



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

TIMOTHY LEISZ, Individually and
On Behalf of All Others Similarly
Situated,

Plaintiff,

v.

MSG NETWORKS, INC., JAMES L.
DOLAN, CHARLES F. DOLAN,
KRISTIN A. DOLAN, PAUL J.
DOLAN, AIDEN J. DOLAN,
THOMAS C. DOLAN, BRIAN G.
SWEENEY, HANK RATNER,
WILLIAM J. BELL, STEPHEN C.
MILLS, JOSEPH M. COHEN,
JOSEPH J. LHOTA, JOEL M.
LITVIN, JOHN L. SYKES and
MADISON SQUARE GARDEN
ENTERTAINMENT CORP.,

Defendants.

C.A. No. 2021-

VERIFIED CLASS ACTION COMPLAINT

Plaintiff Timothy Leisz (“Plaintiff”), through undersigned counsel, on behalf of himself and the holders of the common stock of MSG Networks, Inc. (“MSGN” or the “Company”), brings this Verified Class Action Complaint for: (i) violation of 8 *Del. C.* § 203 (“Section 203”) by all Defendants (as defined herein), (ii) breach of fiduciary duties by the members of the Board of Directors (the “Board” or “Director Defendants”) of MSGN, and (iii) in the alternative, aiding and abetting MSGN and

the Board's violations of Section 203 by Madison Square Garden Entertainment Corp. ("MSGE").

The allegations of this Complaint are based on Plaintiff's knowledge as to himself, and on information and belief based upon, among other things, the investigation of counsel and publicly available information, as to all other matters.

SUMMARY OF THE ACTION

1. This is a shareholder class action brought by Plaintiff on behalf of MSGN stockholders against Defendants for violations of statutory law, breaches of fiduciary duty, and/or other violations of state law arising out of their efforts to effectuate the sale of MSGN to a related entity, MSGE.

2. MSGN and MSGE are both controlled by the Dolan family, including trusts for the benefit of members of the Dolan family (collectively, the "Dolan Family Group"). MSGN's Executive Chairman, Defendant James L. Dolan ("J. Dolan"), also serves as Executive Chairman and Chief Executive Officer ("CEO") of MSGE.

3. On March 25, 2021, MSGN, MSGE, and Broadway Sub Inc. a direct wholly-owned subsidiary of MSGE ("Merger Sub"), entered into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which Merger Sub will merge with and into the Company, with the Company surviving as a wholly-owned subsidiary of MSGE (the "Proposed Merger"). Pursuant to the terms of the Merger

Agreement, MSGN Class A stockholders will receive 0.172 shares of MSGE Class A common stock for each share of MSGN Class A common stock that they own and MSGN Class B stockholders will receive 0.172 shares of MSGE Class B common stock for each share of MSGN Class B common stock that they own (the “Merger Consideration”). This exchange ratio of 0.172 is fixed and will not be adjusted to reflect stock price changes prior to the closing of the Proposed Merger. Based on the estimated number of shares of MSGN common stock outstanding on May 26, 2021, MSGE expects to issue approximately 9,812,332 shares of MSGE common stock to MSGN stockholders in connection with the Proposed Merger, which would result in MSGE stockholders owning approximately 71.1% of MSGE common stock and former MSGN stockholders owning approximately 28.9% of MSGE common stock upon completion of the Proposed Merger.

4. Moreover, the Board intends to submit the Proposed Merger to stockholders in violation of Section 203, which requires a supermajority vote of all MSGN stockholders not affiliated with the Dolan Family Group. Specifically, on May 7, 2021, the Board authorized the filing of a Form S-4 Registration Statement with the Securities and Exchange Commission (“SEC”), which was subsequently amended on June 2, 2021 by Amendment No. 1 to Form S-4 Registration Statement (collectively, the “Registration Statement”). The Registration Statement fails to disclose that the Proposed Merger is governed by Section 203 and misrepresents the

number of affirmative votes of MSGN common stockholders required under Section 203 to complete the Proposed Merger.

5. The Dolan Family Group is admittedly a “group” under Section 13(d) of the Exchange Act that controls numerous corporations comprising the Madison Square Garden family of related companies. The Proposed Merger is unfair and benefits the Dolan Family Group.

6. The Registration Statement issued by Defendants calculates that, based on the estimated number of shares of MSGN common stock and MSGE common stock outstanding on May 17, 2021 (inclusive of options exercisable within 60 days of May 17, 2021), the Dolan Family Group’s ownership and voting power at MSGE will increase from approximately 21.3% of the outstanding MSGE common stock and approximately 70.7% of the total voting power prior to the transaction to approximately 23.6% of the outstanding MSGE common stock and approximately 72.7% of the total voting power upon completion of the Proposed Merger.

7. The Merger Consideration and the Proposed Merger are the result of the domination and control of the Board by the Dolan Family Group.

8. For these reasons and as set forth in detail herein, Plaintiff seeks to enjoin the shareholder vote on the Proposed Merger, or, in the event that the shareholder vote is held, enjoin the consummation of the Proposed Merger, until such time as the Company receives the requisite number of shares required by

Section 203 for the consummation of the Proposed Merger.

PARTIES

A. Plaintiff

9. Plaintiff is, and at all relevant times was, a continuous shareholder of MSGN.

B. Defendants

10. Defendant MSGN is a Delaware corporation headquartered in New York City. MSGN owns and operates two sports broadcasting networks (MSG Network and MSG+), owns the local broadcasting rights and/or provides coverage for certain live sporting events, and provides a wide array of other television sports and entertainment programming. MSGN has two classes of stock: (1) Class A Common Stock, entitled to one vote per share and collectively entitled to elect 25% of the Board, and (2) Class B Common Stock, entitled to ten votes per share and collectively entitled to elect 75% of the Board.

11. Defendant J. Dolan is, and has served as a Class B director and the Executive Chairman of the Company since 2009. J. Dolan has also served as a director and the Executive Chairman of MSGE since November 2019 and as a director and the Executive Chairman of Madison Square Garden Sports Corp. (formerly, The Madison Square Garden Company) (together with its subsidiaries, “MSGs”) since 2015.

12. Defendant Charles F. Dolan (“C. Dolan”) has served as a Class B director of the Company since 2009. C. Dolan has served as a director of MSGE since April 2020 and MSGS since 2015. C. Dolan is not “independent” within the meaning of the rules of the NYSE and the SEC.

13. Defendant Kristin A. Dolan (“K. Dolan”) has served as a Class B Director of MSGN since 2018. K. Dolan has also served as a director of MSGE since April 2020 and MSGS since 2015. K. Dolan is not “independent” within the meaning of the rules of the NYSE and the SEC.

14. Defendant Paul J. Dolan (“P. Dolan”) has served as a Class B Director of MSGN since 2015. Additionally, P. Dolan has served as a director of MSGE since April 2020 and MSGS since December 2019. P. Dolan is not “independent” within the meaning of the rules of the NYSE and the SEC.

15. Defendant Aidan J. Dolan (“A. Dolan”) has served as a Class B Director of MSGN since June 2020. A. Dolan is not “independent” within the meaning of the rules of the NYSE and the SEC.

16. Defendant Thomas C. Dolan (“T. Dolan”) has served as a Class B Director of the Company since 2010. T. Dolan has also served as a director of MSGE since April 2020, and MSGS since 2015. T. Dolan is not “independent” within the meaning of the rules of the NYSE and the SEC.

17. Defendant Brian G. Sweeney (“Sweeney”) has served as a Class B

Director of the Company since 2010. Sweeney has served as a director of MSGE since April 2020 and MSGS since 2015. Sweeney is not “independent” within the meaning of the rules of the NYSE and the SEC.

18. Defendant Hank Ratner (“Ratner”) has served as a Class B Director of MSGN since 2015. Ratner is not “independent” within the meaning of the rules of the NYSE and the SEC.

19. William J. Bell (“Bell”) has served as a Class B Director of MSGN since 2015. Bell is not “independent” within the meaning of the rules of the NYSE and the SEC.

20. Stephen C. Mills (“Mills”) has served as a Class B Director of MSGN since 2020. Mills served as President from 2017 to 2020 and Executive Vice President and General Manager from 2013 to 2017 of the New York Knicks, which was owned by the Company until 2015 and is currently owned by MSGS. Mills also has served as a director of MSGS since April 2020. Mills is not “independent” within the meaning of the rules of the NYSE and the SEC.

21. Joseph M. Cohen (“Cohen”) served as a Class B Director of MSGN from June 2020, until the annual meeting of stockholders on December 4, 2020 when he was elected and has thereafter served as a Class A Director of MSGN. Cohen has served as a director of MSGS since April 2020. Cohen is not “independent” within the meaning of the rules of the NYSE and the SEC.

22. Joseph J. Lhota (“Lhota”) has served as a Class A Director of MSGN since 2016. Lhota was Executive Vice President of the Company from 2010 to 2011. Lhota has also served as a director of MSGE since April 2020, and previously served as a director of MSGS from 2017 to April 2020.

