MADISON SQUARE GARDEN CO

FORM 8-K
(Current report filing)

Filed 12/18/17 for the Period Ending 12/15/17

Address	TWO PENNSYLVANIA PLAZA
	NEW YORK, NY, 10121
Telephone	212-465-6000
CIK	0001636519
Symbol	MSG
SIC Code	7990 - Services-Miscellaneous Amusement and Recreation
Industry	Entertainment Production
Sector	Consumer Cyclicals
Fiscal Year	06/30

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 15, 2017

THE MADISON SQUARE GARDEN COMPANY
(Exact name of registrant as specified in its charter)

Delaware	**1-36900**	**47-3373056**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification Number)**

Two Penn Plaza **New York, NY**	**10121**
(Address of principal executive offices)	**(Zip Code)**

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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

Item 1.01 Entry into a Material Definitive Agreement

On December 15, 2017, The Madison Square Garden Company (the "Company") entered into certain agreements with Andrew Lustgarten, the President of the Company, as described more fully in Item 5.02 below.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The Board of Directors (the "Board") of the Company appointed Andrew Lustgarten as President of the Company effective December 15, 2017. Mr. Lustgarten, age 40, has served as Executive Vice President, Corporate Development and Strategy, of the Company since 2014, and was responsible for developing both internal and external opportunities that advance the Company's key growth initiatives, maintaining key industry and strategic alliances, and overseeing the Company's involvement in new strategic transactions. Prior to joining the Company, Mr. Lustgarten worked for the National Basketball Association for seven years, where he served as Senior Vice President, Global Strategy, and before that, Special Assistant to the Commissioner.

In connection with Mr. Lustgarten's appointment as President, Mr. Lustgarten and the Company entered into an employment agreement dated December 15, 2017. The term of the employment agreement will commence on December 15, 2017 (the "Effective Date"). The employment agreement provides for an annual base salary of not less than $1,000,000 and an annual target bonus equal to not less than 150% of Mr. Lustgarten's annual base salary. Bonus payments are based on actual salary paid during the year for which they are awarded. Mr. Lustgarten will also participate in future long-term incentive programs that are made available to similarly situated executives of the Company, subject to his continued employment by the Company. Commencing with the fiscal year beginning July 1, 2019, and each fiscal year thereafter, it is expected that Mr. Lustgarten will receive one or more long-term awards with an aggregate target value of not less than $2,000,000. For the current fiscal year, Mr. Lustgarten's long-term opportunity will be prorated to reflect the period from the Effective Date through June 30, 2018. Any such awards are subject to actual grant by the Compensation Committee of the Board (the "Compensation Committee"), and are pursuant to the applicable plan document and the terms and conditions established by the Compensation Committee in its sole discretion.

In connection with the execution of the employment agreement, Mr. Lustgarten received a one-time grant of stock options with an aggregate grant date value equal to $5,000,000 (the "Option Grant"). The Option Grant vests in three equal installments on each of the first three anniversaries of the Effective Date, and expires no later than 10 years after the date of grant. Under the employment agreement, Mr. Lustgarten continues to be eligible to participate in the Company's standard benefits program, subject to meeting the relevant eligibility requirements, payment of required premiums, and the terms of the plans.

If, on or prior to December 31, 2021, Mr. Lustgarten's employment with the Company is terminated (i) by the Company other than for "cause" as defined in the employment agreement, or (ii) by Mr. Lustgarten for "good reason" as defined in the employment agreement (so long as "cause" does not then exist), then, subject to Mr. Lustgarten's execution of a separation agreement with the Company, the Company will provide him with the following benefits and rights: (a) a severance payment in an amount determined at the discretion of the Company, but in no event less than two times the sum of Mr. Lustgarten's annual base salary and annual target bonus; (b) any unpaid annual bonus for the fiscal year prior to the fiscal year in which such termination occurred and a prorated annual bonus for the fiscal year in which such termination occurred; (c) each of Mr. Lustgarten's outstanding long-term cash awards will immediately vest in full and will be payable to Mr. Lustgarten to the same extent that other similarly situated active executives receive payment; (d) all of the time-based restrictions on each of Mr. Lustgarten's outstanding restricted stock or restricted stock units granted to him under the plans of the Company will immediately be eliminated and will be payable or deliverable to Mr. Lustgarten subject to satisfaction of any applicable performance criteria; and (e) each of Mr. Lustgarten's outstanding stock options and stock appreciation awards under the plans of the Company will immediately vest.

The employment agreement contains certain covenants by Mr. Lustgarten including a noncompetition agreement that restricts Mr. Lustgarten's ability to engage in competitive activities until the first anniversary of a termination of his employment with the Company.

The description above is qualified in its entirety by reference to Mr. Lustgarten's Employment Agreement and Option Agreement, which are attached hereto as Exhibits 10.1 and 10.2, respectively, and incorporated by reference into this Item 5.02 by reference.

In addition to the employment agreement, Mr. Lustgarten entered into certain aircraft time sharing agreements (the "Time Sharing Agreements") pursuant to which Mr. Lustgarten may lease various Company-owned or leased aircraft for limited personal use. For any flight taken under the Time Sharing Agreements, Mr. Lustgarten will pay for the actual expenses of the flight as listed in the applicable agreement, but not to exceed the maximum amount permitted under Federal Aviation Administration rules.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

10.1 Employment Agreement, dated December 15, 2017, between the Company and Andrew Lustgarten.

10.2 Option Agreement, dated December 15, 2017, between the Company and Andrew Lustgarten.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE MADISON SQUARE GARDEN COMPANY
(Registrant)

By: /s/ Lawrence J. Burian
Name: Lawrence J. Burian
Title: Executive Vice President,
General Counsel & Secretary

Dated: December 18, 2017

Exhibit 10.1

December 15, 2017

Mr. Andrew Lustgarten
The Madison Square Garden Company
Two Pennsylvania Plaza
New York, NY 10121

Dear Andy:

This letter agreement (the "Agreement"), effective as of the date hereof (the "Effective Date"), will confirm the terms of your employment with The Madison Square Garden Company (the "Company") following the Effective Date.

1. Your title will be President and you will continue to report to the Chief Executive Officer of the Company. You agree to continue to devote all of your business time and attention to the business and affairs of the Company and to perform your duties in a diligent, competent, professional and skillful manner and in accordance with applicable law. You shall not undertake any outside business commitments without the Company's consent.

2. Your annual base salary will be not less than $1,000,000 annually, paid bi-weekly, subject to annual review and potential increase by the Compensation Committee of the Board of Directors of the Company (the "Compensation Committee") in its discretion. The Compensation Committee will review your compensation package on an annual basis to ensure that you are paid consistently with other similarly situated executives as well as external peers.

