UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]**

For the transition period from ___________ to _____________

Commission File Number	Registrant; State of Incorporation; Address and Telephone Number	IRS Employer Identification No.
1-34434	**MSG NETWORKS INC.** Delaware 11 Pennsylvania Plaza New York, NY 10001 (212) 465-6400	27-0624498

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol(s)	Name of each Exchange on which Registered:
Class A Common Stock	MSGN	New York Stock Exchange

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant has been required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ **Accelerated filer** ☐ **Non-accelerated filer** ☐

Smaller reporting company ☐ **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. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Aggregate market value of the voting and non-voting common equity held by non-affiliates of MSG Networks Inc. as of June 30, 2019 computed by reference to the price at which the common equity was last sold on the New York Stock Exchange as of December 31, 2018, the last business day of the registrant’s most recently completed second fiscal quarter, was approximately

$1.4 billion.

Number of shares of common stock outstanding as of July 31, 2019:

Class A Common Stock — 61,286,747

Class B Common Stock — 13,588,555

Documents incorporated by reference — Certain information required for Part III of this report is incorporated herein by reference to the proxy statement for the 2019 annual meeting of the Company’s shareholders, expected to be filed within 120 days after the close of our fiscal year.

TABLE OF CONTENTS

PART I

Item 1. Business

MSG Networks Inc., incorporated on July 29, 2009, is a Delaware corporation with our principal executive offices at 11 Pennsylvania Plaza, New York, NY, 10001. Unless the context otherwise requires, all references to "we," "us," "our" or the "Company" refer collectively to MSG Networks Inc., a holding company, and its direct and indirect subsidiaries through which substantially all of our operations are conducted. Our telephone number is 212-465-6400, our website is http://www.msgnetworks.com and the investor relations section of our website is http://investor.msgnetworks.com. We make available, free of charge through the investor relations section of our website, annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as well as proxy statements, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission ("SEC"). References to our website in this report are provided as a convenience and the information contained on, or available through, our website is not part of this or any other report we file with or furnish to the SEC.

On September 30, 2015 (the "Distribution Date"), the Company distributed to its stockholders all of the outstanding common stock of The Madison Square Garden Company ("MSG") (the "Distribution"). Following the Distribution, the Company no longer consolidates the financial results of MSG for purposes of its own financial reporting and the historical financial results of MSG through the Distribution Date, as well as transaction costs related to the Distribution, have been classified in the Company's consolidated financial statements as discontinued operations for all periods presented.

Our Company

The Company, an industry leader in sports production, and content development and distribution, owns and operates two award-winning regional sports and entertainment networks, MSG Network ("MSGN") and MSG+, collectively "MSG Networks." For 50 years, we have been a pioneer in regional sports programming, setting a standard of excellence, creativity and technological innovation. Today, our exclusive, award-winning programming continues to be a valuable differentiator for our viewers, advertisers and the cable, satellite, telephone, and other platforms that distribute our networks ("Distributors"). Our networks are widely distributed throughout all of New York State and significant portions of New Jersey and Connecticut, as well as parts of Pennsylvania, collectively our "Regional Territory." Our networks are also carried nationally by certain Distributors on sports tiers or in similar packages.

We continually seek to enhance the value that our networks provide to viewers, advertisers and Distributors by delivering high-quality, best-in-class content and live viewing experiences, utilizing state-of-the-art technology. We operate in the nation's largest television market, the New York Designated Market Area ("DMA"), and attract an important and coveted viewer demographic. Our unique position in this major media market, as the provider of exclusive live local games of top professional sports teams and other sports programming, allows us to optimize distribution revenue and partner with marquee brands to capture advertising sales and explore new content opportunities. We also distribute programming through our companion streaming service, MSG GO. In addition, we utilize a dedicated website and social media platforms to promote our brands by sharing content, spotlighting on-air talent, and providing in-depth information about the teams and athletes featured on our networks.

Programming

MSGN debuted as the first regional sports network in the country on October 15, 1969. During the last 50 years, we have been at the forefront of the industry, pushing the boundaries of regional sports coverage. In the process, our networks have become a powerful platform for some of the world's greatest athletes and entertainers.

With our commitment to programming excellence, we have earned a reputation for best-in-class programming, production, marketing, and technical innovation. We have won more than 140 New York Emmy Awards ("Emmys") for live sports and original programming during the last decade, which is more than any other single station or network in the region over that time frame.

The foundation of our programming is our professional sports coverage. MSGN and MSG+ feature a wide range of compelling sports content, including exclusive live local games and other programming of the New York Knicks (the "Knicks") of the National Basketball Association ("NBA"); the New York Rangers (the "Rangers"), New York Islanders (the "Islanders"), New Jersey Devils (the "Devils") and Buffalo Sabres (the "Sabres") of the National Hockey League ("NHL"); as well as significant coverage of the New York Giants (the "Giants"), and Buffalo Bills (the "Bills") of the National Football League ("NFL"). Our arrangements include long-term media rights agreements with all of our NBA and NHL teams.

MSGN and MSG+ collectively aired more than 450 live professional games this past year, along with a comprehensive lineup of other sporting events, including college football and basketball, as well as original programming designed to give fans behind-the-scenes access and insight into the teams and players they love. This content includes comprehensive pre- and post-game coverage throughout the seasons, along with team-related programming that features coaches, players and more, all of which enable us to capitalize on the extraordinary enthusiasm of our teams' fans. Further distinguishing these shows is our roster of renowned analysts and on-air talent, which include Mike Breen, Walt Frazier, Sam Rosen, Joe Micheletti, Al Trautwig, Bill Pidto, and Kenny Albert, among others. As the regional sports home of both the Giants and the Bills, our networks feature extensive content specifically for fans of both teams, which, during the 2018-19 NFL season, included pre- and post-game content and other team-related programming.

In addition to our live games and team-related programming, we offer an evolving slate of compelling content to appeal to our existing audiences, while seeking to attract new viewers. This includes the continued expansion of our "MSG Shorts" programming block, which features short-form content, targeted to a younger audience, that is suited for our linear networks as well as digital and social platforms. Programming highlights this past year included original productions such as "Unfiltered," "Verified," "Connections," and "Conference Room B," which provided access to players, coaches, and celebrity guests with unique points of view; as well as popular shows such as "Sneaker Shopping" and "Hot Ones" from Complex, a global lifestyle media brand. As part of our MSG Shorts programming, we also launched themed content specials throughout the year — "Food Week," "Wellness Week," and "Sneaker Week" — that provided fans with an inside look into how these popular interests relate to the lives of athletes, coaches, and celebrities. This past year we also debuted "MSG 150" — an original production that aired weeknights for more than 10 weeks and offered viewers 150 minutes of content surrounding our teams and New York sports, covering important topics such as the NBA lottery, the NBA and NHL drafts and free agency, and the start of Giants mini-camp.

Our networks also showcase a wide array of other sports and entertainment programming, which this past year included New York Red Bulls soccer; Westchester Knicks basketball; New York Streets arena football; Hofstra Men's basketball; New York Lizards lacrosse; Bundesliga soccer; as well as tennis, mixed martial arts, and boxing programs.

In addition to MSGN and MSG+, the Company distributes programming through our companion streaming service, MSG GO. MSG GO allows subscribers to access MSGN and MSG+ and on demand content in a subscriber's geographic region, using their smartphones, tablets and computers. MSG GO is currently available to subscribers of all of our major Distributors.

Revenue

The Company generates revenues principally from affiliation fees charged to Distributors for the right to carry our networks, as well as from the sale of advertising. The following customers each accounted for more than 10% of consolidated revenues for the year ended June 30, 2019: Altice USA, AT&T, Charter, and Verizon.

Affiliation Fee Revenue

Our networks are distributed pursuant to carriage agreements that are typically structured as multi-year agreements with staggered expiration dates and generally provide for annual contractual rate increases. We primarily earn revenue under these agreements based on the number of each Distributor's subscribers or subscribers that receive our networks. Our affiliation agreements include certain protections relating to the manner in which our networks are carried, and the compensation for such carriage. Examples of such protections include: carriage requirements; penetration minimums (which require that our networks are made available to significant percentages of our Distributors' basic subscribers); tag-along requirements (which require that MSGN and MSG+ are carried on the same tier as certain other networks); and/or payment minimums (which require us to be compensated based on significant percentages of our Distributors' subscribers). Affiliation fee revenue constituted approximately 90% of our consolidated revenues for the year ended June 30, 2019.

MSGN and MSG+ are widely carried by major Distributors in our region, with an average combined reach of approximately 6.5 million viewing subscribers (as of the most recent available monthly information) in our Regional Territory. Our networks also enjoy national distribution with certain Distributors on sports tiers or in similar packages.

Advertising Revenue

The Company's programming, Regional Territory and viewer demographics make our networks attractive to advertisers. Our networks operate in the largest television market in the country, the New York DMA, and, with our exclusive live game coverage, offer advertisers an increasingly scarce asset in today's evolving media landscape — the ability to reach engaged audiences on a live basis. MSG Networks' viewers, a significant portion of whom are between the ages of 25-54 with high household incomes, also offer an appealing demographic for advertisers.

In addition, we benefit from our advertising sales representation agreement with MSG, which provides for the packaged sale of certain network advertising inventory as part of team and arena marketing and sponsorship sales.

The Company's advertising revenue is derived largely from the sale of inventory in its live professional sports programming. The value of this inventory is dependent upon a number of factors, including team performance, ratings, and general economic conditions. Advertising time is sold both in advance and in scatter markets.

Garden of Dreams Foundation

Our Company has a close association with the Garden of Dreams Foundation (the "Foundation"), a non-profit charity that has brightened the lives of more than 375,000 children and their families. The Foundation, which started in 2006, works with 30 partner organizations throughout the tristate area, including hospitals, wish organizations and community-based organizations, to reach children who are facing challenges, such as homelessness, extreme poverty, illness, and foster care. The Foundation takes pride in its commitment to truly change lives, hosting more than 500 events and programs each year. The Company and the Foundation present "MSG Classroom," an award-winning educational program to teach high school students about the media industry. The eight-week program provides a hands-on opportunity for students to develop skills, including broadcasting, script writing and production, and culminates with the students creating their own programming feature. The MSG Classroom program has been recognized with multiple Beacon Awards in the "Education" category, as well as a New York Emmy Award in the "Community Service" category.

Regulation

The Federal Communications Commission ("FCC") imposes regulations directly on programming networks and also imposes regulations on certain distributors that affect programming networks indirectly. The rules, regulations, policies and procedures affecting our business are subject to change. The following paragraphs describe the existing legal and regulatory requirements that are most significant to our business today; they do not purport to describe all present and proposed laws and regulations affecting our business.

Closed Captioning

Our programming networks must provide closed captioning of video programming for the hearing impaired and meet certain captioning quality standards. The FCC and certain of our affiliation agreements require us to certify compliance with such standards. We are also required to provide closed captioning on certain video content delivered via the Internet.

Commercial Loudness

FCC rules require multichannel video programming distributors ("MVPDs") to ensure that all commercials comply with specified volume standards, and certain of our affiliation agreements require us to certify compliance with such standards.

Advertising Restrictions on Children's Programming

Any programming and associated Internet websites intended primarily for children 12 years of age and under that we may offer must comply with certain limits on commercial content.

Obscenity Restrictions

Distributors are prohibited from transmitting obscene programming, and certain of our affiliation agreements require us to refrain from including such programming on our networks.

Packaging and Pricing

The FCC periodically considers examining whether to adopt rules regulating how programmers package and price their networks, such as whether programming networks require distributors to purchase and carry undesired programming in return for the right to carry desired programming and, if so, whether such arrangements should be prohibited.

Effect of "Must-Carry" Requirements

The FCC's implementation of the statutory "must-carry" obligations requires cable and satellite distributors to give broadcasters preferential access to channel space. This may reduce the amount of channel space that is available for carriage of our networks and the amount of funds that Distributors have to pay us for our programming networks.

Website and Mobile Application Requirements

We maintain various websites and mobile applications that may be subject to third-party application store requirements, as well as a range of federal, state and local laws such as privacy, accessibility for persons with disabilities, and consumer protection regulations.

Competition

Distribution of Programming Networks

The business of distributing programming networks is highly competitive. Our programming networks face competition from other programming networks, including other regional sports networks, for the right to be carried by a particular distributor, and for the right to be carried on the service tier(s) that will attract the most subscribers. Once a programming network of ours is carried by a distributor, that network competes for viewers not only with the other programming networks available through the distributor, but also with pay-per-view programming and video on demand offerings, as well as Internet and online streaming and on demand services, mobile applications, social media and social networking platforms, radio, print media, motion picture theaters, home video, and other sources of information, sporting events and entertainment. Each of the following competitive factors are important to our networks: the prices we charge for our programming networks, the quantity, quality (in particular, the performance of the sports teams whose media rights we control), and the variety of the programming offered on our networks, and the effectiveness of our marketing efforts.

Our ability to successfully compete with other programming networks for distribution may be hampered because the distributors may be affiliated with other programming networks. In addition, because such affiliated distributors may have a substantial number of subscribers, the ability of such competing programming networks to obtain distribution on affiliated distributors may lead to increased subscriber and advertising revenue for such networks because of their increased penetration compared to our programming networks. Even if such affiliated distributors carry our programming networks, there is no assurance that such distributors will not place their affiliated programming network on more desirable tier(s), thereby giving the affiliated programming network a competitive advantage over our own.

New or existing programming networks that are owned by or affiliated with broadcast networks such as NBC, ABC, CBS or Fox may have a competitive advantage over our networks in obtaining distribution through the "bundling" of agreements to carry those programming networks with the agreement giving the distributor the right to carry a broadcast station owned by or affiliated with the network.

In addition, content providers (such as certain broadcast and cable networks) and new content developers, distributors and syndicators (such as Amazon and Netflix), are distributing programming directly to consumers on an "over-the-top" ("OTT") basis. Such direct-to-consumer OTT distribution of content may facilitate consumers eliminating or downgrading their pay television subscription, which can result in certain consumers not receiving our programming networks.

See "Item 1A. Risk Factors — *Our Business Faces Intense and Wide-Ranging Competition Which May Have a Material Negative Effect on Our Business and Results of Operations*" and "— *We May Not Be Able to Adapt to New Content Distribution Platforms and to Changes in Consumer Behavior Resulting From Emerging Technologies, Which May Have a Material Negative Effect on Our Business and Results of Operations.*" See also "Part II — Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Business Overview — Revenue Sources."

Sources of Programming

We also compete with other networks and other distribution outlets to secure desired programming, including sports-related programming. Competition for programming increases as the number of programming networks and distribution outlets, including, but not limited to, streaming outlets, increases. Other programming networks, or distribution outlets, that are affiliated with or otherwise have larger relationships with programming sources such as sports teams or leagues, movie or television studios, or film libraries may have a competitive advantage over us in this area.

Competition for Sports Programming Sources

Because the loyalty of the sports viewing audience to a sports programming network is primarily driven by loyalty to a particular team or teams, access to adequate sources of sports programming is particularly critical to our networks. In connection with the Distribution, the Company entered into long-term media rights agreements with MSG providing us with the exclusive media rights to Knicks and Rangers games, and the Company has long-term media rights agreements with the Islanders, Devils and Sabres. Our rights with respect to these professional teams may be limited in certain circumstances due to rules imposed by the leagues in which they compete. Our programming networks compete for telecast rights for other teams or events principally with national or regional programming networks that specialize in or carry sports programming; local and national commercial broadcast television networks; independent syndicators that acquire and resell such rights nationally, regionally and locally; and Internet and mobile-based distributors of programming. Some of our competitors may own or control, or are owned or controlled by, sports teams, leagues or sports promoters, which gives them an advantage in obtaining telecast rights for such teams or sports. For example, two professional sports teams located in New York have ownership interests in programming networks featuring the games of their teams. Distributors may also contract directly with the sports teams in their local service areas for the right to distribute games on their platforms.

The increasing amount of sports programming available on a national basis, including pursuant to national media rights arrangements (e.g., NBA on ABC, ESPN, and TNT and NHL on NBC and NBC Sports Network), as part of league-controlled sports programming networks (e.g., NBA TV and NHL Network), in out-of-market packages (e.g., NBA League Pass and NHL Center Ice), league and other websites, mobile applications and streaming outlets, may have an adverse impact on our competitive position as our programming networks compete for distribution and for viewers.

Competition for Advertising Revenue

The level of our advertising revenue depends in part upon unpredictable and volatile factors beyond our control, such as viewer preferences, the quality and appeal of the competing programming and the availability of other entertainment activities. See "Item 1A. Risk Factors — *We Derive Substantial Revenues From the Sale of Advertising Time and Those Revenues Are Subject to a Number of Factors, Many of Which Are Beyond Our Control.*"

Employees

As of June 30, 2019 we had approximately 180 full-time union and non-union employees and 640 part-time union and non-union employees. As of June 30, 2019, approximately 75% of the Company's workforce is subject to collective bargaining agreements ("CBAs"). As of June 30, 2019, approximately 52% of the Company's workforce that is subject to a CBA is covered by a CBA that has expired. In addition, as of June 30, 2019, approximately 15% of the Company's workforce that is subject to a CBA is covered by a CBA that expires within the next fiscal year. Labor relations in general and in the sports and entertainment industry in particular can be volatile, though we believe that our current relationships with our unions taken as a whole are positive.

Financial Information about Segments and Geographic Areas

The Company operates and reports financial information in one segment. Substantially all revenues and assets of the Company are attributed to or located in the United States, and are primarily concentrated in the New York City metropolitan area. Financial information for each of the years ended June 30, 2019, 2018, and 2017 is set forth in "Part II — Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Part II — Item 8. Financial Statements and Supplementary Data," of this Annual Report on Form 10-K.

Item 1A. Risk Factors

The Success of Our Business Depends on Affiliation Fees We Receive Under Our Affiliation Agreements, the Loss of Which or Renewal of Which on Less Favorable Terms May Have a Material Negative Effect on Our Business and Results of Operations.

Our success is dependent upon the existence and terms of our agreements with Distributors. Existing affiliation agreements of our programming networks expire at various dates. We cannot provide assurances that we will be able to renew these affiliation agreements or obtain terms as attractive as our existing agreements in the event of a renewal.

Affiliation fees constitute a significant majority of our revenues. Changes in affiliation fee revenues result from a combination of changes in rates and/or changes in subscriber counts. Reductions in the license fees that we receive per subscriber or in the number of subscribers for which we are paid, including as a result of a loss of or reduction in carriage of our programming networks, would adversely affect our affiliation fee revenue. For example, our affiliation fee revenue declined in the fourth quarter of fiscal 2019 due to an acceleration of subscriber losses in the period. Distributors may introduce, market and/or modify tiers of programming networks that could impact the number of subscribers that receive our programming networks, including tiers of programming that may exclude our networks. Any loss or reduction in carriage would also decrease the potential audience for our programming, which may adversely affect our advertising revenues. See "— *If the Rate of Decline in the Number of Subscribers to Traditional MVPDs Services Increases or These Subscribers Shift to Other Services or Bundles That Do Not Include the Company's Programming Networks, There May Be a Material Negative Effect on the Company's Affiliation Revenues.*"

Our affiliation agreements generally require us to meet certain content criteria, such as minimum thresholds for professional event telecasts throughout the year on our networks. If we were unable to meet these criteria, we could become subject to remedies available to the Distributors, which may include fee reductions, rebates or refunds and/or termination of these agreements in some cases.

In addition, under certain circumstances, an existing affiliation agreement may expire and the parties may have not finalized negotiations of either a renewal of that agreement or a new agreement for certain periods of time. In certain of these circumstances, Distributors may continue to carry the service(s) until the execution of definitive renewal or replacement agreements (or until we or the Distributor determine that carriage should cease).

Occasionally we may have disputes with Distributors over the terms of our affiliation agreements. If not resolved through business discussions, such disputes could result in litigation or actual or threatened termination of an existing agreement.

Our business is dependent upon affiliation relationships with a limited number of Distributors. The loss of any of our significant Distributors, the failure to renew on terms as attractive as our existing agreements (or to do so in a timely manner) or disputes with our counterparties relating to the interpretation of their agreements with us could materially negatively affect our business and results of operations. See "— *We Depend on a Limited Number of Distributors for a Significant Portion of Our Revenues and Further Industry Consolidation Could Adversely Affect Our Business and Results of Operations.*"

We Depend on a Limited Number of Distributors for a Significant Portion of Our Revenues and Further Industry Consolidation Could Adversely Affect Our Business and Results of Operations.

The pay television industry is highly concentrated, with a relatively small number of distributors serving a significant percentage of pay television subscribers that receive our programming networks, thereby affording the largest distributors significant leverage in their relationship with programming networks, including us. Substantially all of our affiliation fee revenue comes from our top five Distributors. Further consolidation in the industry could reduce the number of distributors available to distribute our programming networks and increase the negotiating leverage of certain distributors, which could adversely affect our revenue. In some cases, if a Distributor is acquired, the affiliation agreement of the acquiring Distributor will govern following the acquisition. In those circumstances, the acquisition of a Distributor that is a party to one or more affiliation agreements with us on terms that are more favorable to us than that of the acquirer could have a material negative impact on our business and results of operations. See Note 17 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

Our Business Faces Intense and Wide-Ranging Competition Which May Have a Material Negative Effect on Our Business and Results of Operations.

Our business competes, in certain respects and to varying degrees, for viewers and advertisers with other programming networks, pay-per-view, video on demand, online streaming or on demand services and other content offered by distributors and others. Additional companies, some with significant financial resources, continue to enter or are seeking to enter the video distribution market, either by offering OTT streaming services or selling devices that aggregate viewing of various OTT services. This has put pressure on the already competitive landscape. We also compete for viewers and advertisers with content offered over the Internet, social media and social networking platforms, mobile media, radio, motion picture, home video and other sources of information and entertainment and advertising services. Important competitive factors are the prices we charge for our programming networks, the quantity, quality (in particular, the performance of the sports teams whose media rights we control), and the variety of the programming offered on our networks, and the effectiveness of our marketing efforts.

New or existing programming networks that are owned by or affiliated with broadcast networks such as NBC, ABC, CBS or Fox may have a competitive advantage over our networks in obtaining distribution through the "bundling" of agreements to carry those programming networks with the agreement giving the distributor the right to carry a broadcast station owned by or affiliated with the network. For example, regional sports networks affiliated with broadcast networks are carried on certain OTT platforms that do not currently carry our networks.

The extent to which competitive programming, including NBA and NHL games, are available on other programming networks and distribution platforms can adversely affect our competitive position.

The competitive environment in which our business operates may also be affected by technological developments. It is difficult to predict the future effect of technology on many of the factors affecting our competitive position.

With respect to advertising services, factors affecting the degree and extent of competition include prices, reach and audience demographics among others. Some of our competitors are large companies that have greater financial resources available to them than we do which could impact our viewership, and the resulting advertising revenues.

We May Not Be Able to Adapt to New Content Distribution Platforms and to Changes in Consumer Behavior Resulting From Emerging Technologies, Which May Have a Material Negative Effect on Our Business and Results of Operations.

We must successfully adapt to technological advances in our industry, including the emergence of alternative distribution platforms. Our ability to exploit new distribution platforms and viewing technologies may affect our ability to maintain and/or grow our business. Emerging forms of content distribution provide different economic models and compete with current distribution methods in ways that are not entirely predictable. Such competition could reduce demand for our programming networks or for the offerings of our Distributors and reduce our revenue from these sources. Content providers (such as certain broadcast and cable networks) and new content developers, distributors and syndicators (such as Amazon and Netflix), are distributing programming directly to consumers on an OTT basis. Such direct-to-consumer OTT distribution of content may facilitate consumers eliminating or downgrading their pay television subscription, which can result in certain consumers not receiving our programming networks. If we are unable to offset this loss of subscribers through incremental carriage of our networks or rate increases, our business and results of operations will be adversely affected. Gaming, television and other console and device manufacturers, cable providers and others are offering and/or developing technology to offer video programming, including in some cases, various OTT platforms. Such changes may impact the revenues we are able to generate from our traditional distribution methods, by decreasing the viewership of our programming networks on cable and other MVPDs systems and/or by making advertising on our programming networks less valuable to advertisers.

In order to respond to these developments, we may need to implement changes to our business models and strategies and there can be no assurance that any such changes will prove to be successful or that the business models and strategies we develop will be as profitable as our current business models and strategies. If we fail to adapt to emerging technologies, our appeal to distribution outlets and our targeted audiences might decline and there could be a material negative effect on our business and results of operations.

In addition, advertising revenues could be significantly impacted by emerging technologies, given that advertising sales are dependent on audience measurement provided by third parties, and the results of audience measurement techniques can vary independent of the size of the audience for a variety of reasons, including difficulties related to the traditional statistical sampling methods, ability to measure new distribution platforms and viewing technologies, and the shifting of the marketplace to the use of measurement of different viewer behaviors, such as delayed viewing. In addition, multiplatform campaign verification is in its infancy, and viewership on tablets, smart phones and other digital devices, which continues to grow, is presently not measured by any one consistently applied method. Moreover, devices that allow users to fast forward or skip programming, including commercials, are causing changes in consumer behavior that may affect the desirability of our programming networks to advertisers. These variations and changes could have a significant effect on advertising revenues.

If the Rate of Decline in the Number of Subscribers to Traditional MVPDs Services Increases or These Subscribers Shift to Other Services or Bundles That Do Not Include the Company's Programming Networks, There May Be a Material Negative Effect on the Company's Affiliation Revenues.

During the last few years, the number of subscribers to traditional MVPDs services in the U.S. has been declining and the rate of decline has increased in recent periods. In addition, Distributors have introduced, marketed and/or modified tiers or bundles of programming that have impacted the number of subscribers that receive our programming networks, including tiers or bundles of programming that exclude our programming networks. As a result of these factors, the Company has experienced a decrease in viewing subscribers in each of the last several fiscal years, which has adversely affected our operating results.

If traditional MVPDs service offerings are not attractive to consumers due to pricing, increased competition from OTT services, increased dissatisfaction with the quality of traditional MVPDs services, poor economic conditions or other factors, more consumers may (i) cancel their traditional MVPDs service subscriptions or choose not to subscribe to traditional MVPDs services, (ii) elect to instead subscribe to OTT services, which in some cases may be offered at a lower price-point and may not include our programming networks or (iii) elect to subscribe to smaller bundles of programming which may not include our programming networks. If the rate of decline in the number of traditional MVPDs service subscribers increases or if subscribers shift to OTT services or smaller bundles of programming that do not include the Company's programming networks, this may have a material negative effect on the Company's revenues.

We Derive Substantial Revenues From the Sale of Advertising Time and Those Revenues Are Subject to a Number of Factors, Many of Which Are Beyond Our Control.

Advertising revenues depend on a number of factors, many of which are beyond our control, such as: (i) the health of the economy in the markets our businesses serve and in the nation as a whole; (ii) general economic trends in the advertising industry; (iii) team performance; (iv) the popularity of our programming; (v) the activities of our competitors, including increased competition from other forms of advertising-based media (such as Internet, mobile media, other programming networks, radio and newspaper); (vi) shifts in consumer viewing patterns, including consumers watching more ad-free content, non-traditional and shorter-form video content online, and the increased use of DVRs to skip advertisements; (vii) declining consumer tolerance for commercial interruptions; (viii) an increasing shift of advertising expenditures to online and mobile offerings; (ix) increasing audience fragmentation caused by increased availability of alternative forms of leisure and entertainment activities, such as social networking platforms and video games; (x) consumer budgeting and buying patterns; (xi) the extent of the distribution of our networks; and (xii) changes in the audience demographic for our programming. A decline in the economic prospects of advertisers or the economy in general could alter current or prospective advertisers' spending priorities, which could cause our revenues and operating results to decline significantly in any given period. Even in the absence of a general recession or downturn in the economy, an individual business sector that tends to spend more on advertising than other sectors might be forced to reduce its advertising expenditures if that sector experiences a downturn. In such case, a reduction in advertising expenditures by such a sector may adversely affect our revenues.

