed in the exhibit to the written consent, nor does the written consent state that the 203 Waiver applies to any or all of the Dolan Family's other "affiliates" or "associates," as defined in Section 203(c). Further, MSGN is not among the "current and future members of the Dolan family group."

115. If it closes, the Merger will be invalid under Section 203, because the transaction qualifies as a "business combination" between MSGE and an "interested stockholder" (*i.e.*, MSGN) that did not receive the requisite pre-approval by the MSGE Board and is not subject to the statutorily required stockholder vote.

116. Section 203 defines "business combination" to include "[a]ny merger or consolidation of the corporation [*i.e.*, MSGE] or any direct or indirect majority-owned subsidiary of the corporation with (A) the interested stockholder." 8 *Del. C.* § 203(c)(3)(i). Therefore, the Merger is a "business combination," so long as MSGN is an "interested stockholder" (which it is).

117. An "interested stockholder" includes "the owner of 15% or more of the outstanding voting stock of the corporation. 8 *Del. C.* § 203(c)(5). Thus, the Dolans are "interested stockholders" of MSGE, given that they own more than 15% of the Company's voting stock.

118. Section 203, however, also broadly defines “interested stockholder” to include “any person¹⁷ . . . that . . . is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within the 3-year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder, and the affiliates and associates of such person.” 8 *Del. C.* § 203(c)(5).

119. “‘Affiliate’ means a person that directly, or indirectly through 1 or more intermediaries, controls, or is controlled by, or is under common control with, another person.” 8 *Del. C.* § 203(c)(1).

120. And “associates” include “[a]ny corporation, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock.” 8 *Del. C.* § 203(c)(2).

121. Under this “affiliates” and “associates” prong of the definition of “interested stockholders,” MSGN qualifies as an “interested stockholder” of MSGE. The Dolans own 15% or more of the voting stock of MSGE, and they are also “affiliates” of MSGE given that they control the Company.

¹⁷ Section 203 defines “person” as “any individual, corporation, partnership, unincorporated association or other entity.” 8 *Del. C.* § 203(c)(6).

122. Moreover, MSGN is both an “affiliate” and “associate” of the Dolans. Because MSGN is controlled by the Dolans, MSGN is an “affiliate” of the Dolans. And, MSGN is an “associate” of the Dolans, because the Dolans are both directors and officers of, and own 20% or more of the Class B stock of, MSGN.

123. Additionally, MSGE and MSGN are “affiliates,” because they are under the “common control” of the Dolans.

124. Further, “Owner” is defined expansively in Section 203(c)(9) and includes: “a person that individually or with or through any of its affiliates or associates . . . has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting . . . or disposing of such stock with any other person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such stock.”

125. MSGN was also an interested stockholder of MSGE by virtue of reaching an “agreement, arrangement or understanding” (“AAU”) with the Dolan Family to merge with MSGE and consummating that merger within Section 203’s three-year moratorium.

126. Based on the Proxy’s representations, it appears that the management teams of MSGE and MSGN, both of which are led by Dolan, came to an AAU for the companies to merge in December 2020.

127. Once this AAU was formed with the Dolan Family, MSGN became an interested stockholder of MSGE as of that date.

128. Section 203(a) imposes a three-year moratorium on “business combinations” among a corporation (here, MSGE) and an “interested stockholder” (here, MSGN), unless (i) the board pre-approves the business combination or the transaction pursuant to which the stockholder first became an interested stockholder, (ii) the interested stockholder acquired at least 85% of the voting stock of the company when becoming an interested stockholder, or (iii) the business combination is subject to the approval of at least 66 2/3% of unaffiliated stockholders. *See 8 Del. C. § 203(a).*

129. None of these exceptions apply to the Merger so, as currently structured, the transaction is statutorily invalid.

130. MSGE was incorporated in 2019 and the Spin-Off occurred in April 2020, so Section 203’s three-year timeframe has not elapsed.

131. Although the MSGE Board waived Section 203’s restrictions on “business combinations” as to the Dolans in connection with the Spin-Off, it did not waive such restrictions as to the Dolans’ “affiliates” or “associates,” such as MSGN. Nor did the Board pre-approve the Merger for purposes of Section 203.

132. Given that the MSGE Board did not pre-approve the Merger for purposes of Section 203, the only way for the Merger to comply with Section 203 is for the transaction to be subject to a vote of 66 2/3% of MSGE stockholders unaffiliated with the Dolans. As described *supra* in ¶¶96, 110, the Merger currently only purports to require approval by a bare majority of MSGE stockholders, a vote that the Dolans have already locked-up through a voting and support agreement.

B. The Merger is Unfair to Non-Dolan Stockholders of MSGE

133. Statutory non-compliance aside, the Merger is subject to entire fairness review. The Dolan Family comprises the controlling stockholder of MSGE and MSGN, and thus stand on both sides of the Merger.