3. You will also participate in our discretionary annual bonus program with an annual target bonus opportunity equal to not less than 150% of your annual base salary (with such target bonus opportunity effective for the current fiscal year). Bonus payments are based on actual salary dollars paid during the year and depend on a number of factors including Company, business unit and individual performance. However, the decision of whether or not to pay a bonus, and the amount of that bonus, if any, is made by the Compensation Committee in its sole discretion. Annual bonuses are typically paid early in the subsequent fiscal year. Except as otherwise provided herein, in order to receive a bonus, you must be employed by the Company at the time bonuses are being paid. Notwithstanding the foregoing, if your employment with the Company ends on the Scheduled Expiration Date (as defined below), you shall be paid your bonus for the fiscal year ending June 30, 2022 (based on the salary dollars actually paid through the Scheduled Expiration Date), if any, even if such payment is not made to you prior to the Scheduled Expiration Date, which bonus shall be subject to Company and your business unit performance for that fiscal year as determined by the Company in its sole discretion, but without adjustment for your individual performance.

4. You will also, subject to your continued employment by the Company and actual grant by the Compensation Committee, participate in such equity and other long-term incentive programs that are made available in the future to similarly situated executives at the Company. It is expected that such awards will consist of annual grants of cash and/or equity awards with an annual target value of not less than $2,000,000, all as determined by the Compensation Committee in its discretion. With respect to the Company's current fiscal year (ending June 30, 2018) the recommended target value shall be pro-rated to reflect the number of full months remaining in the fiscal year from and after the Effective Date (i.e., a hybrid target based on your pre-Effective Date annual target value and your post-Effective Date annual target value). All awards described in this Paragraph and in Paragraph 5 below, in addition to being subject to actual grant by the Compensation Committee, would be pursuant to the applicable plan document and would be subject to any terms and conditions established by the Compensation Committee in its sole discretion that would be detailed in separate agreements you would receive after any award is actually made; provided, however, that such terms and conditions shall be consistent with those in awards granted to similarly situated executives. Long-term incentive awards are currently expected to be subject to three-year vesting.

5. In addition to your eligibility to participate in the Company's regular long-term incentive programs, the Company will grant you a one-time special award of stock options on or promptly following the Effective Date (the "Option Grant"). The Option Grant will have an aggregate grant date fair value of $5,000,000, as determined by the Compensation Committee in its discretion. The Option Grant will (a) vest in three equal annual installments on each of the first three anniversaries of the Effective Date, and (b) expire not later than 10 years after the date of grant.

6. You will also continue to be eligible to participate in our standard benefits program, subject to meeting the relevant eligibility requirements, payment of the required premiums, and the terms of the plans themselves. We currently offer medical, dental, vision, life, and accidental death and dismemberment insurance; short- and long- term disability insurance; a savings and retirement program; and ten paid holidays. You will also continue to be eligible paid time off to be accrued and used in accordance with Company policy.

7. If your employment with the Company is terminated on or prior to December 31, 2021 (the "Scheduled Expiration Date") (i) by the Company (other than for "Cause"); or (ii) by you for "Good Reason" (other than if "Cause" then exists); then, subject to your execution and delivery, within 60 days after the date of termination of your employment, and non-revocation (within any applicable revocation period) of the Separation Agreement (as defined below), the Company will provide you with the following:

(a) Severance in an amount to be determined by the Company (the "Severance Amount"), but in no event less than two (2) times the sum of your annual base

salary and your annual target bonus as in effect at the time your employment terminates. Sixty percent (60%) of the Severance Amount will be payable to you on the six-month anniversary of the date your employment so terminates (the "Termination Date") and the remaining forty percent (40%) of the Severance Amount will be payable to you on the twelve-month anniversary of the Termination Date;

(b) Any unpaid annual bonus for the Company's fiscal year prior to the fiscal year which includes your Termination Date, and a *pro rated* bonus based on the amount of your base salary actually earned by you during the Company's fiscal year through the Termination Date, each of which will be paid to you when such bonuses are generally paid to similarly situated active executives and will be based on your then current annual target bonus as well as Company and your business unit performance for the applicable fiscal year as determined by the Company in its sole discretion, but without adjustment for your individual performance;

(c) Each of your outstanding long-term cash awards granted under the plans of the Company shall immediately vest in full and shall be payable to you at the same time as such awards are paid to active executives of the Company and the payment amount of such award shall be to the same extent that other similarly situated active executives receive payment as determined by the Compensation Committee (subject to satisfaction of any applicable performance criteria but without adjustment for your individual performance);

(d) (i) All of the time-based restrictions on each of your outstanding restricted stock or restricted stock unit awards granted to you under the plans of the Company shall immediately be eliminated, (ii) deliveries with respect to your restricted stock that are not subject to performance criteria or are subject to performance criteria that have previously been satisfied (as certified by the Compensation Committee) shall be made immediately after the effective date of the Separation Agreement, (iii) payment and deliveries with respect to your restricted stock units that are not subject to performance criteria or are subject to performance criteria that have previously been satisfied (as certified by the Compensation Committee) shall be made on the 90 th day after the termination of your employment and (iv) payments or deliveries with respect to your restricted stock and restricted stock units that are subject to performance criteria that have not yet been satisfied shall be made on the 90 th day after the applicable performance criteria is certified by the Compensation Committee as having been satisfied; and

(e) Each of your outstanding stock options and stock appreciation awards, if any, under the plans of the Company shall immediately vest and become exercisable,

and you shall have the right to exercise each of those options and stock appreciation awards for the remainder of the term of such option or award.

(f) Notwithstanding any provisions of this Paragraph 7 to the contrary, to the extent that (i) any awards granted prior to the Effective Date that are payable under this Paragraph 7 constitute "nonqualified deferred compensation" subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and any regulations and guidelines promulgated thereunder (collectively, "Section 409A"); and (ii) accelerated payout pursuant to the terms of this Paragraph 7 of such awards is not permitted by Section 409A, then such awards shall be payable to you at such time as is provided under the terms of such awards or otherwise in compliance with Section 409A.

If you die after a termination of your employment that is subject to this Paragraph 7, your estate or beneficiaries will be provided with any remaining benefits and rights under this Paragraph 7.