The pricing and volume of advertising may be affected by shifts in spending away from more traditional media toward online and mobile offerings or towards new ways of purchasing advertising, such as through automated purchasing, dynamic advertising insertion, third parties selling local advertising spots and advertising exchanges, some or all of which may not be as advantageous to the Company as current advertising methods.

In addition, we cannot ensure that our programming will achieve favorable ratings. Our ratings depend partly upon unpredictable and volatile factors, many of which are beyond our control, such as team performance, viewer preferences, the level of distribution of our programming, competing programming and the availability of other entertainment options. A shift in viewer preferences could cause our advertising revenues to decline as a result of changes to the ratings for our programming and materially negatively affect our business and results of operations. As noted below, MSG has the exclusive right and obligation to sell our advertising availabilities on our behalf for a commission and, as a result, our advertising revenues are dependent to a material extent on MSG's sales performance, subject to certain termination rights. See "—*We Rely on MSG's Performance Under Various Agreements.*"

Our Media Rights Agreements With Various Professional Sports Teams Have Varying Durations and Terms and We May Be Unable to Renew Those Agreements on Acceptable Terms or Such Rights May Be Lost for Other Reasons.

Our business is dependent upon media rights agreements with professional sports teams. Upon expiration, we may seek renewal of these agreements and, if we do, we may be outbid by competing programming networks or others for these agreements or the renewal costs could substantially exceed our costs under the current agreements. Even if we are able to renew such agreements, the Company's results could be adversely affected if escalations in sports programming rights costs are unmatched by increases in affiliation and advertising revenues. In addition, one or more of these teams may seek to establish their own programming network or join one of our competitor's networks and, in certain circumstances, we may not have an opportunity to bid for the media rights. Moreover, the value of these agreements may also be affected by various league decisions and/or league agreements that we may not be able to control, including a decision to alter the number of games played during a season. The value of these media rights can also be affected, or we could lose such rights entirely, if a team is liquidated, undergoes reorganization in bankruptcy or relocates to an area where it is not possible or commercially feasible for us to continue to distribute games. Any loss or diminution in the value of rights could impact the extent of the sports coverage offered by us and could materially negatively affect our business and results of operations. In addition, our affiliation agreements typically include certain remedies in the event our networks fail to meet a minimum number of professional event telecasts, and, accordingly, any loss of rights could materially negatively affect our business and results of operations.

The Actions of the NBA and NHL May Have a Material Negative Effect on Our Business and Results of Operations.

The governing bodies of the NBA and the NHL have imposed, and may impose in the future, various rules, regulations, guidelines, bulletins, directives, policies and agreements (collectively, "League Rules"), which could have a material negative effect on our business and results of operations. For example, each league imposes rules that define the territories in which we may distribute games of the teams in the applicable league. Changes to these rules or other League Rules, or the adoption of new League Rules, could have a material negative effect on our business and results of operations.

Our Business is Substantially Dependent on the Popularity of the NBA and NHL Teams Whose Media Rights We Control.

Our business has historically been, and we expect will continue to be, dependent on the popularity of the NBA and NHL teams whose local media rights we control and, in varying degrees, those teams achieving on-court and on-ice success, which can generate fan enthusiasm, resulting in increased viewership and advertising revenues. Furthermore, success in the regular season may qualify a team for participation in the post-season, which generates increased excitement and interest in the teams, which can improve viewership and advertising revenues. In addition, if a team declines in popularity or fails to generate fan enthusiasm, this may negatively impact the terms on which our affiliate agreements are renewed. There can be no assurance that any sports team will generate fan enthusiasm or compete in post-season play and the failure to do so could result in a material negative effect on our business and results of operations.

Our Business Depends on the Appeal of Our Programming, Which May Be Unpredictable, and Increased Programming Costs May Have a Material Negative Effect on Our Business and Results of Operations.

Our business depends in part upon viewer preferences and audience acceptance of the programming on our networks. These factors are often unpredictable and subject to influences that are beyond our control, such as the quality and appeal of competing programming, general economic conditions and the availability of other entertainment options. We may not be able to successfully predict interest in proposed new programming and viewer preferences could cause new programming not to be successful or cause our existing programming to decline in popularity. An increase in our costs associated with programming, including original programming, may materially negatively affect our business and results of operations.

We May Be Unable to Obtain Programming From Third Parties on Reasonable Terms, Which Could Lead to Higher Costs.

We rely on third parties for sports and other programming for our networks. We compete with other providers of programming to acquire the rights to distribute such programming. If we fail to continue to obtain sports and other programming for our networks on reasonable terms for any reason, including as a result of competition, we could be forced to incur additional costs to acquire such programming or look for alternative programming, which may have a material negative effect on our business and results of operations.

We Face Continually Evolving Cybersecurity and Similar Risks, Which Could Result in Loss, Disclosure or Misappropriation of, or Access to, Our Confidential Information and Cause Disruption of Our Business, Damage to Our Brands and Reputation, Legal Exposure and Financial Losses.

Through our operations, we may collect, and store, including by electronic means, certain personal information that is provided to us, including through registration on our websites, mobile applications or otherwise in communication or interaction with us. These activities require the use of online services and centralized data storage, including through third party service providers. Data maintained in electronic form is subject to the risk of security incidents, including breach, compromise, intrusion, tampering, theft, misappropriation or other malicious activity. Further, hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of such systems. Our ability to safeguard such personal information and other confidential information, including information regarding the Company and our Distributors, advertisers and employees, is important to our business. We take these matters seriously and take significant steps to protect our stored information, including the implementation of systems and processes to thwart malicious activity. These protections are costly and require ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. Despite our efforts, the risks of a security incident cannot be entirely eliminated and our information technology and other systems that maintain and transmit consumer, Distributor, advertiser, Company, employee and other confidential information may be compromised due to employee error, computer malware or ransomware, viruses, hacking and phishing attacks, or otherwise. Such compromise could affect the security of information on our network, or that of a third-party service provider, including MSG to which we outsource information technology support. Additionally, outside parties may attempt to fraudulently induce employees, vendors or users to disclose sensitive or confidential information in order to gain access to data and systems. As a result, such sensitive and/or confidential information may be lost, disclosed, accessed or taken without authorization. See "*—We Rely on MSG's Performance Under Various Agreements*" for a discussion of services MSG performs on our behalf.

If we experience a security incident, our ability to conduct business may be interrupted or impaired, we may incur damage to our systems, we may lose profitable opportunities or the value of those opportunities may be diminished and we may lose revenue as a result of unlicensed use of our intellectual property. The Company may be required to incur significant expenses in order to address any security issues that arise. Further, a security incident, such as penetration of our network, affecting personal or confidential information could subject us to business and litigation risk, including costs associated with such misappropriation or misuse, and damage our reputation, including with Distributors, viewers and advertisers, which could have a material negative effect on our business and results of operations.

The Unavailability of Satellites, Facilities, Systems and/or Software Upon Which We Rely May Have a Material Negative Effect on Our Business and Results of Operations.

We use satellite and other systems to transmit our programming services to Distributors. The distribution facilities include uplinks, communications satellites, and downlinks. Notwithstanding certain back-up and redundant systems, transmissions may be disrupted, including as a result of events that impair uplinks, downlinks or transmission facilities or the impairment of satellite or terrestrial facilities. Currently, there are a limited number of communications satellites, which are operated by third parties, available for the transmission of programming, and their continued availability may depend upon a variety of factors including business conditions, technology issues, changes in law or regulation that may limit the spectrum in which these satellites and facilities depend upon to operate and our ability to access such satellites on reasonable terms. If a disruption occurs, we may not be able to secure alternate distribution facilities in a timely manner. In addition, we rely upon various internal and third-party systems or software in the operation of our business, including, with respect to database, human resource management, and financial systems. From time to time, certain of these arrangements may not be covered by long-term agreements. In addition, such distribution facilities and/or internal or third party services, systems or software could be adversely impacted by cybersecurity threats including unauthorized breaches. The failure or unavailability of distribution facilities or these internal and third-party services, systems or software, depending upon its severity and duration, could have a material negative effect on our business and results of operations.

Theft of Our Intellectual Property May Have a Material Negative Effect on Our Business and Results of Operations.

The success of our business depends in part on our ability to maintain and monetize our intellectual property rights to our programming, technologies, digital content and other content that is material to our business. Theft of our intellectual property, including content, could have a material negative effect on our business and results of operations because it may reduce the revenue that we are able to receive from the legitimate sale and distribution of our content, undermine lawful distribution channels, limit our ability to control the marketing of our content and inhibit our ability to recoup or profit from the costs incurred to create such content. Litigation may be necessary to enforce our intellectual property rights or protect our trade secrets. Any litigation of this nature, regardless of the outcome, could cause us to incur significant costs.

We May Become Subject to Infringement or Other Claims Relating to Our Content or Technology.

From time to time, third parties may assert against us alleged intellectual property (e.g., copyright, trademark and patent) or other claims relating to our programming, technologies, digital content or other content, some of which may be important to our business. In addition, our programming could potentially subject us to claims of defamation or similar types of allegations. Any such claims, regardless of their merit, could cause us to incur significant costs. In addition, if we are unable to continue use of certain intellectual property rights, our business and results of operations could be materially negatively impacted.

Our Business Has Been Adversely Impacted and May, in the Future, Be Materially Adversely Impacted by an Economic Downturn and Financial Instability.

Our business depends upon the ability and willingness of consumers and businesses to subscribe to a package of programming that includes our networks. In addition, our business is dependent upon advertising revenues. As a result, instability and weakness of the U.S. and global economies and the negative effects on consumers' and businesses' discretionary spending may materially negatively affect our business and results of operations.

Weather or Other Conditions Which Are Outside Our Control May Disrupt Our Programming and May Have a Material Negative Effect on Our Business and Results of Operations.

Weather or other conditions, including natural disasters, acts of terrorism and similar events, which are outside our control may prevent us or our Distributors from providing our programming to customers, may reduce advertising expenditures and may have a material negative effect on our business and results of operations.

We Are Subject to Governmental Regulation, Which Can Change, and Any Failure to Comply With These Regulations May Have a Material Negative Effect on Our Business and Results of Operations.

Our business is subject to federal, state and local laws and regulations. Some FCC regulations apply to us directly and other FCC regulations, although imposed on distributors, affect programming networks indirectly. See "Item 1. Business — Regulation." Legislative enactments, court actions, and federal regulatory proceedings could materially affect our programming business by modifying the rates, terms, and conditions under which we offer our programming networks to distributors and the public, or otherwise materially affect the range of our activities or strategic business alternatives. We cannot predict the likelihood or results of any such legislative, judicial, or regulatory actions. Furthermore, to the extent that regulations and laws, either presently in force or proposed, hinder or stimulate the growth of distributors, our business could be affected. The U.S.

Congress and the FCC currently have under consideration, and may in the future adopt, amend, or repeal, laws, regulations and policies regarding a wide variety of matters that could, directly or indirectly, affect our business. The regulation of distributors is subject to the political process and has been in constant flux over the past two decades. Further material changes in the law and regulatory requirements must be anticipated. Our business and our results of operations may be materially negatively affected by future legislation, new regulation or deregulation.

Our business is, and may in the future be, subject to a variety of other laws and regulations, including licensing requirements; working conditions, labor, immigration and employment laws; and privacy laws.

Our failure to comply with applicable governmental laws and regulations, or to maintain necessary permits or licenses, could have a material negative effect on our business and results of operations.

Organized Labor Matters May Have a Material Negative Effect on Our Business and Results of Operations.

Our business is substantially dependent upon the efforts of unionized workers. As of June 30, 2019, approximately 75% of our workforce is subject to CBAs. Any labor disputes, such as strikes or lockouts, with the unions with which we have collective bargaining agreements, could have a material negative effect on our business and results of operations by impacting our ability to produce or present programming.

In addition, we may be impacted by union relations of the NBA and the NHL. Both the NBA and the NHL have experienced labor difficulties in the past and may have labor issues, such as players' strikes or management lockouts, in the future. For example, the NBA has experienced labor difficulties, including lockouts during the 1998-99 and 2011-12 seasons, resulting in a shortened regular season in each case. The NHL has also experienced labor difficulties, including lockouts during the 1994-95 and 2012-13 seasons, resulting in a shortened regular season in each case, and a lockout beginning in September 2004, which resulted in the cancellation of the entire 2004-05 NHL season.

We Have Substantial Indebtedness and Are Highly Leveraged, Which Could Adversely Affect Our Business.

Immediately prior to the Distribution we incurred a significant amount of debt, substantially all of the proceeds of which were contributed to MSG. We may also continue to incur additional debt in the future. We are highly leveraged and expect to continue to be highly leveraged. As a result, our interest and principal payments on our borrowings are significant in relation to our revenues and cash flows. These payments reduce our earnings and cash available for other potential business purposes. This leverage also exposes us to significant risk by limiting our flexibility in planning for, or reacting to, changes in our business (whether through competitive pressure or otherwise), the cable and telecommunications industries, and the economy at large. Although our cash flows could decrease in these scenarios, our required payments in respect of indebtedness would not decrease.

In addition, our ability to make payments on, or repay or refinance, such debt, and to fund our operating and capital expenditures, depends largely upon our future operating performance. Our future operating performance, to a certain extent, is subject to general economic, financial, competitive, regulatory and other factors that are beyond our control. Furthermore, our interest expense could increase if interest rates increase because our indebtedness bears interest at floating rates or to the extent we have to refinance existing debt with higher cost debt.

We May Require Additional Financing to Fund Our Ongoing Operations and Capital Expenditures, the Availability of Which is Highly Uncertain.

The capital and credit markets can experience volatility and disruption. Such markets can exert extreme downward pressure on stock prices and upward pressure on the cost of new debt capital and can severely restrict credit availability for most issuers.

Although we have a $250 million revolving credit facility (the "Revolving Credit Facility") (see "Note 7 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for more information"), our ability to draw on such facility will depend on our ability to meet certain financial tests and other conditions. In addition, there can be no assurance that we will be able to refinance any such facility in the future or raise any required additional capital or do so on favorable terms. Depending upon conditions in the financial markets and/or the Company's financial performance, we may not be able to raise capital on favorable terms, or at all.

We May Pursue Acquisitions and Other Strategic Investments to Complement or Expand Our Business That May Not Be Successful.

We may explore opportunities to purchase or invest in other businesses or assets that could complement, enhance or expand our current business or that might otherwise offer us growth opportunities, including opportunities that may differ from the Company's current business. Any transactions that we are able to identify and complete may involve risks, including the commitment of significant capital, the incurrence of indebtedness, the payment of advances, the diversion of management's attention and resources from our existing business to develop and integrate the acquired or combined business, the inability to successfully integrate such business or assets into our operations, litigation or other claims in connection with acquisitions or against companies we invest in or acquire, our lack of control over joint venture companies and other minority investments, the risk of not achieving the intended results and the exposure to losses if the underlying transactions or ventures are not successful. Any such risks could result in a material negative effect on our business and results of operations.

We Are Controlled by the Dolan Family. As a Result of Their Control, the Dolan Family Has the Ability to Prevent or Cause a Change in Control or Approve, Prevent or Influence Certain Actions by the Company.

We have two classes of common stock:

- Class A Common Stock, which is entitled to one vote per share and is entitled collectively to elect 25% of our Board of Directors.
- Class B Common Stock, which is entitled to ten votes per share and is entitled collectively to elect the remaining 75% of our Board of Directors.

As of July 31, 2019, the Dolan family, including trusts for the benefit of members of the Dolan family (collectively, the "Dolan Family Group"), collectively own all of our outstanding Class B Common Stock and approximately 3.9% (inclusive of options exercisable within 60 days of the date hereof) of our outstanding Class A Common Stock, and as a result hold approximately 70.1% of the total voting power of all our outstanding common stock. The members of the Dolan Family Group holding Class B Common Stock have executed a stockholders agreement (the "Stockholders Agreement") that 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 Class B Common Stock. Under the Stockholders Agreement, the shares of Class B Common Stock owned by members of the Dolan Family Group (representing all of the outstanding Class B Common Stock) are to be voted on all matters in accordance with the determination of the Dolan Family Committee, except that the decisions of the Dolan Family Committee are non-binding with respect to the Class B Common Stock owned by certain Dolan family trusts that collectively own 40.5% of the outstanding Class B Common Stock ("Excluded Trusts"). The "Dolan Family Committee" consists of Charles F. Dolan and his six children, James L. Dolan, Thomas C. Dolan, Patrick F. Dolan, Kathleen M. Dolan, Deborah A. Dolan-Sweeney, and Marianne Dolan Weber. The Dolan Family Committee generally acts by a majority vote, except that approval of a going-private transaction must be approved by a two-thirds vote and approval of a change-in-control transaction must be approved by not less than all but one vote. The voting members of the Dolan Family Committee are James L. Dolan, Thomas C. Dolan, Kathleen M. Dolan, Deborah A. Dolan-Sweeney, and Marianne Dolan Weber, with each member having one vote other than James L. Dolan, who has two votes. Because James L. Dolan has two votes, he has the ability to block Dolan Family Committee approval of any Company change in control transaction. Shares of Class B Common Stock owned by Excluded Trusts are to be voted on all matters in accordance with the determination of the Excluded Trusts holding a majority of the Class B Common Stock held by all Excluded Trusts, except in the case of a vote on a going-private transaction or a change in control transaction, in which case a vote of trusts holding two-thirds of the Class B Common Stock owned by Excluded Trusts is required.

The Dolan Family Group is able to prevent a change in control of our Company and no person interested in acquiring us will be able to do so without obtaining the consent of the Dolan Family Group. The Dolan Family Group, by virtue of their stock ownership, have the power to elect all of our directors subject to election by holders of Class B Common Stock and are able collectively to control stockholder decisions on matters on which holders of all classes of our common stock vote together as a single class. These matters could include the amendment of some provisions of our certificate of incorporation and the approval of fundamental corporate transactions.

In addition, the affirmative vote or consent of the holders of at least 66 $^{2}/_{3}$% of the outstanding shares of the Class B Common Stock, voting separately as a class, is required to approve:

- the authorization or issuance of any additional shares of Class B Common Stock, and
- any amendment, alteration or repeal of any of the provisions of our certificate of incorporation that adversely affects the powers, preferences or rights of the Class B Common Stock.

As a result, the Dolan Family Group also has the power to prevent such issuance or amendment.

The Dolan Family Group also controls MSG and AMC Networks Inc. ("AMC Networks").

We Have Elected to Be a "Controlled Company" for New York Stock Exchange Purposes Which Allows Us Not to Comply With Certain of the Corporate Governance Rules of New York Stock Exchange.

Members of the Dolan Family Group have entered into the Stockholders Agreement relating, among other things, to the voting of their shares of our Class B Common Stock. As a result, we are a "controlled company" under the corporate governance rules of New York Stock Exchange ("NYSE"). Our Board of Directors has elected for the Company to be treated as a "controlled company" under NYSE corporate governance rules and not to comply with the NYSE requirement for a majority independent board of directors and for an independent corporate governance and nominating committee because of our status as a controlled company. Nevertheless, our Board of Directors has elected to comply with the NYSE requirement for an independent compensation committee.

Future Stock Sales, Including as a Result of the Exercise of Registration Rights by Certain of Our Stockholders, Could Adversely Affect the Trading Price of Our Class A Common Stock.

Certain parties have registration rights covering a portion of our shares. We have entered into registration rights agreements with Charles F. Dolan, members of his family, certain Dolan family interests and the Dolan Family Foundation that provide them with "demand" and "piggyback" registration rights with respect to approximately 15 million shares of Class A Common Stock, including shares issuable upon conversion of shares of Class B Common Stock. Sales of a substantial number of shares of Class A Common Stock could adversely affect the market price of the Class A Common Stock and could impair our future ability to raise capital through an offering of our equity securities.

We Share Certain Key Executives and Directors With MSG and/or AMC Networks, Which Means Those Executives Do Not Devote Their Full Time and Attention to Our Affairs and the Overlap May Give Rise to Conflicts.

Our Executive Chairman, James L. Dolan, also serves as Executive Chairman and Chief Executive Officer of MSG, and our Executive Vice President and General Counsel, Lawrence J. Burian, also serves as the Executive Vice President and General Counsel of MSG. As a result, not all of our executive officers devote their full time and attention to the Company's affairs. Our Vice Chairman, Gregg G. Seibert, also serves as the Vice Chairman of both MSG and AMC Networks, and our Secretary, Mark C. Cresitello, also serves as Senior Vice President, Associate General Counsel and Secretary of MSG. In addition, one of our directors, Charles F. Dolan, is the Executive Chairman of AMC Networks. Furthermore, six members of our Board of Directors (including James L. Dolan) are also directors of MSG and six members of our Board of Directors (including James L. Dolan) are also directors of AMC Networks concurrently with their service on our Board of Directors. The overlapping officers and directors may have actual or apparent conflicts of interest with respect to matters involving or affecting each company. For example, the potential for a conflict of interest exists when we on the one hand, and MSG or AMC Networks on the other hand, look at certain acquisitions and other corporate opportunities that may be suitable for more than one of the companies. Also, conflicts may arise if there are issues or disputes under the commercial arrangements that exist between MSG or AMC Networks and us. In addition, certain of our directors and officers hold MSG and/or AMC Networks stock, performance stock units, restricted stock units, options, and/or or cash performance awards. These ownership interests could create actual, apparent or potential conflicts of interest when these individuals are faced with decisions that could have different implications for our Company and MSG or AMC Networks. See "Certain Relationships and Potential Conflicts of Interest" in our Proxy Statement filed with the SEC on October 25, 2018 and "Certain Relationships and Related Party Transactions — Certain Relationships and Potential Conflicts of Interest" in MSG's registration statement on Form 10 filed with the SEC on September 11, 2015 for a discussion of certain procedures we instituted to help ameliorate such potential conflicts with MSG and/or AMC Networks that may arise.

Our Overlapping Directors and Executive Officers With MSG and/or AMC Networks May Result in the Diversion of Corporate Opportunities and Other Conflicts to MSG and/or AMC Networks and Provisions in Our Amended and Restated Certificate of Incorporation May Provide Us No Remedy in That Circumstance.

The Company acknowledges that directors and officers of the Company may also be serving as directors, officers, employees, consultants or agents of MSG and/or AMC Networks and their respective subsidiaries and that the Company may engage in material business transactions with such entities. The Company's Board of Directors has adopted resolutions putting in place policies and arrangements whereby the Company has renounced its rights to certain business opportunities and no director or officer of the Company who is also serving as a director, officer, employee, consultant or agent of MSG and/or AMC Networks and their subsidiaries will be liable to the Company or its stockholders for breach of any fiduciary duty that would otherwise occur by reason of the fact that any such individual directs a corporate opportunity (other than certain limited types of opportunities set forth in such policies) to MSG and/or AMC Networks or any of their subsidiaries instead of the Company, or does not refer or communicate information regarding such corporate opportunities to the Company.

We Could Have Significant Tax Liability as a Result of the Distribution.

We have obtained an opinion from Sullivan & Cromwell LLP substantially to the effect that, among other things, the Distribution qualifies as a tax-free distribution under the Internal Revenue Code, (the “Code”). The opinion is not binding on the Internal Revenue Service (the “IRS”) or the courts. Additionally, we have received a private letter ruling from the IRS concluding that certain limited aspects of the Distribution will not prevent the Distribution from satisfying certain requirements for tax-free treatment under the Code. The opinion and the private letter ruling rely on factual representations and reasonable assumptions, which if incorrect or inaccurate may jeopardize the ability to rely on such opinion and letter ruling.

If the Distribution does not qualify for tax-free treatment for U.S. federal income tax purposes, then, in general, we would be subject to tax as if we had sold the MSG common stock in a taxable sale for its fair value. MSG stockholders would be subject to tax as if they had received a distribution equal to the fair value of MSG common stock that was distributed to them, which generally would be treated first as a taxable dividend to the extent of our earnings and profits, then as a non-taxable return of capital to the extent of each holder’s tax basis in its MSG common stock, and thereafter as capital gain with respect to any remaining value. It is expected that the amount of any such taxes to MSG stockholders and us would be substantial.

We Rely on MSG’s Performance Under Various Agreements.

We have various agreements with MSG, including a distribution agreement, a tax disaffiliation agreement, a services agreement, an employee matters agreement, an advertising sales representation agreement, a trademark license agreement and media rights agreements, as well as certain other arrangements. These agreements include the allocation of employee benefits, taxes and certain other liabilities and obligations attributable to periods prior to the Distribution. In connection with the Distribution, we agreed to provide MSG with indemnities with respect to liabilities arising out of our businesses and MSG agreed to provide us with indemnities with respect to liabilities arising out of the businesses we transferred to MSG. These agreements also include arrangements with respect to support services and a number of on-going commercial relationships, including our production and exhibition of Knicks and Rangers games, the sale of our advertising inventory by MSG and our use of the “MSG” brand. The advertising sales representation agreement, services agreement and trademark license agreement are each subject to potential termination by MSG in the event MSG and the Company are no longer affiliates.

MSG provides certain business services that were performed by internal resources prior to the Distribution, such 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 functions. These services include the collection and storage of certain personal information regarding employees and/or customers as well as information regarding the Company and our Distributors and advertisers. See also “*—We Face Continually Evolving Cybersecurity and Similar Risks, Which Could Result in Loss, Disclosure or Misappropriation of, or Access to, Our Confidential Information and Cause Disruption of Our Business, Damage to Our Brands and Reputation, Legal Exposure and Financial Losses*.” The services agreement expired on June 30, 2019. In connection with the expiration of the services agreement, the Company entered into an interim agreement with MSG, pursuant to which each party provides the other with the services described above on the same terms as provided in the services agreement on an interim basis while a new agreement is finalized. We expect to enter into a new services agreement which will be retroactive to July 1, 2019.

The media rights agreements provide us with the exclusive media rights to Knicks and Rangers games. Rights fees under these media rights agreements amounted to approximately $146.2 million for the year ended June 30, 2019. The rights fees increase annually and are subject to adjustments in certain circumstances, including if MSG does not make available a minimum number of games in any year.

Our advertising sales representation agreement with MSG, which has a term through June 30, 2022, provides for MSG to act as our advertising sales representative and includes the exclusive right and obligation to sell certain advertising availabilities on our behalf for a commission. All of our advertising sales personnel were transferred to MSG in connection with the Distribution. As a result of this arrangement, we depend on MSG’s performance for the sale of our advertising. The advertising sales representation agreement is subject to certain termination rights, including MSG’s right to terminate if MSG and the Company are no longer affiliates and the Company’s right to terminate if certain sales thresholds are not met unless MSG elects to pay the Company the shortfall.

The Company and MSG each rely on the other to perform its obligations under all of these agreements. If MSG were to breach, be unable to satisfy its material obligations under these agreements, including a failure to satisfy its indemnification or other financial obligations, or these agreements otherwise terminate or expire and we do not enter into replacement agreements, we could suffer operational difficulties and/or significant losses.

[Table of Contents](#)

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Significant properties that are leased include approximately 64,000 square feet housing the Company's administrative and executive offices and approximately 18,000 square feet of studio space in New York City.