134. The Dolan Family has a financial incentive to favor the interests of MSGN over those of MSGE in a combination of the two companies. The Dolan Family owns a larger percentage of the total outstanding equity at MSGN than MSGE (roughly 25% vs. 20%). In addition, while the outside MSGE investors would prefer supporting MSGE's growth with a wide range of financing options—even if they would be dilutive to the Dolan Family's ultimate ownership—only the Dolan Family sees MSGN stock as a dilution-neutral (to positive) form of financing for MSGE's growth.

135. The Merger is both substantively and procedurally unfair to MSGE and its minority stockholders.

i. MSGE is Overpaying for MSGN

136. *First*, the Merger fails to account for MSGE's bright prospects. Prior to the Spin-Off, MSGE accounted for approximately 50% of MSGS's consolidated revenues, generating \$819.9 million in revenue and \$118.3 million in adjusted operating income. Likewise, for the year ending June 30, 2018, MSGE generated \$780.7 million in revenue and \$118.4 million in adjusted operating income.

137. Market analysts reviewing the Spin-Off responded with enthusiasm, including myriad "Buy" or "Outperform" ratings and high price targets, even though the COVID-19 pandemic had all but shut down MSGE's business. One analyst noted that "given [the] value of unique real estate assets[,] a sum-of-the-parts valuation framework which fully values The Garden and associated unused development rights using transactional comps could comfortably support a \$160/share [MSGE] valuation." Another analyst initiated coverage with a "Buy" rating and a \$116 price target, noting that the Company was "[w]ell [p]ositioned to [w]eather COVID." J.P. Morgan analysts initiated coverage of the Company with an "Overweight" rating and a \$100 price target, noting that the markets were severely discounting the Company's value and undervaluing the MSG Sphere

project by “ignoring management’s expectation for robust returns and past success with major projects.”

138. At the time of the Spin-Off, MSGS touted that it “would enable shareholders to more clearly evaluate each company’s assets and future prospects, while allowing each company to have a capital structure and capital allocation policy most appropriate for its business.”

139. The Spin-Off was further justified based on the idea that it “would create two distinct companies for MSG shareholders, each with a defined business focus and clear investment characteristics[,] [and MSGE] would be a leader in live entertainment that would take advantage of significant opportunities to grow rapidly within the changing entertainment landscape.” The Merger turns that rationale on its head.

140. Unsurprisingly, MSGE stockholders and market analysts have panned the Merger. As noted, Boyar Value Group commented that “there are no aspects of the ‘synergies’ created by the transaction . . . that cannot be accomplished via a contractual relationship between both entities.” [REDACTED]

[REDACTED]

[REDACTED]¹⁸ In fact, run-rate synergies are a meager \$10 million.

¹⁸ MSG-220-000610.

As also noted, one analyst explained that the “somewhat confusing” Merger “clouds the growth attributes of MSG [Entertainment].”

141. Indeed, the Merger combined a growing company (*i.e.*, MSGE) with one that is in decline (*i.e.*, MSGN). According to Oppenheimer, MSGN’s revenues are estimated to decline ~6% in 2021 and ~2% in 2022 due to cord-cutting, which had already significantly slashed MSGN’s subscribers and TV ratings over the last two years. Oppenheimer further explained that the Merger “appears more favorable to MSGN,” which was described as a “declining business,” and MSGN’s touted gaming opportunity benefits were not easily understood. According to a February 12, 2021 Guggenheim analyst report, MSGN’s EBITDA is expected to decline by approximately **43%** from 2022 to 2025.

142. [REDACTED]