8. If you cease to be an employee of the Company prior to the Scheduled Expiration Date as a result of your death or your Disability (as defined in the Company's Long Term Disability Plan), and at such time Cause does not exist then, subject (other than in the case of death) to your execution and delivery, within 60 days after the date of termination of your employment, and non-revocation (within any applicable revocation period) of the Separation Agreement, you or your estate or beneficiary shall be provided with the benefits and rights set forth in Paragraphs 7(b), (d) and (e) above, and each of your outstanding long-term cash awards granted under the plans of the Company shall immediately vest in full, whether or not subject to performance criteria and shall be payable on the 90 th day after the termination of your employment; provided, that if any such award is subject to any performance criteria, then (i) if the measurement period for such performance criteria has not yet been fully completed, then the payment amount shall be at the target amount for such award and (ii) if the measurement period for such performance criteria has already been fully completed, then the payment of such award shall be at the same time and to the extent that other similarly situated executives receive payment as determined by the Compensation Committee (subject to satisfaction of the applicable performance criteria).

9. For purposes hereof, "Separation Agreement" shall mean the Company's standard severance agreement (modified to reflect the terms of this Agreement) which will include, without limitation, the provisions set forth in Paragraphs 7, 8 and 10 hereof and Annex A hereto regarding non-compete (limited to one year), non-disparagement, non-hire/non-solicitation, confidentiality (including, without limitation, the last paragraph of Section 3 of Annex A), and further cooperation obligations and restrictions on you (with Company reimbursement of your associated expenses and payment for your services as described in Annex A in connection with any required post-employment cooperation) as well as a general release by you of the Company and its affiliates (and their respective directors and officers), but shall otherwise contain no post-employment covenants unless agreed to by you. The Company shall provide you with the form

of Separation Agreement within seven days of your termination of employment. For avoidance of doubt, your rights of indemnification under the Company's Amended and Restated Certificate of Incorporation, under your indemnification agreement with the Company and under any insurance policy, or under any other resolution of the Board of Directors of the Company shall not be released, diminished or affected by any Separation Agreement or release or any termination of your employment.

10. Except as otherwise set forth in Paragraphs 7 and 8 hereof, in connection with any termination of your employment, your then outstanding equity and cash incentive awards shall be treated in accordance with their terms and, other than as provided in this Agreement, you shall not be eligible for severance benefits under any other plan, program or policy of the Company. Nothing in this Agreement is intended to limit any more favorable rights that you may be entitled to under your equity and cash incentive award agreements, including, without limitation, your rights in the event of a termination of your employment, a "Going Private Transaction" or a "Change of Control" (as those terms are defined in the applicable award agreement).

11. For purposes of this Agreement, " *Cause* " means your (i) commission of an act of fraud, embezzlement, misappropriation, willful misconduct, gross negligence or breach of fiduciary duty against the Company or an affiliate thereof, or (ii) commission of any act or omission that results in a conviction, plea of no contest, plea of *nolo contendere* , or imposition of unadjudicated probation for any crime involving moral turpitude or any felony.

For purposes of this Agreement, " *Good Reason* " means that (1) without your written consent, (A) your annual base salary or annual target bonus (as each may be increased from time to time in the Compensation Committee's sole discretion) is reduced, (B) your title (as in effect from time to time) is diminished, (C) you report to someone other than to the Chief Executive Officer or the Executive Chairman of the Board of the Company, (D) the Company requires that your principal office be located outside of the Borough of Manhattan, or (E) the Company materially breaches its obligations to you under this Agreement, (2) you have given the Company written notice, referring specifically to this Agreement and definition, that you do not consent to such action, (3) the Company has not corrected such action within 15 days of receiving such notice, and (4) you voluntarily terminate your employment with the Company within 90 days following the happening of the action described in subsection (1) above.

12. This Agreement does not constitute a guarantee of employment for any definite period. Your employment is at will and may be terminated by you or the Company at any time, with or without notice or reason.

13. The Company may withhold from any payment due to you any taxes required to be withheld under any law, rule or regulation. If any payment otherwise due to you hereunder would result in the imposition of the excise tax imposed by Section 4999 of the Code, the Company will instead pay you either (i) such amount or (ii) the maximum amount that could be paid to you

without the imposition of the excise tax, depending on whichever amount results in your receiving the greater amount of after-tax proceeds. In the event that the payments and benefits payable to you would be reduced as provided in the previous sentence, then such reduction will be determined in a manner which has the least economic cost to you and, to the extent the economic cost is equivalent, such payments or benefits will be reduced in the inverse order of when the payments or benefits would have been made to you (*i.e.* later payments will be reduced first) until the reduction specified is achieved. If the Company elects to retain any accounting or similar firm to provide assistance in calculating any such amounts, the Company shall be responsible for the costs of any such firm.

14. It is intended that this Agreement will comply with Section 409A to the extent this Agreement is subject thereto, and that this Agreement shall be interpreted on a basis consistent with such intent. If and to the extent that any payment or benefit under this Agreement, or any plan, award or arrangement of the Company or its affiliates, constitutes "non-qualified deferred compensation" subject to Section 409A and is payable to you by reason of your termination of employment, then (a) such payment or benefit shall be made or provided to you only upon a "separation from service" as defined for purposes of Section 409A under applicable regulations and (b) if you are a "specified employee" (within the meaning of Section 409A as determined by the Company), such payment or benefit shall not be made or provided before the date that is six months after the date of your separation from service (or your earlier death). Any amount not paid or benefit not provided in respect of the six month period specified in the preceding sentence will be paid to you, together with interest on such delayed amount at a rate equal to the average of the one-year LIBOR fixed rate equivalent for the ten business days prior to the date of your employment termination, in a lump sum or provided to you as soon as practicable after the expiration of such six month period. Each payment or benefit provided under this Agreement shall be treated as a separate payment for purposes of Section 409A to the extent Section 409A applies to such payment.

15. To the extent you are entitled to any expense reimbursement from the Company that is subject to Section 409A, (i) the amount of any such expenses eligible for reimbursement in one calendar year shall not affect the expenses eligible for reimbursement in any other taxable year (except under any lifetime limit applicable to expenses for medical care), (ii) in no event shall any such expense be reimbursed after the last day of the calendar year following the calendar year in which you incurred such expense, and (iii) in no event shall any right to reimbursement be subject to liquidation or exchange for another benefit.

16. The Company will not take any action, or omit to take any action, that would expose any payment or benefit to you to the additional tax of Section 409A, unless (i) the Company is obligated to take the action under an agreement, plan or arrangement to which you are a party, (ii) you request the action, (iii) the Company advises you in writing that the action may result in the imposition of the additional tax and (iv) you subsequently request the action in a writing that acknowledges you will be responsible for any effect of the action under Section 409A. The

Company will hold you harmless for any action it may take or omission in violation of this Paragraph 16, including any attorney's fees you may incur in enforcing your rights.