Item 3. Legal Proceedings

The Company is a defendant in various lawsuits. Although the outcome of these matters cannot be predicted with certainty, management does not believe that resolution of these lawsuits will have a material adverse effect on the Company.

Item 4. Mine Safety Disclosure

Not applicable.

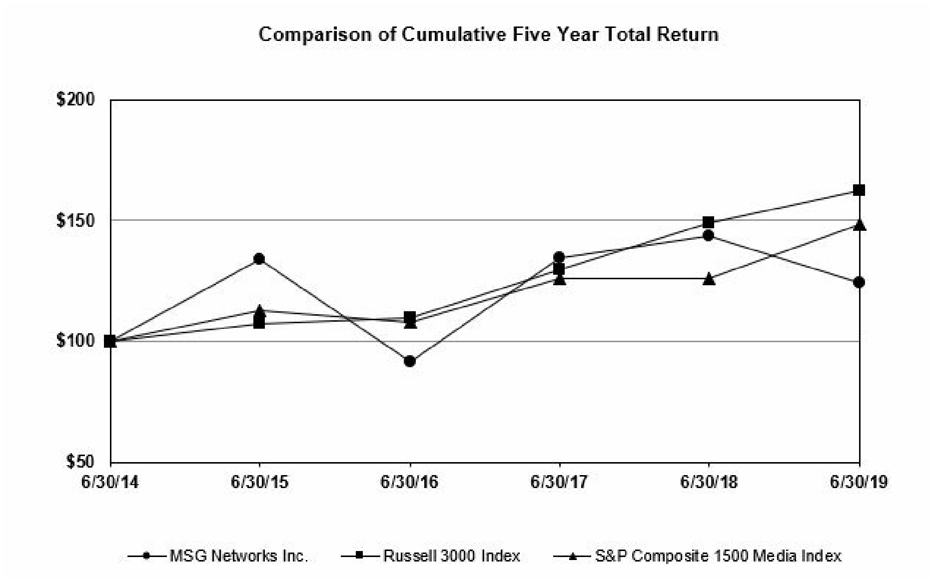
PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our Class A Common Stock is listed on the NYSE under the symbol "MSGN."

Performance Graph

The following graph compares the cumulative total return of our Class A Common Stock for the last five years with the performance for the same period of the Russell 3000 Index and S&P Composite 1500 Media Index. The comparison assumes an investment of $100 on June 30, 2014 and reinvestment of dividends. The Distribution is treated as a reinvestment of a special dividend pursuant to SEC rules. The stock price performance in this graph is not necessarily indicative of future stock performance.



	Base Period 6/30/14	06/30/15	06/30/16	06/30/17	06/30/18	06/30/19
MSG Networks Inc.	$ 100.00	$ 133.69	$ 91.81	$ 134.37	$ 143.35	$ 124.13
Russell 3000 Index	100.00	107.29	109.59	129.87	149.07	162.46
S&P Composite 1500 Media Index	100.00	112.77	108.17	126.19	126.16	148.70

This performance graph shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or incorporated by reference into any of our filings under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

As of June 30, 2019, there were 975 holders of record of our Class A Common Stock. There is no public trading market for our Class B Common Stock. As of June 30, 2019, there were 14 holders of record of our Class B Common Stock.

We did not pay any dividend on our common stock during the 2019 and 2018 fiscal years and do not have any current plans to pay a cash dividend on our common stock for the foreseeable future. Our senior secured credit facilities restrict our ability to declare dividends in certain situations (see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Financing Agreements”).

Issuer Purchases of Equity Securities

As of June 30, 2019, the Company had approximately $136 million remaining under the $150 million Class A Common Stock share repurchase program authorized by the Company’s Board of Directors on December 7, 2017. Under the authorization, shares of Class A Common Stock may be purchased from time to time in open market or private transactions, block trades, or such other manner as the Company may determine, in accordance with applicable insider trading and other securities laws and regulations, with the timing and amount of purchases depending on market conditions and other factors. The Company funded and expects to continue to fund stock repurchases through a combination of cash on hand and cash generated by operations. The Company may also choose to fund its stock repurchase program through other funding sources including utilizing its Revolving Credit Facility. During the fiscal year ended June 30, 2019, the Company did not engage in any share repurchase activity under its share repurchase program.

[Table of Contents](#)

Item 6. Selected Financial Data

The operating and balance sheet data included in the following table has been derived from the consolidated financial statements of the Company and its subsidiaries and should be read in conjunction with the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K and with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

	For Years Ended June 30,				
	2019	2018	2017	2016	2015
	(in thousands, except per share data)				
Operating Data:					
Revenues	$ 720,845	$ 696,651	$ 675,352	$ 658,198	$ 631,010
Direct operating expenses	300,274	291,082	271,119	267,233	215,783
Selling, general and administrative expenses	103,274	83,073	79,040	100,752	152,706
Depreciation and amortization (including impairments)	7,398	9,338	10,296	14,583	17,641
Gain on sale of Fuse	—	—	—	—	(186,178)
Operating income	309,899	313,158	314,897	275,630	431,058
Other income (expense):					
Interest income	6,343	4,388	2,782	2,368	2,068
Interest expense	(47,589)	(43,312)	(40,108)	(31,683)	(4,040)
Other components of net periodic benefit cost	244	(1,710)	(1,633)	(2,044)	(3,747)
Miscellaneous expense	—	—	—	(2)	(4)
	(41,002)	(40,634)	(38,959)	(31,361)	(5,723)
Income from continuing operations before income taxes	268,897	272,524	275,938	244,269	425,335
Income tax benefit (expense)	(82,715)	16,338	(108,476)	(80,971)	(176,905)
Income from continuing operations	186,182	288,862	167,462	163,298	248,430
Income (loss) from discontinued operations, net of taxes [(a)]	—	—	(120)	(155,664)	6,271
Net income	$ 186,182	$ 288,862	$ 167,342	$ 7,634	$ 254,701
Earnings (loss) per share:					
Basic					
Income from continuing operations	$ 2.48	$ 3.83	$ 2.23	$ 2.17	$ 3.22
Income (loss) from discontinued operations [(a)]	—	—	—	(2.07)	0.08
Net income	2.48	3.83	2.22	0.10	3.30
Diluted					
Income from continuing operations	$ 2.46	$ 3.81	$ 2.22	$ 2.16	$ 3.20
Income (loss) from discontinued operations [(a)]	—	—	—	(2.06)	0.08
Net income	2.46	3.81	2.21	0.10	3.28
Weighted-average number of common shares outstanding:					
Basic	75,069	75,381	75,213	75,152	77,138
Diluted	75,731	75,820	75,560	75,527	77,687
Balance Sheet Data:					
Total assets	$ 866,899	$ 849,612	$ 805,044	$ 806,542	$ 3,019,829
Total long-term debt	1,018,017	1,190,431	1,312,845	1,477,759	—
Total stockholders' equity (deficiency)	(458,768)	(657,742)	(944,207)	(1,119,958)	1,723,522

[(a)] *On the Distribution Date, the Company distributed to its stockholders all of the outstanding common stock of MSG. Following the Distribution, the Company no longer consolidates the financial results of MSG for purposes of its own financial reporting and the historical financial results of MSG through the Distribution Date, as well as transaction costs related to the Distribution, have been classified in the Company's consolidated financial statements as discontinued operations for all periods presented. No gain or loss was recognized in connection with the Distribution.*

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "expects," "anticipates," "believes," "estimates," "may," "will," "should," "could," "potential," "continue," "intends," "plans," and similar words and terms used in the discussion of future operating and financial performance and plans identify forward-looking statements. Investors are cautioned that such forward-looking statements are not guarantees of future performance, results or events and involve risks and uncertainties, and that actual results or developments may differ materially from the forward-looking statements as a result of various factors. Factors that may cause such differences to occur include, but are not limited to:

- the demand for our programming among cable, satellite, telephone, and other platforms ("Distributors") and the subscribers thereto, and our ability to enter into and renew affiliation agreements with Distributors, as well as the impact of consolidation among Distributors;
- the level of our revenues, which depends in part on the popularity and competitiveness of the sports teams whose games are broadcast on our networks and the popularity of other content aired on our networks;
- the ability of our Distributors to maintain, or minimize declines in, subscriber levels;
- the impact of subscribers selecting Distributors' packages that do not include our networks or Distributors that do not carry our networks at all;
- the security of our program signal and electronic data;
- general economic conditions especially in the New York City metropolitan area where we conduct the majority of our operations;
- the on-ice and on-court performance of the professional sports teams whose games we carry;
- the demand for advertising and sponsorship arrangements and viewer ratings for our networks;
- competition, for example, from other regional sports networks;
- the relocation or insolvency of professional sports teams with which we have a media rights agreement;
- our ability to maintain, obtain or produce content, together with the cost of such content;
- our ability to renew or replace our media rights agreements with professional sports teams;
- the acquisition or disposition of assets and/or the impact of, and our ability to successfully pursue, acquisitions or other strategic transactions, and the operating and financial performance thereof (including those that we do not control);
- the costs associated with, and the outcome of, litigation and other proceedings to the extent uninsured;
- the impact of governmental regulations or laws and changes in such regulations or laws, including with respect to the legalization of sports gaming;
- the impact of sports league rules, regulations and/or agreements and changes thereto;
- our dependence on The Madison Square Garden Company ("MSG"), AMC Networks Inc., and other third-party providers for the provision of certain services;
- cybersecurity and similar risks which could result in the disclosure of confidential information, disruption of our business or damage to our brands and reputation;
- our substantial debt and high leverage;
- any reduction in our access to capital and credit markets or significant increases in costs to borrow;
- financial community perceptions of our business, operations, financial condition and the industry in which we operate;
- the tax-free treatment of the Distribution (as defined below); and

- the factors described under “Item 1A. Risk Factors” included in this Annual Report on Form 10-K.

The Company disclaims any obligation to update or revise the forward-looking statements contained herein, except as otherwise required by applicable federal securities laws.

All dollar amounts included in the following MD&A are presented in thousands, except as otherwise noted.

Introduction

This MD&A is provided as a supplement to, and should be read in conjunction with, the audited consolidated financial statements and notes thereto included in this Annual Report on Form 10-K to help provide an understanding of our financial condition, changes in financial condition and results of operations. Unless the context otherwise requires, all references to “we,” “us,” “our” or the “Company” refer collectively to MSG Networks Inc., a holding company, and its direct and indirect subsidiaries through which substantially all of our operations are conducted. The Company owns and operates two regional sports and entertainment networks, MSG Network (“MSGN”) and MSG+, collectively the “MSG Networks.”

On September 30, 2015, the Company distributed to its stockholders all of the outstanding common stock of MSG (the “Distribution”). Following the Distribution, the Company no longer consolidates the financial results of MSG for purposes of its own financial reporting.

The Company operates and reports financial information in one segment.

This MD&A is organized as follows:

Business Overview. This section provides a general description of our business, as well as other matters that we believe are important in understanding our results of operations and financial condition and in anticipating future trends.

Results of Operations. This section provides an analysis of our consolidated results of operations for the years ended June 30, 2019, 2018, and 2017.

Liquidity and Capital Resources. This section provides a discussion of our financial condition and liquidity, as well as an analysis of our cash flows for the years ended June 30, 2019, 2018, and 2017.

Recently Issued Accounting Pronouncements Not Yet Adopted and Critical Accounting Policies. This section provides a discussion of accounting policies considered to be important to our financial condition and results of operations and which require significant judgment and estimates on the part of management in their application. In addition, all of our significant accounting policies, including our critical accounting policies, are discussed in the notes to our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

Business Overview

The Company owns and operates two regional sports and entertainment networks, MSGN and MSG+, that feature a wide range of compelling sports content, including exclusive live local games and other programming of the New York Knicks (the "Knicks") of the National Basketball Association ("NBA"); the New York Rangers (the "Rangers"), New York Islanders (the "Islanders"), New Jersey Devils (the "Devils") and Buffalo Sabres (the "Sabres") of the National Hockey League ("NHL"); as well as significant coverage of the New York Giants (the "Giants"), and Buffalo Bills (the "Bills") of the National Football League ("NFL").

Revenue Sources

The Company generates revenues principally from affiliation fees, as well as from the sale of advertising.

Affiliation Fee Revenue

Affiliation fee revenue is earned from Distributors for the right to carry the Company's networks. The fees we receive depend largely on the demand from subscribers for our programming. Affiliation fee revenue constituted approximately 90% of our consolidated revenues for each of the years ended June 30, 2019 and 2018.

Advertising Revenue

The Company's advertising revenue is largely derived from the sale of inventory in its live professional sports programming, as such, a disproportionate share of this revenue has historically been earned in the Company's second and third fiscal quarters. In certain advertising arrangements, the Company guarantees specific viewer ratings for its programming. The Company has an advertising sales representation agreement with MSG, which has a term through June 30, 2022, that provides for MSG to act as the Company's advertising sales representative and includes the exclusive right and obligation to sell certain advertising availabilities on the Company's behalf for a commission. The advertising sales representation agreement is subject to certain termination rights, including MSG's right to terminate if MSG and the Company are no longer affiliates and the Company's right to terminate if certain sales thresholds are not met unless MSG elects to pay the Company the shortfall.

Direct Operating Expenses

Direct operating expenses primarily include the cost of professional team rights acquired under media rights agreements to telecast various sporting events on our networks, and other direct programming and production costs of our networks.

In connection with the Distribution, the Company entered into long-term media rights agreements with the Knicks and the Rangers, which provide the Company with exclusive media rights to the teams' games in their local markets. These agreements were effective July 1, 2015. In addition, the Company has long-term media rights agreements with the Islanders, Devils and Sabres. The professional team media rights acquired under these agreements to telecast various sporting events and other programming for exhibition on our networks are typically expensed on a straight-line basis over the applicable annual contract or license period. We negotiate directly with the teams to determine the fee and other provisions of the media rights agreements. Media rights fees for sports programming are influenced by, among other things, the size and demographics of the geographic area in which the programming is distributed, and the popularity and/or the competitiveness of a team.

Other direct programming and production costs include, but are not limited to, the salaries of on-air personalities, producers, directors, technicians, writers and other creative staff, as well as expenses associated with location costs, remote facilities and maintaining studios, origination, and transmission services and facilities.

Selling, General and Administrative Expenses

Selling, general and administrative expenses primarily consist of administrative costs, including employee compensation and related benefits, professional fees, as well as sales commissions and advertising and marketing costs.

Factors Affecting Operating Results

The financial performance of our business is affected by the affiliation agreements we negotiate with Distributors, the number of subscribers of certain Distributors, and also by the advertising rates we charge advertisers. Certain of these factors in turn depend on the popularity and/or performance of the professional sports teams carried on MSG Networks as well as the cost and the attractiveness of our programming content.

Due largely to our long-term media rights agreements with our NBA and NHL teams and the generally recurring nature of our affiliation fee revenue, MSG Networks has consistently produced operating profits for a number of years. Advertising revenues are less predictable and can vary based upon a number of factors, including general economic conditions, team performance and the performance of MSG under our advertising sales representation agreement.

Our Company's future performance is also dependent on the U.S. and global economies, the impact of competition, and the relative strength of our current and future advertising customers. Instability and weakness of the U.S. and global economies and the negative effects on consumers' and businesses' discretionary spending may materially negatively affect our business and results of operations. See "Part I — Item 1. Business — Regulation" for other factors that may affect operating results.

Results of Operations

Comparison of the Year Ended June 30, 2019 versus the Year Ended June 30, 2018

The table below sets forth, for the periods presented, certain historical financial information and the percentage that those items bear to revenues.

	Years Ended June 30,				Increase (Decrease) in Net Income
	2019		2018		
	Amount	% of Revenues	Amount	% of Revenues	
Revenues	$ 720,845	100 %	$ 696,651	100 %	$ 24,194
Direct operating expenses	300,274	42 %	291,082	42 %	(9,192)
Selling, general and administrative expenses	103,274	14 %	83,073	12 %	(20,201)
Depreciation and amortization	7,398	1 %	9,338	1 %	1,940
Operating income	309,899	43 %	313,158	45 %	(3,259)
Other income (expense):					
Interest income	6,343	1 %	4,388	1 %	1,955
Interest expense	(47,589)	(7)%	(43,312)	(6)%	(4,277)
Other components of net periodic benefit cost	244	NM	(1,710)	NM	1,954
	(41,002)	(6)%	(40,634)	(6)%	(368)
Income from continuing operations before income taxes	268,897	37 %	272,524	39 %	(3,627)
Income tax benefit (expense)	(82,715)	(11)%	16,338	2 %	(99,053)
Net income	186,182	26 %	288,862	41 %	(102,680)

____

NM – Percentage is not meaningful

In the first quarter of fiscal year 2019, the Company adopted Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and the subsequent ASUs that amended and/or clarified the application of ASU No. 2014-09 (collectively, "Topic 606"). See Note 2 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for more information. The standard was applied using the modified retrospective approach. The amount by which each financial statement line item has been affected in the current reporting period by the application of Topic 606 compared to historical policies is not material, therefore, comparative disclosures have been omitted.

Revenues

Revenues for the year ended June 30, 2019 increased $24,194, or 3%, to $720,845 as compared with the prior year. The net increase was attributable to the following:

Increase in affiliation fee revenue	$ 14,130
Increase in advertising revenue	10,275
Other net decreases	(211)
	$ 24,194

The increase in affiliation fee revenue was primarily due to higher affiliation rates, partially offset by the impact of a decrease in average subscribers of less than 4% as compared with the prior year. Our subscriber losses accelerated during the year ended June 30, 2019.

The increase in advertising revenue was primarily due to higher per-game sales from the telecast of live professional sports programming, a higher net decrease in deferred revenue related to ratings guarantees in the current year, and, to a lesser extent, higher sales from the Company's branded content initiatives as compared with prior year.

Direct operating expenses

Direct operating expenses for the year ended June 30, 2019 increased $9,192, or 3%, to $300,274 as compared with the prior year due to higher rights fees expense of $9,861, principally as a result of contractual rate increases, partially offset by a decrease in other programming-related costs of $669.

Selling, general and administrative expenses

Selling, general and administrative expenses for the year ended June 30, 2019 increased $20,201, or 24%, to $103,274 as compared with the prior year primarily due to higher advertising and marketing costs, higher employee compensation and related benefits (including share-based compensation expense), higher other corporate costs, and higher advertising sales commissions.

Operating income

Operating income for the year ended June 30, 2019 decreased $3,259, or 1%, to $309,899 as compared with the prior year primarily due to (as discussed above) higher selling, general and administrative expenses (including share-based compensation expense) and, to a lesser extent, higher direct operating expenses, largely offset by higher revenues and, to a lesser extent, lower depreciation and amortization.

Interest expense

Interest expense for the year ended June 30, 2019 increased $4,277, or 10%, to $47,589 as compared with the prior year primarily due to higher average interest rates in fiscal year 2019 (3.8% as compared with 3.0%), partially offset by a lower average principal balance under the Company's term loan facility (see "Liquidity and Capital Resources — Financing Agreements").

Income taxes

See Note 16 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for more information on income taxes.

Adjusted operating income

The Company evaluates performance based on several factors, of which the key financial measure is adjusted operating income. Adjusted operating income is defined as operating income before (i) depreciation, amortization and impairments of property and equipment and intangible assets, (ii) share-based compensation expense or benefit, (iii) restructuring charges or credits and (iv) gains or losses on sales or dispositions of businesses. Because it is based upon operating income, adjusted operating income also excludes interest expense (including cash interest expense) and other non-operating income and expense items. We believe that the exclusion of share-based compensation expense or benefit allows investors to better track the performance of the Company without regard to the settlement of an obligation that is not expected to be made in cash. We believe adjusted operating income is an appropriate measure for evaluating the operating performance of our Company. Adjusted operating income and similar measures with similar titles are common performance measures used by investors and analysts to analyze our performance. Internally, we use revenues and adjusted operating income measures as the most important indicators of our business performance, and evaluate management's effectiveness with specific reference to these indicators. Adjusted operating income should be viewed as a supplement to and not a substitute for operating income, net income, cash flows from operating activities, and other measures of performance and/or liquidity presented in accordance with U.S. generally accepted accounting principles ("GAAP"). Since adjusted operating income is not a measure of performance calculated in accordance with GAAP, this measure may not be comparable to similar measures with similar titles used by other companies.

The Company has presented the components that reconcile operating income, a GAAP measure, to adjusted operating income:

	Years Ended June 30,		Increase (Decrease) in Adjusted Operating Income
	2019	2018	
Operating income	$ 309,899	$ 313,158	$ (3,259)
Share-based compensation expense	18,087	13,979	4,108
Depreciation and amortization	7,398	9,338	(1,940)
Adjusted operating income	$ 335,384	$ 336,475	$ (1,091)

Adjusted operating income for the year ended June 30, 2019 decreased $1,091 to $335,384 as compared with the prior year primarily due to (as discussed above) higher selling, general and administrative expenses (excluding share-based compensation expense) and, to a lesser extent, higher direct operating expenses, largely offset by higher revenues.

Results of Operations

Comparison of the Year Ended June 30, 2018 versus the Year Ended June 30, 2017

The table below sets forth, for the periods presented, certain historical financial information and the percentage that those items bear to revenues.

	Years Ended June 30,				Increase (Decrease) in Net Income
	2018		2017		
	Amount	% of Revenues	Amount	% of Revenues	
Revenues	$ 696,651	100 %	$ 675,352	100 %	$ 21,299
Direct operating expenses	291,082	42 %	271,119	40 %	(19,963)
Selling, general and administrative expenses	83,073	12 %	79,040	12 %	(4,033)
Depreciation and amortization	9,338	1 %	10,296	2 %	958
Operating income	313,158	45 %	314,897	47 %	(1,739)
Other income (expense):					
Interest income	4,388	1 %	2,782	NM	1,606
Interest expense	(43,312)	(6)%	(40,108)	(6)%	(3,204)
Other components of net periodic benefit cost	(1,710)	NM	(1,633)	NM	(77)
	(40,634)	(6)%	(38,959)	(6)%	(1,675)
Income from continuing operations before income taxes	272,524	39 %	275,938	41 %	(3,414)
Income tax benefit (expense)	16,338	2 %	(108,476)	(16)%	124,814
Income from continuing operations	288,862	41 %	167,462	25 %	121,400
Loss from discontinued operations, net of taxes	—	NM	(120)	NM	120
Net income	$ 288,862	41 %	$ 167,342	25 %	$ 121,520

____

NM – Percentage is not meaningful

Revenues

Revenues for the year ended June 30, 2018 increased $21,299, or 3%, to $696,651 as compared with the prior year. The net increase was attributable to the following:

Increase in affiliation fee revenue	$ 22,269
Decrease in advertising revenue	(2,801)
Other net increases	1,831
	$ 21,299

The increase in affiliation fee revenue was primarily due to higher affiliation rates, partially offset by the impact of a low single-digit percentage decrease in average subscribers as compared with the prior year.

The decrease in advertising revenue was due to lower playoff-related advertising sales, partially offset by other net advertising increases.

Direct operating expenses

Direct operating expenses for the year ended June 30, 2018 increased $19,963, or 7%, to $291,082 as compared with the prior year due to higher rights fees expense of $16,056 and, to a lesser extent, higher other programming-related cost increases of $3,907. The increase in rights fees expense primarily reflects annual contractual rate increases, a step-up in expense related to the renewal of a rights agreement with the Buffalo Sabres, and additional league fees related to streaming rights. The increase in other programming-related cost was primarily due to the absence of the positive impact of the finalization of a matter related to the sale of Fuse recorded in the prior year period, and other programming-related cost increases.

Selling, general and administrative expenses

Selling, general and administrative expenses for the year ended June 30, 2018 increased $4,033, or 5%, to $83,073 as compared with the prior year primarily due to higher employee compensation and related benefits (largely as a result of an increase in share-based compensation expense), partially offset by lower advertising and marketing costs and advertising sales commissions.

Operating income

Operating income for the year ended June 30, 2018 decreased $1,739, or 1%, to $313,158 as compared with the prior year period primarily due to (as discussed above) higher direct operating expenses and, to a lesser extent, higher selling, general and administrative expenses (including share-based compensation expense), largely offset by higher revenues and, to a lesser extent, lower depreciation and amortization.

Interest expense

Interest expense for the year ended June 30, 2018 increased $3,204, or 8%, to $43,312 as compared with the prior year primarily due to higher average interest rates in fiscal year 2018 (3.0% as compared with 2.5%), partially offset by a lower average principal balance under the Company's term loan facility (see "Liquidity and Capital Resources — Financing Agreements").

Income taxes

See Note 16 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for more information on income taxes.

Adjusted operating income

The Company has presented the components that reconcile operating income, a GAAP measure, to adjusted operating income:

	Years Ended June 30,		Increase (Decrease) in Adjusted Operating Income
	2018	2017	
Operating income	$ 313,158	$ 314,897	$ (1,739)
Share-based compensation expense	13,979	9,931	4,048
Depreciation and amortization	9,338	10,296	(958)
Adjusted operating income	$ 336,475	$ 335,124	$ 1,351

Adjusted operating income for the year ended June 30, 2018 increased $1,351 to $336,475 as compared with the prior year primarily due to (as discussed above) higher revenues, largely offset by higher direct operating expenses and, to a lesser extent, higher selling, general and administrative expenses (excluding share-based compensation expense).

Liquidity and Capital Resources

Overview

Our primary sources of liquidity are cash and cash equivalents, cash flows from the operations of our business and available borrowing capacity under our $250,000 revolving credit facility (the "Revolving Credit Facility") with a syndicate of lenders which was undrawn as of June 30, 2019 (see "Financing Agreements" below). Our principal uses of cash are expected to include working capital-related items, capital spending, taxes, debt service, and the repurchase of shares of the Company's Class A common stock, par value $0.01 per share ("Class A Common Stock"). The Company's use of its available liquidity will be based upon the ongoing review of the funding needs of the business, the optimal allocation of cash resources, and the timing of cash flow generation.

We believe we have sufficient liquidity, including $226,423 in cash and cash equivalents, as of June 30, 2019, as well as the available borrowing capacity under the Revolving Credit Facility and our anticipated operating cash flows, to fund our business operations, repurchase shares of the Company's Class A Common Stock and service our outstanding term loan facility (see "Financing Agreements" below) over the next twelve months. However, potential subscriber reductions of our Distributors, changes in the demand for our programming, advertising revenue declines, our ability to maintain or obtain content, and other factors could adversely impact our business and results of operations, which might require that we seek alternative sources of funding through the capital and credit markets that may or may not be available to us.

On December 7, 2017, the Company's Board of Directors authorized the repurchase of up to $150,000 of the Company's Class A Common Stock. Under the authorization, shares of Class A Common Stock may be purchased from time to time in open market or private transactions, block trades or such other manner as the Company may determine, in accordance with applicable insider trading and other securities laws and regulations. The timing and amount of purchases will depend on market conditions and other factors. As of June 30, 2019, the Company had $136,165 of availability remaining under its stock repurchase authorization. The Company did not repurchase shares during the year ended June 30, 2019.

Financing Agreements

On September 28, 2015, MSGN Holdings, L.P. ("MSGN L.P."), an indirect wholly-owned subsidiary of the Company through which the Company conducts substantially all of its operations, MSGN Eden, LLC, an indirect subsidiary of the Company and the general partner of MSGN L.P., Regional MSGN Holdings LLC, a direct subsidiary of the Company and the limited partner of MSGN L.P. (collectively with MSGN Eden, LLC, the "Holdings Entities"), and certain subsidiaries of MSGN L.P. entered into a credit agreement (the "Credit Agreement") with a syndicate of lenders.