23. Joel M. Litvin (“Litvin”) has served as a Class A Director of MSGN since 2015.

24. John L. Sykes (“Sykes”) has served as a Class A Director of MSGN since 2015. Sykes has also served as a director of MSGE since April 2020.

25. Defendant MSGE is a “live experiences” company incorporated in Delaware and headquartered in New York City. MSGE’s assets are comprised of event venues, entertainment content, dining and nightlife venues, and a music festival.

26. Defendants J. Dolan, C. Dolan, K. Dolan, P. Dolan, A. Dolan, T. Dolan, Sweeney, Ratner, Bell, Mills, Cohen, Lhota, Litvin, and Sykes formed the Board of Directors of MSGN at all relevant times and are collectively referred to herein as the “Board” or the “Director Defendants.” The Director Defendants, MSGN and MSGE are collectively referred to herein as the “Defendants.”

C. Relevant Non-Parties

27. Cablevision Systems Corporation (“Cablevision”) was a predecessor company to MSGN. Cablevision was founded by Defendant C. Dolan, who served

as its CEO from 1985 to 1995. Defendant J. Dolan was the CEO of Cablevision from 1995 until its sale in 2016. In 1997, Cablevision acquired Madison Square Garden and all its properties, including the MSG Network. In February 2010, Cablevision spun off Madison Square Garden, Inc. (which later changed its name to “The Madison Square Garden Company”). In 2015 The Madison Square Garden Company would spin off two of its three business segments and change its name to “MSG Networks Inc.” (previously defined as the “Company” or “MSGN”). The two spun-off business segments would continue to operate as “The Madison Square Garden Company” (“MSG”).

28. Madison Square Garden Sports Corp. (“MSGS”) is a Delaware corporation with its principal executive offices in New York City. Formerly The Madison Square Garden Company, MSGS was incorporated on March 4, 2015 as a wholly owned subsidiary of MSGN and distributed to MSGN shareholders (the “MSGS Distribution”) on September 30, 2015. MSGS owns and operates a portfolio of professional sports franchises, including the New York Knicks and the New York Rangers. MSGS is controlled by the Dolan family; Defendant J. Dolan serves as MSGS’s Executive Chairman.

29. AMC Networks Inc. (“AMC Networks”) is a Delaware corporation with its principal executive offices in New York City. AMC Networks was incorporated on March 9, 2011 as an indirect, wholly-owned subsidiary of

Cablevision. On June 30, 2011, Cablevision spun off AMC Networks and AMC Networks became an independent public company. AMC Networks is controlled by the Dolan family; Defendant J. Dolan is the Non-Executive Chairman and Defendant C. Dolan is the Chairman Emeritus of AMC Networks.

SECTION 203

30. As outlined below in greater detail, MSGN is governed by Section 203 of the DGCL. Pursuant to Section 203(b) of the DGCL, the provisions of Section 203 related to business combinations amongst “interested stockholders” govern unless either the original or amended certificate of incorporation “contains a provision expressly electing not to be governed by this section.” MSGN filed its Certificate of Incorporation on July 29, 2009 and its Amended and Restated Certificate of Incorporation on February 10, 2010. Neither the Certificate of Incorporation nor the Amended and Restated Certificate of Incorporation contains a waiver expressly electing not to be governed by Section 203 of the DGCL. Therefore, MSGN is governed by Section 203 of the DGCL.

31. Pursuant to Section 203, a corporation is prohibited from engaging in any business combination with any “interested stockholder” for a period of 3 years following the time that such stockholder became an “interested stockholder,” unless, among other things, “[a]t or subsequent to such time the business combination is approved by the board of directors and authorized at an annual or special meeting of

stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.”

32. As detailed below, MSGE is an “interested stockholder” of MSGN, both because (1) MSGE is an “affiliate” and “associate” of the Dolan Family Group, who are “affiliates” of MSGN, and (2) before the Board approved the Merger Agreement, MSGE had an agreement, arrangement, and/or understanding with the Dolan Family Group for the purpose of voting the Dolan Family Group’s stock in favor of MSGE’s acquisition of MSGN. More specifically, and as outlined in further detail below, it appears that the management teams of MSGE and MSGN, which are led by J. Dolan, came to an agreement for the companies to merge in December 2020, before the Board approved the Merger Agreement.

33. As a result, the Merger Agreement must be approved by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the Dolan Family Group.

34. According to the Registration Statement, however, “[a]pproval of the MSGN merger proposal requires the affirmative vote of the holders of a majority of the total voting power of the outstanding shares of MSGN Class A common stock and MSGN Class B common stock, voting together as a single class, entitled to vote on such matter at the MSGN special meeting.” Defendants are therefore violating

Section 203 by permitting MSGE to acquire MSGN in a manner that does not comply with the statutory requirements of Section 203.

DIRECTOR DEFENDANTS' FIDUCIARY DUTIES

35. By reason of the Director Defendants' positions with the Company as officers and/or directors, they are in a fiduciary relationship with Plaintiff and the other public stockholders of MSGN and owe them a duty of care, loyalty, good faith, candor, and independence.

36. By virtue of their positions as directors and/or officers of MSGN, the Director Defendants, at all relevant times, had the power to control and influence MSGN, did control and influence MSGN, and caused MSGN to engage in the practices complained of herein.

37. Plaintiff alleges herein that the Director Defendants, separately and together, in connection with the Proposed Merger, are knowingly or recklessly violating their fiduciary duties. Specifically, the Director Defendants are knowingly or recklessly violating (i) their fiduciary duties of care and loyalty by permitting MSGE to acquire MSGN in a manner that does not comply with the statutory requirements of Section 203 and (ii) their fiduciary duty of candor by permitting MSGE to acquire MSGN without stockholders being fully informed (a) that the Proposed Merger is governed by Section 203, and (b) regarding the number of affirmative votes of MSGN common stockholders required under Section 203 to

complete the Proposed Merger.

AIDING AND ABETTING IN THE ALTERNATIVE

38. In addition to the wrongful conduct herein alleged as giving rise to primary liability, MSGE alternatively aided and abetted and/or assisted the Director Defendants in the breach of their respective duties as herein alleged.

39. During all relevant times hereto, MSGE initiated a course of conduct that was designed to: (i) favor MSGE; (ii) permit MSGE to acquire MSGN in a manner that does not comply with the statutory requirements of Section 203; (iii) permit MSGE to acquire MSGN without MSGN stockholders being fully informed that the Proposed Merger is governed by Section 203; and (iv) permit MSGE to acquire MSGN without MSGN stockholders being fully informed regarding the number of affirmative votes of MSGN common stockholders required under that section to complete the Proposed Merger. In furtherance of this plan and course of conduct, MSGN and MSGE took the actions as set forth herein.

40. MSGE aided and abetted and rendered substantial assistance in the wrongs complained of herein. In taking such actions, as particularized herein, to substantially assist the commission of the wrongdoing complained of, MSGE acted with knowledge of the primary wrongdoing, substantially assisted the accomplishment of that wrongdoing, and was aware of its overall contribution to, and furtherance of, the wrongdoing acts of aiding and abetting, including inter alia,

the acts each of them are alleged to have committed in furtherance of the common enterprise and common course of conduct complained of herein.

CLASS ACTION ALLEGATIONS

41. Plaintiff brings this action on his own behalf and as a class action pursuant to Court of Chancery Rule 23, on behalf of all holders of MSGN Class A common stock who are being and will be harmed by Defendants' actions described herein (the "Class"). Excluded from the Class are Defendants and any person, firm, trust, corporation, or other entity related to or affiliated with any Defendants.

42. This action is properly maintainable as a class action. The Class is so numerous that joinder of all members is impracticable. As of October 14, 2020, there were approximately 43,459,880 shares of MSGN Class A common stock outstanding, owned by numerous stockholders.

43. There are questions of law and fact which are common to the Class and which predominate over any questions affecting only individual members, including *inter alia*, the following:

a) Whether Defendants are violating the statutory vote requirements set out in Section 203;

b) Whether the Director Defendants are violating their fiduciary duties of care, loyalty, and candor to the Class in connection with the shareholder vote regarding the Proposed Merger;

c) Whether MSGE is aiding and abetting the violation of Section 203 outlined herein; and

d) Whether Plaintiff and the other members of the Class will be irreparably harmed if Defendants are not enjoined from continuing the conduct described herein.

44. Plaintiff is committed to prosecuting this action and has retained competent counsel experienced in litigation of this nature. Plaintiff's claims are typical of the claims of the other members of the Class and Plaintiff has the same interests as the other members of the Class. Accordingly, Plaintiff is an adequate representative of the Class and will fairly and adequately protect the interests of the Class.

45. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications with respect to individual members of the Class, which would establish incompatible standards of conduct for Defendants, or adjudications with respect to individual members of the Class which would, as a practical matter, be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.