17. It is our intention that the benefits and rights to which you could become entitled in connection with termination of employment be exempt from or comply with Section 409A. If you or the Company believes, at any time, that any of such benefit or right is not exempt or does not comply, it will promptly advise the other and will negotiate reasonably and in good faith to amend the terms of such arrangement such that it complies (with the most limited possible economic effect on you and on the Company).

18. This Agreement is personal to you and without the prior written consent of the Company shall not be assignable by you. This Agreement shall inure to the benefit of and be enforceable by your legal representatives. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. The rights or obligations of the Company under this Agreement may only be assigned or transferred pursuant to a merger or consolidation in which the Company is not the continuing entity, or the sale or liquidation of all or substantially all of the assets of Company; provided, however, that the assignee or transferee is the successor to all or substantially all of the assets of Company and such assignee or transferee assumes the liabilities and duties of Company, as contained in this Agreement, either contractually or as a matter of law.

19. **To the extent permitted by law, you and the Company waive any and all rights to a jury trial with respect to any matter relating to this Agreement (including the covenants set forth in Annex A hereof). This Agreement will be governed by and construed in accordance with the law of the State of New York applicable to contracts made and to be performed entirely within that State.**

20. Both the Company and you hereby irrevocably submit to the jurisdiction of the courts of the State of New York and the federal courts of the United States of America in each case located in the City of New York, Borough of Manhattan, solely in respect of the interpretation and enforcement of the provisions of this Agreement, and each party hereby waives, and agrees not to assert, as a defense that either party, as appropriate, is not subject thereto or that the venue thereof may not be appropriate. You and the Company each agree that mailing of process or other papers in connection with any such action or proceeding in any manner as may be permitted by law shall be valid and sufficient service thereof.

21. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. It is the parties' intention that this Agreement not be construed more strictly with regard to you or the Company.

THE MADISON SQUARE GARDEN COMPANY
TWO PENNSYLVANIA PLAZA, NEW YORK, NY 10121-0091
TEL 212-465-6000

22. This Agreement reflects the entire understanding and agreement of you and the Company with respect to the subject matter hereof and supersedes all prior understandings or agreements relating thereto.

23. This Agreement will automatically terminate, and be of no further force or effect, on the Scheduled Expiration Date; provided, however, that the provisions of Paragraphs 7 through 10, 13 through 23 and Annex A, and any amounts earned but not yet paid to you pursuant to the terms of this Agreement as of the Scheduled Expiration Date shall survive the termination of the Agreement and remain binding on you and the Company in accordance with their terms.

THE MADISON SQUARE GARDEN COMPANY
TWO PENNSYLVANIA PLAZA, NEW YORK, NY 10121-0091
TEL 212-465-6000

Sincerely,

THE MADISON SQUARE GARDEN COMPANY

/s/ James L. Dolan

By: James L. Dolan
Title: Chief Executive Officer

Accepted and Agreed:

/s/ Andrew Lustgarten

Andrew Lustgarten

THE MADISON SQUARE GARDEN COMPANY
TWO PENNSYLVANIA PLAZA, NEW YORK, NY 10121-0091
TEL 212-465-6000

ANNEX A
ADDITIONAL COVENANTS
(This Annex constitutes part of the Agreement)

You agree to comply with the following covenants in addition to those set forth in the Agreement.

1. CONFIDENTIALITY

You agree to retain in strict confidence and not divulge, disseminate, copy or disclose to any third party any Confidential Information, other than for legitimate business purposes of the Company and its subsidiaries. As used herein, "Confidential Information" means any non-public information that is material or of a confidential, proprietary, commercially sensitive or personal nature of, or regarding, the Company or any of its subsidiaries or any current or former director, officer or member of senior management of any of the foregoing (collectively "Covered Parties"). The term Confidential Information includes information in written, digital, oral or any other format and includes, but is not limited to (i) information designated or treated as confidential; (ii) budgets, plans, forecasts or other financial or accounting data; (iii) customer, guest, fan, vendor, sponsor, marketing affiliate or shareholder lists or data; (iv) technical or strategic information regarding the Covered Parties' advertising, sports, entertainment, theatrical, or other businesses; (v) advertising, sponsorship, business, sales or marketing tactics, strategies or information; (vi) policies, practices, procedures or techniques; (vii) trade secrets or other intellectual property; (viii) information, theories or strategies relating to litigation, arbitration, mediation, investigations or matters relating to governmental authorities; (ix) terms of agreements with third parties and third party trade secrets; (x) information regarding employees, talent, players, coaches, agents, consultants, advisors or representatives, including their compensation or other human resources policies and procedures; (xi) information or strategies relating to any potential or actual business development transactions and/or any potential or actual business acquisition, divestiture or joint venture, and (xii) any other information the disclosure of which may have an adverse effect on the Covered Parties' business reputation, operations or competitive position, reputation or standing in the community.

If disclosed, Confidential Information or Other Information could have an adverse effect on the Company's standing in the community, its business reputation, operations or competitive position or the standing, reputation, operations or competitive position of any of its affiliates, subsidiaries, officers, directors, employees, coaches, consultants or agents or any of the Covered Parties.

Notwithstanding the foregoing, the obligations of this section, other than with respect to subscriber information, shall not apply to Confidential Information which is:

a) already in the public domain or which enters the public domain other than by your breach of this Paragraph 1;

b) disclosed to you by a third party with the right to disclose it in good faith; or

c) specifically exempted in writing by the Company from the applicability of this Agreement.

Notwithstanding anything elsewhere in this Agreement, including this Paragraph 1 and Paragraph 3 below, you are authorized to make any disclosure required of you by any federal, state and local laws or judicial, arbitral or governmental agency proceedings (including making truthful statements in connection with a judicial or arbitral proceeding to enforce your rights under this Agreement, to the extent reasonably required and made in good faith), after, to the extent legal and practicable, providing the Company with prior written notice and an opportunity to respond prior to such disclosure. In addition, this Agreement in no way restricts or prevents you from providing truthful testimony concerning the Company to judicial, administrative, regulatory or other governmental authorities.