The Credit Agreement provides MSGN L.P. with senior secured credit facilities consisting of: (a) an initial $1,550,000 term loan facility (the "Term Loan Facility") and (b) the Revolving Credit Facility, each with a term of five years. As of June 30, 2019, there was $1,021,250 outstanding under the Term Loan Facility, and no borrowing under the Revolving Credit Facility. As of June 30, 2019, the Holdings Entities and MSGN L.P. and its restricted subsidiaries on a consolidated basis were in compliance with the financial covenants of the Credit Agreement.

See Note 7 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for more information on the Credit Agreement.

Contractual Obligations

As of June 30, 2019, future cash payments required under contracts entered into by the Company in the normal course of business are as follows:

	Payments Due by Period				
	Total	Year 1	Years 2-3	Years 4-5	More Than 5 Years
Contractual obligations *(a)*	$ 4,128,205	$ 258,361	$ 515,433	$ 510,598	$ 2,843,813
Operating lease obligations *(b)*	19,913	5,644	8,105	6,164	—
Debt repayment *(c)*	1,021,250	114,375	906,875	—	—
Total	$ 5,169,368	$ 378,380	$ 1,430,413	$ 516,762	$ 2,843,813

(a) Contractual obligations not reflected on the consolidated balance sheet consist primarily of the Company's obligations under media rights agreements.

(b) Operating lease obligations primarily represent future minimum rental payments on various long-term, noncancelable leases for office and studio space.

(c) Consists of principal repayments required under the Company's Term Loan Facility.

Cash Flow Discussion

Operating Activities from continuing operations

Net cash provided by operating activities from continuing operations for the year ended June 30, 2019 decreased by $4,651 to $205,959 as compared with the prior year. This decrease was primarily driven by higher income taxes paid and lower income from continuing operations before income taxes, partially offset by the net impact of certain other items as compared with the prior year.

Net cash provided by operating activities from continuing operations for the year ended June 30, 2018 increased by $13,452 to $210,610 as compared with the prior year. This increase was primarily due to lower income taxes paid and, to a lesser extent, other net increases, partially offset by lower income from continuing operations before income taxes as compared with the prior year.

Investing Activities from continuing operations

Net cash used in investing activities from continuing operations for the year ended June 30, 2019 increased by $1,155 to $4,879 as compared with the prior year due to an investment made in a nonconsolidated entity, partially offset by lower capital expenditures in the current year.

Net cash used in investing activities from continuing operations for the year ended June 30, 2018 decreased by $1,170 to $3,724 as compared with the prior year due to lower capital expenditures in the current year.

Financing Activities from continuing operations

Net cash used in financing activities from continuing operations for the year ended June 30, 2019 increased by $37,370 to $180,000 as compared with the prior year primarily due to higher voluntary principal repayments of $50,000 on the Company's Term Loan Facility made in the current year. This increase was partially offset by the absence of repurchases of the Company's Class A Common Stock in the current year as compared to $13,850 (including commissions and fees) used in the prior year for share repurchases under the Company's share repurchase program.

Net cash used in financing activities from continuing operations for the year ended June 30, 2018 decreased by $27,139 to $142,630 as compared with the prior year. The decrease is due to lower principal repayments on the Company's Term Loan Facility, partially offset by an increase in cash used for repurchases on the Company's Class A Common Stock, and to a lesser extent, higher taxes paid in lieu of shares issued for share-based compensation. The decrease in principal repayments on the Company's Term Loan Facility is the result of lower voluntary payments, partially offset by higher contractual repayments as compared with the prior year.

Recently Issued Accounting Pronouncements Not Yet Adopted and Critical Accounting Policies

Recently Issued Accounting Pronouncements Not Yet Adopted

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02*, Leases (Topic 842)*, and subsequent ASUs that amended and/or clarified the application of ASU No. 2016-02, which supersedes the current guidance in Accounting Standards Codification ("ASC") Topic 840, *Leases*. This ASU generally requires the recognition of all lease assets and lease liabilities on the balance sheet, including those leases previously classified as operating leases under GAAP. The amended guidance also requires additional quantitative and qualitative disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases in order to provide additional information about the nature of an organization's leasing activities. The Company will adopt this standard in the first quarter of fiscal year 2020, using the modified retrospective approach. The Company expects that the adoption of this standard will result in the addition of significant right of use assets and lease liabilities related to the Company's identified leases to its consolidated balance sheet, with no change to its consolidated statements of operations or cash flows.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments — Credit Losses,* which introduces a new impairment model for most financial assets and certain other instruments. For trade and other receivables, the Company will be required to use a forward-looking "expected loss" model that will replace the current "incurred loss" model and generally will result in earlier recognition of allowances for losses. This standard will be effective for the Company beginning in the first quarter of fiscal year 2021, with early adoption permitted. The Company is currently evaluating the impact this standard will have on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-14, *Compensation — Retirement Benefits — Defined Benefit Plans — General (Topic 715-20): Disclosure Framework — Changes to the Disclosure Requirements for Defined Benefit Plans*, which removes, adds, or clarifies disclosure requirements relating to defined benefit plans to improve disclosure effectiveness. This standard will be effective for the Company beginning in the fourth quarter of fiscal year 2021, with early adoption permitted. The standard is to be applied retroactively to all periods presented. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

In March 2019, the FASB issued ASU No. 2019-02, *Entertainment — Films — Other Assets — Film Costs (Subtopic 926-20) and Entertainment — Broadcasters — Intangibles — Goodwill and Other (Subtopic 920-350): Improvements to Accounting for Costs of Films and License Agreements for Program Materials*, which amends ASC Subtopic 920-350 to align the accounting for production costs of an episodic television series with that for the costs of producing films. This standard will be effective for the Company beginning in the first quarter of fiscal year 2021, with early adoption permitted. The standard is to be applied prospectively to all periods presented. The Company is currently evaluating the impact this standard will have on its consolidated financial statements.

Critical Accounting Policies

The preparation of the Company's consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Management believes its use of estimates in the consolidated financial statements to be reasonable. The significant accounting policies which we believe are the most critical to aid in fully understanding and evaluating our reported financial results include the following:

Impairment of Long-Lived and Indefinite-Lived Assets

The Company's long-lived and indefinite-lived assets, which account for approximately 54% of the Company's consolidated total assets as of June 30, 2019, consist of the following:

Goodwill	$	424,508
Amortizable intangible assets, net		33,743
Property and equipment, net		9,302
	$	467,553

In assessing the recoverability of the Company's long-lived and indefinite-lived assets, the Company must make estimates and assumptions regarding future cash flows and other factors to determine the fair value of the respective assets. These estimates and assumptions could have a significant impact on whether an impairment charge is recognized and also the magnitude of any such charge. Fair value estimates are made at a specific point in time, based on relevant information. These estimates are subjective in nature and involve significant uncertainties and judgments and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates. If these estimates or material related assumptions change in the future, the Company may be required to record impairment charges related to its long-lived and/or indefinite-lived assets.

Goodwill

Goodwill is tested annually for impairment as of August 31st and at any time upon the occurrence of certain events or substantive changes in circumstances. The Company early adopted ASU No. 2017-04, *Intangibles — Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ("ASU No. 2017-04"), which simplifies the measurement of goodwill impairment, for its August 31, 2018 test date. Under ASU No. 2017-04, the Company has the option to perform a qualitative assessment to determine if an impairment is more likely than not to have occurred. If the Company can support the conclusion that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company does not need to perform the quantitative goodwill impairment test for that reporting unit. If the Company cannot support such a conclusion or the Company does not elect to perform the qualitative assessment, then the Company would perform the quantitative goodwill impairment test. The quantitative goodwill impairment test, used to identify both the existence of impairment and the amount of impairment loss, compares the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

The Company has one reporting unit for evaluating goodwill impairment. During the first quarter of fiscal year 2019, the Company performed its annual impairment test of goodwill by comparing the fair value of its reporting unit with its carrying value. As the Company's reporting unit had a negative carrying value of net assets, there was no impairment of goodwill identified.

Other Long-Lived Assets

The Company reviews other long-lived assets (including intangible assets that are amortized and property and equipment) for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. If the undiscounted cash flows from a group of assets being evaluated is less than the carrying value of that group of assets, the fair value of the asset group is determined and the carrying value of the asset group is written down to fair value.

As of June 30, 2019, the Company's intangible assets subject to amortization, which were affiliate relationships, have an estimated useful life of 24 years. The useful lives for the affiliate relationships were determined based upon an estimate for renewals of existing agreements the Company had in place with its major customers in April 2005 (the time that acquisition accounting was applied). The Company has renewed its major affiliation agreements and maintained customer relationships in the past and believes it will be able to renew its major affiliation agreements and maintain those customer relationships in the future. In light of these facts and circumstances, the Company has determined that its estimated useful lives are appropriate. However, it is possible that the Company will not successfully renew such agreements as they expire or that if it does, the net revenue earned may not equal or exceed the net revenue currently being earned, which could have a material negative effect on our business.

There have been periods when an existing affiliation agreement has expired and the parties have not finalized negotiations of either a renewal of that agreement or a new agreement for certain periods of time. In certain of these circumstances, Distributors may continue to carry the service(s) until the execution of definitive renewal or replacement agreements (or until we or the Distributor determine that carriage should cease). See "Part I — Item 1A. Risk Factors — The Success of Our Business Depends on Affiliation Fees We Receive Under Our Affiliation Agreements, the Loss of Which or Renewal of Which on Less Favorable Terms May Have a Material Negative Effect on Our Business and Results of Operations."

If a Distributor ceases to carry the service on an other than temporary basis, the Company would record an impairment charge for the then remaining carrying value of the affiliate relationship intangible asset associated with that Distributor. If the Company were to renew an affiliation agreement at rates that produced materially less net revenue compared to the net revenue produced under the previous agreement, the Company would evaluate the impact on its cash flows and, if necessary, would further evaluate such indication of potential impairment by following the policy described above for the asset or asset group containing that intangible asset. The Company also would evaluate whether the remaining useful life of the affiliate relationship remained appropriate. Based on the carrying value of the affiliate relationships recorded as of June 30, 2019, if the estimated life of these affiliate relationships were shortened by 10%, the effect on amortization for the year ended June 30, 2019 would be an increase of approximately $384.

Defined Benefit Pension Plans and Other Postretirement Benefit Plan

The Company utilizes actuarial methods to calculate pension and other postretirement benefit obligations and the related net periodic benefit cost, which are based on actuarial assumptions. Two key assumptions, the discount rate and, for the Company's funded pension plan, the expected long-term rate of return on plan assets, are important elements of the plans' expense and liability measurement and we evaluate these key assumptions annually. Other assumptions include demographic factors, such as mortality, retirement age and turnover. The actuarial assumptions used by the Company may differ materially from actual results due to various factors, including, but not limited to, changing economic and market conditions. Differences between actual and expected occurrences could significantly impact the actual amount of net periodic benefit cost and the benefit obligation recorded by the Company. Material changes in the costs of the plans may occur in the future due to changes in these assumptions, changes in the number of the plan participants, changes in the level of benefits provided, changes in asset levels and changes in legislation. The Company's assumptions reflect its historical experience and our best judgment regarding future expectations.

Accumulated and projected benefit obligations reflect the present value of future cash payments for benefits. The Company used the Willis Towers Watson U.S. Rate Link: 40-90 Discount Rate Model (which is developed by examining the yields on selected highly rated corporate bonds) to discount these benefit payments on a plan by plan basis, to select the rates at which the Company believes each plan's benefits could be effectively settled. Lower discount rates increase the present value of benefit obligations and will usually increase the subsequent year's net periodic benefit cost. The weighted-average discount rates used to determine benefit obligations as of June 30, 2019 for the Company's pension plans and postretirement plan were 3.53% and 3.23%, respectively. A 25 basis point decrease in these assumed discount rates would increase the projected benefit obligations for the Company's pension plans and postretirement plan at June 30, 2019 by $1,460 and $50, respectively. The weighted-average discount rates used to determine the service cost and interest cost components of net periodic benefit cost for the year ended June 30, 2019 for the Company's pension plans were 4.25% and 3.93%, respectively. The weighted-average discount rates used to determine the service cost and interest cost components of net periodic benefit cost for the year ended June 30, 2019 for the Company's postretirement plan were 4.24% and 3.80%, respectively. A 25 basis point decrease in these assumed discount rates would increase the total net periodic benefit cost for the Company's pension plans by $100 and decrease net periodic benefit cost for the postretirement plan by $2 for the year ended June 30, 2019.

The Company's expected long-term rate of return on plan assets is based on a periodic review and modeling of the plan's asset allocation structures over a long-term horizon. Expectations of returns for each asset class used in the review and modeling are based on comprehensive reviews of historical data, forward-looking economic outlook, and economic/financial market theory. The expected long-term rate of return was selected from within the reasonable range of rates determined by (a) historical real returns, net of inflation, for the asset classes covered by the investment policy, and (b) projections of inflation over the long-term period during which benefits are payable to plan participants. The expected long-term rate of return on plan assets for the Company's funded pension plan was 3.72% for the year ended June 30, 2019. Performance of the capital markets affects the value of assets that are held in trust to satisfy future obligations under the Company's funded plan. Adverse market performance in the future could result in lower rates of return for these assets than projected by the Company which could increase the Company's funding requirements related to this plan, as well as negatively affect the Company's operating results by increasing the net periodic benefit cost. A 25 basis point decrease in the long-term rate of return on pension plan assets assumption would increase net periodic pension benefit cost by $45 for the year ended June 30, 2019.

Another important assumption for our postretirement plan is healthcare cost trend rates. We developed our estimate of the healthcare cost trend rates through examination of the Company's claims experience and the results of recent healthcare trend surveys.

Assumed healthcare cost trend rates used to determine the benefit obligation and net periodic benefit cost for our postretirement plan as of and for the year ended June 30, 2019 are as follows:

	Net Periodic Benefit Cost	Benefit Obligation
Healthcare cost trend rate assumed for next year	7.00%	6.75%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2027	2027

A one percentage point change in assumed healthcare cost trend rates would have the following effects on the benefit obligation and net periodic benefit cost for our postretirement plan as of and for the year ended June 30, 2019:

	Increase (Decrease) in Total of Service and Interest Cost Components	Increase (Decrease) in Benefit Obligation
One percentage point increase	$ 12	$ 205
One percentage point decrease	(11)	(185)

GAAP includes mechanisms that serve to limit the volatility in the Company's earnings that otherwise would result from recording changes in the value of plan assets and benefit obligations in our consolidated financial statements in the periods in which those changes occur. For example, while the expected long-term rate of return on the plan's assets should, over time, approximate the actual long-term returns, differences between the expected and actual returns could occur in any given year. These differences contribute to the deferred actuarial gains or losses, which are then amortized over time.

See Note 12 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for more information on our pension plans and other postretirement benefit plan.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

For sensitivity analyses and other information regarding market risks we face in connection with our pension and postretirement plans, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations —Recently Issued Accounting Pronouncements Not Yet Adopted and Critical Accounting Policies — Critical Accounting Policies — Defined Benefit Pension Plans and Other Postretirement Benefit Plan," which information is incorporated by reference herein.

Our market risk exposure to interest rate risk relates to any borrowing we may incur.

Borrowings under the credit agreement, dated September 28, 2015, among MSGN Holdings, L.P., MSGN Eden, LLC, Regional MSGN Holdings LLC and certain subsidiaries of MSGN Holdings, L.P. and a syndicate of lenders (the "Credit Agreement") bear interest, based on our election, at a floating rate based upon LIBOR, the New York Fed Bank Rate or the U.S. Prime Rate, plus, in each case, an additional rate which is fixed for an initial period of time and thereafter dependent upon our total leverage ratio at the time. Accordingly, we are subject to interest rate risk with respect to the tenor of any borrowings we may incur under the Credit Agreement. The effect of a hypothetical 100 basis point increase in floating interest rates prevailing at June 30, 2019 and continuing for a full year would increase interest expense related to the amount outstanding under our $1.550 billion term loan facility provided under the Credit Agreement by $9,833. If appropriate, we may seek to reduce such exposure through the use of interest rate swaps or similar instruments. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Financing Agreements" for more information on our Credit Agreement.

We have de minimis foreign currency risk exposure as our business operates almost entirely in U.S. Dollars. We do not have any meaningful commodity risk exposures associated with our operations.

Item 8. Financial Statements and Supplementary Data

The Financial Statements required by this Item 8 appear beginning on page F-1 of this Annual Report on Form 10-K, and are incorporated by reference herein.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

An evaluation was carried out under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that as of June 30, 2019 the Company's disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. The Company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements prepared for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including the Company's Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the results of this evaluation, our management concluded that our internal control over financial reporting was effective as of June 30, 2019.

The effectiveness of our internal control over financial reporting as of June 30, 2019 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Changes in Internal Controls

There were no changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information relating to our directors, executive officers, and corporate governance will be included in the proxy statement for the 2019 annual meeting of the Company's stockholders, which is expected to be filed within 120 days of our fiscal year end, and is incorporated herein by reference.

Item 11. Executive Compensation

Information relating to executive compensation will be included in the proxy statement for the 2019 annual meeting of the Company's stockholders, which is expected to be filed within 120 days of our fiscal year end, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information relating to the beneficial ownership of our common stock will be included in the proxy statement for the 2019 annual meeting of the Company's stockholders, which is expected to be filed within 120 days of our fiscal year end, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information relating to certain relationships and related transactions and director independence will be included in the proxy statement for the 2019 annual meeting of the Company's stockholders, which is expected to be filed within 120 days of our fiscal year end, and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information relating to principal accountant fees and services will be included in the proxy statement for the 2019 annual meeting of the Company's stockholders, which is expected to be filed within 120 days of our fiscal year end, and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

	Page No.
The following documents are filed as part of this report:	
1. The financial statements as indicated in the index set forth on page	F-1
2. Financial statement schedule:	
Schedule supporting consolidated financial statements Schedule II — Valuation and Qualifying Accounts	39

Schedules other than that listed above have been omitted, since they are either not applicable, not required or the information is included elsewhere herein.

3. Exhibits:

EXHIBIT NO.	DESCRIPTION
2.1	Distribution Agreement dated September 11, 2015, between MSG Networks Inc. and The Madison Square Garden Company (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed September 14, 2015).
3.1	Amended and Restated Certificate of Incorporation of Madison Square Garden, Inc. (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on February 10, 2010).
3.1.A	Certificate of Ownership and Merger merging The Madison Square Garden Company with and into Madison Square Garden, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Form 10-Q for the quarter ended March 31, 2011 filed on May 6, 2011).
3.1.B	Amendment to the Amended and Restated Certificate of Incorporation of MSG Networks Inc., (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on October 6, 2015).
3.2	Amended By-Laws of MSG Networks Inc. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on October 6, 2015).
4.1	Registration Rights Agreement by and among MSG Networks Inc. formerly known as The Madison Square Garden Company and the Charles F. Dolan Children Trusts (incorporated by reference to Exhibit 3.5 to Amendment No. 7 to the Company's Registration Statement on Form 10 filed on January 14, 2010).
4.2	Registration Rights Agreement by and among MSG Networks Inc. formerly known as The Madison Square Garden Company and the Dolan Family Affiliates (incorporated by reference to Exhibit 3.6 to Amendment No. 7 to the Company's Registration Statement on Form 10 filed on January 14, 2010).
4.3	Transfer Consent Agreement with NBA, dated February 9, 2010 (incorporated by reference to Exhibit 3.7 to Amendment No. 6 to the Company's Registration Statement on Form 10 filed on January 11, 2010).
4.4	Transfer Consent Agreement with NHL, dated February 9, 2010 (incorporated by reference to Exhibit 3.8 to Amendment No. 6 to the Company's Registration Statement on Form 10 filed on January 11, 2010).
4.5	Description of Capital Stock.
10.1	Tax Disaffiliation Agreement dated September 11, 2015, between MSG Networks Inc. and The Madison Square Garden Company (incorporated by reference to Exhibit 99.4 to the Company's Current Report on Form 8-K filed on September 14, 2015).
10.2	Contribution Agreement, dated as of September 11, 2015, among MSG Networks Inc., MSGN Holdings, L.P. and The Madison Square Garden Company (incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed on September 14, 2015).
10.3	Transition Services Agreement dated as of September 11, 2015, between MSG Networks Inc. and The Madison Square Garden Company (incorporated by reference to Exhibit 99.3 to the Company's Current Report on Form 8-K filed on September 14, 2015).
10.4	Employee Matters Agreement dated September 11, 2015, between MSG Networks Inc. and The Madison Square Garden Company (incorporated by reference to Exhibit 99.5 to the Company's Current Report on Form 8-K filed on September 14, 2015).
10.5	MSG Networks Inc. 2010 Employee Stock Plan, as amended (incorporated by reference to Annex A to the Company's DEF 14A filed on October 27, 2016).†
10.6	MSG Networks Inc. 2010 Cash Incentive Plan, as amended (incorporated by reference to Annex B to the Company's DEF 14A filed on October 28, 2015).†
10.7	MSG Networks Inc. 2010 Stock Plan for Non-Employee Directors, as amended (incorporated by reference to Annex C to the Company's DEF 14A filed on October 28, 2015).†
10.8	Form of MSG Networks Inc. formerly known as The Madison Square Garden Company Rights Agreement (incorporated by reference to Exhibit 10.14 to Amendment No. 6 to the Company's Registration Statement on Form 10 filed on January 11, 2010). †
10.9	Form of MSG Networks Inc. Option Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 15, 2016). †
10.10	Form of MSG Networks Inc. Performance Option Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 15, 2016). †
10.11	Form of MSG Networks Inc. formerly known as The Madison Square Garden Company Non-Employee Director Award Agreement (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q for the quarter ended December 31, 2012 filed on February 6, 2013). †
10.12	Form of MSG Networks Inc. formerly known as The Madison Square Garden Company Restricted Stock Units Agreement (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on September 10, 2015). †

10.13	Form of MSG Networks Inc. formerly known as The Madison Square Garden Company Performance Award Agreement (incorporated by reference to Exhibit 10.33 to the Company's Form 10-K for the fiscal year ended June 30, 2013 filed on August 21, 2013). †
10.14	Form of MSG Networks Inc. Performance Stock Units Agreement (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on September 10, 2015). †
10.15	Employment Agreement dated September 16, 2016 between MSG Networks Inc. and James L. Dolan (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q for the quarter ended December 31, 2016, filed on February 2, 2017). †
10.16	Employment Agreement dated as of September 6, 2018, between MSG Networks Inc. and Andrea Greenberg (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 7, 2018). †
10.17	Employment Agreement dated as of September 6, 2018, between MSG Networks Inc. and Bret Richter (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 7, 2018). †
10.18	Employment Agreement dated as of September 6, 2018, between MSG Networks Inc. and Lawrence J. Burian (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on September 7, 2018). †
10.19	Employment Agreement dated September 6, 2018, between MSG Networks Inc. and Dawn Darino-Gorski (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on September 7, 2018. †
10.20	Credit Agreement dated as of September 28, 2015, by and among MSGN Holdings, L.P., certain subsidiaries of MSGN Holdings, L.P. identified therein, MSGN Eden, LLC, MSGN Regional Holdings LLC and JPMorgan Chase Bank, N.A., as administrative agent, collateral agent and a letter of credit issuer, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 28, 2015).
10.21	Security Agreement dated as of September 28, 2015, by and among MSGN Holdings, L.P., certain subsidiaries of MSGN Holdings, L.P. identified therein, MSGN Eden, LLC, MSGN Regional Holdings LLC, and JPMorgan Chase Bank, N.A., as collateral agent thereto (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 28, 2015).
10.22	MSG Networks Inc. Policy Concerning Certain Matters Relating to The Madison Square Garden Company and AMC Networks Inc. including Responsibilities of Overlapping Directors and Officers (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2015 filed on November 5, 2015).
10.23	Form of Indemnification Agreement between MSG Networks Inc. formerly known as The Madison Square Garden Company and its Directors and Executive Officers (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 27, 2015). †
10.24	Summary of Office Space Arrangement between the Company and the Dolan Family Office (incorporated by reference to Exhibit 10.56 to the Company's Form 10-K for the fiscal year ended June 30, 2016 filed on August 18, 2016).
10.25	Form of MSG Networks Inc. Restricted Stock Units Agreement (incorporated by reference to Exhibit 10.26 of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2018 file on August 15, 2018). †
10.26	Form of MSG Networks Inc. Performance Restricted Stock Units Agreement (incorporated by reference to Exhibit 10.27 of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2018 filed on August 15, 2018). †
10.27	Form of MSG Networks Inc. Restricted Stock Units Agreement (2019). †
10.28	Form of MSG Networks Inc. Performance Restricted Stock Units Agreement (2019). †
21.1	Subsidiaries of the Registrant.
23.1	Consent of KPMG LLP.
24.1	Powers of Attorney (included on the signature page to this Annual Report on Form 10-K).
31.1	Certification by the President and Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by the President and Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

EXHIBIT NO.	DESCRIPTION
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

† This exhibit is a management contract or a compensatory plan or arrangement.

Item 16. Form 10-K Summary

The Company has elected not to provide a summary.

Table of Contents

MSG NETWORKS INC.
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

	Balance at Beginning of Period	(Additions) Deductions Charged to Costs and Expenses	(Additions) Deductions Charged to Other Accounts	Deductions [(a)]	Balance at End of Period
Year Ended June 30, 2019 Allowance for doubtful accounts	$ (509)	$ (930)	$ —	$ 270	$ (1,169)
Year Ended June 30, 2018 Allowance for doubtful accounts	$ (594)	$ (17)	$ —	$ 102	$ (509)
Year Ended June 30, 2017 Allowance for doubtful accounts	$ (838)	$ 242	$ —	$ 2	$ (594)

____
[(a)] *Primarily reflects write-offs of uncollectible amounts.*

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 21st day of August, 2019.

MSG Networks Inc.

By: /s/ BRET RICHTER

Name: Bret Richter

Title: Executive Vice President, Chief Financial Officer and Treasurer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Andrea Greenberg and Bret Richter, and each of them, as such person's true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for such person in such person's name, place and stead, in any and all capacities, to sign this report, and file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons in the capacities and on the dates indicated.