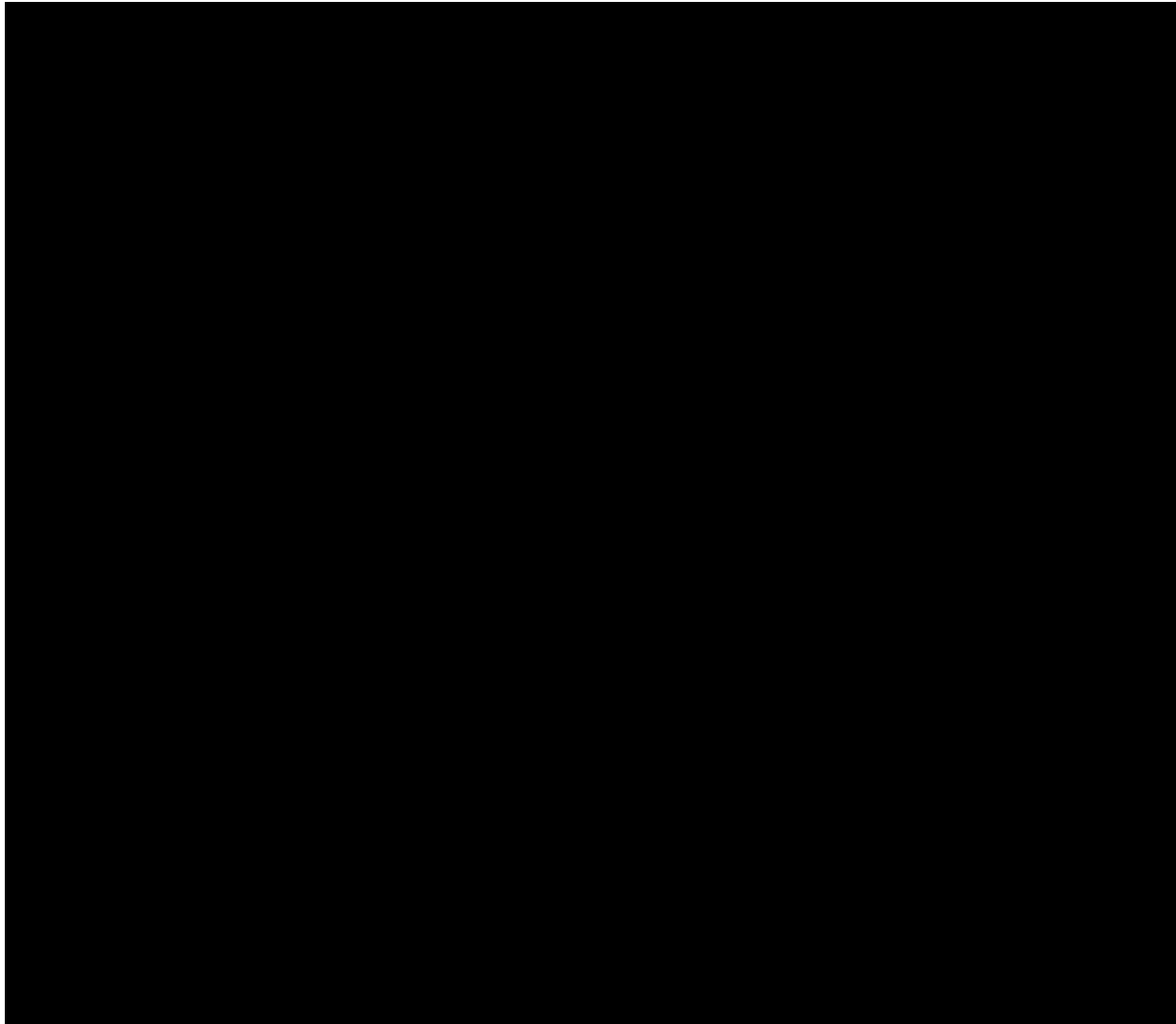
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

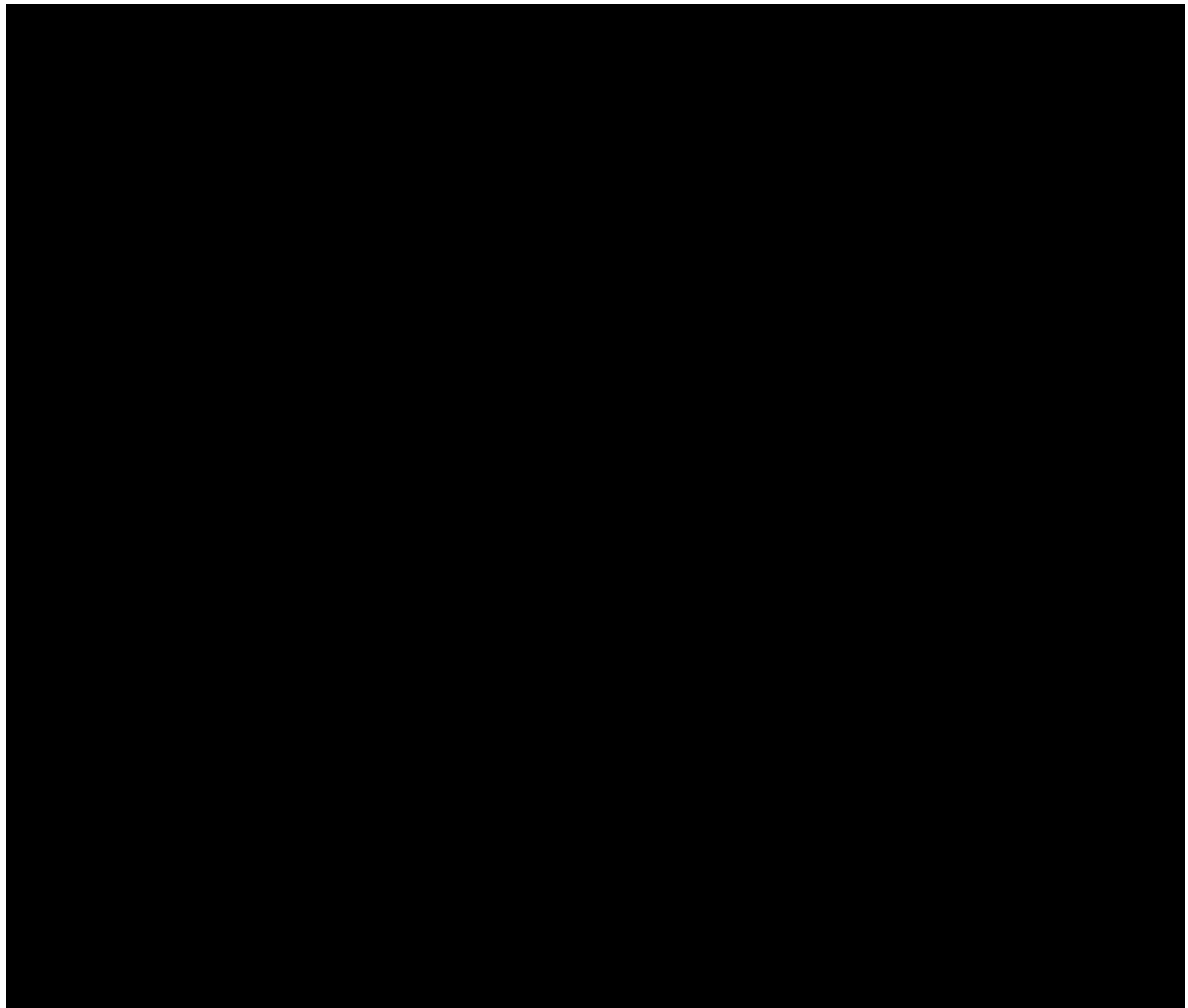
[REDACTED]