2. NON-COMPETE

You acknowledge that due to your executive position in the Company and the knowledge of the Company's and its affiliates' confidential and proprietary information which you will obtain during the term of your employment hereunder, your employment by certain businesses would be irreparably harmful to the Company and/or its affiliates. During your employment with the Company and, provided that your employment has terminated on or prior to December 31, 2021, thereafter through the first anniversary of the date on which your employment with the Company has terminated for any reason, you agree not to (other than with the prior written consent of the Company), become employed by any Competitive Entity (as defined below). A "Competitive Entity" shall mean any person or entity that (1) has a direct or indirect 10% or greater ownership interest in, or management or control of, any business, person or entity that competes with any of the Company's businesses including, without limitation, any arena, stadium, professional sports team, sports league, concert venue, concert promoter, theatrical producer, or similar or related business (e.g., Internet sites in connection therewith) within the United States or within any other country in which the Company has any competing business or from which such business, person or entity competes with any of the Company's domestic businesses, or (2) is an affiliate of a person or entity described in clause (1). For purposes of this Paragraph 2, an affiliate of an entity (including, without limitation, the Company) shall mean an entity that directly or indirectly controls, is controlled by, or under common control with, such entity. An entity shall be deemed to compete with the on-line content business of the Company, or any of its affiliates only if the entity directly competes against the on-line content business of the Company, or its affiliate; provided, however, that an entity's business shall not be deemed to directly compete merely by the fact that the business sells ads on-line, unless the business specifically targets such ads to the

same customers or potential customers as being targeted by the on-line content business of the Company, its subsidiary or affiliate. Additionally, the ownership by you of not more than 1% of the outstanding equity of any publicly traded company shall not, by itself, be a violation of this Paragraph.

3. ADDITIONAL UNDERSTANDINGS

You agree, for yourself and others acting on your behalf, that you (and they) have not disparaged and will not disparage, make negative statements about (either "on the record" or "off the record") or act in any manner which is intended to or does damage to the good will of, or the business or personal reputations of the Company or any of its incumbent or former officers, directors, agents, consultants, employees, successors and assigns or any of the Covered Parties.

The Company agrees that, except as necessary to comply with applicable law or the rules of the New York Stock Exchange or any other stock exchange on which the Company's stock may be traded (and any public statements made in good faith by the Company in connection therewith), it and its corporate officers and directors, employees in its public relations department or third party public relations representatives retained by the Company will not disparage you or make negative statements in the press or other media which are damaging to your business or personal reputation. In the event that the Company so disparages you or makes such negative statements, then notwithstanding the "Additional Understandings" provision to the contrary, you may make a proportional response thereto.

In addition, you agree that the Company is the owner of all rights, title and interest in and to all documents, tapes, videos, designs, plans, formulas, models, processes, computer programs, inventions (whether patentable or not), schematics, music, lyrics and other technical, business, financial, advertising, sales, marketing, customer or product development plans, forecasts, strategies, information and materials (in any medium whatsoever) developed or prepared by you or with your cooperation in connection with your employment by the Company (the "Materials"). The Company will have the sole and exclusive authority to use the Materials in any manner that it deems appropriate, in perpetuity, without additional payment to you.

If requested by the Company, you agree to deliver to the Company upon the termination of your employment, or at any earlier time the Company may request, all memoranda, notes, plans, files, records, reports, and software and other documents and data (and copies thereof regardless of the form thereof (including electronic copies)) containing, reflecting or derived from Confidential Information or the Materials of the Company or any of its affiliates which you may then possess or have under your control. If so requested, you shall provide to the Company a signed statement confirming that you have fully complied with this Paragraph. Notwithstanding the foregoing, you shall be entitled to retain your contacts, calendars and personal diaries and any materials needed for your tax return preparation or related to your compensation.

In addition, you agree for yourself and others acting on your behalf, that you (and they) shall not, at any time, participate in any way in the writing or scripting (including, without limitation, any "as told to" publications) of any book, periodical story, movie, play, or other similar written or theatrical work or video that (i) relates to your services to the Company or any of its affiliates or (ii) otherwise refers to the Company or its respective businesses, activities, directors, officers, employees or representatives (other than identifying your biographical information), without the prior written consent of the Company.

4. FURTHER COOPERATION

Following the date of termination of your employment with the Company (the "Expiration Date"), you will no longer provide any regular services to the Company or represent yourself as a Company agent. If, however, the Company so requests, you agree to cooperate fully with the Company in connection with any matter with which you were involved prior to the Expiration Date, or in any litigation or administrative proceedings or appeals (including any preparation therefore) where the Company believes that your personal knowledge, attendance and participation could be beneficial to the Company. This cooperation includes, without limitation, participation on behalf of the Company in any litigation or administrative proceeding brought by any former or existing Company employees, representatives, agents or vendors. The Company will pay you for your services rendered under this provision at the rate of $6,800 per day for each day or part thereof, within 30 days of the approval of the invoice therefor.

The Company will provide you with reasonable notice in connection with any cooperation it requires in accordance with this section and will take reasonable steps to schedule your cooperation in any such matters so as not to materially interfere with your other professional and personal commitments. The Company will reimburse you for any reasonable out-of-pocket expenses you reasonably incur in connection with the cooperation you provide hereunder as soon as practicable after you present appropriate documentation evidencing such expenses. You agree to provide the Company with an estimate of such expense before you incur the same.

5. NON-HIRE OR SOLICIT

You agree not to hire, seek to hire, or cause any person or entity to hire or seek to hire (without the prior written consent of the Company), directly or indirectly (whether for your own interest or any other person or entity's interest) any person who is or was in the prior six months an employee of the Company, or any of its subsidiaries, until the first anniversary of the date of your termination of employment with the Company. This restriction does not apply to any former employee who was discharged by the Company or any of its affiliates. In addition, this restriction will not prevent you from providing references. If you remain continuously employed with the Company through the Scheduled Expiration Date, then this agreement not to hire or solicit will expire on the Scheduled Expiration Date.

6. ACKNOWLEDGMENTS

You acknowledge that the restrictions contained in this Annex A, in light of the nature of the Company's business and your position and responsibilities, are reasonable and necessary to protect the legitimate interests of the Company. You acknowledge that the Company has no adequate remedy at law and would be irreparably harmed if you breach or threaten to breach the provisions of this Annex A, and therefore agree that the Company shall be entitled to injunctive relief, to prevent any breach or threatened breach of any of those provisions and to specific performance of the terms of each of such provisions in addition to any other legal or equitable remedy it may have. You further agree that you will not, in any equity proceeding relating to the enforcement of the provisions of this Annex A, raise the defense that the Company has an adequate remedy at law. Nothing in this Annex A shall be construed as prohibiting the Company from pursuing any other remedies at law or in equity that it may have or any other rights that it may have under any other agreement. If it is determined that any of the provisions of this Annex A or any part thereof, is unenforceable because of the duration or scope (geographic or otherwise) of such provision or because of applicable rules of professional responsibility, it is the intention of the parties that the duration or scope of such provision, as the case may be, shall be reduced so that such provision becomes enforceable and, in its reduced form, such provision shall then be enforceable and shall be enforced.

7. SURVIVAL

The provisions of this Annex A shall survive any termination of your employment by the Company or the expiration of the Agreement except as otherwise provided herein.