Name	Title	Date
/s/ ANDREA GREENBERG Andrea Greenberg	President & Chief Executive Officer (Principal Executive Officer)	August 21, 2019
/s/ BRET RICHTER Bret Richter	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	August 21, 2019
/s/ DAWN DARINO-GORKSI Dawn Darino-Gorski	Senior Vice President, Controller and Principal Accounting Officer	August 21, 2019
/s/ JAMES L. DOLAN James L. Dolan	Executive Chairman (Director)	August 21, 2019
/s/ WILLIAM J. BELL William J. Bell	Director	August 21, 2019
/s/ CHARLES F. DOLAN Charles F. Dolan	Director	August 21, 2019
/s/ KRISTIN A. DOLAN Kristin A. Dolan	Director	August 21, 2019
/s/ PAUL J. DOLAN Paul J. Dolan	Director	August 21, 2019
/s/ QUENTIN F. DOLAN Quentin F. Dolan	Director	August 21, 2019

Name	Title	Date
/s/ THOMAS C. DOLAN Thomas C. Dolan	Director	August 21, 2019
/s/ JOSEPH J. LHOTA Joseph J. Lhota	Director	August 21, 2019
/s/ JOEL M. LITVIN Joel M. Litvin	Director	August 21, 2019
/s/ HANK J. RATNER Hank J. Ratner	Director	August 21, 2019
/s/ BRIAN G. SWEENEY Brian G. Sweeney	Director	August 21, 2019
/s/ JOHN L. SYKES John L. Sykes	Director	August 21, 2019

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
MSG Networks Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of MSG Networks Inc. and subsidiaries (the Company) as of June 30, 2019 and 2018, the related consolidated statements of operations, comprehensive income, stockholders' deficiency, and cash flows for each of the years in the three-year period ended June 30, 2019, and the related notes and financial statement schedule II (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended June 30, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated August 21, 2019 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgment. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of the identification of related parties and related party transactions

As discussed in Note 15 to the consolidated financial statements, the Dolan family, including trusts for the benefit of members of the Dolan family (collectively, the Dolan Family Group) is the majority beneficial owner of the Company, The Madison Square Garden Company (MSG), and AMC Networks, Inc. (AMC). In addition, there are certain overlapping directors and executive officers between the companies. Each of these entities is a related party. The Company has entered into a number of transactions with MSG, including agreements for media rights, advertising sales representation, trademark licensing, tax disaffiliation, services, as well as others such as aircraft time sharing, and certain shared executive support costs for the Company's Executive Chairman and Vice Chairman. The Company has also entered into an arrangement with AMC for the provision of certain services. Further, the Company has entered into an arrangement with the Dolan Family Office, MSG, and AMC for shared office space.

We identified the evaluation of the identification of related parties and related party transactions as a critical audit matter. Auditor judgment was involved in assessing the sufficiency of the procedures performed to identify related parties and related party transactions of the Company.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's related party process, including controls over the identification of the Company's related party relationships and transactions. We performed the following procedures to evaluate the identification of related parties and related party transactions by the Company:

- Read public filings, external news, and research sources for information related to transactions between the Company and related parties;
- Listened to the Company's quarterly investor relations calls;
- Queried the accounts payable system for transactions with related parties;
- Inspected questionnaires from the Company's directors and officers;
- Evaluated the Company's reconciliations of its applicable accounts to the related parties' records of transactions and balances;
- Inspected the Company's minutes from meetings of the Board of Directors and related committees;
- Read new agreements and contracts between the Company and related parties; and
- Inquired with executive officers, key members of management, and the Audit Committee of the Board of Directors regarding related party transactions.

/s/ KPMG LLP

We have served as the Company's auditor since 1997.

New York, New York

August 21, 2019

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
MSG Networks Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited MSG Networks Inc. and subsidiaries' (the Company) internal control over financial reporting as of June 30, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of June 30, 2019 and 2018, the related consolidated statements of operations, comprehensive income, stockholders' deficiency, and cash flows for each of the years in the three-year period ended June 30, 2019, the related notes and financial statement schedule II, (collectively, the consolidated financial statements), and our report dated August 21, 2019 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

New York, New York

August 21, 2019

MSG NETWORKS INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

	June 30, 2019	June 30, 2018
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 226,423	$ 205,343
Accounts receivable, net	108,349	110,657
Related party receivables, net	16,091	12,100
Prepaid income taxes	1,968	1,134
Prepaid expenses	2,003	4,489
Other current assets	5,286	4,719
Total current assets	360,120	338,442
Property and equipment, net	9,302	10,029
Amortizable intangible assets, net	33,743	37,203
Goodwill	424,508	424,508
Other assets	39,226	39,430
Total assets	$ 866,899	$ 849,612
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities:		
Accounts payable	$ 907	$ 1,460
Related party payables	941	785
Current portion of long-term debt	111,789	72,414
Income taxes payable	—	8,460
Accrued liabilities:		
Employee related costs	15,466	15,342
Other accrued liabilities	13,898	8,129
Deferred revenue	185	4,626
Total current liabilities	143,186	111,216
Long-term debt, net of current portion	906,228	1,118,017
Defined benefit and other postretirement obligations	25,834	28,170
Other employee related costs	4,713	4,560
Other liabilities	2,310	3,974
Deferred tax liability	243,396	241,417
Total liabilities	1,325,667	1,507,354
Commitments and contingencies (see Notes 8, 9 and 10)		
Stockholders' Deficiency:		
Class A Common Stock, par value $0.01, 360,000 shares authorized; 61,287 and 61,017 shares outstanding as of June 30, 2019 and 2018, respectively	643	643
Class B Common Stock, par value $0.01, 90,000 shares authorized; 13,589 shares outstanding as of June 30, 2019 and 2018	136	136
Preferred stock, par value $0.01, 45,000 shares authorized; none outstanding	—	—
Additional paid-in capital	9,916	4,067
Treasury stock, at cost, 2,972 and 3,242 shares as of June 30, 2019 and 2018, respectively	(179,561)	(195,881)
Accumulated deficit	(282,414)	(460,007)
Accumulated other comprehensive loss	(7,488)	(6,700)
Total stockholders' deficiency	(458,768)	(657,742)
Total liabilities and stockholders' deficiency	$ 866,899	$ 849,612

See accompanying notes to consolidated financial statements.

MSG NETWORKS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Years Ended June 30,		
	2019	**2018**	**2017**
Revenues (including related party revenues of $0, $230 and $0, for the years ended June 30, 2019, 2018, and 2017, respectively)	$ 720,845	$ 696,651	$ 675,352
Direct operating expenses (including related party expenses of $152,136, $148,580 and $142,080, for the years ended June 30, 2019, 2018, and 2017, respectively)	300,274	291,082	271,119
Selling, general and administrative expenses (including related party expenses of $25,725, $22,240 and $21,732, for the years ended June 30, 2019, 2018, and 2017, respectively)	103,274	83,073	79,040
Depreciation and amortization	7,398	9,338	10,296
Operating income	309,899	313,158	314,897
Other income (expense):			
Interest income	6,343	4,388	2,782
Interest expense	(47,589)	(43,312)	(40,108)
Other components of net periodic benefit cost	244	(1,710)	(1,633)
	(41,002)	(40,634)	(38,959)
Income from continuing operations before income taxes	268,897	272,524	275,938
Income tax benefit (expense)	(82,715)	16,338	(108,476)
Income from continuing operations	$ 186,182	$ 288,862	$ 167,462
Loss from discontinued operations, net of taxes	—	—	(120)
Net income	$ 186,182	$ 288,862	$ 167,342
Earnings (loss) per share:			
Basic			
Income from continuing operations	$ 2.48	$ 3.83	$ 2.23
Loss from discontinued operations	—	—	—
Net income	2.48	3.83	2.22
Diluted			
Income from continuing operations	$ 2.46	$ 3.81	$ 2.22
Loss from discontinued operations	—	—	—
Net income	2.46	3.81	2.21
Weighted-average number of common shares outstanding:			
Basic	75,069	75,381	75,213
Diluted	75,731	75,820	75,560

See accompanying notes to consolidated financial statements.

MSG NETWORKS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Years Ended June 30,		
	2019	**2018**	**2017**
Net income	$ 186,182	$ 288,862	$ 167,342
Other comprehensive income (loss), before income taxes:			
Pension plans and postretirement plan:			
Net unamortized gains (losses) arising during the period	$ (1,587)	$ 1,163	$ 1,144
Amounts reclassified from accumulated other comprehensive loss:			
Amortization of net actuarial loss included in net periodic benefit cost	483	656	724
Amortization of prior service credit included in net periodic benefit cost	(7)	(13)	(24)
Settlement gain	(5)	—	(71)
Other comprehensive income (loss), before income taxes	(1,116)	1,806	1,773
Income tax benefit (expense) related to items of other comprehensive income (loss)	328	(559)	(740)
Other comprehensive income (loss)	(788)	1,247	1,033
Comprehensive income	$ 185,394	$ 290,109	$ 168,375

See accompanying notes to consolidated financial statements.

MSG NETWORKS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended June 30, 2019	2018	2017
Cash flows from operating activities from continuing operations:			
Net income	$ 186,182	$ 288,862	$ 167,342
Loss from discontinued operations, net of taxes	—	—	120
Income from continuing operations	186,182	288,862	167,462
Adjustments to reconcile net income to net cash provided by operating activities from continuing operations:			
Depreciation and amortization	7,398	9,338	10,296
Amortization of deferred financing costs	3,003	3,003	3,004
Share-based compensation expense	18,087	13,979	9,931
Provision for doubtful accounts	930	17	(242)
Change in assets and liabilities:			
Accounts receivable, net	1,371	(5,391)	(3,361)
Related party receivables, net	(3,984)	4,800	(1,661)
Prepaid expenses and other assets	4,464	1,398	8,015
Accounts payable	(553)	219	(802)
Related party payables, including payable to MSG	277	(2,171)	(3,154)
Prepaid/payable for income taxes	(9,294)	10,165	16,883
Accrued and other liabilities	364	(2,168)	(2,694)
Deferred revenue	(4,441)	(445)	(1,072)
Deferred income taxes	2,155	(110,996)	(5,447)
Net cash provided by operating activities from continuing operations	205,959	210,610	197,158
Cash flows from investing activities from continuing operations:			
Capital expenditures	(2,879)	(3,724)	(4,894)
Investment in nonconsolidated entity	(2,000)	—	—
Net cash used in investing activities from continuing operations	(4,879)	(3,724)	(4,894)
Cash flows from financing activities from continuing operations:			
Principal repayments on Term Loan Facility (see Note 7)	(175,000)	(125,000)	(167,500)
Proceeds from stock option exercises	—	—	2
Repurchases of common stock	—	(13,850)	—
Taxes paid in lieu of shares issued for share-based compensation	(5,000)	(3,780)	(2,271)
Net cash used in financing activities from continuing operations	(180,000)	(142,630)	(169,769)
Net cash provided by continuing operations	21,080	64,256	22,495
Cash flows of discontinued operations:			
Net cash used in operating activities	—	—	(976)
Net cash used in investing activities	—	—	—
Net cash used in financing activities	—	—	—
Net cash used in discontinued operations	—	—	(976)
Net increase in cash and cash equivalents	21,080	64,256	21,519
Cash and cash equivalents at beginning of period	205,343	141,087	119,568
Cash and cash equivalents at end of period	$ 226,423	$ 205,343	$ 141,087

See accompanying notes to consolidated financial statements.

Table of Contents

MSG NETWORKS INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIENCY
(in thousands)

	Common Stock Issued	Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of June 30, 2016	$ 779	$ —	$ (207,796)	$ (905,352)	$ (7,589)	$ (1,119,958)
Net income	—	—	—	167,342	—	167,342
Other comprehensive income	—	—	—	—	1,033	1,033
Comprehensive income						168,375
Exercise of stock options	—	(57)	59	—	—	2
Share-based compensation expense	—	9,931	—	—	—	9,931
Tax withholding associated with shares issued for share-based compensation	—	(1,921)	(423)	(55)	—	(2,399)
Shares issued upon distribution of Restricted Stock Units	—	(1,044)	9,360	(8,316)	—	—
Adjustments related to the transfer of certain liabilities as a result of the Distribution	—	—	—	(158)	—	(158)
Balance as of June 30, 2017	$ 779	$ 6,909	$ (198,800)	$ (746,539)	$ (6,556)	$ (944,207)
Net income	—	—	—	288,862	—	288,862
Other comprehensive income	—	—	—	—	1,247	1,247
Comprehensive income						290,109
Share-based compensation expense	—	13,979	—	—	—	13,979
Tax withholding associated with shares issued for share-based compensation	—	(3,773)	—	—	—	(3,773)
Shares issued upon distribution of Restricted Stock Units	—	(13,048)	16,769	(3,721)	—	—
Repurchases of Class A Common Stock	—	—	(13,850)	—	—	(13,850)
Reclassification of stranded tax effects	—	—	—	1,391	(1,391)	—
Balance as of June 30, 2018	$ 779	$ 4,067	$ (195,881)	$ (460,007)	$ (6,700)	$ (657,742)
Net income	—	—	—	186,182	—	186,182
Other comprehensive loss	—	—	—	—	(788)	(788)
Comprehensive income						185,394
Share-based compensation expense	—	18,087	—	—	—	18,087
Tax withholding associated with shares issued for share-based compensation	—	(4,879)	—	—	—	(4,879)
Shares issued upon distribution of Restricted Stock Units	—	(7,359)	16,320	(8,961)	—	—
Cumulative effect of adoption of ASC 606	—	—	—	372	—	372
Balance as of June 30, 2019	$ 779	$ 9,916	$ (179,561)	$ (282,414)	$ (7,488)	$ (458,768)

See accompanying notes to consolidated financial statements.

MSG NETWORKS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All amounts included in the following Notes to Consolidated Financial Statements are presented in thousands, except per share data or as otherwise noted.

Note 1. Description of Business and Basis of Presentation

Description of Business

MSG Networks Inc. (together with its subsidiaries, the "Company"), incorporated on July 29, 2009, owns and operates two regional sports and entertainment networks, MSG Network and MSG+, collectively "MSG Networks".

On September 30, 2015 (the "Distribution Date"), the Company distributed to its stockholders all of the outstanding common stock of The Madison Square Garden Company ("MSG") (the "Distribution"). Following the Distribution, the Company no longer consolidates the financial results of MSG for purposes of its own financial reporting. Certain transaction costs related to the Distribution are classified in the consolidated statement of operations for the year ended June 30, 2017 as discontinued operations.

The Company operates and reports financial information in one segment. Substantially all revenues and assets of the Company are attributed to or located in the United States and are primarily concentrated in the New York City metropolitan area.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements of the Company include the accounts of MSG Networks Inc. and its subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amount of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amount of revenues and expenses. Such estimates include the valuation of accounts receivable, investments, goodwill, other long-lived assets, pension and other postretirement benefit obligations and the related net periodic benefit cost, tax accruals, and other liabilities. In addition, estimates are used in revenue recognition, income tax benefit (expense), performance and share-based compensation, depreciation and amortization, litigation matters, and other matters. Management believes its use of estimates in the consolidated financial statements to be reasonable.

Management evaluates its estimates on an ongoing basis using historical experience and other factors, including the general economic environment and actions it may take in the future. The Company adjusts such estimates when facts and circumstances dictate. However, these estimates may involve significant uncertainties and judgments and cannot be determined with precision. In addition, these estimates are based on management's best judgment at a point in time and as such, these estimates may ultimately differ from actual results. Changes in estimates resulting from weakness in the economic environment or other factors beyond the Company's control could be material and would be reflected in the Company's financial statements in future periods.

Revenue Recognition

The Company generates revenues principally from affiliation fees charged to cable, satellite, telephone, and other platforms ("Distributors") for the right to carry its networks, as well as from the sale of advertising. The Company's advertising revenue is largely derived from the sale of inventory in its live professional sports programming, as such, a disproportionate share of this revenue has historically been earned in the Company's second and third fiscal quarters. The Company's revenue recognition policies that describe the nature, amount, timing and uncertainty associated with each major source of revenue from contracts with customers are described in Note 3. See "Recently Adopted Accounting Pronouncements" below for a discussion of the Company's adoption of ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and the subsequent ASUs that amended and/or clarified the application of ASU No. 2014-09 (collectively, "Topic 606").

Direct Operating Expenses

Direct operating expenses primarily represent media rights fees, and other direct programming and production costs, such as the salaries of on-air personalities, producers, directors, technicians, writers and other creative staff, as well as expenses associated with location costs, remote facilities and maintaining studios, origination, and transmission services and facilities.

The professional team media rights acquired under media rights agreements to telecast various sporting events and other programming for exhibition on MSG Networks are typically expensed on a straight-line basis over the applicable annual contract or license period.

Advertising Expenses

Advertising costs are typically charged to expense when incurred. The Company enters into nonmonetary transactions, primarily with its Distributors, that involve the exchange of advertising and promotional benefits, for the Company's services. Total advertising costs classified in selling, general and administrative expenses were $18,249, $11,229, and $11,765 for the years ended June 30, 2019, 2018, and 2017, respectively.

Income Taxes

The Company's provision for income taxes is based on current period income, changes in deferred tax assets and liabilities, and changes in estimates with regard to uncertain tax positions. Deferred tax assets are subject to an ongoing assessment of realizability. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company's ability to realize its deferred tax assets depends upon the generation of sufficient future taxable income to allow for the realization of its deductible temporary differences. If such estimates and related assumptions change in the future, the Company may be required to record valuation allowances against its deferred tax assets, resulting in additional income tax expense in the Company's consolidated statements of operations. The Company measures its deferred tax liability with regard to MSGN Holdings, L.P. ("MSGN L.P."), an indirect wholly-owned subsidiary of the Company through which the Company conducts substantially all of its operations, based on the difference between the tax basis and the carrying amount for financial reporting purposes; this is commonly referred to as the outside basis difference. Interest and penalties, if any, associated with uncertain tax positions are included in income tax expense. The Company accounts for investment tax credits, if any, using the "flow-through" method, under which the tax benefit generated from an investment tax credit is recorded in the period the credit is generated.

Investment in Nonconsolidated Entity

The Company's investment in a nonconsolidated entity, which is included in other assets in the accompanying consolidated balance sheet, does not have a readily determinable fair value. As such, the Company has elected to account for it at cost, which would be adjusted for impairment and changes resulting from observable price fluctuations in orderly transactions for an identical or a similar investment of the same issuer (referred to as the measurement alternative method). Investments accounted for under the measurement alternative method are classified within Level III of the fair value hierarchy. As of June 30, 2019, the Company did not identify any potential adjustments to the cost of its investment.

Share-based Compensation

The Company measures the cost of employee services received in exchange for an award of equity-based instruments based on the grant date fair value of the award. Share-based compensation cost is recognized in earnings over the period during which an employee is required to provide service in exchange for the award, except for restricted stock units ("RSUs") granted to non-employee directors which, unless otherwise provided under the applicable award agreement, are fully vested, and are expensed at the grant date. The Company has elected to recognize share-based compensation cost for graded vesting awards with only service conditions on a straight-line basis over the requisite service period for the entire award. The Company accounts for forfeitures as they occur.

Cash and Cash Equivalents

The Company considers the balance of its investment in funds that substantially hold highly liquid securities that mature within three months or less from the date the fund purchases these securities to be cash equivalents. The carrying amount of cash and cash equivalents either approximates fair value due to the short-term maturity of these instruments or is at fair value. Checks outstanding in excess of related book balances are included in accounts payable in the accompanying consolidated balance sheets. The Company presents the change in these book cash overdrafts as cash flows from operating activities.

MSG NETWORKS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Accounts Receivable

Accounts receivable is recorded at net realizable value. The Company maintains an allowance for doubtful accounts to reserve for potentially uncollectible accounts receivables. The allowance for doubtful accounts is estimated based on the Company's analysis of receivables aging, specific identification of certain receivables that are at risk of not being paid, historical collection experience and other factors. The Company's allowance for doubtful accounts was $1,169 and $509 as of June 30, 2019 and 2018, respectively.

Long-Lived and Indefinite-Lived Assets

The Company's long-lived and indefinite-lived assets consist of goodwill, amortizable intangible assets, and property and equipment.

Goodwill has an indefinite useful life and is not amortized. Identifiable intangible assets with finite useful lives are amortized on a straight-line basis over their respective estimated useful lives.

Property and equipment is stated at cost. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets or, with respect to leasehold improvements, amortized over the shorter of the lease term or the asset's estimated useful life. The useful lives of the Company's long-lived assets are based on estimates of the period over which the Company expects the assets to be of economic benefit to the Company. In estimating the useful lives the Company considers factors such as, but not limited to, risk of obsolescence, anticipated use, plans of the Company, and applicable laws.

Impairment of Long-Lived and Indefinite-Lived Assets

Goodwill is tested annually for impairment as of August 31st and at any time upon the occurrence of certain events or substantive changes in circumstances. The Company early adopted Accounting Standards Update ("ASU") No. 2017-04, *Intangibles — Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ("ASU No. 2017-04"), which simplifies the measurement of goodwill impairment, for its August 31, 2018 test date. See "Recently Adopted Accounting Pronouncements" below for a discussion of the Company's adoption of ASU No. 2017-04. The Company has the option to perform a qualitative assessment to determine if an impairment is more likely than not to have occurred. If the Company can support the conclusion that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company does not need to perform the quantitative goodwill impairment test for that reporting unit. If the Company cannot support such a conclusion or the Company does not elect to perform the qualitative assessment, then the Company would perform the quantitative goodwill impairment test. The quantitative goodwill impairment test, used to identify both the existence of impairment and the amount of impairment loss, compares the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. The Company has one reporting unit for evaluating goodwill impairment.

The Company reviews other long-lived assets (including intangible assets that are amortized and property and equipment) for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. If the undiscounted cash flows from a group of assets being evaluated is less than the carrying value of that group of assets, the fair value of the asset group is determined and the carrying value of the asset group is written down to fair value.

In assessing the recoverability of the Company's long-lived and indefinite-lived assets, the Company must make estimates and assumptions regarding future cash flows and other factors to determine the fair value of the respective assets. These estimates and assumptions could have a significant impact on whether an impairment charge is recognized and also the magnitude of any such charge. Fair value estimates are made at a specific point in time, based on relevant information. These estimates are subjective in nature and involve significant uncertainties and judgments and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates. If these estimates or material related assumptions change in the future, the Company may be required to record impairment charges related to its long-lived and/or indefinite-lived assets.

Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

Defined Benefit Pension Plans and Other Postretirement Benefit Plan

As more fully described in Note 12, the Company has both funded and unfunded defined benefit plans, as well as a contributory welfare plan, covering certain full-time employees and retirees. The expense recognized by the Company is determined using certain assumptions, including the expected long-term rate of return, discount rate, and rate of compensation increases, among others. The Company recognizes the funded status of its defined benefit pension and other postretirement plans (other than multiemployer plans) as an asset or liability in the consolidated balance sheets and recognizes changes in the funded status in the year in which the changes occur through other comprehensive income (loss).

Earnings (Loss) Per Common Share

Basic earnings (loss) per common share ("EPS") is based upon net income (loss) available to common stockholders divided by the weighted-average number of common shares outstanding during the period. Diluted EPS reflects the effect of the assumed vesting of RSUs and exercise of stock options (see Note 13) only in the periods in which such effect would have been dilutive.

Common Stock

Holders of the Company's Class A common stock, par value $0.01 per share ("Class A Common Stock") have one vote per share. Holders of the Company's Class B common stock, par value $0.01 per share ("Class B Common Stock") have ten votes per share. The Company's Class A Common Stock has no conversion rights, and the Company's Class B Common Stock can be converted to Class A Common Stock at any time with a conversion ratio of one share of Class A Common Stock for one share of Class B Common Stock. Holders of Class A Common Stock and Class B Common Stock are entitled to receive dividends equally on a per share basis. All actions submitted to a vote of stockholders are voted on by holders of Class A Common Stock (with one vote per share) and Class B Common Stock (with ten votes per share) voting together as a single class, except for the election of directors. With respect to the election of directors, holders of Class A Common Stock vote together as a separate class and are entitled to elect 25% of the total number of directors constituting the whole Board of Directors and, if such 25% is not a whole number, then the holders of Class A Common Stock, voting together as a separate class, are entitled to elect the nearest higher whole number of directors that is at least 25% of the total number of directors. Holders of Class B Common Stock, voting together as a separate class, are entitled to elect the remaining directors. In addition, 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 the Company's Class B Common Stock.

Recently Adopted Accounting Pronouncements

The Company adopted Topic 606 on July 1, 2018 ("Adoption Date"), which superseded the revenue recognition requirements in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") *Topic 605*, Revenue Recognition. The Company applied the modified retrospective approach for all contracts not completed as of the Adoption Date, and as a result, recorded a decrease to the opening accumulated deficit of $372, net of tax.

The reported results as of and for the year ended June 30, 2019 reflect the application of Topic 606, while the reported results for prior periods have not been adjusted to reflect Topic 606, and continue to be presented under the prior revenue recognition accounting guidance. The amount by which each financial statement line item has been affected in the current reporting period by the application of Topic 606 compared to historical policies is not material, therefore, comparative disclosures have been omitted. The adoption of Topic 606 did not result in significant changes in the way the Company records revenues. However, as a result of adopting Topic 606, there are certain components of the Company's revenues where Topic 606 generally results in different recognition of revenue compared to the Company's historical policies.

The following table provides changes to each applicable opening balance on the Company's consolidated balance sheet resulting from the adoption of Topic 606:

	June 30, 2018	Impact of Adoption	July 1, 2018
Current assets	$ 338,442	$ 585	$ 339,027
Total assets	849,612	760	850,372
Current liabilities	111,216	—	111,216
Total liabilities	1,507,354	388	1,507,742

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which amends ASC Topic 230, *Statement of Cash Flows* to eliminate the diversity in practice related to the classification of certain cash receipts and payments in the statement of cash flows by adding or clarifying guidance on various cash flow issues. This standard was adopted by the Company in the first quarter of fiscal year 2019, and was applied retrospectively. The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, which clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses, which will effect various areas of accounting including, but not limited to, goodwill and consolidation. This standard was adopted by the Company in the first quarter of fiscal year 2019, and was applied prospectively. The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, which simplifies the measurement of goodwill impairment by eliminating the requirement of performing a hypothetical purchase price allocation. Instead, impairment will be measured using the difference between the carrying amount and fair value of the reporting unit, not to exceed the carrying amount of goodwill. The amended guidance also eliminates the requirement for any reporting unit with a zero or a negative carrying amount to perform a qualitative assessment, and will require disclosure of the amount of goodwill allocated to each reporting unit with a zero or a negative carrying amount of net assets. This standard was early adopted by the Company in the first quarter of fiscal year 2019, and was applied prospectively. Based on the Company's most recent annual goodwill impairment test completed in the first quarter of fiscal year 2019, the adoption of this guidance did not have an impact on the Company's consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09, *Compensation — Stock Compensation (Topic 718): Scope of Modification Accounting*, which clarifies when modification accounting should be used for changes to the terms or conditions of a share-based payment award. This standard does not change the accounting for modifications but clarifies that modification accounting guidance should only be applied if there is a change to the value, vesting conditions or award classification, and would not be required if the changes are considered non-substantive. This standard was adopted by the Company in the first quarter of fiscal year 2019, and will be applied prospectively to any changes to the terms and conditions of share-based payment awards made on or after the adoption date should they occur. The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02*, Leases (Topic 842)*, and subsequent ASUs that amended and/or clarified the application of ASU No. 2016-02, which supersedes the current guidance in ASC Topic 840, *Leases*. This ASU generally requires the recognition of all lease assets and lease liabilities on the balance sheet, including those leases previously classified as operating leases under GAAP. The amended guidance also requires additional quantitative and qualitative disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases in order to provide additional information about the nature of an organization's leasing activities. The Company will adopt this standard in the first quarter of fiscal year 2020, using the modified retrospective approach. The Company expects that the adoption of this standard will result in the addition of significant right of use assets and lease liabilities related to the Company's identified leases to its consolidated balance sheet, with no change to its consolidated statements of operations or cash flows.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments — Credit Losses,* which introduces a new impairment model for most financial assets and certain other instruments. For trade and other receivables, the Company will be required to use a forward-looking "expected loss" model that will replace the current "incurred loss" model and generally will result in earlier recognition of allowances for losses. This standard will be effective for the Company beginning in the first quarter of fiscal year 2021, with early adoption permitted. The Company is currently evaluating the impact this standard will have on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-14, *Compensation — Retirement Benefits — Defined Benefit Plans — General (Topic 715-20): Disclosure Framework — Changes to the Disclosure Requirements for Defined Benefit Plans*, which removes, adds, or clarifies disclosure requirements relating to defined benefit plans to improve disclosure effectiveness. This standard will be effective for the Company beginning in the fourth quarter of fiscal year 2021, with early adoption permitted. The standard is to be applied retroactively to all periods presented. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

In March 2019, the FASB issued ASU No. 2019-02, *Entertainment — Films — Other Assets — Film Costs (Subtopic 926-20) and Entertainment — Broadcasters — Intangibles — Goodwill and Other (Subtopic 920-350): Improvements to Accounting for Costs of Films and License Agreements for Program Materials*, which amends ASC Subtopic 920-350 to align the accounting for production costs of an episodic television series with that for the costs of producing films. This standard will be effective for the Company beginning in the first quarter of fiscal year 2021, with early adoption permitted. The standard is to be applied prospectively to all periods presented. The Company is currently evaluating the impact this standard will have on its consolidated financial statements.