46. Preliminary and final injunctive relief on behalf of the Class as a whole is entirely appropriate because Defendants have acted or refused to act on grounds generally applicable to the class and are causing injury to the Class.

SUBSTANTIVE ALLEGATIONS

A. Relevant Corporate Background

47. MSGN was incorporated on July 29, 2009 under the name “Madison Square Garden, Inc.” as an indirect, wholly-owned subsidiary of Cablevision. On February 9, 2010, Cablevision effected a distribution of all of Madison Square Garden, Inc.’s common stock, through which each holder of Cablevision NY Group Class A common stock of record as January 25, 2010 received one share of Madison Square Garden, Inc.’s Class A common stock (NYSE: MSG) for every four shares of Cablevision NY Group Class A common stock held on the record date. Each record holder of Cablevision NY Group Class B common stock received one share of Madison Square Garden, Inc. Class B common stock for every four shares of Cablevision NY Group Class B common stock held on the record date. In the distribution, an aggregate of 61,913,882.25 shares of Madison Square Garden, Inc.’s Class A common stock and 13,588,562.75 shares of Madison Square Garden, Inc.’s Class B common stock were issued. Of that, the Dolan Family Group held 2,156,846 shares (of 2.6%) of Madison Square Garden, Inc.’s Class A common stock and 100% of Madison Square Garden, Inc.’s Class B common stock.

48. On May 5, 2011, Madison Square Garden, Inc. announced that it changed its name to “The Madison Square Garden Company.” At this time, The Madison Square Garden Company was comprised of three business segments: MSG Sports, MSG Media, and MSG Entertainment.

49. On September 30, 2015, the Company effected another distribution, pursuant to which it spun off the sports and entertainment businesses previously owned and operated by the Company’s Sports and Entertainment segments. In connection with this distribution, the Company’s name was changed to “MSG Networks Inc.” and The Madison Square Garden Company (previously defined as “MSG”) – which operated the sports and entertainment business segments – became a separate publicly-traded stand-alone entity.

50. On November 21, 2019, Madison Square Garden Entertainment Corp (previously defined as “MSGE”) was incorporated as a wholly-owned subsidiary of MSG. And, on March 31, 2020, MSG announced the spin-off of its entertainment business and that it was being renamed “Madison Square Garden Sports Corp.” and would operate the sports segment as an independent publicly traded company (previously defined as “MSGS”). Thereafter, on April 17, 2020, MSGS – formerly MSG – spun off MSGE (the “MSGE Spin-off”).

51. Like MSGN, MSGE has two classes of common stock: (1) Class A Common Stock, entitled to one vote per share and collectively entitled to elect 25%

of the Board, and (2) Class B Common Stock, entitled to ten votes per share and collectively entitled to elect 75% of the Board. As of July 2020, the Dolan Family Group collectively owned all of MSGE's Class B Common Stock and **controlled MSGE**. The Dolan Family Group similarly controls MSGS.

B. The Dolan Family Group and Their Affiliates Have Extensive Ties and Exercise Complete Control over the Madison Square Garden Family of Companies

52. The Dolan Family Group and their related affiliates and directors have extensive familial, relational, and business ties. Most notably, J. Dolan is the (i) spouse of Defendant K. Dolan, (ii) son of Defendant C. Dolan, (iii) the father of Defendant A. Dolan, (iv) the brother of Defendant T. Dolan, (v) the brother-in-law of Defendant Sweeney, and (vi) the cousin of Defendant P. Dolan.

53. What is more, nine of the Director Defendants in this action have previously served in similar positions at Cablevision, the corporate predecessor of all of the Madison Square Garden family of companies, and/or AMC Networks:

- a. J. Dolan previously served as the CEO of Cablevision from 1995 until its sale in 2016; C. Dolan served as CEO of Cablevision from 1985 to 1995 and as a director of Cablevision from 1985 until its sale in 2016; K. Dolan previously served as the Chief Operating Officer of Cablevision from 2014 until its sale in 2016; P. Dolan served as a director of Cablevision from 2010 until its sale in 2016; T. Dolan served

as Executive Vice President-Strategy and Development, Office of the Chairman of Cablevision from 2008 until its sale in 2016; Sweeney served as the President of Cablevision from 2014 and President and Chief Financial Officer of Cablevision from 2015 until its sale in 2016; Ratner served as the Vice Chairman of Cablevision from 2002 until its sale in 2016; Bell was a consultant to Cablevision from 2005 to 2014; and Lhota served as Executive Vice President of Cablevision from 2002 to 2010 and a director of Cablevision from 2014 until its sale in 2016.

- b. Likewise, J. Dolan previously served as CEO of Rainbow Media Holdings, Inc., a former programming subsidiary of Cablevision that spun-off in 2011 to become AMC Networks, from 1992 to 1995, and as a director since 2011 and Non-Executive Chairman since September 2020 of AMC Networks; C. Dolan has served as Chairman Emeritus of AMC Networks since September 2020 and as Executive Chairman of AMC Networks from 2011 to September 2020; K. Dolan has served as a director of AMC Networks since 2011; T. Dolan has served as a director of AMC Networks since 2011; Bell has served as a director of AMC Networks since 2011; Sweeny has served as a director of AMC Networks since 2011.

54. The Dolan Family Group, through a series of family trusts, currently control a super-majority of the voting power for both MSGN and MSGE:

- a. The Dolan Family Group owns 100% of MSGN's Class B stock and 8.3% of MSGN's Class A stock. As a result, they control approximately 76.9% of MSGN's total voting power.
- b. Likewise, the Dolan Family Group own 100% of MSGE's Class B stock and 3.1% of the MSGE's Class A stock. As a result, they control approximately 70.7% of MSGE's total voting power.

55. As a result, ten of the fourteen members of the MSGN Board were directly elected by the Dolan Family Group and seven of the fourteen are members of the Dolan family.

56. Moreover, at least two of the remaining four Class A directors have significant ties to the Dolans and/or serve as dual directors conflicted in connection with the Proposed Merger:

- a. Specifically, Defendant Cohen served in various executive roles with MSGN and/or its affiliates from 1977-1985 and from 1995-2002, in connection with which he receives fixed monthly pension payments from the Company totaling approximately \$128,000 per year, and served as a director of MSGS since April 2020. Indeed, while Cohen was nominated and elected in 2020 as a Class A Director, he was first

appointed as a Class B Director by the Dolan Family Group. What is more, Cohen is a consultant with The Switch, which has a commercial agreement with the Company pursuant to which the Company pays The Switch less than \$650,000 per fiscal year.

- b. Similarly, Defendant Lhota was Executive Vice President of MSGN from 2010-2011 and 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.

57. What is more, the following eight Director Defendants serve on both companies' boards of directors: J. Dolan, C. Dolan, K. Dolan, P. Dolan, T. Dolan, Sweeney, Lhota, and Sykes. Furthermore, J. Dolan serves as Executive Chairman of both MSGE and MSGN, and he also serves as CEO of MSGE.

58. Finally, and conclusively, both companies admit the Dolan Family Group's control. MSGN's most recent Annual Proxy Statement acknowledged that:

The Company [MSGN], MSGE, MSGS and AMC Networks are all under the control of members of the Charles F. Dolan family and certain related family entities. The Company, MSGE, MSGS and AMC Networks have entered into the agreements described in this section. Certain of the agreements summarized in this section are included as exhibits to our 2020 Form 10-K, and the following summaries of those agreements are qualified in their entirety by reference to the agreements as filed. Additional information concerning the arrangements between us and each of MSGE, MSGS and

AMC Networks is set forth in Note 15 to our financial statements included in our 2020 Form 10-K.

Distribution Agreement

On September 11, 2015, we entered into the Distribution Agreement with MSGS (the “Distribution Agreement”) in connection with the Distribution. Under the Distribution Agreement, the Company and MSGS provided each other with indemnities with respect to certain liabilities, and released each other from certain claims, in each case arising out of each company’s business and other matters related to the Distribution. The Distribution Agreement also provides for access to records and information, cooperation in defending litigation, and methods of resolution for certain disputes.

Tax Disaffiliation Agreement

On September 11, 2015, we entered into a Tax Disaffiliation Agreement with MSGS (the “MSGS Tax Disaffiliation Agreement”) that governs MSGS’ and our respective rights, responsibilities and obligations with respect to taxes (including any interest, penalties, additions to tax or additional amounts in respect of such taxes) and tax benefits, the filing of tax returns, the control of audits and other tax matters following the Distribution.

The MSGS Tax Disaffiliation Agreement also requires that none of the Company, MSGS or any of their respective subsidiaries take, or fail to take, any action where such action, or failure to act, would be inconsistent with or preclude the Distribution from qualifying as a tax-free transaction to the Company and to its stockholders under Section 355 of the Code, or would otherwise cause holders of the Company’s stock receiving MSGS stock in the Distribution to be taxed as a result of the Distribution and certain transactions undertaken in connection with the Distribution. Moreover, each party must indemnify the other party and its subsidiaries, officers and directors for

any taxes resulting from action or failure to act, if such action or failure to act precludes the Distribution from qualifying as a tax-free transaction (including taxes imposed as a result of a violation of the restrictions set forth above).