143. On the other hand,



:



144. Neither the Merger’s press release nor the analyst conference call hosted by the Company adequately explained how tying MSGE’s assets to a business reliant on decaying cable TV carriage fees would benefit the Company. This is especially true as the trend of “cord-cutting” continues to substantially erode cable TV subscriptions, which are decreasing by millions of subscribers each year.

145. *Second*, the Merger is opportunistically timed to exploit discrepancies in the relative trading prices of MSGE's and MSGN's stock caused by the COVID-19 pandemic.

146. Since MSGE owns and operates various social venues, the COVID-19 pandemic completely shut down much of its operations and severely depressed its business and stock price. By contrast, MSGN, which owns and operates television networks, was far less impacted by—and in fact *benefited* from—the pandemic.¹⁹ Indeed, between November 2020 and March 10, 2021, the date when news of a potential merger leaked, MSGN's stock price increased by 117%.

147. MSGE is expected to rebound as the pandemic ends while MSGN is expected to steadily decline.

148. Indeed, as explained in a March 10, 2021 J.P. Morgan analyst report, MSGE was still trading at around a 40% discount to its fair value, largely because MSGE is in the midst of a massive expansion effort, including with respect to the Sphere project in Las Vegas.

149. *Third*, the Merger does not fairly compensate MSGE for the significant tax benefits flowing to MSGN. [REDACTED]

¹⁹ MSGE's revenue and operating income fell last quarter by a staggering 94% and 150% (*i.e.*, to a net operating loss), respectively, compared to the prior year's performance. The corresponding decreases at MSGN were only 22% and 4%.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]²⁰

150. The Merger's press release explains:

As of December 31, 2020, MSG Entertainment had a federal net operating loss (NOL) of approximately \$250 million, primarily due to the temporary shutdown of its venues as a result of COVID-19. Furthermore, MSG Entertainment expects to accelerate the depreciation of significant components of the capital investment for MSG Sphere in Las Vegas in calendar 2023, which is when the venue is expected to open. As a result of this transaction, the combined company would be able to more efficiently utilize MSG Entertainment's existing NOL, as well as future bonus depreciation related to MSG Sphere in Las Vegas, to offset the taxable income of all of its businesses, including MSG Networks, which today is a full state and federal income tax cash payer.

151. Put simply, MSGN (and the Dolan Family) will effectively be able to significantly reduce their tax liability by exploiting MSGE's substantial NOL and accelerated and bonus depreciation, and are severely failing to adequately compensate MSGE and its minority stockholders for these valuable and opportunistically extracted benefits.

²⁰ MSGE-220-000051.

152. Nor does the Merger properly account for the amount of the NOL. As of March 31, 2021, MSGE carried an estimated NOL carryforward of approximately **\$350 million** that can be used to offset future taxable income. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].