Note 3. Revenue Recognition

Affiliation Fee Revenue

Affiliation fee revenue is earned from Distributors for the right to carry the Company's networks under contracts, commonly referred to as "affiliation agreements." The Company's performance obligation under its affiliation agreements is satisfied as the Company provides its programming over the term of the affiliation agreement.

Affiliation fee revenue constituted approximately 90% of its consolidated revenues for the year ended June 30, 2019. Substantially all of the Company's affiliation agreements are sales-based and usage-based royalty arrangements, which are recognized as the sale or usage occurs. The transaction price is represented by affiliation fees that are generally based upon contractual rates applied to the number of the Distributor's subscribers who receive or can receive the Company's programming. Such subscriber information is generally not received until after the close of the reporting period, and in these cases, the Company estimates the number of subscribers. Historical adjustments to recorded estimates have not been material.

The Company's payment terms vary and are generally within 30-60 days after revenue is earned.

Advertising Revenue

The Company primarily earns advertising revenue through the sale of commercial time and other advertising inventory during its programming. In general, these advertising arrangements either do not exceed one year or are primarily multi-year media banks, the elements of which are agreed upon each year. Advertising revenue is recognized as advertising is aired. In certain advertising arrangements, the Company guarantees specified viewer ratings for its programming. In such cases, the promise to deliver the guaranteed viewer ratings by airing the advertising represents the Company's performance obligation. A contract liability is recognized as deferred revenue to the extent any guaranteed viewer ratings are not met and the customer is expected to exercise any right for additional advertising time, and is subsequently recognized as revenue either when the Company provides the required additional advertising time, or additional performance requirements become remote, which may be at the time the guarantee obligation contractually expires.

The Company's payment terms vary by the type of customer. Generally, payment terms are 30-60 days after revenue is earned.

Principal versus Agent Revenue Recognition

The Company has an advertising sales representation agreement with MSG that provides for MSG to act as its advertising sales representative and includes the exclusive right and obligation to sell certain advertising availabilities on the Company's behalf for a commission. The Company reports advertising revenue on a gross basis as it is primarily responsible for the fulfillment of advertising orders.

Noncash Consideration

The Company enters into nonmonetary transactions, primarily with its Distributors, that involve the exchange of products or services, such as advertising and promotional benefits, for the Company's services. For arrangements that are subject to sales-based and usage-based royalty guidance, the Company measures noncash consideration that it receives at fair value as the sale or usage occurs. For other arrangements, the Company measures the estimated fair value of the noncash consideration that it receives at contract inception. If the Company cannot reasonably estimate the fair value of the noncash consideration, the Company measures the fair value of the consideration indirectly by reference to the standalone selling price of the services promised to the customer in exchange for the consideration.

Transaction Price Allocated to Future Performance Obligations

Topic 606 requires disclosure of the aggregate amount of consideration the Company expects to receive in exchange for transferring services to a customer (transaction price) that is allocated to performance obligations that have not yet been satisfied as of June 30, 2019. However, the guidance provides certain practical expedients that allow companies to omit this disclosure requirement for (i) sales-based or usage-based royalty arrangements, (ii) contracts with an original expected length of one year or less, (iii) contracts for which revenue is recognized at the amount to which the Company has the right to invoice for services performed, and (iv) variable consideration related to a wholly unsatisfied performance obligation.

Substantially all of the Company's affiliation agreements are licenses of functional intellectual property where revenue is derived from sales-based and usage-based royalty arrangements, and generally the Company's advertising arrangements either do not exceed one year or are primarily multi-year media banks, the elements of which are agreed upon each year. For these types of arrangements, the Company applies a practical expedient.

As of June 30, 2019, other than contracts for which the Company has applied the practical expedients, the aggregate amount of transaction price allocated to remaining performance obligations under these contracts was approximately $16,800 to be recognized over the next ten years.

Contract Balances from Contracts with Customers

An account receivable is recorded when there is an unconditional right to consideration based on a contract with a customer. When consideration is received from a customer prior to transferring services to the customer under the terms of a contract, a contract liability (deferred revenue) is recorded.

For certain types of contracts with customers, the Company may recognize revenue in advance of the contractual right to invoice the customer, resulting in an amount recorded to contract assets as required by Topic 606. Once the Company has an unconditional right to consideration under these contracts, the contract assets are reclassified to accounts receivable.

Deferred revenue is recognized as revenue when, or as, control of the services is transferred to the customer and all revenue recognition criteria have been met. Historically, the primary source of the Company's deferred revenue has related to the Company not meeting viewer rating guarantees on advertising sales arrangements.

The following table provides information about current contract balances from contracts with customers:

	June 30, 2019	June 30, 2018
Accounts receivable (including advertising receivable included in related party receivables, net)	$ 130,422	$ 125,982
Contract asset, short-term (included in other current assets)	839	—
Deferred revenue, short-term	185	4,626
Deferred revenue, long-term (included in other liabilities)	230	—

The amount of revenue recognized for the year ended June 30, 2019 related to deferred revenue (contract liability) recorded at the Adoption Date was approximately $4,601.

Note 4. Computation of Earnings (Loss) per Common Share

The following table presents a reconciliation of the weighted-average number of shares used in the calculations of basic and diluted EPS:

	Years Ended June 30,		
	2019	2018	2017
Weighted-average number of shares for basic EPS	75,069	75,381	75,213
Dilutive effect of shares issuable under share-based compensation plans	662	439	347
Weighted-average number of shares for diluted EPS	75,731	75,820	75,560
Anti-dilutive shares	714	519	162

Note 5. Goodwill and Amortizable Intangible Assets

During the first quarter of fiscal year 2019, the Company performed its annual impairment test of goodwill. As the Company's one reporting unit had a negative carrying value of net assets, there was no impairment of goodwill identified.

The Company's intangible assets subject to amortization are as follows:

	June 30,	
	2019	2018
Affiliate relationships	$ 83,044	$ 83,044
Less accumulated amortization	(49,301)	(45,841)
	$ 33,743	$ 37,203

Affiliate relationships have an estimated useful life of 24 years. Amortization expense for intangible assets was $3,460 for the years ended June 30, 2019, 2018, and 2017.

The Company expects its aggregate annual amortization expense for existing intangible assets subject to amortization for each fiscal year from 2020 through 2024 to be as follows:

Fiscal year ending June 30, 2020	$ 3,460
Fiscal year ending June 30, 2021	3,460
Fiscal year ending June 30, 2022	3,460
Fiscal year ending June 30, 2023	3,460
Fiscal year ending June 30, 2024	3,460

Note 6. Property and Equipment

As of June 30, 2019 and 2018, property and equipment consisted of the following assets:

	June 30,		Estimated
	2019	2018	Useful Lives
Equipment	$ 35,642	$ 36,027	2 to 10 years
Furniture and fixtures	1,726	1,728	5 to 8 years
Leasehold improvements	18,505	19,297	Shorter of term of lease or life of improvement
Construction in progress	1,058	727	
	56,931	57,779	
Less accumulated depreciation and amortization	(47,629)	(47,750)	
	$ 9,302	$ 10,029	

Depreciation and amortization expense on property and equipment was $3,938, $5,878, and $6,836 for the years ended June 30, 2019, 2018, and 2017, respectively.

Note 7. Debt

On September 28, 2015, MSGN L.P., MSGN Eden, LLC, an indirect subsidiary of the Company and the general partner of MSGN L.P., Regional MSGN Holdings LLC, a direct subsidiary of the Company and the limited partner of MSGN L.P. (collectively with MSGN Eden, LLC, the "Holdings Entities"), and certain subsidiaries of MSGN L.P. entered into a credit agreement (the "Credit Agreement") with a syndicate of lenders.

The Credit Agreement provides MSGN L.P. with senior secured credit facilities (the "Senior Secured Credit Facilities") consisting of: (a) an initial $1,550,000 term loan facility (the "Term Loan Facility") and (b) a $250,000 revolving credit facility (the "Revolving Credit Facility"), each with a term of five years. In connection with the Distribution, $1,450,000 of the proceeds from the Term Loan Facility was contributed to MSG immediately following the closing of the Senior Secured Credit Facilities. Up to $35,000 of the Revolving Credit Facility is available for the issuance of letters of credit. Subject to the satisfaction of certain conditions and limitations, the Credit Agreement allows for the addition of incremental term and/or revolving loan commitments and incremental term and/or revolving loans.

Borrowings under the Credit Agreement bear interest at a floating rate, which at the option of MSGN L.P. may be either (a) base rate, representing the higher of: (i) the New York Fed Bank Rate plus 0.50%; (ii) the U.S. Prime Rate; or (iii) the one-month London Interbank Offered Rate, or LIBOR, plus 1.00% (the "Base Rate"), plus an additional rate ranging from 0.50% to 1.25% per annum (determined based on a total leverage ratio), or (b) a Eurodollar rate (the "Eurodollar Rate") plus an additional rate ranging from 1.50% to 2.25% per annum (determined based on a total leverage ratio), provided that for the period until the delivery of the compliance certificate for the period ending March 31, 2016, the additional rate used in calculating both floating rates was (i) 1.00% per annum for borrowings bearing interest at the Base Rate, and (ii) 2.00% per annum for borrowings bearing interest at the Eurodollar Rate. Upon a payment default in respect of principal, interest or other amounts due and payable under the Credit Agreement or related loan documents, default interest will accrue on all overdue amounts at an additional rate of 2.00% per annum. The Credit Agreement requires that MSGN L.P. pay a commitment fee of 0.30% in respect of the average daily unused commitments, as well as fronting fees, to banks that issue letters of credit pursuant to the Revolving Credit Facility.

The Credit Agreement generally requires the Holdings Entities and MSGN L.P. and its restricted subsidiaries on a consolidated basis to comply with a maximum total leverage ratio of 6.00:1.00 from the closing date until September 30, 2016 and a maximum total leverage ratio of 5.50:1.00 from October 1, 2016 until maturity, subject, in each case, to upward adjustment during the continuance of certain events. In addition, there is a minimum interest coverage ratio of 2.00:1.00 for the Holdings Entities and MSGN L.P. and its restricted subsidiaries on a consolidated basis. As of June 30, 2019, the Holdings Entities and MSGN L.P. and its restricted subsidiaries on a consolidated basis were in compliance with the financial covenants of the Credit Agreement. All borrowings under the Credit Agreement are subject to the satisfaction of customary conditions, including absence of a default and accuracy of representations and warranties. As of June 30, 2019, there were no letters of credit issued and outstanding under the Revolving Credit Facility, which provides full borrowing capacity of $250,000. For the year ended June 30, 2019, the Company made principal repayments of $175,000, including voluntary payments of $100,000. The Company has made principal payments aggregating $528,750 through June 30, 2019. The Term Loan Facility amortizes quarterly in accordance with its terms through June 30, 2020 with a final maturity date on September 28, 2020.

As of June 30, 2019, the principal repayments required under the Term Loan Facility are as follows:

Fiscal year ending June 30, 2020	$	114,375
Fiscal year ending June 30, 2021		906,875
	$	1,021,250

All obligations under the Credit Agreement are guaranteed by the Holdings Entities and MSGN L.P.'s existing and future direct and indirect domestic subsidiaries that are not designated as excluded subsidiaries or unrestricted subsidiaries (the "Subsidiary Guarantors," and together with the Holdings Entities, the "Guarantors"). All obligations under the Credit Agreement, including the guarantees of those obligations, are secured by certain assets of MSGN L.P. and each Guarantor (collectively, "Collateral"), including, but not limited to, a pledge of the equity interests in MSGN L.P. held directly by the Holdings Entities and the equity interests in each Subsidiary Guarantor held directly or indirectly by MSGN L.P. Subject to customary notice and minimum amount conditions, MSGN L.P. may voluntarily prepay outstanding loans under the Credit Agreement at any time, in whole or in part, without premium or penalty (except for customary breakage costs with respect to Eurodollar loans). MSGN L.P. is required to make mandatory prepayments in certain circumstances, including without limitation from the net cash proceeds of certain sales of assets (including Collateral) or casualty insurance and/or condemnation recoveries (subject to certain reinvestment, repair or replacement rights) and the incurrence of certain indebtedness, subject to certain exceptions.

In addition to the financial covenants discussed above, the Credit Agreement and the related security agreement contain certain customary representations and warranties, affirmative covenants, and events of default. The Credit Agreement contains certain restrictions on the ability of the Holdings Entities and MSGN L.P. and its restricted subsidiaries to take certain actions as provided in (and subject to various exceptions and baskets set forth in) the Credit Agreement, including the following: (i) incurring additional indebtedness and contingent liabilities; (ii) creating liens on certain assets; (iii) making investments, loans or advances in or to other persons; (iv) paying dividends and distributions or repurchasing capital stock; (v) changing their lines of business; (vi) engaging in certain transactions with affiliates; (vii) amending specified material agreements; (viii) merging or consolidating; (ix) making certain dispositions; and (x) entering into agreements that restrict the granting of liens. The Holdings Entities are also subject to customary passive holding company covenants.

The Company is amortizing its deferred financing costs on a straight-line basis over the five-year term of the Senior Secured Credit Facilities which approximates the effective interest method. The following table summarizes the presentation of the Term Loan Facility and the related deferred financing costs in the accompanying consolidated balance sheets as of June 30, 2019 and 2018:

	Term Loan Facility	Deferred Financing Costs	Net
June 30, 2019			
Current portion of long-term debt	$ 114,375	$ (2,586)	$ 111,789
Long-term debt, net of current portion	906,875	(647)	906,228
Total	$ 1,021,250	$ (3,233)	$ 1,018,017
June 30, 2018			
Current portion of long-term debt	$ 75,000	$ (2,586)	$ 72,414
Long-term debt, net of current portion	1,121,250	(3,233)	1,118,017
Total	$ 1,196,250	$ (5,819)	$ 1,190,431

In addition, the Company has deferred financing costs related to the Revolving Credit Facility recorded in the accompanying consolidated balance sheets as summarized in the following table:

	June 30,	
	2019	2018
Other current assets	$ 417	$ 417
Other assets	104	521

The Company made interest payments under the Credit Agreement of $43,518, $40,106, and $37,005 during the years ended June 30, 2019, 2018, and 2017, respectively.

Note 8. Operating Leases

The Company has various long-term noncancelable operating lease agreements, primarily for office and studio space expiring at various dates through 2024. The rent expense associated with such operating leases is recognized on a straight-line basis over the initial lease term. The difference between rent expense and rent paid is recorded as deferred rent. Rent expense under these lease agreements totaled $5,505, $5,474, and $7,184 for the years ended June 30, 2019, 2018 and 2017, respectively.

As of June 30, 2019, future minimum rental payments under leases having noncancelable initial lease terms in excess of one year are as follows:

Fiscal year ending June 30, 2020	$ 5,644
Fiscal year ending June 30, 2021	4,355
Fiscal year ending June 30, 2022	3,750
Fiscal year ending June 30, 2023	3,362
Fiscal year ending June 30, 2024	2,802
Thereafter	—
	$ 19,913

During the years ended June 30, 2019, 2018, and 2017, the Company recorded income of $149, $149 and $2,531, respectively, related to the use of certain Company space by third parties.

Note 9. Commitments and Contingencies

As of June 30, 2019, future cash payments required under contracts entered into by the Company in the normal course of business are as follows:

Fiscal year ending June 30, 2020	$	258,361
Fiscal year ending June 30, 2021		261,751
Fiscal year ending June 30, 2022		253,682
Fiscal year ending June 30, 2023		261,789
Fiscal year ending June 30, 2024		248,809
Thereafter		2,843,813
	$	4,128,205

Contractual obligations above consist primarily of the Company's obligations under media rights agreements.

In addition, see Note 7 for the principal repayments required under the Company's Term Loan Facility.

Note 10. Legal Matters

The Company is a defendant in various lawsuits. Although the outcome of these matters cannot be predicted with certainty, management does not believe that resolution of these lawsuits will have a material adverse effect on the Company.

Note 11. Fair Value Measurements

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect the assumptions that market participants would use when pricing the asset or liability. Unobservable inputs are inputs for which market data is not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability. The fair value hierarchy consists of the following three levels:

- Level I — Quoted prices for identical instruments in active markets.
- Level II — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level III — Instruments whose significant value drivers are unobservable.

The following table presents for each of these hierarchy levels, the Company's assets that are measured at fair value on a recurring basis, which include cash equivalents:

	Level I	Level II	Level III	Total
June 30, 2019				
Assets:				
Money market accounts	$ 17,619	$ —	$ —	$ 17,619
Time deposits	201,524	—	—	201,524
Total assets measured at fair value	$ 219,143	$ —	$ —	$ 219,143
June 30, 2018				
Assets:				
Money market accounts	$ 20,398	$ —	$ —	$ 20,398
Time deposits	184,945	—	—	184,945
Total assets measured at fair value	$ 205,343	$ —	$ —	$ 205,343

Money market accounts and time deposits are classified within Level I of the fair value hierarchy as they are valued using observable inputs that reflect quoted prices for identical assets in active markets. The carrying amount of the Company's money market accounts and time deposits approximates fair value due to their short-term maturities.

Other Financial Instruments

The fair value of the Company's long-term debt (see Note 7) was approximately $1,006,000 as of June 30, 2019. The Company's long-term debt is classified within Level II of the fair value hierarchy as it is valued using quoted prices of such securities for which fair value can be derived from inputs that are readily observable.

Note 12. Pension Plans and Other Postretirement Benefit Plan

Company Sponsored Plans

The Company sponsors (i) a non-contributory, qualified defined benefit pension plan covering certain of its union employees (the "Union Plan"), (ii) an unfunded non-contributory, non-qualified frozen excess cash balance plan covering certain employees who participated in an underlying qualified plan (the "Excess Cash Balance Plan"), and (iii) an unfunded non-contributory, non-qualified frozen defined benefit pension plan for the benefit of certain employees who participated in an underlying qualified plan (the "Excess Plan," and collectively with the Union Plan and the Excess Cash Balance Plan, the "Pension Plans").

As of December 31, 2015, the Excess Cash Balance Plan was amended to freeze participation and future benefit accruals. Therefore, after December 31, 2015, no employee of the Company who was not already a participant may become a participant in the plan and no further annual pay credits will be made for any future year. Existing account balances under the plan will continue to be credited with monthly interest in accordance with the terms of the plan. As of December 31, 2007, the Excess Plan was amended to freeze all benefits earned through December 31, 2007 and to eliminate the ability of participants to earn benefits for future service under this plan. Benefits payable to retirees under the Union Plan are based upon years of service and participants' compensation.

The Company also sponsors a contributory welfare plan which provides certain postretirement healthcare benefits to certain employees hired prior to January 1, 2001 (the "Postretirement Plan").

Prior to the Distribution, the Company also sponsored a non-contributory qualified cash balance retirement plan covering its non-union employees and a non-contributory qualified defined benefit pension plan covering certain of its union employees who work in the MSG businesses (collectively, the "MSG Pension Plans"). As of the Distribution Date, the Company and MSG entered into an employee matters agreement (the "Employee Matters Agreement") which determined each company's obligations after the Distribution with regard to historic liabilities under the Company's former pension and postretirement plans. Under the Employee Matters Agreement, the assets and liabilities of the MSG Pension Plans have been transferred to MSG. In addition, the following have been transferred to MSG: liabilities related to (i) MSG employees as of the Distribution Date who were active participants in the Excess Plan and/or the Excess Cash Balance Plan, (ii) MSG employees as of the Distribution Date who were eligible for participation in the Postretirement Plan, and (iii) former MSG employees as of the Distribution Date who were retired participants in the Postretirement Plan. The Company has retained liabilities related to (i) its current and former employees who are active participants in the Excess Plan and/or the Excess Cash Balance Plan, (ii) former MSG employees as of the Distribution Date who were active participants in the Excess Plan and/or the Excess Cash Balance Plan, (iii) its current employees who are eligible for participation in the Postretirement Plan, (iv) its former employees who are retired participants in the Postretirement Plan, and (v) the Union Plan.

MSG NETWORKS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

The following table summarizes the projected benefit obligations, assets, funded status and the amounts recorded on the Company's consolidated balance sheets as of June 30, 2019 and 2018 based upon actuarial valuations as of those measurement dates.

	Pension Plans		Postretirement Plan	
	June 30,		June 30,	
	2019	2018	2019	2018
Change in benefit obligation:				
Benefit obligation at beginning of period	$ 41,379	$ 42,990	$ 4,169	$ 3,623
Service cost	445	512	42	72
Interest cost	1,607	1,432	81	140
Actuarial loss (gain)	3,180	(2,219)	(107)	319
Net benefits paid	(1,457)	(1,336)	4	15
Other	—	—	(1,829)	—
Benefit obligation at end of period	45,154	41,379	2,360	4,169
Change in plan assets:				
Fair value of plan assets at beginning of period	16,225	15,605	—	—
Actual return on plan assets	2,061	(235)	—	—
Employer contributions	3,681	2,191	—	—
Net benefits paid	(1,457)	(1,336)	—	—
Fair value of plan assets at end of period	20,510	16,225	—	—
Funded status at end of period	$ (24,644)	$ (25,154)	$ (2,360)	$ (4,169)

Amounts recognized in the consolidated balance sheets as of June 30, 2019 and 2018 consist of:

	Pension Plans		Postretirement Plan	
	June 30,		June 30,	
	2019	2018	2019	2018
Current liabilities (included in accrued employee related costs)	$ (1,061)	$ (1,015)	$ (109)	$ (138)
Non-current liabilities (included in defined benefit and other postretirement obligations)	(23,583)	(24,139)	(2,251)	(4,031)
	$ (24,644)	$ (25,154)	$ (2,360)	$ (4,169)

Accumulated other comprehensive loss, before tax, as of June 30, 2019 and 2018 consists of the following amounts that have not yet been recognized in net periodic benefit cost:

	Pension Plans		Postretirement Plan	
	June 30,		June 30,	
	2019	2018	2019	2018
Actuarial loss	$ (10,179)	$ (8,956)	$ (358)	$ (472)
Prior service credit	—	—	3	10
	$ (10,179)	$ (8,956)	$ (355)	$ (462)

Components of net periodic benefit cost for the years ended June 30, 2019, 2018, and 2017 are as follows:

	Pension Plans			Postretirement Plan		
	Years Ended June 30,			Years Ended June 30,		
	2019	2018	2017	2019	2018	2017
Service cost	$ 445	$ 512	$ 532	$ 42	$ 72	$ 72
Other components of net periodic benefit cost:						
Interest cost	1,607	1,432	1,328	81	140	100
Expected return on plan assets	(574)	(505)	(424)	—	—	—
Recognized actuarial loss [(a)]	476	596	700	7	60	24
Amortization of unrecognized prior service credit [(a)]	—	—	—	(7)	(13)	(24)
Other	—	—	—	(1,829)	—	—
Settlement gain [(a)]	(5)	—	(71)	—	—	—
Net periodic benefit cost	$ 1,949	$ 2,035	$ 2,065	$ (1,706)	$ 259	$ 172

[(a)] Reflects amounts reclassified from accumulated other comprehensive loss to other components of net periodic benefit cost in the accompanying consolidated statements of operations.

Other pre-tax changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for the years ended June 30, 2019, 2018, and 2017 are as follows:

	Pension Plans			Postretirement Plan		
	Years Ended June 30,			Years Ended June 30,		
	2019	2018	2017	2019	2018	2017
Actuarial gain (loss)	$ (1,694)	$ 1,482	$ 1,128	$ 107	$ (319)	$ 16
Amounts reclassified from accumulated other comprehensive loss:						
Recognized actuarial loss	476	596	700	7	60	24
Recognized prior service credit	—	—	—	(7)	(13)	(24)
Settlement gain	(5)	—	(71)	—	—	—
Total recognized in other comprehensive income (loss)	$ (1,223)	$ 2,078	$ 1,757	$ 107	$ (272)	$ 16

The estimated net loss for the Pension Plans and the Postretirement Plan expected to be amortized from accumulated other comprehensive loss and recognized as a component of net periodic benefit cost over the next fiscal year is $555. The estimated prior service credit for the Postretirement Plan expected to be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year is $3.

Funded Status

The accumulated benefit obligation for the Pension Plans aggregated to $44,325 and $40,782 at June 30, 2019 and 2018, respectively. As of June 30, 2019 and 2018 each of the Pension Plans had accumulated benefit obligations and projected benefit obligations in excess of plan assets.

Pension Plans and Postretirement Plan Assumptions

Weighted-average assumptions used to determine benefit obligations (made at the end of the period) as of June 30, 2019 and 2018 are as follows:

	Pension Plans		Postretirement Plan	
	June 30,		June 30,	
	2019	2018	2019	2018
Discount rate	3.53%	4.20%	3.23%	4.14%
Rate of compensation increase	2.00%	2.00%	n/a	n/a
Healthcare cost trend rate assumed for next year	n/a	n/a	6.75%	7.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	n/a	n/a	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	n/a	n/a	2027	2027

Weighted-average assumptions used to determine net periodic benefit cost (made at the beginning of the period) for the years ended June 30, 2019, 2018, and 2017 are as follows:

	Pension Plans			Postretirement Plan		
	Years Ended June 30,			Years Ended June 30,		
	2019	2018	2017	2019	2018	2017
Discount rate - service cost	4.25%	3.92%	3.73%	4.24%	3.90%	3.63%
Discount rate - interest cost	3.93%	3.35%	3.03%	3.80%	3.25%	2.84%
Expected long-term rate of return on plan assets	3.72%	3.46%	3.38%	n/a	n/a	n/a
Rate of compensation increase	2.00%	2.00%	2.00%	n/a	n/a	n/a
Healthcare cost trend rate assumed for next year	n/a	n/a	n/a	7.00%	7.25%	7.25%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	n/a	n/a	n/a	5.00%	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	n/a	n/a	n/a	2027	2027	2026

Accumulated and projected benefit obligations reflect the present value of future cash payments for benefits. The Company used the Willis Towers Watson U.S. Rate Link: 40-90 Discount Rate Model (which is developed by examining the yields on selected highly rated corporate bonds) to discount these benefit payments on a plan by plan basis, to select the rates at which the Company believes each plan's benefits could be effectively settled.

The Company's expected long-term rate of return on plan assets is based on a periodic review and modeling of the plan's asset allocation structures over a long-term horizon. Expectations of returns for each asset class used in the review and modeling are based on comprehensive reviews of historical data, forward-looking economic outlook, and economic/financial market theory. The expected long-term rate of return was selected from within the reasonable range of rates determined by (a) historical real returns, net of inflation, for the asset classes covered by the investment policy, and (b) projections of inflation over the long-term period during which benefits are payable to plan participants.