THE MADISON SQUARE GARDEN COMPANY
TWO PENNSYLVANIA PLAZA, NEW YORK, NY 10121-0091
TEL 212-465-6000

Exhibit 10.2

OPTION AGREEMENT

Dear Andrew:

Pursuant to the 2015 Employee Stock Plan (the " Plan ") of The Madison Square Garden Company (the " Company "), on December 15, 2017 (the " Effective Date ") you have been awarded nonqualified options (the " Options ") to purchase 93,826 shares of the Company's Class A Common Stock, par value $.01 per share (" Class A Common Stock ") at a price of $210.13 per share. The Award is granted subject to the terms and conditions set forth below and in the Plan.

Capitalized terms used but not defined in this agreement (this " Agreement ") have the meanings given to them in the Plan. The Options are granted subject to the terms and conditions set forth below:

1. *Vesting* . Your Options will vest and become exercisable in accordance with Appendix 1 , provided , that you have remained in the continuous employ of the Company or one of its Subsidiaries from the Effective Date through the applicable vesting date(s).

2. *Exercise* . You may exercise the Options that become vested and exercisable by following such procedures as established by the Company, specifying the number of shares of Class A Common Stock as to which the Options are being exercised (the " Exercise Notice "). Unless the Compensation Committee of the Board of Directors of the Company (the " Committee ") chooses to settle such exercise in cash, shares of Class A Common Stock, or a combination thereof pursuant to Paragraph 3, you will be required to deliver to the Company, or such person as the Company may designate, within such time period as the Company may require, payment in full of the exercise price and any taxes due on account of such exercise.

3. *Option Spread* . Upon receipt of the Exercise Notice, the Committee may elect, in lieu of issuing shares of Class A Common Stock, to settle the exercise covered by such notice by paying you an amount equal to the product obtained by multiplying (i) the excess of the Fair Market Value of one (1) share of Class A Common Stock on the date of exercise over the per share exercise price of the Options (the " Option Spread ") by (ii) the number of shares of Class A Common Stock specified in the Exercise Notice. The amount payable to you in these circumstances may be paid by the Company either in cash or in shares of Class A Common Stock having a Fair Market Value equal to the Option Spread, or a combination thereof, as the Company shall determine. Class A Common Stock used to pay the Option Spread pursuant to this Paragraph 3 will be valued at the Fair Market Value as of the day the Exercise Notice is received by the Company.

4. *Expiration* . The Options will terminate automatically and without further notice on December 15, 2027, or at any of the following dates, if earlier:

(A) with respect to those Options which are then unexercisable, the date upon which you are no longer employed by the Company or any of its Subsidiaries, unless as a result of your death, in which case, subject to execution and non-revocation of a release of claims if required pursuant to the terms of an applicable employment agreement between you and the Company, all of your Options granted under this Agreement shall become immediately exercisable;

(B) with respect to those Options which are then exercisable, (1) in the event of a termination of your employment by the Company or its Subsidiary without Cause (other than due to your Disability) or your resignation of employment from the Company and its Subsidiaries (other than due to Retirement, in which case the Options will remain exercisable until December 15, 2027), ninety (90) days following the date upon which you are no longer employed by the Company or any of its Subsidiaries or (2) in the event of your death or a termination of your employment with the Company and its Subsidiaries due to Disability, the first anniversary of your death or the date upon which you are no longer employed by the Company or any of its Subsidiaries, as applicable; or

(C) with respect to all your then outstanding Options, whether exercisable or unexercisable, the date upon which your employment with the Company is terminated for Cause.

5. *Definitions* . For purposes of this Agreement:

(A) " Cause " means, as determined by the Committee, your (i) commission of an act of fraud, embezzlement, misappropriation, willful misconduct, gross negligence or breach of fiduciary duty against the Company or an Affiliate, or (ii) commission of any act or omission that results in a conviction, plea of no contest, plea of *nolo contendere* , or imposition of unadjudicated probation for any crime involving moral turpitude or any felony.

(B) " Disability " means your inability to perform for six (6) continuous months substantially all the essential duties of your occupation, as determined by the Committee.

(C) " Retirement " means the voluntary termination by you of your employment with the Company and its Subsidiaries at such time as (i) you have attained at least the age of fifty-five (55) and (ii) you have been employed by the Company or its Subsidiaries for at least five (5) years in the aggregate, *provided that* the Company may nevertheless decide, in its sole discretion, not to treat your termination of employment as a "Retirement" hereunder. Treatment of your termination of employment as a "Retirement" hereunder shall be further subject to your execution (and the effectiveness) of a "retirement agreement" to the Company's satisfaction, including, without limitation (to the extent desired by the Company), non-compete, non-disparagement, non-solicitation, confidentiality and further cooperation obligations/restrictions on you as well as a general release by you of the Company and its Subsidiaries. The above definition of "Retirement" is solely for purposes of this Agreement and shall not, in any way, create or imply any obligations of the Company or any of its Subsidiaries (under any other agreement or otherwise) with respect to any such termination of your employment.

6. *Change of Control/Going Private Transaction* . As set forth in Appendix 2 attached hereto, the Options may be affected in the event of a Change of Control or a going private transaction (each as defined in Appendix 2 attached hereto) of the Company.

7. *Tax Representations and Tax Withholding* . You hereby acknowledge that you have reviewed with your own tax advisors the federal, state and local tax consequences of exercising the Options and receiving shares of Class A Common Stock and cash. You hereby represent to the Company that you are relying solely on such advisors and not on any statements or representations of the Company, its Affiliates or any of their respective agents. If, in connection with the exercise of the Options, the Company is required to withhold any amounts by reason of any federal, state or local tax, such withholding shall be effected in accordance with Section 16 of the Plan.

8. *Section 409A*. It is the Company's intent that payments under this Agreement are exempt from Section 409A of the Internal Revenue Code of 1986, as amended (the " Code "), and that the Agreement be administered accordingly. Notwithstanding anything to the contrary contained in this Agreement, if and to the extent that any payment or benefit under this Agreement is determined by the Company to constitute "non-qualified deferred compensation" subject to Section 409A of the Code (" Section 409A ") and is payable to you by reason of your termination of employment, then (a) such payment or benefit shall be made or provided to you only upon a "separation from service" as defined for purposes of Section 409A under applicable regulations and (b) if you are a "specified employee" (within the meaning of Section 409A and as determined by the Company), such payment or benefit shall not be made or provided before the date that is six months after the date of your separation from service (or your earlier death).

9. *Transfer Restrictions* . You may not transfer, assign, pledge or otherwise encumber the Options, other than to the extent provided in the Plan.