153. The Proxy and merger announcement statements falsely represent that MSGE had only a \$250 million NOL carryforward. Moreover, the Proxy fails to include that [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]²²

154. *Fourth*, the negative market reaction to the Merger clearly indicates that public stockholders do not believe the Merger is a good or fair deal for MSGE or its Class A stockholders. When the Merger was announced on March 26, 2021, the stock price plummeted even further to \$84.67. As of closing on May 26, 2021, the

²¹ MSGE-220-000670, 704.

²² MSGE-220-0000704-705.

Company's stock price had fallen to \$88.98, an over 23% decline from its pre-announcement price of \$116.

ii. The Merger Negotiation Process Has Numerous Indicia of Unfairness

155. The negotiation process that culminated in the Merger possesses several indicia of unfairness.

156. *First*, particularly in light of the conflicted nature of the Merger, it is inexplicable that the Dolans chose not to give the Company's Class A stockholders any say on the conflicted transaction, as the only stockholder approval required is that of a majority of the Company's voting power, which J. Dolan and his family control.

157. A Section 203 vote (or even a majority-of-the-minority voting condition) would allow MSGE's minority public stockholders to protect themselves by rejecting the Merger. However, such statutory and procedural safeguards have been improperly withheld.

158. *Second*, the MSGE Board provided the MSGE Special Committee with an unduly constrained mandate. The MSGE Special Committee could block a strategic transaction with MSGN, but it was not authorized to pursue any alternative transaction with a different counterparty. Crucially, the MSGE Special Committee

was not empowered to consider strategic alternatives, such as financing transactions to fund MSGE's continued growth.

159. *Third*, Blank, one of the two members of the MSGE Special Committee, is a senior advisor to the Raine Group, the parent company of the MSGE Special Committee's financial advisor, Raine. According to the Proxy, Raine has already received \$4 million in fees for its work on the Merger (\$1.5 million payable on the date of the engagement letter, plus \$2.5 million that became payable upon the delivery of the fairness opinion to the MSGE Special Committee) and stands to earn another \$3.5 million if the Merger is consummated. It is clearly inferable that Blank may obtain some personal benefit for steering this work to Raine, and through approving the Merger.

160. *Fourth*, S&C was advising both sides of the Merger at various intervals. Indeed, the Proxy identifies S&C as each of MSGE's and MSGN's "regular counsel."

161. S&C attended and rendered legal advice at or in connection with the kick-off meetings for the MSGE and MSGN boards with respect to the Merger. S&C communicated with the Dolan Family's counsel; attended the MSGN Special Committee's "organizational meeting"; participated in a mid-negotiation call with special committee counsel, at which time it was told that "there would continue to

be no discussion with the Dolan family group or [its counsel] concerning the details of the transaction” until there was an agreement on an exchange ratio; and attended the MSGE and MSGN Board meetings approving the Merger.

162. *Fifth*, the exchange ratio appears to provide a mechanism for the Dolan Family to increase its ownership and voting power in MSGE through the Merger. Yet, the fairness opinions of Moelis and Raine do not address the voting rights of Class A or Class B common stock and, at the direction of or with the consent of the MSGE Special Committee, do not place any financial value on such voting rights.

163. *Sixth*, as noted above, the Proxy and merger announcement statements misrepresent the value of MSGE’s NOL carryforward, referencing a stale \$250 million amount, instead of the updated \$350 million figure as of March 31, 2021.

164. *Seventh*, the fairness opinions offered by MSGE’s financial advisors, in particular with regard to their discounted cash flow (“DCF”) analyses of both MSGE and MSGN, include numerous errors and irregularities. Among other things:

- a. In calculating the discount rate, Moelis and Raine both looked to the capital structure of selected comparable companies instead of MSGE and MSGN’s actual or target capital structures. This is a “common error” that Delaware courts have routinely rejected.
- b. Notably, Moelis’s and Raine’s DCF analyses calculated substantially lower values for MSGE (\$66 to \$120 per share and \$68 to \$101 per share, respectively) than the DCF analysis of MSGE performed by MSGN’s advisors at LionTree and Morgan Stanley (\$121 to \$146 per

share) because Moelis and Raine inexplicably used much higher discount rates than did LionTree and Morgan Stanley.

- c. For its DCF analysis of MSGE, Moelis used cash flow projections from January 1, 2021 through June 30, 2025. But for its DCF analysis of MSGN, Moelis used cash flow projections from July 1, 2021 through December 31, 2025. In other words, Moelis used 4.5 years for both companies (instead of the standard five). This artificially reduces MSGE's value by giving it less credit for a post-COVID recovery. Similarly, the 4.5 years of projections for MSGE include an additional six-months of COVID-impacted projections (January 1, 2021 through June 30, 2025) that the 4.5 years of cash flow projections for MSGN did not. Notably, in 2025 (as the discrete period ends), MSGE's projections show MSGE's free cash flow growing at 218% and MSGN free cash flow decreasing by 14%. The decision to reduce the discrete period from 5 years to 4.5 and to forego a three-stage model for MSGE resulted in an artificially low valuation and helps explain why 178% of Moelis' implied DCF net value for MSGE comes from the terminal period.