Services Agreements

Effective July 1, 2019, we and a subsidiary of MSGS entered into a Services Agreement (the “Entertainment Services Agreement”) under which MSGS provided certain management and other services to the Company, including with respect to such areas as information technology, accounts payable, payroll, tax, certain legal functions, human resources, insurance and risk management, investor relations, corporate communications, benefit plan administration and reporting, and internal audit as well as certain executive support services described below. See “— Other Arrangements and Agreements with MSGE, MSGS and/or AMC Networks.” The Company similarly provided certain services to MSGS. The Company and MSGS, as parties receiving services under the Entertainment Services Agreement, agreed to indemnify the party providing services for losses incurred by such party that arise out of or are otherwise in connection with the provision by such party of services under the agreement, except to the extent that such losses result from the providing party’s gross negligence, willful misconduct or breach of its obligations under the agreement. Similarly, each party providing services under the agreement agreed to indemnify the party receiving services for losses incurred by such party that arise out of or are otherwise in connection with the indemnifying party’s provision of services under the agreement if such losses resulted from the providing party’s gross negligence, willful misconduct or breach of its obligations under the agreement. In connection with the Entertainment Distribution, the Company’s counterparty to the Entertainment Services Agreement became a subsidiary of MSGE and the same

services (other than certain legal services) are now provided to the Company by MSGE on the same terms.

In addition, the Company entered into a new Services Agreement with MSGS (the “Sports Services Agreement”), pursuant to which MSGS provides the Company certain legal services previously provided under the Entertainment Services Agreement. The Company agreed to indemnify MSGS for losses incurred by MSGS that arise out of or are otherwise in connection with the provision by MSGS of services under the agreement, except to the extent that such losses result from MSGS’ gross negligence, willful misconduct or breach of its obligations under the agreement. Similarly, MSGS agreed to indemnify the Company for losses incurred by the Company that arise out of or are otherwise in connection with MSGS’ provision of services under the agreement if such losses resulted from MSGS’ gross negligence, willful misconduct or breach of its obligations under the agreement.

Employee Matters Agreement

We have in place an Employee Matters Agreement with MSGS that allocates assets, liabilities and responsibilities with respect to certain employee compensation and benefit plans and programs and certain other related matters in connection with the Distribution.

Media Rights Agreements

The media rights agreements between the Company and MSGS covering the New York Knicks of the NBA (the “Knicks”) and the New York Rangers of the NHL (the “Rangers”) provide the Company exclusive media rights to team games in their local markets. Each of the media rights agreements became effective in July 2015 with a stated term of 20 years, with a stated annual rights fee in the fiscal year ended June 30, 2020 of \$118 million for the Knicks and \$35 million for the Rangers. The rights fee in

each media rights agreement increases annually; for the fiscal year ending June 30, 2021, the stated rights fee increased to \$123 million for the Knicks and \$37 million for the Rangers. The rights fee is subject to adjustments in certain circumstances, including if MSGS does not make available a minimum number of games in any year. The annual rights fees paid by the Company for the 2019-20 seasons were \$107 million and \$32 million, for the Knicks and the Rangers, respectively, which reflect reductions as a result of MSGS not making available the minimum number of games for the year due to COVID-19. We have certain rights to match third-party offers received by the Knicks or Rangers, as the case may be, for the media rights following the term of the agreement.

Advertising Sales Representation Agreement

In connection with the Distribution, the Company entered into an Advertising Agreement pursuant to which MSGS had the exclusive right and obligation, for a commission, to sell advertising availabilities of the Company for an initial stated term of seven years, subject to certain termination rights, including MSGS' right to terminate if the

Company and MSGS are no longer affiliates and our right to terminate if certain sales thresholds are not met unless MSGS pays us the shortfall. In connection with the Entertainment Distribution, the Company's counterparty to the Entertainment Services Agreement became MSGE.

Other Arrangements and Agreements with MSGE, MSGS and/or AMC Networks

Beginning in June 2016, the Company agreed to share certain executive support costs, including office space, executive assistants, security and transportation costs, for the Company's Executive Chairman with MSGS, and for the Vice Chairman with MSGS and AMC Networks. In connection with the Entertainment Distribution, the Company also shares such costs with MSGE. The Company's portion of such executive support expenses

during the fiscal year ended June 30, 2020 was approximately \$724,000. The Company is party to an agreement with AMC Networks, pursuant to which AMC Networks provides the Company with certain origination, master control and technical services. The Company has also entered into a number of other commercial and technical arrangements and agreements with MSGS and its subsidiaries, MSGE and its subsidiaries and AMC Networks and its subsidiaries, none of which are material to the Company. For the fiscal year ended June 30, 2020, these additional commercial and technical arrangements and agreements included, but were not limited to, arrangements for the Company's use of equipment, offices and other premises, provision of transport services and vendor services, access to technology and for use of equipment, offices and other premises.

In addition, the Company and MSGE are party to aircraft and remote office space arrangements described below. See “ — Aircraft Arrangements” and “ — Dolan Family Arrangements.”

AIRCRAFT ARRANGEMENTS

The Company has various arrangements with a subsidiary of MSGE, pursuant to which the Company has the right to lease on a “time-sharing” basis certain aircraft. The Company is required to pay MSGE specified expenses for each flight it elects to utilize, but not exceeding the maximum amount payable under Federal Aviation Administration (“FAA”) rules. Prior to the Distribution, these arrangements were between the Company and a subsidiary of MSGS. Pursuant to these arrangements, the Company made no payments to MSGE because it did not use MSGE's aircraft for the post-Entertainment Distribution period and paid MSGS \$11,964 for use of such aircraft during the fiscal year ended June 30, 2020. In calculating the amounts payable under these agreements, the parties allocate in good faith the treatment of any flight that is for the benefit of both companies.

Additionally, the Company agreed on an allocation of the costs of certain personal aircraft use with MSGE and MSGS (with respect to Mr. Dolan only) and helicopter use with MSGE, MSGS and AMC Networks by their shared executives. The Company's portion of such expenses during the fiscal year ended June 30, 2020 was \$394,025.

DOLAN FAMILY ARRANGEMENTS

From time to time, certain services of the Company may be made available to members of the Dolan family and to entities owned by them. It is the policy of the Company to receive reimbursement for the costs of these services. See "Stock Ownership Table" for a description of registration rights agreements among the Dolan family interests and the Company.

* * *

The Dolan family, including trusts for the benefit of members of the Dolan family (collectively, the "Dolan Family Group"), by virtue of their ownership of Class B Common Stock, **are able collectively to control stockholder decisions** on matters on which holders of our Class A Common Stock and Class B Common Stock vote together as a single class, and to elect up to 75% of the Company's Board. Members of the Dolan Family Group are parties to a Stockholders Agreement, which has the effect of causing the voting power of the Class B stockholders to be cast as a block on all matters to be voted on by holders of our Class B Common Stock.

59. Likewise, MSGE's most recent Annual Proxy acknowledged that:

The Company [MSGE], MSGS, MSG Networks and AMC Networks are all under the control of members of the Charles F. Dolan family and certain related family entities. The Company, on the one hand, and MSGS, MSG Networks or AMC Networks, on the other hand, are party to the agreements described in this section.

Certain of the agreements summarized in this section are included as exhibits to our 2020 Form 10-K, and the following summaries of those agreements are qualified in their entirety by reference to the agreements as filed. Additional information concerning the arrangements between us and each of MSGS, MSG Networks and AMC Networks is set forth in Note 19 to our financial statements included in our 2020 Form 10-K.

* * *

The Dolan family, including trusts for the benefit of members of the Dolan family (collectively, the “Dolan Family Group”), by virtue of their ownership of Class B Common Stock, **are able collectively to control stockholder decisions** on matters on which holders of our Class A Common Stock and Class B Common Stock vote together as a single class, and to elect up to 75% of the Company’s Board. The members of the Dolan Family Group holding Class B Common Stock are parties to a Stockholders Agreement, which has the effect of causing the voting power of the holders of our Class B Common Stock to be cast as a block with respect to all matters to be voted on by holders of our Class B Common Stock.

(emphasis added).

C. Events Leading to The Proposed Merger

60. According to the Registration Statement, sometime in 2019, “a special committee of the MSGN [B]oard...considered a potential transaction with [MSG]” but those discussions terminated in August 2019. Thereafter, MSGE was incorporated in November 2019 as a subsidiary of MSG, and in April 2020 the MSGE Spin-off was completed.

61. Just eight months later, in December 2020, management of MSGN and MSGE – both of which are led by L. Dolan – began exploring a business combination between the two entities.