10. *Non-Qualification as ISO* . The Options are not intended to qualify as "incentive stock options" within the meaning of Section 422A of the Code.

11. *Securities Law Acknowledgments* . You hereby acknowledge and confirm to the Company that (i) you are aware that the shares of Class A Common Stock are publicly-traded securities and (ii) the shares of Class A Common Stock issuable upon exercise of the Options may not be sold or otherwise transferred unless such sale or transfer is registered under the Securities Act of 1933, as amended, and the securities laws of any applicable state or other jurisdiction, or is exempt from such registration.

12. *Governing Law* . This Agreement shall be deemed to be made under, and in all respects shall be interpreted, construed and governed by and in accordance with, the laws of the State of New York.

13. *Jurisdiction and Venue* . You hereby irrevocably submit to the jurisdiction of the courts of the State of New York and the Federal courts of the United States of America located in the Southern District and Eastern District of the State of New York in respect of the interpretation and enforcement of the provisions of this Agreement, and hereby waive, and agree not to assert, as a defense that you are not subject thereto or that the venue thereof may not be appropriate. You hereby agree that mailing of process or other papers in connection with any such action or proceeding in any manner as may be permitted by law shall be valid and sufficient service thereof.

14. *Right of Offset* . You hereby agree that the Company shall have the right to offset against its obligation to deliver shares of Class A Common Stock, cash or other property under this Agreement to the extent that it does not constitute "non-qualified deferred compensation" pursuant to Section 409A, any outstanding amounts of whatever nature that you then owe to the Company or a Subsidiary of the Company.

15. *The Committee* . For purposes of this Agreement, the term "Committee" means the Compensation Committee of the Board of Directors of the Company or any replacement committee established under, and as more fully defined in, the Plan.

16. *Committee Discretion* . The Committee has full discretion with respect to any actions to be taken or determinations to be made in connection with this Agreement, and its determinations shall be final, binding and conclusive.

17. *Amendment* . The Committee reserves the right at any time to amend the terms and conditions set forth in this Agreement, except that the Committee shall not make any amendment or revision in a manner unfavorable to you (other than if immaterial), without your consent. No consent shall be required for amendments made pursuant to Section 12 of the Plan, except that, for purposes of Section 19 of the Plan, Section 6 and Appendix 2 of this Agreement are deemed to be "terms of an Award Agreement expressly referring to an Adjustment Event." Any amendment of this Agreement shall be in writing and signed by an authorized member of the Committee or a person or persons designated by the Committee.

18. *Options Subject to the Plan* . The Options granted by this Agreement are subject to the Plan.

19. *Entire Agreement* . Except for any employment agreement between you and the Company or any of its Affiliates in effect as of the date of the grant hereof (as such employment agreement may be modified, renewed or replaced, *provided that* such modification, renewal or replacement shall not extend the time any Options may be exercised beyond the time provided herein or in such original employment agreement), this Agreement and the Plan constitute the entire understanding and agreement of you and the Company with respect to the Options covered hereby and supersede all prior understandings and agreements. In the event of a conflict among the documents with respect to the terms and conditions of the Options covered hereby, the documents will be accorded the following order of authority: the terms and conditions of the Plan will have highest authority followed by the terms and conditions of your employment agreement, if any, followed by the terms and conditions of this Agreement.

20. *Successors and Assigns* . The terms and conditions of this Agreement shall be binding upon, and shall inure to the benefit of, the Company and its successors and assigns.

21. *Waiver* . No waiver by the Company at any time of any breach by you of, or compliance with, any term or condition of this Agreement or the Plan to be performed by you shall be deemed a waiver of the same, any similar or any dissimilar term or condition at the same or at any prior or subsequent time.

22. *Severability* . The terms or conditions of this Agreement shall be deemed severable and the invalidity or unenforceability of any term or condition hereof shall not affect the validity or enforceability of the other terms and conditions set forth herein.

23. *Exclusion from Compensation Calculation* . By acceptance of this Agreement, you shall be considered in agreement that all shares of Class A Common Stock and cash received upon each exercise of the Options shall be considered special incentive compensation and will be exempt from inclusion as "wages" or "salary" in pension, retirement, life insurance and other employee benefits arrangements of the Company and its Subsidiaries. In addition, each of your beneficiaries shall be deemed to be in agreement that all such shares of Class A Common Stock and cash will be exempt from inclusion in "wages" or "salary" for purposes of calculating benefits of any life insurance coverage sponsored by the Company or any of its Subsidiaries.

24. *No Right to Continued Employment* . Nothing contained in this Agreement or the Plan shall be construed to confer on you any right to continue in the employ of the Company or any of its Subsidiaries, or derogate from the right of the Company or any Subsidiary, as applicable, to retire, request the resignation of, or discharge you, at any time, with or without cause.

25. *Subsidiaries.* For purposes of this Agreement, *"Subsidiaries"* shall mean any entities that are controlled, directly or indirectly, by the Company, or in which the Company owns, directly or indirectly, more than 50% of the equity interests.

26. *Headings* . The headings in this Agreement are for purposes of convenience only and are not intended to define or limit the construction of the terms and conditions of this Agreement.

27. *Effective Date* . Upon execution by you, this Agreement shall be effective from and as of the Effective Date.

28. *Signatures* . Execution of this Agreement by the Company may be in the form of an electronic or similar signature, and such signature shall be treated as an original signature for all purposes.

[Remainder of the page intentionally left blank]

THE MADISON SQUARE GARDEN COMPANY

By /s/ James Dolan
Name: James Dolan
Title: Executive Chairman & CEO

By your signature, you (i) acknowledge that a complete copy of the Plan and an executed original of this Agreement have been made available to you and (ii) agree to all of the terms and conditions set forth in the Plan and this Agreement.