165. The Proxy states that Moelis and Raine were instructed to use “adjusted” projections for MSGN that had been “modified and revised by MSGE management.” The Proxy discloses both the original and adjusted projections but does not explain why adjustments were needed, given that the management of both companies substantially overlaps.

C. The Merger Provides Unique, Non-Ratable Benefits to the Dolans

166. The Merger benefits the Dolan Family by allowing them to increase their holdings in MSGE through an exchange ratio that is based on COVID-19 depressed prices for the Company's stock just before the impending rebound of live

events. As evidenced by MSGE's past performance, there is little doubt that once COVID-19-related restrictions on live entertainment events ease, the Company's revenues will substantially increase, and the stock price will rise. The Merger allows the Dolan Family to acquire 3 million shares of Company stock at bargain prices and unfairly dilutes the Company's Class A stockholders.

167. Moreover, the structure of the Merger allows the Dolan Family to steer capital to the Company but also avoid the dilution to *themselves* that would result from a cheaper form of third-party financing preferable to MSGE's public stockholders.

168. In addition, the Dolan Family is using the Merger to shift valuable tax assets that rightfully belong to the Company to offset taxable income generated by MSGN. This represents an immense benefit to the Dolan Family and the other MSGN stockholders to the detriment of MSGE and its stockholders. The NOL and depreciation for MSG Sphere are tremendously valuable to MSGE, which has been forced to sustain high losses during the pandemic but is poised to begin generating taxable income once the pandemic subsides. Splitting the value of this tax asset with MSGN, for no reason other than for the benefit of the Dolans, is patently unfair to MSGE.

V. The Proxy is Materially Misleading and Contains Material Omissions

169. As described *supra* in Section III.E., the Proxy contains multiple false statements.

170. *First*, the Proxy falsely states that the Merger is a *fait accompli* and that the Dolans' votes alone will be "sufficient to approve the proposals." In fact, the Merger requires approval by two-thirds of unaffiliated MSGE stockholders.

171. *Second*, the Proxy is materially misleading because the disclosures imply that the 203 Waiver that the MSGE Board adopted in connection with the Spin-Off applies to the Merger. As explained above, that is not true. The 203 Waiver does not apply to the Merger because the waiver did not include MSGN.

172. *Third*, the Proxy fails to disclose that Section 203's three-year moratorium on "business combinations" will not elapse until *after* the Outside Date, such that MSGE may be locked into the Merger, which cannot close, until the Outside Date.

173. *Fourth*, the Proxy further misrepresents the amount of NOL that MSGE carries, stating the NOL is \$250 million. In fact, as of March 31, 2021, MSGE carries a federal NOL of approximately \$350 million that can be used to offset future taxable income. Despite this, the MSGE Board approved the Merger on March 25, 2021 [REDACTED]

[REDACTED]

[REDACTED]. This is undisclosed in the Proxy.

CLASS ALLEGATIONS

174. Plaintiffs bring Counts I and IV of this Action pursuant to Court of Chancery Rule 23 individually and as a class action on behalf of all holders of Class A common stock of MSGE (excluding Defendants named herein, and any person, firm, trust, corporation, or other entity related to or affiliated with any of the Defendants or their successors in interest) who are or will be threatened with injury arising from the Defendants' wrongful actions, as more fully described herein (the "Class").

175. This Action is properly maintainable as a class action.

176. The members of the Class are so numerous that joinder of all members is impracticable.

177. As of April 30, 2021, there were 19,618,324 shares of MSGE Class A common stock outstanding, the vast majority of which were held by non-Dolan Family stockholders. As of October 16, 2020, the Dolan Family owns only 604,470 Class A shares. Upon information and belief, there are thousands of members of the Class.

178. There are questions of law and fact that are common to the Class, including, but not limited to:

- (a) Whether the Director Defendants have and continue to violate Section 203 by entering into the Merger Agreement;
- (b) Whether the Director Defendants have breached their fiduciary duties owed to Plaintiffs and the Class;
- (c) Whether the Merger is entirely fair to MSGE and the Class;
- (d) Whether the Dolan family breached their fiduciary duties to the Company and the Class in their capacity as controlling stockholders of MSGE;
- (e) Whether Plaintiffs and the other members of the Class would be irreparably damaged by the conduct of Director Defendants (including, for the avoidance of doubt, the Dolan Defendants) absent injunctive relief; and
- (f) Whether Plaintiffs and the other members of the Class are entitled to equitable relief or damages as a result of the Director Defendants' (including, for the avoidance of doubt, the Dolan Defendants') misconduct.

179. Plaintiffs are committed to prosecuting this Action and have retained competent counsel experienced in litigation of this nature. Plaintiffs' claims are typical of claims of the other members of the Class, and Plaintiffs have the same interests as the other members of the Class. All members of the Class have suffered the same harm.