62. On January 6, 2021, the MSGE board convened with its regular legal counsel, Sullivan & Cromwell LLP (“Sullivan & Cromwell”), authorized the creation of a special committee, and vested it with the authority to evaluate a transaction – *with MSGN alone*. The following day, the Board similarly convened, *also with Sullivan & Cromwell in attendance*, similarly authorized the creation of a special committee, and likewise vested it with the authority to evaluate a transaction – *with MSGE alone*. The Board appointed Defendant Litvin, who had previously been a member of the 2019 special committee, and Defendant Cohen to serve as the members of the MSGN special committee. As outlined above, both have extensive ties to the Dolan Family Group.

63. In advance of the MSGE and MSGN board meetings, Debevoise & Plimpton LLP (“Debevoise”), counsel to the Dolan Family Group, communicated to Sullivan & Cromwell that the Dolan Family Group would not take any position with respect to a potential transaction at that time and that the views of the Dolan Family Group with respect to a potential transaction would depend upon the outcome of the special committee process.

64. That outcome, of course, was never in doubt, and the special committees were never allowed to consider any other transaction but a merger between MSGN and MSGE. Indeed, “during January 2021, following an inbound inquiry[,] **members of [MSGN] management** conducted due diligence on a potential strategic opportunity **and determined that it would not lead to a viable transaction for [MSGN]**. The MSGN special committee was informed of the potential opportunity and the conclusions of MSGN management,” but of course was not allowed to evaluate the proposal for themselves.

65. On January 28, 2021, the MSGN special committee and the MSGE special committee held an introductory meeting during which the parties confirmed interest in exploring a potential transaction. The committees agreed to hold bi-weekly conference calls, which calls would continue throughout February and early March 2021.

66. On February 5, 2021, the parties executed a mutual non-disclosure and confidentiality agreement.

67. On February 9, 2021, the MSGE special committee met, for the apparent first time, “with members of [MSGE] management who were **not** also employees of [MSGN] (“MSGE management”)” to receive a business overview of MSGE. Likewise, on February 24, 2021, MSGE management provided a presentation regarding its business to the MSGN special committee and, for the

apparent first time, “members of [MSGN’s] management who were **not** also employees of MSG[E] (“MSGN management”).” These are the apparent first times that the obviously conflicted members of MSGE and MSGN management were excluded.

68. On March 4, 2021, the MSGN special committee invited the MSGE special committee to make an offer, noting that it “would not be making a transaction proposal and the MSGN special committee and its advisors were working to be in a position to evaluate any proposal that the MSGE special committee might choose to make.”

69. Then, on March 10, 2021, an article published on bloomberg.com (the “Bloomberg article”) reported that MSGN and MSGE were in the early stages of deliberations regarding a potential transaction.

70. The following day, the MSGE special committee determined to make a proposal to the MSGN special committee.

71. On March 12, 2021, the MSGE special committee delivered to the MSGN special committee (a) a written proposal for MSGE to acquire MSGN for a fixed exchange ratio of 0.163 shares of MSGE common stock for each share of MSGN common stock and (b) an initial draft of the merger agreement. Later that day, the MSGE special committee also transmitted to MSGN special committee initial drafts of the voting agreements that it was proposed the Dolan Family Group

would enter into with respect to the proposed transaction. Thereafter, the MSGE special committee's legal counsel confirmed that **the MSGE special committee was unwilling to consider any transaction that was contingent upon the approval of the holders of a majority of the MSGN shares not held by the Dolan Family Group.**

72. Over the next two weeks, the companies negotiated the terms of a proposed transaction. During these discussions, the MSGN special committee proposed (a) a different measuring period for assessing the relative trading values of the two companies, (b) an exchange ratio of 0.180 shares of MSGE common stock for each share of MSGN common stock, and (c) the expansion of MSGE's board by one member and the appointment of one of MSGN's existing independent directors to MSGE's board.

73. On March 21, 2021, the MSGN special committee met with the MSGE special committee, during which the MSGE special committee indicated that it was prepared to recommend an "at market" transaction based on the 30-day VWAP of the two companies' stock prices, which translated to an exchange ratio of 0.1685 shares of MSGE common stock for each share of MSGN common stock, expressed a strong desire to conclude negotiations promptly, and accepted the MSGN special committee's position that the MSGE board be expanded to include a MSGN director upon completion of the transaction. The MSGN special committee countered that it

might be prepared to accept an exchange ratio of 0.172, which the MSGE special committee confirmed that it would be prepared to likewise accept.

74. On March 22, 2021, the MSGN special committee's counsel explored with Debevoise whether the Dolan family group would support any strategic transaction involving MSGN at this time other than a transaction with MSGE. Debevoise informed the MSGN special committee that the Dolan Family Group would not support any strategic transaction involving MSGN other than a transaction with MSGE.

75. On March 24, 2021, the MSGE special committee unanimously (a) determined that the merger agreement, the MSGN voting agreement and the transactions contemplated thereby, including the Proposed Merger, are advisable, fair to and in the best interests of MSGE, and (b) recommended that the MSGE board adopt resolutions approving, adopting and declaring advisable the merger agreement, the MSGN voting agreement and transactions contemplated thereby, including the Proposed Merger.

76. The next day, on March 25, 2021, the MSGN special committee likewise unanimously recommended that the MSGN Board (a) determine that the Merger Agreement, the MSGE voting agreement and the transactions contemplated thereby, including the Proposed Merger, are fair to and in the best interests of MSGN and its stockholders, (b) approve, adopt and declare advisable the Merger

Agreement, the MSGE voting agreement and the transactions contemplated thereby, including the merger, (c) resolve to recommend that the stockholders of MSGN adopt the Merger Agreement and (d) direct that the Merger Agreement be submitted to the stockholders of MSGN.

77. Thereafter, on March 25, 2021, the Board met and unanimously (a) determined that the Merger Agreement, the MSGE voting agreement and the transactions contemplated thereby, including the Proposed Merger, are fair to and in the best interests of MSGN and its stockholders, (b) approved, adopted and declared advisable, the Merger Agreement, the MSGE voting agreement and the transactions contemplated thereby, including the Proposed Merger, (c) resolved to recommend that the stockholders of MSGN adopt the Merger Agreement, and (d) resolved to direct that the Merger Agreement be submitted to the stockholders of MSGN for adoption.

78. Also on March 25, 2021, the Dolan family committee, which has authority with respect to voting matters for the Dolan Family Group, approved of the Dolan Family Group supporting the Proposed Merger. Later that night, the transaction documentation was finalized, the Merger Agreement was executed, and the voting agreements were executed and delivered by the Dolan Family Group, MSGN, and MSGE, as applicable.

79. On March 26, 2021, MSGN and MSGE issued a joint press release announcing the entry into the Merger Agreement, which provides in pertinent part:

MSG ENTERTAINMENT TO ACQUIRE MSG NETWORKS

**Creates Stronger, More Diversified Company with Shared
Commitment to Delivering Innovative Experiences Delivers
Enhanced Financial Flexibility to Pursue Growth Opportunities
Across Entertainment and Media**

**Acquisition Unanimously Approved by Special Committees of
Independent Directors and Boards of Directors of Both
Companies**

NEW YORK, NY, March 26, 2021 – Madison Square Garden Entertainment Corp. (“MSG Entertainment”) (NYSE: MSGE) and MSG Networks Inc. (“MSG Networks”) (NYSE: MSGN) today announced they have reached a definitive agreement for MSG Entertainment to acquire MSG Networks in an all-stock, fixed exchange ratio transaction.

The merger is expected to be tax-free for both MSG Entertainment and MSG Networks and their stockholders. Upon the closing of the transaction, MSG Networks stockholders would receive 0.172 shares of MSG Entertainment Class A or Class B common stock for each share of MSG Networks Class A or Class B common stock they own. The exchange ratio is approximately 4% above the ratio of the unaffected closing stock prices of the two companies on March 10, 2021, the last trading day before a press report speculated on a potential transaction.

This transaction would create a leading entertainment and media company with a more diversified revenue base that would be well positioned to deliver innovative experiences across all of its assets. The combined company would have a stronger liquidity position to support its live entertainment business, which following the shutdown of its venues due to the pandemic, is now on a path back to normal operations. In addition, the new company would have enhanced financial flexibility to fund current growth initiatives, including its planned state-of-the-art

venue in Las Vegas, MSG Sphere at The Venetian, as well as future opportunities across both entertainment and media.

With the acquisition of MSG Networks, MSG Entertainment anticipates it would capture more of the emerging revenue opportunity related to the potential expansion of legalized sports gaming in its market. The combination of the companies' media, digital and venue assets creates a powerful platform for potential sports gaming partners, which is expected to generate significant incremental revenue in the years ahead.