Assumed healthcare cost trend rates are also a key assumption used for the amounts reported for the Postretirement Plan. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

	Increase (Decrease) in Total of Service and Interest Cost Components for the			Increase (Decrease) in Benefit Obligation at	
	Years Ended June 30,			June 30,	
	2019	2018	2017	2019	2018
One percentage point increase	$ 12	$ 28	$ 24	$ 205	$ 482
One percentage point decrease	(11)	(24)	(21)	(185)	(415)

Plan Assets and Investment Policy

The weighted-average asset allocation of the Union Plan's assets at June 30, 2019 and 2018 was as follows:

	June 30,	
Asset Classes: [(a)]	**2019**	**2018**
Fixed income securities	83%	74%
Cash equivalents	17%	26%
	100%	100%

[(a)] *The Company's target allocation for pension plan assets is 80% fixed income securities and 20% cash equivalents as of June 30, 2019.*

Investment allocation decisions are formally made by the Company's Investment and Benefits Committee, which takes into account investment advice provided by the Company's external investment consultant. The investment consultant takes into account expected long-term risk, return, correlation, and other prudent investment assumptions when recommending asset classes and investment managers to the Company's Investment and Benefits Committee. The investment consultant also takes into account the Union Plan's liabilities when making investment allocation recommendations. Those decisions are driven by asset/liability studies conducted by the external investment consultant who combines actuarial considerations and strategic investment advice. The major categories of the Union Plan's assets are cash equivalents and long duration bonds which are marked-to-market on a daily basis. Due to the fact that the Union Plan's assets are significantly made up of long duration bonds, they are subjected to interest-rate risk; specifically, a rising interest rate environment. However, an increase in interest rates would cause a corresponding decrease to the overall liability of the plans, thus creating a hedge against rising interest rates. Additional risks involving the asset/liability framework include earning insufficient returns to cover future liabilities and imperfect hedging of the liability. In addition, a portion of the long duration bond portfolio is invested in non-government securities which are subject to credit risk of the bond issuer defaulting on interest and/or principal payments.

Plan Assets at Estimated Fair Value

The fair value of the Union Plan's assets at June 30, 2019 and 2018 by asset class are as follows:

Fair Value of Plan Assets at June 30, 2019	**Level I**	**Level II**	**Level III**	**Total**
Fixed income securities:				
U.S. Treasury Securities	$ 4,720	$ —	$ —	$ 4,720
U.S. corporate bonds	—	10,645	—	10,645
Foreign issued corporate bonds	—	1,600	—	1,600
Municipal bonds	—	35	—	35
Money market accounts	3,510	—	—	3,510
Total investments measured at fair value	$ 8,230	$ 12,280	$ —	$ 20,510
Fair Value of Plan Assets at June 30, 2018				
Fixed income securities:				
U.S. Treasury Securities	$ 2,971	$ —	$ —	$ 2,971
U.S. corporate bonds	—	7,729	—	7,729
Foreign issued corporate bonds	—	1,311	—	1,311
Municipal bonds	—	31	—	31
Money market accounts	4,183	—	—	4,183
Total investments measured at fair value	$ 7,154	$ 9,071	$ —	$ 16,225

Contributions for Qualified Defined Benefit Pension Plan

The Company expects to contribute approximately $1,350 to the Union Plan in fiscal year 2020.

Estimated Future Benefit Payments

The following table presents estimated future fiscal year benefit payments for the MSGN Pension Plans and Postretirement Plan:

	Pension Plans	Postretirement Plan
Fiscal year ending June 30, 2020	$ 1,850	$ 110
Fiscal year ending June 30, 2021	2,110	150
Fiscal year ending June 30, 2022	2,320	170
Fiscal year ending June 30, 2023	2,450	190
Fiscal year ending June 30, 2024	2,570	200
Fiscal years ending June 30, 2025 – 2029	14,210	1,030

Savings Plans

In addition, prior to the Distribution, the Company sponsored the MSG Holdings, L.P. 401(k) Savings Plan (the “MSG Savings Plan”) and the MSG Holdings, L.P. Excess Savings Plan (“Excess Savings Plan”). As a result of the Distribution, the MSG Savings Plan was amended to (i) transfer sponsorship of the plan to MSG, and (ii) become a multiple employer plan in which both MSG and the Company will continue to participate. Pursuant to the Employee Matters Agreement, liabilities relating to MSG employees as of the Distribution Date who were active participants in the Company’s Excess Savings Plan have been transferred to MSG. The Excess Savings Plan has been renamed the MSGN Holdings, L.P. Excess Savings Plan (together with the MSG Savings Plan, the “Savings Plans”). Expenses related to the Savings Plans included in the accompanying consolidated statements of operations for the years ended June 30, 2019, 2018, and 2017 were $1,057, $957, and $828, respectively.

Multiemployer Plans

The Company contributes to a number of multiemployer defined benefit pension plans, multiemployer defined contribution pension plans, and multiemployer health and welfare plans that provide benefits to retired union-represented employees under the terms of collective bargaining agreements (“CBAs”).

The multiemployer defined benefit pension plans to which the Company contributes generally provide for retirement and death benefits for eligible union-represented employees based on specific eligibility/participant requirements, vesting periods, and benefit formulas. The risks to the Company of participating in these multiemployer defined benefit pension plans are different from single-employer defined benefit pension plans in the following aspects:

- Assets contributed to a multiemployer defined benefit pension plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to a multiemployer defined benefit pension plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Company chooses to stop participating in some of these multiemployer defined benefit pension plans, the Company may be required to pay those plans an amount based on the Company’s proportion of the underfunded status of the plan, referred to as a withdrawal liability. However, cessation of participation in a multiemployer defined benefit pension plan and subsequent payment of any withdrawal liability is subject to the collective bargaining process.

The Company was not listed in any of the multiemployer plans’ Form 5500’s as providing more than 5% of the total contributions. There were no multiemployer defined benefit pension plans, to which the Company contributes, that were in the red zone (which are plans that are generally less than 65% funded) for the most recent Pension Protection Act zone status available as of June 30, 2019.

The Company contributed $1,145, $1,299, and $1,328 for the years ended June 30, 2019, 2018, and 2017, respectively, to multiemployer plans, primarily multiemployer defined benefit pension plans.

Note 13. Share-based Compensation

The Company has two share-based compensation plans (i) the MSG Networks Inc. 2010 Employee Stock Plan, as amended (the “Employee Stock Plan”), which was most recently approved by the Company’s stockholders on December 15, 2016, and (ii) the MSG Networks Inc. 2010 Stock Plan for Non-Employee Directors, as amended (the “Non-Employee Director Plan”), which was most recently approved by the Company’s stockholders on December 11, 2015.

Under the Employee Stock Plan, the Company is authorized to grant incentive stock options and non-qualified stock options ("NQSOs"), restricted shares, RSUs and other share-based awards. The Employee Stock Plan provides that the Company may grant awards for up to 12,500 (inclusive of awards granted prior to the December 15, 2016 amendment thereof) shares of the Company's Class A Common Stock (subject to certain adjustments). NQSOs under the Employee Stock Plan must be granted with an exercise price of not less than the fair market value of a share of the Company's Class A Common Stock on the date of grant and must expire no later than 10 years from the date of grant (or up to one additional year in the case of the death of a holder). RSUs granted under the Employee Stock Plan will settle in shares of the Company's Class A Common Stock (either from treasury or with newly issued shares), or, at the option of the Compensation Committee of the Board of Directors ("Compensation Committee"), in cash. The terms and conditions of awards granted under the Employee Stock Plan, including vesting and exercisability, are determined by the Compensation Committee and may include performance targets.

Under the Non-Employee Director Plan, the Company is authorized to grant NQSOs, RSUs and other share-based awards. The Non-Employee Director Plan provides that the Company may grant awards for up to 300 shares of the Company's Class A Common Stock (subject to certain adjustments). NQSOs under the Non-Employee Director Plan must be granted with an exercise price of not less than the fair market value of a share of the Company's Class A Common Stock on the date of grant and must expire no later than 10 years from the date of grant (or up to one additional year in the case of the death of a holder). The terms and conditions of awards granted under the Non-Employee Director Plan, including vesting and exercisability, are determined by the Compensation Committee. Unless otherwise provided in an applicable award agreement, NQSOs granted under the Non-Employee Director Plan will be fully vested and exercisable, and RSUs granted under the Non-Employee Director Plan will be fully vested, upon the date of grant and will settle in shares of the Company's Class A Common Stock (either from treasury or with newly issued shares), or, at the option of the Compensation Committee, in cash, on the first business day after ninety days from the date the director's service on the Board of Directors ceases or, if earlier, upon the director's death.

In connection with the Distribution, each employee RSU that was granted on or after July 1, 2015 (but prior to the Distribution Date) was adjusted in accordance with its terms, such that (i) each holder who remained employed by the Company following the Distribution continued to hold Company RSUs, with the number of RSUs adjusted to reflect the Distribution to maintain the value of the RSUs, and (ii) each holder who MSG employed following the Distribution received MSG RSUs of the same value as the Company RSUs, and the original Company RSUs were canceled. Any holder of RSUs granted after July 1, 2015 (but prior to the Distribution Date) who was employed by both MSG and the Company following the Distribution held the Company's RSUs, adjusted to reflect the Distribution, and received MSG RSUs, so that the Company's RSUs represented 30% of the value of the original awards and MSG RSUs represented 70% of the value of the original RSU award. All RSUs granted on or after July 1, 2015 (but prior to the Distribution Date) were fully vested and distributed as of June 30, 2019.

In connection with the Distribution, one share of MSG Class A Common Stock was issued under the MSG 2015 Non-Employee Director Plan in respect of every three RSUs outstanding under the Company's Non-Employee Director Plan.

In connection with the Distribution, each option to purchase the Company's Class A Common Stock became two options: one option to acquire MSG Class A Common Stock and one option to acquire the Company's Class A Common Stock. The existing exercise price was allocated between the existing options and the new MSG options based upon the volume-weighted average prices of the MSG Class A Common Stock and the Company's Class A Common Stock over the ten trading days immediately following the Distribution as reported by Bloomberg Business, and the underlying share amount took into account the one-to-three distribution ratio (i.e., one share of MSG Class A Common Stock was issued for every three shares of the Company's Class A Common Stock). Other than the split of the options and the allocation of the existing exercise price, there were no additional adjustments to the existing options in connection with the Distribution.

The Company's RSUs held by MSG employees were not expensed by the Company; however, such RSUs had a dilutive effect on earnings per share available to the Company's common stockholders. There are no outstanding Company RSUs held by MSG employees, except for those employed by both MSG and the Company, as of June 30, 2019.

Share-based Compensation Expense

Share-based compensation expense, presented within selling, general and administrative expenses and direct operating expenses, was $18,087, $13,979 and $9,931 for the years ended June 30, 2019, 2018, and 2017, respectively.

As of June 30, 2019, there was $22,694 of unrecognized compensation cost related to unvested RSUs and NQSOs, held by Company employees. The cost is expected to be recognized over a weighted-average period of 2 years for unvested RSUs and NQSOs. There were no costs related to share-based compensation that were capitalized. Tax benefits realized from tax deductions associated with share-based compensation expense for the years ended June 30, 2019, 2018 and 2017 totaled $3,406, $2,814, and $1,714, respectively.

NQSOs Award Activity

The following table summarizes activity relating to holders of the Company's NQSOs for the year ended June 30, 2019:

	Number of Nonperformance Based Vesting NQSOs	Number of Performance Based Vesting NQSOs	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Balance as of June 30, 2018	961	961	$ 19.49	6.14	$ 8,567
Granted	316	316	25.05		
Balance as of June 30, 2019	1,277	1,277	$ 20.87	5.52	3,132
Exercisable as of June 30, 2019	498	—	$ 18.89	4.99	$ 1,044

In August 2018, the Company granted 632 NQSOs, of which 50% are subject to three-year ratable vesting and the remaining 50% are subject to three-year cliff vesting and the achievement of certain Company performance criteria. These NQSOs have an expiration period of 7.5 years. The Company calculated the fair value of these NQSOs on the date of grant using the Black-Scholes option pricing model, which resulted in a grant date fair value of $7.60 per NQSO.

The following were the key assumptions used to calculate the fair value of this award:

Risk-free interest rate	2.76%
Expected term	5.25 years
Expected volatility	27.44%

The Company's computation of expected term was calculated using the simplified method (the average of the vesting period and option term) as prescribed in ASC Topic 718-10-S99. The Company's computation of expected volatility was based on historical volatility of its common stock.

The aggregate intrinsic value is calculated for in-the-money NQSOs as the difference between (i) the exercise price of the underlying award and (ii) the quoted price of the Company's Class A Common Stock at June 30, 2019 and 2018, as applicable. For the year ended June 30, 2017, the aggregate intrinsic value of the Company's NQSOs exercised was $14, determined as of the date of NQSO exercise.

Restricted Share Units Award Activity

The following table summarizes activity relating to holders of the Company's RSUs for the year ended June 30, 2019:

	Number of Nonperformance Based Vesting RSUs	Number of Performance Based Vesting RSUs	Weighted-Average Fair Value Per Share At Date of Grant
Unvested award balance as of June 30, 2018	376	779	$ 20.46
Granted	390	342	25.61
Vested	(225)	(285)	20.65
Unvested award balance as of June 30, 2019	541	836	23.08

Nonperformance based vesting RSUs granted during the year ended June 30, 2019 included 104 RSUs granted under the Employee Stock Plan that are subject to three-year ratable vesting, 240 RSUs granted under the Employee Stock Plan that are subject to four-year ratable vesting, and 46 RSUs granted under the Non-Employee Director Plan which vested upon date of grant. Performance based vesting RSUs granted under the Employee Stock Plan during the year ended June 30, 2019 included 118 RSUs that are subject to three-year ratable vesting, and 224 RSUs that are subject to three-year cliff vesting.

The fair value of RSUs that vested during the year ended June 30, 2019 was $12,779. Upon delivery, RSUs granted under the Employee Stock Plan were net share-settled to cover the required statutory tax withholding obligations and the remaining number of shares were issued from the Company's treasury shares. To fulfill the employees' statutory tax withholding obligations for the applicable income and other employment taxes, 194 of these RSUs, with an aggregate value of $4,879 were retained by the Company and the taxes paid during the year ended June 30, 2019 are reflected as a financing activity in the accompanying consolidated statement of cash flows. For the years ended June 30, 2018 and 2017, the fair value of the Company's RSUs that vested was $9,329 and $5,902, respectively, determined as of the date of the RSU vesting.

The weighted-average fair value per share at date of grant of RSUs granted during the years ended June 30, 2018 and 2017, was $21.32 and $19.59, respectively.

Note 14. Stock Repurchase Program

On December 7, 2017, the Company's Board of Directors authorized the repurchase of up to $150,000 of the Company's Class A Common Stock. Under the authorization, shares of Class A Common Stock may be purchased from time to time in open market or private transactions, block trades or such other manner as the Company may determine, in accordance with applicable insider trading and other securities laws and regulations. The timing and amount of purchases will depend on market conditions and other factors. As of June 30, 2019, the Company had $136,165 of availability remaining under its stock repurchase authorization. The Company did not repurchase shares during the year ended June 30, 2019. For the year ended June 30, 2018, the Company repurchased 713 shares, which are determined based on the settlement date of such trades, for a total cost of $13,850 (including commissions and fees). These acquired shares have been classified as treasury stock.

Note 15. Related Party Transactions

As of June 30, 2019, members of the Dolan family group, for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended, including trusts for the benefit of the Dolan Family group (collectively, the "Dolan Family Group"), collectively beneficially own all of the Company's outstanding Class B Common Stock and own approximately 3.2% of the Company's outstanding Class A Common Stock (inclusive of options exercisable within 60 days of the date hereof). Such shares of the Company's Class A Common Stock and Class B Common Stock, collectively, represent approximately 70.0% of the aggregate voting power of the Company's outstanding common stock. The Dolan Family Group also controls MSG and AMC Networks Inc. ("AMC Networks").

The Company had an arrangement with the Dolan Family Office, LLC ("DFO"), MSG, and AMC Networks providing for the sharing of certain expenses associated with executive office space which is available to Charles F. Dolan (a director of the Company and MSG, and the Executive Chairman and a director of AMC Networks), James L. Dolan (the Executive Chairman and a director of the Company, the Executive Chairman, Chief Executive Officer, and a director of MSG, and a director of AMC Networks), and the DFO, which is controlled by Charles F. Dolan. Effective September 2018, the Company is no longer party to this arrangement.

The Company also agreed to share certain executive support costs, including office space, executive assistants, security and transportation costs for (i) the Company's Executive Chairman with MSG and (ii) the Company's Vice Chairman with MSG and AMC Networks.

The Company and MSG are also party to aircraft time sharing agreements, pursuant to which MSG has agreed from time to time to make certain aircraft available to the Company for lease on a "time sharing" basis. Additionally, the Company, MSG and AMC Networks have agreed on an allocation of the costs of certain other aircraft, including helicopter, use by shared executives.

The Company has various agreements with MSG, including media rights agreements covering New York Knicks (the "Knicks") and New York Rangers (the "Rangers") games, an advertising sales representation agreement, a trademark license agreement, a tax disaffiliation agreement, and certain other arrangements, including a services agreement (prior to July 1, 2017, a transition services agreement) (the "Services Agreement") pursuant to which the Company outsources certain business functions to MSG. These services currently include 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 above. The Company provides certain services to MSG pursuant to the Services Agreement. In connection with the expiration of the Services Agreement on June 30, 2019, the Company entered into an interim agreement with MSG, pursuant to which each party provides the other with the services on the same terms. The Company expects to enter into a new services agreement which will be retroactive to July 1, 2019.

The Company has entered into various agreements with AMC Networks with respect to a number of ongoing commercial relationships.

Related party transactions

Rights fees

The Company's media rights agreements with the Knicks and the Rangers, effective as of July 1, 2015, provide the Company with exclusive media rights to the teams' games in their local markets. Rights fees included in the accompanying consolidated statements of operations for the years ended June 30, 2019, 2018, and 2017 were $147,483, $141,726, and $135,191, respectively.

Origination, master control and technical services

AMC Networks provides certain origination, master control and technical services to the Company. Amounts incurred by the Company for the years ended June 30, 2019, 2018, and 2017 were $4,632, $6,138, and $6,111, respectively.

Commission

The Company's advertising sales representation agreement with MSG, which has a term through June 30, 2022, provides for MSG to act as the Company's advertising sales representative and includes the exclusive right and obligation to sell certain advertising availabilities on the Company's behalf for a commission. The amounts incurred by the Company for the years ended June 30, 2019, 2018, and 2017 were $14,945, $13,011, and $13,585, respectively.

General and Administrative Expenses

Amounts incurred by the Company for expenses associated with the Services Agreement, net, amounted to $10,313, $8,863, and $8,413 for the years ended June 30, 2019, 2018, and 2017, respectively.

Other operating expenses

The Company and its related parties enter into other transactions with each other in the ordinary course of business. Net amounts incurred by the Company for other related party transactions amounted to $488, $1,082, and $512 for the years ended June 30, 2019, 2018, and 2017, respectively.

Note 16. Income Taxes

Income tax expense (benefit) is comprised of the following components:

	Years Ended June 30,		
	2019	2018	2017
Current expense:			
Federal	$ 48,769	$ 64,021	$ 81,964
State and other	31,791	30,651	31,977
	80,560	94,672	113,941
Deferred expense (benefit):			
Federal	134	(109,145)	(4,120)
State and other	2,021	(1,851)	(1,327)
	2,155	(110,996)	(5,447)
Tax benefit relating to uncertain tax positions	—	(14)	(18)
Income tax expense (benefit)	$ 82,715	$ (16,338)	$ 108,476

The income tax expense (benefit) differs from the amount derived by applying the statutory federal rate to pre-tax income principally due to the effect of the following items:

	Years Ended June 30,		
	2019	2018	2017
Federal tax expense at statutory federal rate[a]	$ 56,468	$ 76,470	$ 96,578
State and local income taxes, net of federal benefit	23,910	21,372	19,489
Change in the estimated applicable tax rate used to determine deferred taxes	1,398	(497)	85
Impact of Tax Act on deferred taxes	—	(106,446)	—
Domestic production activities tax deduction	—	(3,585)	(7,998)
Tax benefit relating to uncertain tax positions	—	(14)	(18)
Tax return to GAAP provision adjustments	(1,770)	(3,411)	(208)
Impact of nondeductible officers' compensation[b]	2,989	—	—
Nondeductible expenses and other	(280)	(227)	548
Income tax expense (benefit)	$ 82,715	$ (16,338)	$ 108,476

[a] *On December 22, 2017, the enactment of the Tax Cuts and Jobs Act ("TCJA") significantly changed the U.S. tax laws and included a reduction in the corporate federal tax rate from 35% to 21% effective January 1, 2018. For the year ended June 30, 2018, the Company used a blended statutory federal rate of 28% (based upon the number of days for the fiscal year ended 2018 that it will be taxed at the former rate of 35% and the number of days it will be taxed at the new rate of 21%).*

[b] *The TCJA included changes to Internal Revenue Code Section 162(m), including elimination of the exception for qualified performance-based compensation over the $1 million annual limit. Accordingly, effective January 1, 2018, all compensation for certain officers in excess of $1 million is nondeductible.*

The tax effects of temporary differences which give rise to significant portions of the deferred tax assets and liabilities included in the accompanying consolidated balance sheets as of June 30, 2019 and 2018 are as follows:

	June 30,	
	2019	2018
Deferred tax asset (liability)		
Investment in MSGN L.P.	$ (249,143)	$ (245,959)
Compensation and benefit plans	5,747	4,542
Net noncurrent deferred tax liability	$ (243,396)	$ (241,417)

Deferred tax assets have resulted from the Company's future deductible temporary differences. At this time, based on current facts and circumstances, management believes that it is more likely than not that the Company will realize the benefit for its gross deferred tax assets.

During the year ended June 30, 2019, the Company did not record any uncertain tax positions (including interest and penalties).

The Company made cash income tax payments (net) of $89,854, $84,524 and $97,164 for years ended June 30, 2019, 2018, and 2017, respectively.

During the fourth quarter of fiscal year 2017, the Company was notified that the City of New York was initiating a review of the Company's 2014 and 2015 Unincorporated Business Tax Returns. In August 2018, the Company received a summary notice that the audit has been completed. The audit did not result in a material change to the tax returns.

The Company was also notified during the fourth quarter of fiscal year 2017 that the State of New York was commencing an examination of the Company's New York State income tax returns as filed for the tax years ended December 31, 2013 and 2014. The Company does not expect the examination, when finalized, to result in material changes to the tax returns.

The Company was notified during the first quarter of fiscal year 2019 that the City of New York was commencing an examination of the Company's New York City general corporate income tax returns as filed for the tax years ended December 31, 2015 and 2016. The Company does not expect the examination, when finalized, to result in material changes to the tax returns.

The Company was notified during the fourth quarter of fiscal year 2019 that the City of New York was commencing an examination of the Company's Unincorporated Business Tax Returns as filed for the tax years ended December 31, 2016 and 2017, and June 30, 2018. The Company does not expect the examination, when finalized, to result in material changes to the tax returns.

The Company was notified during the fourth quarter of fiscal year 2019 that the State of New Jersey initiated an audit of the Company's income tax returns for the tax years ended December 31, 2015 through December 31, 2017. The Company does not expect the examination, when finalized, to result in material changes to the tax returns as filed.

The federal and state statute of limitations are currently open on the Company's tax returns for 2015 and 2013, respectively, and forward.

Note 17. Concentrations of Risk

Financial instruments that may potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents are invested in money market funds and bank time deposits. The Company monitors the financial institutions and money market funds where it invests its cash and cash equivalents with diversification among counterparties to mitigate exposure to any single financial institution. The Company's emphasis is primarily on safety of principal and liquidity and secondarily on maximizing the yield on its investments.

Accounts receivable, net on the accompanying consolidated balance sheets as of June 30, 2019 and 2018 include amounts due from the following individual customers, which accounted for the noted percentages of the gross balance:

	June 30,	
	2019	2018
Customer A	25%	24%
Customer B	25%	24%
Customer C	23%	23%
Customer D	14%	15%

Affiliation fee revenue constituted approximately 90% of the Company's consolidated revenues for each of the years ended June 30, 2019, 2018, and 2017.

Revenues in the accompanying consolidated statements of operations for the years ended June 30, 2019, 2018, and 2017 include amounts from the following individual customers, which accounted for the noted percentages of the total:

	Years Ended June 30,		
	2019	2018	2017
Customer 1	24%	24%	25%
Customer 2	23%	23%	24%
Customer 3	21%	22%	20%
Customer 4	11%	11%	11%

MSG NETWORKS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

The accompanying consolidated balance sheets as of June 30, 2019 and 2018 include the following approximate amounts that are recorded in connection with the Company’s license agreement with the New Jersey Devils:

Reported in	June 30, 2019	June 30, 2018
Prepaid expenses	$ 1,000	$ 3,000
Other current assets	4,000	3,000
Other assets	36,000	39,000
	$ 41,000	$ 45,000

As of June 30, 2019, approximately 620 full-time and part-time employees, who represent approximately 75% of the Company’s workforce, are subject to CBAs. As of June 30, 2019, approximately 52% of the Company’s workforce that is subject to a CBA is covered by a CBA that has expired. In addition, as of June 30, 2019, approximately 15% of the Company’s workforce that is subject to a CBA is covered by a CBA that expires within the next fiscal year.

Note 18. Interim Financial Information (Unaudited)

The following is a summary of the Company’s selected quarterly financial data for the years ended June 30, 2019 and 2018:

	Three Months Ended				
	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	Year Ended June 30, 2019
Revenues	$ 164,464	$ 192,914	$ 195,105	$ 168,362	$ 720,845
Operating expenses	85,603	114,564	112,624	98,155	410,946
Operating income	$ 78,861	$ 78,350	$ 82,481	$ 70,207	$ 309,899
Net income	$ 46,930	$ 43,838	$ 54,235	$ 41,179	$ 186,182
Earnings per share:					
Basic	$ 0.63	$ 0.58	$ 0.72	$ 0.55	$ 2.48
Diluted	$ 0.62	$ 0.58	$ 0.72	$ 0.54	$ 2.46

	Three Months Ended				
	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	Year Ended June 30, 2018
Revenues	$ 157,456	$ 181,222	$ 186,568	$ 171,405	$ 696,651
Operating expenses	81,103	105,636	105,984	90,770	383,493
Operating income	$ 76,353	$ 75,586	$ 80,584	$ 80,635	$ 313,158
Net income	$ 41,157	$ 155,568	$ 46,935	$ 45,202	$ 288,862
Earnings per share:					
Basic	$ 0.55	$ 2.06	$ 0.62	$ 0.60	$ 3.83
Diluted	$ 0.54	$ 2.05	$ 0.62	$ 0.60	$ 3.81

Exhibit 4.5

DESCRIPTION OF CAPITAL STOCK

The following description of the capital stock of MSG Networks Inc. (the "Company," "we," "us," and "our") is not complete and may not contain all the information you should consider before investing in our capital stock. This description is summarized from, and qualified in its entirety by reference to, our amended and restated certificate of incorporation and amended by-laws, which have been publicly filed with the Securities and Exchange Commission ("SEC"). The terms of these securities may also be affected by the General Corporation Law of the State of Delaware.

We are authorized to issue 495,000,000 shares of capital stock, of which 360,000,000 shares are Class A Common Stock, par value $.01 per share (the "Class A Common Stock"), 90,000,000 shares are Class B Common Stock, par value $.01 per share (the "Class B Common Stock" and, together with the Class A Common Stock, the "Common Stock"), and 45,000,000 shares are Preferred Stock, par value $.01 per share.