By /s/ Andrew Lustgarten
Name: Andrew Lustgarten
Title: President

APPENDIX 1

TO

OPTION AGREEMENT

If you remain in the continuous employ of the Company or one of its Subsidiaries, the Options will become exercisable in accordance with the schedule below:

Date	Number of Options Becoming Exercisable
December 15, 2018	31,276
December 15, 2019	31,275
December 15, 2020	31,275

APPENDIX 2

TO

OPTION AGREEMENT

1. In the event of a "Change of Control" or a "going private transaction," as defined below, your entitlement to exercise the Options shall be as follows:

a. If the Company or the "surviving entity," as defined below, has shares of common stock (or partnership units) traded on a national stock exchange or on the over-the-counter market as reported on New York Stock Exchange or any other stock exchange, the Committee shall, to the extent that the Options have not been exercised and have not expired (the " Outstanding Options "), no later than the effective date of the transaction which results in a Change of Control or going private transaction, either (i) convert your rights in the Outstanding Options into a right to receive an amount of cash equal to (a) the number of common shares subject or relating to the Outstanding Options multiplied by (b) the excess of (x) the "offer price per share," the "acquisition price per share" or the "merger price per share," each as defined below, whichever of such amounts is applicable, over (y) the exercise price of the shares subject or relating to the Outstanding Options, or (ii) arrange to have the surviving entity grant to you in substitution for your Outstanding Options an award of options for shares of common stock (or partnership units) of the surviving entity on the same terms with a value equivalent to the Outstanding Options and which will, in the good faith determination of the Committee, provide you with an equivalent profit potential, as determined in a manner compliant with Section 409A.

b. If the Company or the surviving entity does not have shares of common stock (or partnership units) traded on a national stock exchange or on the over-the-counter market as reported on New York Stock Exchange or any other stock exchange, the Committee shall convert your rights in the Outstanding Options into a right to receive an amount of cash equal to the amount calculated as per Paragraph 1(a)(i) above.

c. The cash award provided in Section 1(a)(i) or 1(b) shall become payable to you, and the substitute options of the surviving entity provided in Section 1(a)(ii) will become exercisable (1) with respect to the Outstanding Options that were not exercisable on the effective date of the Change of Control or going private transaction, as the case may be, at the earlier of (a) the date on which the Outstanding Options would otherwise have become exercisable hereunder had they continued in effect or (b) the date on which (i) your employment with the Company or the surviving entity is terminated by the Company or the surviving entity other than for Cause, if such termination occurs within three (3) years of the Change of Control or going private transaction, (ii) your employment with the Company or the surviving entity is terminated by you for "good reason," as defined below, if such termination occurs within three (3) years of the Change of Control or going private transaction or (iii) your employment with the Company or the surviving entity is terminated by you for any reason at least six (6) months, but not more than nine (9) months after the effective date of the Change of Control or going private transaction; provided that clause (iii) herein shall not apply in the event that your rights in the Outstanding Options are converted into a right to receive an amount of cash in accordance with Section 1(a)(i), or (2) with respect to the Outstanding Options that were exercisable on the

effective date of the Change of Control or going private transaction, the substitute options shall become exercisable immediately and the cash awards shall become payable promptly. The amount payable in cash shall be payable together with interest from the effective date of the Change of Control or going private transaction until the date of payment at (a) the weighted average cost of capital of the Company immediately prior to the effectiveness of the Change of Control or going private transaction, or (b) if the Company (or the surviving entity) sets aside the funds in a trust or other funding arrangement, the actual earnings of such trust or other funding arrangement.

For the avoidance of doubt, any Options that are "underwater" as of a Change of Control or going private transaction (i.e., the exercise price equals or exceeds the "offer price per share," the "acquisition price per share" or the "merger price per share," as applicable), may be cancelled for no consideration as of the consummation of the Change of Control or going private transaction.

2. As used herein,

" Acquisition price per share " shall mean the greater of (i) the highest price per share stated on the Schedule 13D or any amendment thereto filed by the holder of twenty percent (20%) or more of the Company's voting power which gives rise to the Change of Control or going private transaction, and (ii) the highest fair market value per share of common stock during the ninety-day period ending on the date of such Change of Control or going private transaction.

" Going private transaction " means a transaction involving the purchase of Company securities described in Rule 13e-3 to the Securities and Exchange Act of 1934.

" Good reason " means

(i) without your express written consent any reduction in your base salary or bonus potential, or any material impairment or material adverse change in your working conditions (as the same may from time to time have been improved or, with your written consent, otherwise altered, in each case, after the Effective Date) at any time after or within ninety (90) days prior to a Change of Control, including, without limitation, any material reduction of your other compensation, executive perquisites or other employee benefits (measured, where applicable, by level or participation or percentage of award under any plans of the Company), or material impairment or material adverse change of your level of responsibility, authority, autonomy or title, or to your scope of duties;

(ii) any failure by the Company to comply with any of the provisions of this Agreement, other than an insubstantial or inadvertent failure remedied by the Company, promptly after receipt of notice thereof given by you;

(iii) the Company's requiring you to be based at any office or location more than thirty-five (35) miles from your location immediately prior to such event except for travel reasonably required in the performance of your responsibilities; or

(iv) any failure by the Company to obtain the assumption and agreement to perform this Agreement by a successor as contemplated by Paragraph 1, if applicable.

" Merger price per share " shall mean, in the case of a merger, consolidation, sale, exchange or other disposition of assets that results in a Change of Control or going private transaction (a " Merger "), the greater of (i) the fixed or formula price for the acquisition of shares of common stock occurring pursuant to the Merger, and (ii) the highest fair market value per share of common stock during the ninety-day period ending on the date of such Change of Control or going private transaction. Any securities or property which are part or all of the consideration paid for shares of common stock pursuant to the Merger shall be valued in determining the merger price per share at the higher of (A) the valuation placed on such securities or property by the Company, person or other entity which is a party with the Company to the Merger, or (B) the valuation placed on such securities or property by the Committee.

" Surviving Entity " means the entity that owns, directly or indirectly, after consummation of any transaction, substantially all of the Company's assets (as constituted immediately prior to such transaction). If any such entity is at least majority-owned, directly or indirectly, by any entity (a "parent entity") which has shares of common stock (or partnership units) traded on a national stock exchange or the over-the-counter market, as reported on the New York Stock Exchange or any other stock exchange, then such parent entity shall be deemed to be the Surviving Entity provided that if there shall be more than one such parent entity, the parent entity closest to ownership of the Company's assets shall be deemed to be the Surviving Entity.

" Offer price per share " shall mean, in the case of a tender offer or exchange offer which results in a Change of Control or going private transaction (an " Offer "), the greater of (i) the highest price per share of common stock paid pursuant to the Offer, or (ii) the highest fair market value per share of common stock during the ninety-day period ending on the date of a Change of Control or going private transaction. Any securities or property which are part or all of the consideration paid for shares of common stock in the Offer shall be valued in determining the Offer Price per share at the higher of (A) the valuation placed on such securities or property by the Company, person or other entity making such offer or (B) the valuation placed on such securities or property by the Committee.

" Change of Control " means the acquisition, in a transaction or a series of related transactions, by any person or group, other than Charles F. Dolan or members of the immediate family of Charles F. Dolan or trusts for the benefit of Charles F. Dolan or his immediate family (or an entity or entities controlled by any of them) or any employee benefit plan sponsored or maintained by the Company, of the power to direct the management of the Company or substantially all its assets (as constituted immediately prior to such transaction or transactions).