MSG Entertainment President Andrew Lustgarten said: "MSG Entertainment is actively executing a plan designed to grow the Company beyond its established collection of assets into one that is pioneering the next generation of entertainment. We have always believed in the value of live sports and look forward to welcoming MSG Networks back into the fold as part of a transaction that we are confident would enhance our financial flexibility and set the stage for continued growth and value creation."

MSG Networks President and CEO Andrea Greenberg said: "We anticipate significant benefits from rejoining MSG Entertainment, including creating a combined company with greater diversification and resources. This would, in turn, help drive new innovative opportunities across both the entertainment and media businesses, ultimately creating significant value for our collective shareholders."

In addition to forming a diversified company with enhanced financial flexibility, it is anticipated that the combined company would realize meaningful tax efficiencies. 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.

MSG Networks is a leader in sports content development and distribution that generates significant revenue, adjusted operating income, and free cash flow. For fiscal year 2020, MSG Networks generated revenue of \$685.8 million, operating income of \$295.0 million, adjusted operating income of \$321.4 million, net cash provided by operating activities of \$210.0 million, and free cash flow of \$207.2 million. The media company's two networks, MSG Network and MSG+, operate in the nation's number one media market, the New York DMA, as well as other portions of New York, New Jersey, Connecticut and Pennsylvania. The networks deliver exclusive live local games of the New York Knicks, New York Rangers, New York Islanders, New Jersey Devils and Buffalo Sabres, as well as significant coverage of the New York Giants and Buffalo Bills.

While MSG Networks continues to operate in an evolving media landscape, the Company reported for its fiscal 2021 second quarter a sequential improvement in its year-over-year rate of subscriber decline, which has continued to improve so far during the fiscal 2021 third quarter. And with the 2020-21 NBA and NHL seasons, MSG Networks is currently enjoying significant year-over-year increases in viewership for both its linear networks and MSG GO streaming app, which helps drive the Company's advertising revenue.

MSG Entertainment's portfolio features iconic venues, including Madison Square Garden; production assets such as the Radio City Rockettes and the Christmas Spectacular and a majority interest in Tao Group Hospitality. MSG Entertainment is actively pursuing its vision for MSG Sphere – new, state-of-the-art venues that will reinvent the entertainment experience. Construction is well underway on MSG Sphere in Las Vegas, and the Company continues to pursue its plans for an additional MSG Sphere in London, pending necessary approvals.

The definitive agreement was exclusively negotiated and unanimously approved by Special Committees of MSG Entertainment's and MSG Networks' boards, both of which are comprised entirely of independent

directors. The agreement was also unanimously approved by the Boards of Directors of both MSG Entertainment and MSG Networks.

The transaction is subject to approval by a majority of the combined voting power of the outstanding shares of MSG Networks Class A common stock and Class B common stock. MSG Entertainment's issuance of its common stock in the transaction is subject to approval by a majority of the combined voting power of the votes cast by the holders of shares of MSG Entertainment Class A common stock and Class B common stock and, separately, the issuance of MSG Entertainment Class B shares must be approved by the holders of not less than 66 2/3% of the voting power of the outstanding shares of MSG Entertainment Class B common stock. The Special Committee of the Board of Directors of MSG Networks, and the full board, based on the recommendation of the MSG Networks Special Committee, have each recommended that MSG Networks stockholders adopt the merger agreement. The Special Committee of the Board of Directors of MSG Entertainment, and the full Board, based on the recommendation of the MSG Entertainment Special Committee, have each recommended that MSG Entertainment stockholders approve the issuance of MSG Entertainment common stock required for the transaction.

The holders of all of the outstanding shares of MSG Networks Class B common stock and MSG Entertainment Class B common stock, who have sufficient votes to approve the transaction, have entered into voting agreements pursuant to which they have agreed to vote all of the MSG Networks Class B common stock and MSG Entertainment Class B common stock in favor of the adoption of the merger agreement and the issuance of MSG Entertainment common stock required for the transaction, respectively.

The transaction, which is also subject to customary closing conditions, is expected to be completed during the third quarter of calendar 2021. Upon the closing of the transaction, a current director of MSG Networks elected by the holders of its Class A common stock would be appointed as a director of MSG Entertainment.

Moelis & Company LLC and The Raine Group are serving as independent financial advisors and Wachtell, Lipton, Rosen & Katz is

serving as independent legal counsel to the Special Committee of the Board of Directors of MSG Entertainment. LionTree Advisors LLC and Morgan Stanley & Co. LLC are serving as independent financial advisors and Davis Polk & Wardwell LLP is serving as independent legal counsel to the Special Committee of the Board of Directors of MSG Networks. Debevoise & Plimpton LLP is serving as legal counsel to the Dolan family.

D. The Anticipated Stockholder Vote Does Not Comply with Section 203

1. MSGN Is Subject to Section 203

80. As noted above, pursuant to Section 203(b) of the DGCL, the provisions of Section 203 related to business combinations amongst “interested stockholders” govern unless either the original or amended certificate of incorporation “contains a provision expressly electing not to be governed by this section.”

81. MSGN filed its Certificate of Incorporation on July 29, 2009 and its Amended and Restated Certificate of Incorporation on February 10, 2010. Neither the Certificate of Incorporation nor the Amended and Restated Certificate of Incorporation contains a waiver expressly electing not to be governed by Section 203 of the DGCL. Therefore, MSGN is governed by Section 203 of the DGCL.

82. What is more, in early 2010, when Madison Square Garden, Inc. (MSGN’s predecessor) was spun off from Cablevision, the Information Statement issued in connection with the spin-off stated:

Section 203 of the Delaware General Corporation Law

Section 203 of the General Corporation Law of the State of Delaware prohibits certain transactions between a Delaware corporation and an “interested stockholder.” An “interested stockholder” for this purpose is a stockholder who is directly or indirectly a beneficial owner of 15% or more of the aggregate voting power of a Delaware corporation. This provision prohibits certain business combinations between an interested stockholder and a corporation for a period of three years after the date on which the stockholder became an interested stockholder, unless: (1) prior to the time that a stockholder became an interested stockholder, either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder is approved by the Company’s Board of Directors, (2) the interested stockholder acquired at least 85% of the aggregate voting power of the Company in the transaction in which the stockholder became an interested stockholder, or (3) the business combination is approved by a majority of the Board of Directors and the affirmative vote of the holders of two-thirds of the aggregate voting power not owned by the interested stockholder at or subsequent to the time that the stockholder became an interested stockholder. **These restrictions do not apply if, among other things, the Company’s certificate of incorporation contains a provision expressly electing not to be governed by Section 203. Our certificate of incorporation will not contain such an election. However, our Board of Directors exercised its right under Section 203 to approve the acquisition of our common stock in the Distribution by members of the Dolan family group. This will have the effect of making Section 203 inapplicable to transactions between the Company and members of the Dolan family group.**

(emphasis added).

83. Finally, in the Comparison of the Rights of Holders of MSGE Common Stock and Holders of MSGN Common Stock section of the Registration Statement, MSGN continued to represent, just as it did when it was formed, that:

Section 203 of the DGCL generally prohibits “business combinations,” including mergers, sales and leases of assets, issuances of securities and similar transactions by a corporation or a subsidiary with an interested stockholder who beneficially owns 15% or more of a corporation’s voting stock, within three years after the person or entity becomes an interested stockholder, unless: (i) the board of directors of the target corporation has approved, before the acquisition time, either the business combination or the transaction that resulted in the person becoming an interested stockholder; (ii) upon consummation of the transaction that resulted in the person becoming an interested stockholder, the person owns at least 85% of the corporation’s voting stock (excluding shares owned by directors who are officers and shares owned by employee stock plans in which participants do not have the right to determine confidentially whether shares will be tendered in a tender or exchange offer); or (iii) after the person or entity becomes an interested stockholder, the business combination is approved by the board of directors and authorized at a meeting of stockholders by the affirmative vote of at least 66 2/3% of the outstanding voting stock not owned by the interested stockholder.

MSG Networks has not opted out of the protections of Section 203 of the DGCL. As a result, the statute applies to MSG Networks. However, the MSGN board exercised its right under Section 203 to approve the acquisition of MSGN common stock in the spin-off of MSG Networks from Cablevision Systems Corporation by members of the Dolan family group. This has the effect of making Section 203 inapplicable

to transactions between MSG Networks and current and future members of the Dolan family group.

(emphasis added).

2. Section 203 Prohibits Certain Business Combinations

84. Pursuant to Section 203 of the DGCL, a corporation is prohibited from engaging in any “business combination” with any “interested stockholder” for a period of 3 years following the time that such stockholder became an “interested stockholder,” unless “(1) [p]rior to such time the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder” or “(3) [a]t or subsequent to such time the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.”

85. Section 203 defines “business combination” to include “[a]ny merger or consolidation of the corporation or any direct or indirect majority-owned subsidiary of the corporation with...the interested stockholder.” 8 Del. C. § 203(c)(3)(i).