180. The Director Defendants and Dolan Defendants caused the same equitable harm and damages to the Class through their breaches of fiduciary duty.

181. Accordingly, Plaintiffs are adequate representatives of the Class and will fairly and adequately protect the interests of the Class.

182. The prosecution of separate actions by the individual members of the Class would create a risk of inconsistent or varying adjudications with respect to the individual Class members that would establish incompatible standards of conduct for Defendants. Adjudications with respect to individual Class members would, as a practical matter, be dispositive, or would substantially impair the interests of the Class members.

183. Defendants have acted on grounds generally applicable to the Class with respect to the matters complained of herein, thereby making appropriate the relief sought herein with respect to the Class as a whole. To the extent the Defendants continue their unlawful conduct complained of herein, preliminary and final injunctive and equitable relief on behalf of the Class as a whole will be entirely appropriate.

184. The questions of law and fact common to the members of the Class predominate over any questions affecting only its individual members, such that a class action is superior to any other available method for fairly and efficiently adjudicating the controversy.

DERIVATIVE ALLEGATIONS

185. Plaintiffs bring Counts II and III of this Action derivatively in the right and for the benefit of the Company to redress breaches of fiduciary duty by the Defendants.

186. Plaintiffs are stockholders of MSGE, were stockholders of the Company at the time of the wrongdoing alleged herein, and have been stockholders of the Company continuously since that time.

187. Plaintiffs will adequately and fairly represent the interests of the Company and its stockholders in enforcing and prosecuting its rights.

DEMAND FUTILITY ALLEGATIONS

188. With respect to Counts II and III, Plaintiffs did not make a demand on the MSGE Board to institute this Action because pre-suit demand is excused. The facts alleged in the preceding paragraphs raise a reasonable doubt that, at a minimum, a majority of the demand MSGE Board would be disinterested and independent when considering a demand regarding breaches of fiduciary duty by the Director Defendants and the Dolan Defendants.

189. Because the MSGE Board consists of 17 directors, all of whom are named as Director Defendants in this Action, a majority of the demand MSGE Board faces a substantial likelihood of liability for breach of fiduciary duty in connection

with the negotiation and approval of the Merger, which is unfair to MSGE's public holders of Class A stock.

190. Likewise, a majority of the MSGE Board would not be disinterested and independent when considering a demand regarding breaches of fiduciary duty by MSGE's controller, the Dolans. A majority of the MSGE Board consists of Dolans themselves, and a number of additional directors on the MSGE Board have deep and long-standing ties to the Dolans. As such, a majority of the MSGE Board would not be disinterested and impartial when considering a demand to institute litigation to hold the Dolan Defendants accountable for negotiating and approving the unfair Merger, which also provides the Dolans with unique and non-ratable benefits.

CLAIMS FOR RELIEF

COUNT I

(Class Claim Against the Director Defendants for Violation of Section 203)

191. Plaintiffs repeat and reallege each and every allegation set forth herein.

192. The Dolan Family, having approximately 71% voting control over MSGE, are interested stockholders of the Company under Section 203.

193. As detailed above, MSGE waived the "business combination" restriction of Section 203 as to the Dolan Holders, but did not disclaim the Dolan Family's status as interested stockholders.

194. Pursuant to DGCL Section 203(c)(5)(ii), MSGN qualifies as an “interested stockholder” of MSGE because the Dolans are affiliates of MSGE, and MSG Networks is an affiliate and associate of the Dolans due to the Dolans’ control over, and status as directors and officers of, MSGN. MSGE and MSGN are also affiliates because they are under the common control of the Dolans.

195. Additionally, MSGN is an interested stockholder of MSGE due to the existence of an AAU regarding the Merger between MSGN and the Dolans.

196. Thus, MSGN is an interested stockholder of MSGE and is subject to Section 203’s three-year prohibition on business combinations with MSGE.

197. MSGE was incorporated in 2019 and the Spin-Off occurred in April 2020. Accordingly, Section 203’s three-year timeframe has not elapsed.

198. At the time of the Spin-Off, the MSGE Board waived Section 203’s business combination prohibitions as to certain Dolan Holders, but it did not waive Section 203’s prohibitions as to Dolans’ “affiliates” or “associates,” or specifically as to MSGN. Thus, at no time did MSGN receive the requisite pre-approval by the MSGE Board exempting it from Section 203.

199. None of the other exceptions to Section 203(a) are satisfied here, as the Merger is not subject to a two-thirds unaffiliated stockholder vote pursuant to Section 203(a)(3).

200. Accordingly, the Merger is a prohibited business combination under Section 203, the consummation of which will violate positive law and will cause irreparable harm.