86. Therefore, the Proposed Merger is a prohibited “business combination” if MSGE is an “interested stockholder,” the combination is occurring within 3 years from the date that MSGE became an “interested stockholder,” and the Proposed

Merger is not exempted.

3. MSGE Is an “Interested Stockholder”

87. As noted above, according to the Registration Statement, as of May 17, 2021, the Dolan Family Group ownership and voting power at MSGE will increase from approximately 21.3% of the outstanding MSGE common stock and approximately 70.7% of the total voting power prior to the Proposed Merger to approximately 23.6% of the outstanding MSGE common stock and approximately 72.7% of the total voting power upon completion of the Proposed Merger. Thus, the Dolan Family Group are “interested stockholders” of MSGE, as they own more than 15% of MSGE’s voting power.

88. Similarly, the Dolan Family Group owns 100% of the MSGN Class B common stock and 76.9% of the total voting power over MSGN. Thus, the Dolan Family Group are also “interested stockholders” of MSGN, as they own more than 15% of MSGN’s voting power.

89. Section 203 broadly defines “interested stockholder” to include “any person... that (i) is the owner of 15% or more of the outstanding voting stock of the corporation, or (ii) 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) (emphasis added). As outlined below, MSGE is both.

a. MSGE Is an “Owner”

90. An “interested stockholder” includes “the owner of 15% or more of the outstanding voting stock of the corporation.” 8 Del. C. § 203(c)(5).

91. Section 203(c)(9) broadly defines an “Owner” as “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.”

92. As outlined above, it appears that the management teams of MSGE and MSGN, which are led by J. Dolan, came to an agreement – no later than December 2020 – for the companies to merge.

93. Accordingly, MSGE was an “owner,” and thus an “interested stockholder,” of MSGN by virtue of reaching an “agreement, arrangement or understanding” with the Dolan Family Group to support MSGE’s acquisition of MSGN.

b. MSGE Is an Affiliate or Associate of an Interested Stockholder

94. Section 203 broadly defines “interested stockholder” to include “any person...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) (emphasis added).

95. In turn, Section 203 broadly defines “affiliate” to mean “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) and “associate” to mean “[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).

96. MSGE qualifies as an “interested stockholder” of MSGN by way of the Dolan Family Group. More specifically, the Dolan Family Group owns 21.3% of the outstanding MSGE common stock and approximately 70.7% of its total voting power, and 100% of the Class B common stock of MSGE, such that they control MSGE and are its “affiliates.”

97. The Dolan Family Group is also an “affiliate” and “associate” of MSGN because they control MSGN and because members of the Dolan Family Group are both directors and officers of, and own 20% or more of the voting stock of, MSGN.

98. Finally, MSGE and MSGN are “affiliates” because they are under the “common control” of the Dolan Family Group.

4. MSGE Became an “Interested Stockholder” Within Three Years

99. MSGE was incorporated in 2019 and spun off as a separately owned entity in 2020. Accordingly, MSGE could not have become an “interested stockholder” more than three years ago.

5. The Proposed Merger Is Not Exempted

100. Pursuant to Section 203, the prohibition on a “business combination” with an “interested stockholder” does not apply if either: “(1) [p]rior to such time [as the interested stockholder became an interested stockholder,] the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder” or “(3) “[a]t or subsequent to such time [as the interested stockholder became an interested stockholder,] the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.”

101. Here, MSGE became an interested stockholder prior to the Board’s approval of the Proposed Merger. Accordingly, the only way for the Proposed Merger to be exempted from the Section 203 prohibition is if (1) the Board

“approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder” or (2) the “business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.”

102. In early 2010, when Madison Square Garden, Inc. (MSGN’s predecessor) was spun off from Cablevision Systems Corporation, the Information Statement issued in connection with the spin-off stated:

Section 203 of the Delaware General Corporation Law

These restrictions do not apply if, among other things, the Company’s certificate of incorporation contains a provision expressly electing not to be governed by Section 203. Our certificate of incorporation will not contain such an election. However, our Board of Directors exercised its right under Section 203 to approve the acquisition of our common stock in the Distribution by members of the *Dolan family group*. This will have the effect of making Section 203 inapplicable to transactions between the Company and members of the *Dolan family group*.

(emphasis added).

103. In the same Information Statement, the members of the “Dolan family group” were identified as:

Members of the Dolan family will form a “group” for purposes of Section 13(d) of the Securities Exchange Act of 1934. The members of this group (the “Group Members”) are: Charles F. Dolan, individually and as Trustee of the Charles F. Dolan 2009 Revocable Trust (the “CFD 2009 Trust”), the Charles F. Dolan 2008 Grantor Retained Annuity Trust #2 (the “2008 GRAT #2”), the Charles F. Dolan 2009 Grantor Retained Annuity Trust #1 (the “2009 GRAT #1”), the Charles F. Dolan 2009 Grantor Retained Annuity Trust #2 (the “2009 GRAT #2”), the Charles F. Dolan 2009 Grantor Retained Annuity Trust #3 (the “2009 GRAT #3”) and the Charles F. Dolan 2010 Grantor Retained Annuity Trust #1 (the 2010 GRAT #1); Helen A. Dolan, individually and as Trustee of the Helen A. Dolan 2009 Revocable Trust (the “HAD 2009 Trust”), the Helen A. Dolan 2009 Grantor Retained Annuity Trust #1 (the “HAD 2009 GRAT #1”), the Helen A. Dolan 2009 Grantor Retained Annuity Trust #2 (the “HAD 2009 GRAT #2”) and the Helen A. Dolan 2010 Grantor Retained Annuity Trust #1 (the “HAD 2010 GRAT #1”); James L. Dolan; Thomas C. Dolan; Patrick F. Dolan; Kathleen M. Dolan, individually and as a Trustee of the Charles F. Dolan Children Trust fbo Kathleen M. Dolan, the Charles F. Dolan Children Trust fbo Deborah Dolan-Sweeney, the Charles F. Dolan Children

104. Obviously missing from this exclusive listing are MSGE (which was not formed until 2019) or any expansive language that might encompass any of the Dolan Family Group’s other, unnamed, or future affiliates or associates. Accordingly, the Board could not have “approved either the business combination or the transaction which resulted in [MSGE] becoming an interested stockholder.”

105. All that remains is if the “business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders,

and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.” However, as noted above, pursuant to the Registration Statement, Defendants represent that “[a]pproval of the MSGN merger proposal requires the affirmative vote of the holders of a majority of the total voting power of the outstanding shares of MSGN Class A common stock and MSGN Class B common stock, voting together as a single class, entitled to vote on such matter, at the MSGN special meeting pursuant to Section 251(c) of the DGCL.”

106. Therefore, Defendants are violating Section 203 by permitting MSGE to acquire MSGN in a manner that does not comply with the statutory requirements of Section 203.

D. The Registration Statement Fails to Disclose Material Information.

107. In addition to the primary Section 203 violation outlined above, the Registration Statement also omits and/or misrepresents material information that must be disclosed to MSGN’s stockholders to enable them to render an informed decision with respect to the Proposed Merger.

108. First, the Registration Statement fails to disclose that the Proposed Merger is by an interested stockholder and governed by Section 203. In light of the fact that such related party transactions rarely deliver full value to stockholders, stockholders would want to know that they are in the midst of one before casting a

vote on the Proposed Merger.

109. Second, and relatedly, the Registration Statement fails to disclose that the Proposed Merger is governed by Section 203 and it is presently violative of Delaware law, making the Proposed Merger voidable if 66 2/3 percent of the disinterested stockholders do not approve it, yet stockholders are not told about this material fact.

110. Third, the Registration Statement fails to disclose the number of affirmative votes of MSGN common stock required under Section 203 to complete the Proposed Merger. Instead, as currently written, the Registration Statement falsely represents that:

Approval of the MSGN merger proposal requires the affirmative vote of the holders of a majority of the total voting power of the outstanding shares of MSGN Class A common stock and MSGN Class B common stock, voting together as a single class, entitled to vote on such matter, at the MSGN special meeting pursuant to Section 251(c) of the DGCL.

* * *

As a result of the voting agreements, there are sufficient votes committed to approving both the MSGE share issuance proposal and the MSGN merger proposal without the participation of other [MSGE] or MSG[N] stockholders, as applicable.

This is false. Again, stockholders plainly need to know what vote – and in what form – is required to approve the Proposed Merger or, just as importantly, what withhold

vote is required to vote it down.

111. Fourth, with respect to the restrictions of Section 203, the Registration Statement falsely represents that:

[T]he MSGN board exercised its right under Section 203 to approve the acquisition of MSGN common stock in the spin-off of MSG Networks from Cablevision Systems Corporation by members of the Dolan family group. This has the effect of making Section 203 inapplicable to transactions between MSG Networks and current and future members of the Dolan family group.

As detailed above, this limited waiver is not valid as to MSGE, rendering this statement materially misleading.