201. The Proxy fails to disclose material information that the proposed Merger does not comply with Section 203 and discloses an incorrect voting standard. Permitting the vote to go forward without this information would cause stockholders to potentially vote in favor of the Merger, and thereby lock MSGE into a transaction that cannot legally close. Plaintiffs and the other members of the Class will be irreparably harmed for this additional reason.

202. Plaintiffs and the Class have no adequate remedy at law.

COUNT II

(Direct and Derivative Claims Against the Director Defendants for Breach of Fiduciary Duty)

203. Plaintiffs repeat and reallege each and every allegation set forth herein.

204. The Director Defendants, as MSGE directors, owed MSGE the utmost fiduciary duties of care, loyalty, and disclosure. By virtue of their positions as directors and/or officers of MSGE, and of their exercise of control over the business affairs of the Company, the Director Defendants have the power to control and influence and did control and influence and cause the Company to engage in the practice complained of herein.

205. The Director Defendants' fiduciary duties required them to place the interests of the Company and stockholders above their own interests and/or the interests of the controlling stockholders.

206. As described above, the Director Defendants have breached and continue to breach their fiduciary duties by causing the Company to enter into the Merger Agreement in violation of Section 203, and for the undue benefit of the Dolan Family, to the detriment of MSGE. The Director Defendants also caused the issuance of the Proxy, which is materially misleading and contains material omissions.

207. As a result of the foregoing, MSGE has been harmed.

COUNT III

(Direct and Derivative Claims Against the Dolan Defendants in their Capacity as Controlling Stockholders for Breach of Fiduciary Duty)

208. Plaintiffs repeat and reallege each and every allegation set forth herein.

209. The Dolans are MSGE's controlling stockholders. As controlling stockholders, the Dolan Family owes MSGE and its stockholders fiduciary duties.

210. The Dolans violated their fiduciary duty of loyalty by putting their own interests ahead of the interests of MSGE and approving the Merger in violation of Section 203. The Dolans forced the Merger so the Dolans could increase their holdings of MSGE through the unfair exchange ratio at a time when MSGE's stock

price was depressed by the effects of the COVID-19 pandemic and so the Dolans could offset the taxable income of their other investment in MSGN through the use of MSGE's NOLs and other tax advantages.

211. As a result of these breaches of fiduciary duty, MSGE is being forced to overpay for MSGN's declining business that is reliant on decaying cable-TV carriage fees. MSGE is being fundamentally transformed into a different and weaker business and being forced to share with MSGN valuable tax assets that rightfully belong to MSGE.

212. The Dolan Defendants also caused the issuance of the Proxy, which is materially misleading and contains material omissions.

213. As a direct and proximate result of the foregoing breaches of fiduciary duty, MSGE has been harmed.

COUNT IV

(Class Claim for Injunctive Relief to Enjoin Vote)

214. Plaintiffs repeat and reallege each and every allegation set forth herein.

215. By reason of the foregoing, the Director Defendants (including, for the avoidance of doubt, the Dolan Defendants) have breached and continue to breach their fiduciary duties.

216. Through an unfair process, the Director Defendants approved the

Merger in violation of Section 203's prohibition on business combinations with interested stockholders.

217. As a result, Plaintiffs and the Class will suffer irreparable harm unless and until the Merger is conditioned on the approval of the vote of two-thirds of the shares of common stock unaffiliated with the interested stockholders, as is required by Section 203(a)(3).

218. Therefore, Plaintiffs and the Class are entitled to injunctive relief, enjoining the stockholder vote and the closing of the Merger until such time as the statutorily required vote is held and the Merger receives the statutorily required approval of two-thirds of the unaffiliated shares.

219. Plaintiffs and the Class have no adequate remedy at law.

PRAYER FOR RELIEF

220. WHEREFORE, Plaintiffs respectfully request that the Court enters judgment as follows:

- A. Declaring that demand on the MSGE Board is excused as futile;
- B. Declaring that the Director Defendants breached their fiduciary duties of loyalty, care, and disclosure;
- C. Declaring that the Dolan Defendants breached their fiduciary duties of loyalty, care, and disclosure as controlling stockholders;

D. Declaring the Action properly maintainable as a class action and certifying the proposed Class;

E. Enjoining the stockholder vote on and consummation of the proposed Merger unless and until the Merger is conditioned on the vote required by Section 203(a)(3);

F. Granting any further appropriate equitable relief to remedy the Director Defendants' and Dolan Defendants' breaches of fiduciary duty that the Court deems appropriate;

G. Awarding the Class and/or MSGE damages as a result of the Director Defendants' and Dolan Defendants' breaches of fiduciary duty;

H. Awarding pre- and post- judgment interest on any monetary award;

I. Awarding Plaintiffs their reasonable attorneys' fees, expenses, and costs; and

J. Granting such other and further relief as the Court deems just and equitable.

DATED: May 27, 2021

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