E. The Proposed Merger Is Subject to Entire Fairness Review

112. As outlined above, the Dolan Family Group are the controlling stockholders of both MSGN and MSGE and are receiving a unique benefit in the Proposed Merger. What is more, they refused to condition the approval of the Proposed Merger on a majority of the minority vote.

113. As also outlined above, the process that resulted in the Proposed Merger was unfair. The MSGN special committee was prohibited from reviewing other value-maximizing transactions and the Board was advised by conflicted legal counsel.

114. Unsurprisingly, the process did not secure anything close to fair value for MSGN shareholders. Indeed, as Boyar Asset Management explained in a letter

to Defendant J. Dolan, the deal price “can only be described as a takeunder.” Boyar

Asset elaborated:

The proposed purchase price grossly undervalues MSGN. The price being offered values MSGN at just 5.1x MSGN’s FY 2020 adjusted operating income and just 4.5x its FY 2020 free cash flow. **In our view, the implied multiple of the proposed transaction is wholly inadequate, as it does not reflect MSGN’S strong fundamentals and cash-generating abilities, represents a meaningful discount to publicly traded cable network comps and precedent industry transactions, and does not adequately compensate MSGN for its increasingly valuable sports media rights, which includes local broadcast rights to both the Knicks and Rangers.** Both teams were listed as the most valuable sports franchises in Forbes’ recent ranking for NBA and NHL teams. We currently value MSGN at 9.0x our estimated 2022 EBITDA projection, an amount we view as extremely conservative (our estimate of EBITDA is more than 30% below what was generated in FY 2020) and which yields an intrinsic value of approximately \$25 per share. In addition, our projections do not fully reflect the substantial likelihood that online sports gambling will be legalized throughout New York over the next few years. Legal gambling should cause revenue to grow substantially through increased advertising, affiliate fee revenue, and the prospect of meaningful ancillary revenues associated with online wagering.

The YES network, the broadcast home of The New York Yankees, was recently sold by Disney at ~8.5x times. It should be noted that the transaction was a “forced sale,” as Disney needed to sell the network to consummate the Fox transaction. One only needs to look at the latest NFL media rights deals to see the value of the intellectual property that MSGN controls (through its rights to

broadcast both the Knicks and the Rangers).
Shareholders deserve to be properly compensated.

Funding a separate entity's capital needs by purchasing another related entity (**at a bargain basement price**) that produces robust free cash flow is not a legitimate reason for a transaction....We believe that MSGN shareholders should be appropriately compensated for the strong free cash flow generating abilities it brings to the table. **As the transaction is currently structured, MSGE and its shareholders are positioned as the primary beneficiary of MSGN's future free cash flow generating abilities.**

Because your family controls both entities in the proposed transaction, it is of the utmost importance, not to mention good corporate governance, that minority shareholders are treated fairly. In fact, the best precedent of what should be done to ensure minority shareholders are protected is what the Dolan Family did when it attempted to take Cablevision private in 2007. As I am sure you recall, because the Dolan Family controlled the company through super voting shares, **the minority shareholders were given the opportunity to decide if the transaction was in their best interest** (it was not, and the transaction was not consummated after being voted down by minority shareholders). We strongly believe that the same standard should be followed in this case. As mentioned earlier, MSGN owns valuable intellectual property that many suitors would covet. **The best thing for all shareholders would be to open the transaction to other bidders (including Madison Square Garden Sports) and let the market decide the fair price for MSGN.**

(emphasis added).

115. Simply put, the Proposed Merger is the result of a patently unfair and conflicted process, which resulted in grossly inadequate consideration for MSGN shareholders.

116. Defendants bear the burden of demonstrating the Proposed Merger's entire fairness, which they most certainly cannot do.

COUNT I

(Against MSGN, the Director Defendants, and MSGE for Violation of Section 203)

117. Plaintiff repeats and realleges each allegation set forth herein.

118. MSGE became an interested stockholder in MSGN, as defined in Section 203, within the past three years.

119. Pursuant to Section 203, a corporation governed by Section 203 is prohibited from engaging in any business combination with any "interested stockholder" for a period of 3 years following the time that such stockholder became an "interested stockholder," unless, among other things, "[a]t or subsequent to such time the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder."

120. According to the Registration Statement, however "[a]pproval of the

MSGN merger proposal requires the affirmative vote of the holders of a majority of the total voting power of the outstanding shares of MSGN Class A common stock and MSGN Class B common stock, voting together as a single class, entitled to vote on such matter, at the MSGN special meeting pursuant to Section 251(c) of the DGCL.”

121. Defendants are therefore violating Section 203 by permitting MSGE to acquire MSGN in a manner that does not comply with the statutory requirements of Section 203.

122. The Proposed Merger therefore does not comply with, and thus violates, Section 203. Consummation of the Proposed Merger in violation of the statute will cause irreparable harm.

123. Plaintiff and the members of the Class have no adequate remedy at law. Only through the exercise of this Court’s equitable powers can Plaintiff and the Class be fully protected from immediate and irreparable injury, which Defendants’ actions threaten to inflict.

COUNT II

(Against the Director Defendants for Breach of Fiduciary Duties)

124. Plaintiff repeats and realleges each allegation set forth herein.

125. The Director Defendants have violated fiduciary duties owed to the public stockholders of MSGN.

126. By the acts, transactions and courses of conduct alleged herein, the Director Defendants are knowingly or recklessly violating their fiduciary duties of care and loyalty by permitting MSGE to acquire MSGN in a manner that does not comply with the statutory requirements of Section 203 and pursuant to an unfair process and for an unfair price.

127. In addition, the Director Defendants have failed to provide MSGN's public stockholders with all material information necessary to decide how to vote their shares in connection with the Proposed Merger. More specifically, the Director Defendants are knowingly or recklessly violating their fiduciary duty of candor by permitting MSGE to acquire MSGN without stockholders being fully informed that the Proposed Merger is governed by Section 203 and regarding the number of affirmative votes of MSGN common stockholders required under that section to complete the Proposed Merger.

128. Unless the Director Defendants are enjoined by the Court, they will continue to breach their fiduciary duties owed to Plaintiff and the members of the Class, all to the irreparable harm of the members of the Class.

129. Plaintiff and the members of the Class have no adequate remedy at law. Only through the exercise of this Court's equitable powers can Plaintiff and the Class be fully protected from immediate and irreparable injury, which the Director Defendants' actions threaten to inflict.

COUNT III

(Against MSGE for Aiding and Abetting, in the Alternative)

130. Plaintiff repeats and realleges each allegation set forth herein.

131. In addition to the wrongful conduct herein alleged as giving rise to primary liability, MSGE alternatively aided and abetted and/or assisted the Director Defendants in the breach of their respective duties as herein alleged. MSGE has acted and is acting with knowledge of, or with reckless disregard to, the fact that the Director Defendants and MSGN are in violation of Section 203, and has participated in such violation. MSGE knowingly aided and abetted MSGN and the Director Defendants' wrongdoing alleged herein. In so doing, it rendered substantial assistance in order to effectuate the Director Defendants' plan to consummate the Proposed Merger in violation of Section 203.

132. During all relevant times hereto, MSGE initiated a course of conduct that was designed to: (i) favor MSGE; (ii) permit MSGE to acquire MSGN in a manner that does not comply with the statutory requirements of Section 203; (iii) permit MSGE to acquire MSGN without stockholders being fully informed that the Proposed Merger is governed by Section 203; and (iv) permit MSGE to acquire MSGN without stockholders being fully informed regarding the number of affirmative votes of MSGN common stockholders required under that section to complete the Proposed Merger. In furtherance of this plan and course of conduct,

MSGE took the actions as set forth herein.

133. Plaintiff and the members of the Class have no adequate remedy at law. Only through the exercise of this Court's equitable powers can Plaintiff and the Class be fully protected from immediate and irreparable injury, which MSGE's actions threaten to inflict.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands relief in her favor and in favor of the Class and against Defendants as follows:

A. Declaring that this action is properly maintainable as a Class action and certifying Plaintiff as the Class representative;

B. Enjoining the shareholder vote on the Proposed Merger and/or the consummation of the Proposed Merger, unless and until the Company (i) requires that the vote on the Proposed Merger comply with the statutory requirements of Section 203; (ii) disclose to stockholders that the Proposed Merger is governed by Section 203; and (iii) disclose to stockholders the correct number and form of affirmative votes of MSGN common stock required under Section 203 to complete the Proposed Merger;

C. Rescinding, to the extent already implemented, the Proposed Merger or any of the terms thereof, or granting Plaintiff and the Class rescissory damages;

D. Directing MSGN, the Director Defendants, and MSGE to account to Plaintiff and the Class for all damages suffered as a result of the wrongdoing;

E. Awarding Plaintiff the costs and disbursements of this action, including reasonable attorneys' and experts' fees; and

F. Granting such other and further equitable relief as this Court may deem just and proper.

Dated: June 9, 2021

Respectfully submitted,

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