Class A Common Stock and Class B Common Stock

All shares of our Common Stock currently outstanding are fully paid and non-assessable, not subject to redemption and without preemptive or other rights to subscribe for or purchase any proportionate part of any new or additional issues of stock of any class or of securities convertible into stock of any class.

Voting

Holders of Class A Common Stock are entitled to one vote per share. Holders of Class B Common Stock are entitled to ten votes per share. All actions submitted to a vote of stockholders are voted on by holders of Class A Common Stock and Class B Common Stock voting together as a single class, except for the election of directors and as otherwise set forth below. With respect to the election of directors, holders of Class A Common Stock vote together as a separate class and are entitled to elect 25% of the total number of directors constituting the whole Board of Directors and, if such 25% is not a whole number, then the holders of Class A Common Stock, voting together as a separate class, are entitled to elect the nearest higher whole number of directors that is at least 25% of the total number of directors. Holders of Class B Common Stock, voting together as a separate class, are entitled to elect the remaining directors.

If, however, on the record date for any stockholders meeting at which directors are to be elected, the number of outstanding shares of Class A Common Stock is less than 10% of the total number of outstanding shares of both classes of Common Stock, the holders of Class A Common Stock and Class B Common Stock vote together as a single class with respect to the election of directors and the holders of Class A Common Stock do not have the right to elect 25% of the total number of directors but have one vote per share for all directors and the holders of Class B Common Stock have ten votes per share for all directors.

If, on the record date for any stockholders meeting at which directors are to be elected, the number of outstanding shares of Class B Common Stock is less than 12 1/2% of the total number of outstanding shares of both classes of common stock, then the holders of Class A Common Stock, voting as a separate class, continue to elect a number of directors equal to 25% of the total number of directors constituting the whole Board of Directors and, in addition, vote together with the holders of Class B Common Stock, as a single class, to elect the remaining directors to be elected at such meeting, with the holders of Class A Common Stock entitled to one vote per share and the holders of Class B Common Stock entitled to ten votes per share.

In addition, the affirmative vote or consent of the holders of at least 66 2/3% of the outstanding shares of Class B Common Stock, voting separately as a class, is required for the authorization or issuance of any additional shares of Class B Common Stock and for any amendment, alteration or repeal of any provisions of our amended and restated certificate of incorporation which would affect adversely the powers, preferences or rights of the Class B Common Stock. The number of authorized shares of Class A Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of the majority of the Common Stock. Our amended and restated certificate of incorporation does not provide for cumulative voting.

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 decisions on matters in which holders of our Class A Common Stock and Class B Common Stock vote together as a single class (including, but not limited to, a change in control), 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. Under the Stockholders Agreement, the shares of Class B Common Stock owned by members of the Dolan Family Group are to be voted on all matters in accordance with the determination of the Dolan Family Committee, except that the decisions of the Dolan Family Committee are non-binding with respect to the Class B shares owned by certain Dolan family trusts that collectively own approximately 40.5% of the outstanding Class B Common Stock.

Advance Notification of Stockholder Nominations and Proposals

Our amended by-laws establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors other than nominations made by or at the direction of our Board of Directors. In particular, stockholders must notify our corporate secretary in writing prior to the meeting at which the matters are to be acted upon or directors are to be elected. The notice must contain the information specified in our amended by-laws. To be timely, the notice must be received by our corporate secretary not less than 60 or more than 90 days prior to the date of the stockholders' meeting, provided that if the date of the meeting is publicly announced or disclosed less than 70 days prior to the date of the meeting, the notice must be given not more than 10 days after such date is first announced or disclosed.

No Stockholder Action by Written Consent

Our amended and restated certificate of incorporation provides that, except as otherwise provided as to any series of preferred stock in the terms of that series, no action of stockholders required or permitted to be taken at any annual or special meeting of stockholders may be taken without a meeting of stockholders, without prior notice and without a vote, and the power of the stockholders to consent in writing to the taking of any action without a meeting is specifically denied.

Conversions

The Class A Common Stock has no conversion rights. The Class B Common Stock is convertible into Class A Common Stock in whole or in part at any time and from time to time on the basis of one share of Class A Common Stock for each share of Class B Common Stock. In certain circumstances certain holders of our Class B Common Stock are required to convert their Class B Common Stock to Class A Common Stock prior to transferring such stock.

Dividends

Holders of Class A Common Stock and Class B Common Stock are entitled to receive dividends equally on a per share basis if and when such dividends are declared by the Board of Directors from funds legally available therefor. No dividend may be declared or paid in cash or property or shares of either Class A Common Stock or Class B Common Stock unless the same dividend is paid simultaneously on each share of the other class of Common Stock. In the case of any stock dividend, holders of Class A Common Stock are entitled to receive the same dividend on a percentage basis (payable in shares of or securities convertible to shares of Class A Common Stock and other securities of us or any other person) as holders of Class B Common Stock receive (payable in shares of or securities convertible into shares of Class A Common Stock, shares of or securities convertible into shares of Class B Common Stock and other securities of us or any other person). The distribution of shares or other securities of the Company or any other person to common stockholders is permitted to differ to the extent that the Common Stock differs as to voting rights and rights in connection to certain dividends.

Liquidation

Holders of Class A Common Stock and Class B Common Stock share with each other on a ratable basis as a single class in the net assets available for distribution in respect of Class A Common Stock and Class B Common Stock in the event of a liquidation.

Other Terms

Neither the Class A Common Stock nor the Class B Common Stock may be subdivided, consolidated, reclassified or otherwise changed, except as expressly provided in our amended and restated certificate of incorporation, unless the other class of Common Stock is subdivided, consolidated, reclassified or otherwise changed at the same time, in the same proportion and in the same manner.

In any merger, consolidation or business combination the consideration to be received per share by holders of either Class A Common Stock or Class B Common Stock must be identical to that received by holders of the other class of Common Stock, except that in any such transaction in which shares of capital stock are distributed, such shares may differ as to voting rights only to the extent that voting rights now differ between Class A Common Stock and Class B Common Stock.

Transfer Agent

The transfer agent and registrar for the Class A Common Stock is EQ Shareowner Services (f/k/a Wells Fargo Shareowner Services).

Preferred Stock

Under our amended and restated certificate of incorporation, our Board of Directors is authorized, without further stockholder action to provide for the issuance of up to 45,000,000 shares of preferred stock in one or more series. The powers, designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions, including dividend rights, voting rights, conversion rights, terms of redemption and liquidation preferences, of the preferred stock of each series will be fixed or designated by the Board of Directors pursuant to a certificate of designations. There are no shares of our preferred stock currently outstanding. Any issuance of preferred stock may adversely affect the rights of holders of our Common Stock and may render more difficult certain unsolicited or hostile attempts to take over the Company.

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 amended and restated certificate of incorporation does 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 spin off from Cablevision by members of the Dolan family group. This has the effect of making Section 203 inapplicable to transactions between the Company and current and future members of the Dolan family group.

Exhibit 10.27

FORM OF RESTRICTED STOCK UNITS AGREEMENT

Dear [Participant Name]:

Pursuant to the 2010 Employee Stock Plan, as amended (the "Plan"), you have been selected by the Compensation Committee of the Board of Directors (as more fully described in Section 11, the "Committee") of MSG Networks Inc. (the "Company"), effective as of [Grant Date] (the "Grant Date") to receive [#RSUs] restricted stock units ("Units"). The Units are 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 Units are subject to the terms and conditions set forth below.

1. ***Awards***. Each Unit shall represent an unfunded, unsecured promise by the Company to deliver to you one share of the Company's Class A Common Stock, par value $.01 per share ("Share") on the Delivery Date. In accordance with Section 10(b) of the Plan, in the discretion of the Committee, in lieu of all or any portion of the Shares otherwise deliverable in respect of your Units, the Company may deliver a cash amount equal to the number of such Shares multiplied by the Fair Market Value of a Share on the date when Shares would otherwise have been issued, as determined by the Committee.

2. ***Vesting***. Subject to your continuous employment with the Company or one of its Subsidiaries, one-third of your Units will vest on each of September 15, [year] and the first two anniversaries thereafter (each, a "Vesting Date"); provided that fractional Units eligible to vest on each of the first two Vesting Dates will be rounded up to the nearest whole Unit. Subject to Sections 3 and 4, none of your Units will vest and you will forfeit all of them if you do not remain continuously employed with the Company or one of its Subsidiaries from the Grant Date through each respective Vesting Date.

3. ***Vesting in the Event of Death, Disability[, Retirement]***[1] To be included on a case-by-case basis as determined by the Compensation Committee in its sole discretion. ***and Other Circumstances***.

   (a) If your employment is terminated as a result of your death, all of the unvested Units will vest as of the termination date.

   (b) If your employment is terminated while you are Disabled, and Cause does not then exist, your unvested Units will immediately vest, and will become payable at such times as they would have otherwise vested pursuant to Section 2.

   (c) [If your employment is terminated on or after the date that you achieve Retirement Eligibility, and Cause does not then exist, then so long as you enter into the Company's then-current form of separation agreement (which shall include, without limitation, a covenant not to compete), you will vest in your Units, and such Units will become payable at such times as they would have otherwise vested pursuant to Section 2 regardless of whether or not you remain employed by the Company on such dates; provided, however, that upon a termination for Cause, you will forfeit all Units that had not yet been paid.][2]

   (d) If your employment is terminated for other reasons, the Committee may, in its sole discretion determine to vest all or a portion of the unvested Units (but shall be under no obligation to consider doing so).

   (e) For purposes of this Agreement:

      (i) "Disabled" means that you received short term disability income replacement payments for six months, and thereafter (i) have been determined to be disabled in accordance with the Company's long term disability plan in which employees of the Company are generally able to participate, if one is in effect at such time, or (ii) to the extent no such long term disability plan exists, have been determined to have a medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months as determined by the department or vendor directed by the Company to determine eligibility for unpaid medical leave.

____

[1] To be included on a case-by-case basis as determined by the Compensation Committee in its sole discretion.
[2] See footnote 1.

(ii) "Cause" means, as determined by the Committee, in its sole discretion, 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.

(iii) ["Retirement Eligibility" means that you are either (i) at least 55 years old with at least 10 years of continuous service with the Company, or (ii) at least 60 years old with at least 5 years of continuous service with the Company.][3]

4. ***Change of Control/Going Private Transaction***. As set forth in Annex 1 attached hereto, your entitlement to the Units may be affected in the event of a Change of Control of the Company or a going-private transaction (each as defined in Annex 1 attached hereto).

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

6. ***Right to Vote and Receive Dividends***. You shall not be deemed to be the holder of, or have any of the rights of a stockholder with respect to any Units unless and until the Company shall have issued and delivered Shares to you and your name shall have been entered as a stockholder of record on the books of the Company. Pursuant to Section 10(c) of the Plan, all ordinary (as determined by the Committee in its sole discretion) cash dividends that would have been paid upon any Shares underlying your Units had such Shares been issued will be retained by the Company for your account until your Units vest and such dividends will be paid to you (without interest) on the applicable Delivery Date to the extent that your Units vest.

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 receiving the Units. 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 Units, 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. If your Units vest prior to payment in accordance with Section 3(b)[or][,] (c)[or (d)][4], then you agree to cooperate with the Company to satisfy any tax withholding obligations, in such manner as determined by the Committee in its sole discretion.

8. ***Section 409A***. It is the Company's intent that payments under this Agreement shall comply with Section 409A of the Internal Revenue Code ("Section 409A") to the extent applicable, and that the Agreement be administered accordingly. Notwithstanding anything to the contrary contained in this Agreement or any employment agreement you have entered into with the Company, 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 and is payable to you by reason of termination of your 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). Each payment under this Agreement shall be treated as a separate payment under Section 409A.

9. ***Delivery***. Subject to Sections 7, 10 and 13 and except as otherwise provided in this Agreement, the Shares will be delivered in respect of vested Units (if any) on the first to occur of the following events (i) to you on or promptly after the applicable Vesting Date (but in no case more than 15 days after such date), (ii) in the event of your death to your estate after your death and during the calendar year in which your death occurs (or such later date as may be permitted under Section 409A) and (iii) in the event of any other termination of your employment (including pursuant to the provisions of Annex 1) to you on the ninetieth (90th) day following termination of your employment (the "Delivery Date"). Unless otherwise determined by the Committee, delivery of the Shares at the Delivery Date will be by book-entry credit to an account in your name that the Company has established at a custody agent (the "custodian"). The Company's transfer agent, Wells Fargo Bank, N.A. shall act as the custodian of the Shares; however, the Company

---

[3] See footnote 1

[4] See footnote 1

may in its sole discretion appoint another custodian to replace Wells Fargo Bank, N.A. On the Delivery Date, if you have complied with your obligations under this Agreement and provided that your tax obligations with respect to the vested Units are appropriately satisfied, we will instruct the custodian to electronically transfer your Shares to a brokerage or other account on your behalf (or make such other arrangements for the delivery of the Shares to you as we reasonably determine).

10. ***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 any of its Subsidiaries.

11. ***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.

12. ***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.

13. ***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 4 and Annex 1 of this Agreement are deemed to be "terms of an Award Agreement expressly refer[ring] 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.

14. ***Units Subject to the Plan***. The Units covered by this Agreement are subject to the Plan.

15. ***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.

16. ***Entire Agreement***. Except for any employment agreement between you and the Company or any of its Subsidiaries in effect as of the date of the grant hereof (as such employment agreement may be modified, renewed or replaced), this Agreement and the Plan constitute the entire understanding and agreement of you and the Company with respect to the Units covered hereby and supersede all prior understandings and agreements. Except as provided in Sections 8 and 15, in the event of a conflict among the documents with respect to the terms and conditions of the Units 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.

17. ***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.

18. ***Governing Law***. This Agreement shall be deemed to be made under, and in all respects be interpreted, construed and governed by and in accordance with, the laws of the State of New York without regard to conflict of law principles.

19. ***Jurisdiction and Venue***. You irrevocably submit to the jurisdiction of the courts of the State of New York and the Federal courts of the United States located in the Southern 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 agree that the mailing of process or other papers in connection with any action or proceeding in any manner permitted by law shall be valid and sufficient service.

20. ***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 term or condition, or of any similar or any dissimilar term or condition, whether at the same time or at any prior or subsequent time.

21. ***Severability***. The provisions 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.

22. ***Exclusion from Compensation Calculation***. By acceptance of this Agreement, you shall be deemed to be in agreement that the Units covered hereby 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 Affiliates, except as determined otherwise by the Company. In addition, each of your beneficiaries shall be deemed to be in agreement that all such shares 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 Affiliates.

23. ***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 Affiliate, or derogate from the right of the Company or any Affiliate, as applicable, to retire, request the resignation of, or discharge you, at any time, with or without cause.

24. ***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.

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

26. ***Signatures***. Execution of this Agreement by the Company may be in the form of an electronic, manual or similar signature (including, without limitation, an electronic acknowledgement of acceptance), and such signature shall be treated as an original signature for all purposes.

MSG NETWORKS INC.

By: ________________________________
Name:
Title:

By your electronic acknowledgement of acceptance, 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.

Annex 1

RESTRICTED STOCK UNITS AGREEMENT

In the event of a "Change of Control" of the Company or a "going private transaction," as defined below, your entitlement to Units shall be as follows:

1. If the Company or the "surviving entity," as defined below (if any), has shares of common stock (or partnership units) traded on a national stock exchange or on the over-the-counter market as reported on the New York Stock Exchange or any other stock exchange, the Committee shall, no later than the effective date of the transaction which results in a Change of Control or going private transaction, [deem the Performance Criteria to be satisfied and] either (A) convert your unvested Units into an amount of cash equal to (i) the number of your unvested Units multiplied by (ii) 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 or (B) arrange to have the Surviving Entity grant to you an award of restricted stock units (or partnership units) for shares of the surviving entity on the same terms and with a value equivalent to your unvested Units which will, in the good faith determination of the Committee, provide you with an equivalent profit potential.

2. 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 the New York Stock Exchange or any other stock exchange, the Committee shall [deem the Performance Criteria to be satisfied and] convert your unvested Units into an amount of cash equal to the amount calculated as per Paragraph 1(A) above.

3. Provided that you remain continuously employed with the Company, one of its Subsidiaries or the Surviving Entity through the date of the earliest event described in any of (a), (b) or (c) below, any award provided for in Paragraph 1(A) or 2 shall become payable to you (or your estate), and any substitute restricted stock unit award of the Surviving Entity provided in Paragraph 1(B) shall vest, at the earlier of (a) each applicable date on which your Units would otherwise have vested had they continued in effect, (b) the date of your death, or (c) the date on which your employment with the Company, one of its Subsidiaries or the Surviving Entity is terminated (i) by the Company, one of its Subsidiaries or the Surviving Entity other than for Cause, (ii) by you for "good reason," as defined below or (iii) 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 Units are converted into a right to receive an amount of cash in accordance with Paragraph 1(A). 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.

4. As used herein,

   "*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 any of its Affiliates, 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.

   "*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).

   "*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 it 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.

   "*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

(a) without your express written consent any reduction in your base salary or target bonus opportunity, 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 Grant Date) at any time after or within ninety (90) days prior to the 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;

(b) 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;

(c) 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

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

"*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.

"*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.

"*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.

Exhibit 10.28

FORM OF PERFORMANCE RESTRICTED STOCK UNITS AGREEMENT

Dear [Participant Name]:

Pursuant to the 2010 Employee Stock Plan, as amended (the "Plan"), you have been selected by the Compensation Committee of the Board of Directors (as more fully described in Section 12, the "Committee") of MSG Networks Inc. (the "Company"), effective as of [Grant Date] (the "Grant Date") to receive a performance restricted stock unit award (the "Award"). 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 Award is subject to the terms and conditions set forth below:

1. ***Awards***. In accordance with the terms of this Agreement, the target amount of your contingent Award is [#RSUs] restricted stock units (the "Target Award"), which number of units may be increased or decreased to the extent the performance criteria (the "Objectives") set forth in Annex 2 attached hereto have been attained in respect of the period from July 1, [year] through June 30, [year] (the "Performance Period"). Each unit shall represent an unfunded, unsecured promise by the Company to deliver to you one share of the Company's Class A Common Stock, par value $.01 per share ("Share") on the Delivery Date. The Award, calculated in accordance with Annex 2 attached hereto, will vest upon the later of (i) September 15, [year], and (ii) the date on which the Committee (as defined in Section 12 below) determines the Company's performance against the Objectives (the "Vesting Date") provided, that you have remained in the continuous employ of the Company or one of its Subsidiaries from the Effective Date through the Vesting Date. In accordance with Section 10(b) of the Plan, in the discretion of the Committee, in lieu of all or any portion of the Shares otherwise deliverable in respect of your Award, the Company may deliver a cash amount equal to the number of such Shares multiplied by the Fair Market Value of a Share on the date when Shares would otherwise have been issued, as determined by the Committee.

2. ***Vesting***. Subject to Sections 3 and 4, if, on or prior to the Vesting Date, your continuous employment by the Company or one of its Subsidiaries ends for any reason, other than as a result of your death [or][,] disability [or retirement][1] To be included on a case-by-case basis as determined by the Compensation Committee in its sole discretion.then you *will* automatically forfeit all of your rights and interest in the Award regardless of whether the Objectives are attained.

3. ***Vesting in the Event of Death [or][,] Disability[, or Retirement][2].***

   (A) If your employment is terminated as a result of your death on or prior to the Vesting Date, then the Target Award will vest as of the termination date. If, after June 30, [year] *but* prior to the Vesting Date, your employment is terminated as a result of your death, then your estate will receive the Award, if any, to which you would have been entitled on the Vesting Date had your employment not been so terminated.

   (B) If your employment is terminated while you are Disabled, and Cause does not then exist, the Award will remain subject to vesting on the Vesting Date in accordance with Section 1.

   (C) [If your employment is terminated on or after the date that you become Retirement Eligible and Cause does not then exist and you enter into the Company's then-current form of separation agreement (which shall include, without limitation, a covenant not to compete), the Award will remain subject to vesting on the Vesting Date in accordance with Section 1.][3]

   (D) For purposes of this Agreement:

      (i) "Disabled" means that you received short term disability income replacement payments for six months, and thereafter (i) have been determined to be disabled in accordance with the Company's long term disability plan in which employees of the Company are generally able to participate, if one is in effect at such time, or (ii) to the extent no such long term disability plan exists, have been determined to have a medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months as determined by the department or vendor directed by the Company to determine eligibility for unpaid medical leave.

____

[1] To be included on a case-by-case basis as determined by the Compensation Committee in its sole discretion.
[2] See footnote 1.
[3] See footnote 1.

(ii) "Cause" means, as determined by the Committee, in its sole discretion, 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.

(iii) ["Retirement Eligible" means that you are either (i) at least 55 years old with at least 10 years of continuous service with the Company, or (ii) at least 60 years old with at least 5 years of continuous service with the Company.][4]

4. ***Change of Control/Going Private Transaction***. As set forth in Annex 1 attached hereto, your entitlement to the Award may be affected in the event of a Change of Control of the Company or a going-private transaction (each as defined in Annex 1 attached hereto).

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

6. ***Unfunded Obligation***. The Plan will at all times be unfunded and, except as set forth in Annex 1 attached hereto, no provision will at any time be required to be made with respect to segregating any assets of the Company or any of its Subsidiaries for payment of any benefits under the Plan, including, without limitation, those covered by this Agreement. Your right or that of your estate to receive delivery or payment under this Agreement shall be an unsecured claim against the general assets of the Company, including any rabbi trust established pursuant to Annex 1. Neither you nor your estate shall have any rights in or against any specific assets of the Company other than the assets held by the rabbi trust established pursuant to Annex 1.

7. ***Right to Vote and Receive Dividends***. You shall not be deemed to be the holder of, or have any of the rights of a stockholder with respect to any units unless and until the Company shall have issued and delivered Shares to you and your name shall have been entered as a stockholder of record on the books of the Company. Pursuant to Section 10(c) of the Plan, all ordinary (as determined by the Committee in its sole discretion) cash dividends that would have been paid upon any Shares underlying your units had such Shares been issued will be retained by the Company for your account until your units vest and such dividends will be paid to you (without interest) on the Delivery Date to the extent that your units vest.

8. ***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 receiving the units. 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 units, 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. If your Units vest prior to payment in accordance with Section 3(b)[or(c)][5], then you agree to cooperate with the Company to satisfy any tax withholding obligations, in such manner as determined by the Committee in its sole discretion.

9. ***Section 409A***. It is the Company's intent that payments under this Agreement shall comply with Section 409A of the Internal Revenue Code ("Section 409A") to the extent applicable, and that the Agreement be administered accordingly. Notwithstanding anything to the contrary contained in this Agreement or any employment agreement you have entered into with the Company, 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 and is payable to you by reason of termination of your 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). Each payment under this Agreement shall be treated as a separate payment under Section 409A.

[4] See footnote 1
[5] See footnote 1

10. ***Delivery***. Subject to Sections 8, 11 and 14 and Annex 1 and except as otherwise provided in this Agreement, the Shares will be delivered in respect of vested units (if any) on the first to occur of the following events (i) to you on or promptly after the Vesting Date (but in no case more than 15 days after such date) and (ii) in the event of your death to your estate after your death and during the calendar year in which your death occurs (or such later date as may be permitted under Section 409A) (the "Delivery Date"). Unless otherwise determined by the Committee, delivery of the Shares at the Delivery Date will be by book-entry credit to an account in your name that the Company has established at a custody agent (the "custodian"). The Company's transfer agent, Wells Fargo Bank, N.A. shall act as the custodian of the Shares; however, the Company may in its sole discretion appoint another custodian to replace Wells Fargo Bank, N.A. On the Delivery Date, if you have complied with your obligations under this Agreement and provided that your tax obligations with respect to the vested units are appropriately satisfied, we will instruct the custodian to electronically transfer your Shares to a brokerage or other account on your behalf (or make such other arrangements for the delivery of the Shares to you as we reasonably determine).

11. ***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 any of its Subsidiaries.

12. ***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.

13. ***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.

14. ***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 4 and Annex 1 of this Agreement are deemed to be "terms of an Award Agreement expressly refer[ring] 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.

15. ***Units Subject to the Plan***. The units covered by this Agreement are subject to the Plan.

16. ***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.

17. ***Entire Agreement***. Except for any employment agreement between you and the Company or any of its Subsidiaries in effect as of the date of the grant hereof (as such employment agreement may be modified, renewed or replaced), this Agreement and the Plan constitute the entire understanding and agreement of you and the Company with respect to the units covered hereby and supersede all prior understandings and agreements. Except as provided in Sections 9 and 16, in the event of a conflict among the documents with respect to the terms and conditions of the units 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.

18. ***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.

19. ***Governing Law***. This Agreement shall be deemed to be made under, and in all respects be interpreted, construed and governed by and in accordance with, the laws of the State of New York without regard to conflict of law principles.

20. ***Jurisdiction and Venue***. You irrevocably submit to the jurisdiction of the courts of the State of New York and the Federal courts of the United States located in the Southern 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 agree that the mailing of process or other papers in connection with any action or proceeding in any manner permitted by law shall be valid and sufficient service.

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 term or condition, or of any similar or any dissimilar term or condition, whether at the same time or at any prior or subsequent time.

22. ***Severability***. The provisions 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 deemed to be in agreement that the units covered hereby 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 Affiliates, except as determined otherwise by the Company. In addition, each of your beneficiaries shall be deemed to be in agreement that all such shares 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 Affiliates.

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 Affiliate, or derogate from the right of the Company or any Affiliate, as applicable, to retire, request the resignation of, or discharge you, at any time, with or without cause.

25. ***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.

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

27. ***Signatures***. Execution of this Agreement by the Company may be in the form of an electronic, manual or similar signature (including, without limitation, an electronic acknowledgement of acceptance), and such signature shall be treated as an original signature for all purposes.

MSG NETWORKS INC.

By: ________________________________
Name:
Title:

By your electronic acknowledgement of acceptance, 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.

Annex 1

PERFORMANCE RESTRICTED STOCK UNITS AGREEMENT

1. In the event of a "going private transaction," as defined below, your entitlement to the Award shall be as follows:

(A) The Committee shall, no later than the effective date of the transaction which results in a going private transaction, deem the Objectives to be satisfied at the target level and convert your Target Award into an amount of cash equal to (i) the number of your unvested units multiplied by (ii) 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.

(B) Provided that you remain continuously employed with the Company, one of its Subsidiaries or the Surviving Entity through the date of the earliest event described in any of (i), (ii) or (iii) below, any award provided for in Paragraph 1(A) shall become payable to you (or your estate) at or promptly after (but in no event more than 15 days after) the earlier of (i) the date on which your Award would otherwise have vested had it continued in effect, (ii) the date of your death, or (iii) the date on which your employment with the Company, one of its Subsidiaries or the Surviving Entity is terminated (a) by the Company, one of its Subsidiaries or the Surviving Entity other than for Cause (as defined below) or (b) by you for "good reason," (as defined below). Notwithstanding the foregoing, if you become entitled to payment of an award by virtue of a termination in accordance with (iii)(a) or (iii)(b) of this Paragraph 1(B) and are determined by the Company to be a "specified employee" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended ("<u>Section 409A of the IRC</u>"), the award shall be paid to you on the earlier of: (i) July 1, [year], (ii) the date that is six months from your date of employment termination and (iii) any other date on which such payment or any portion thereof would be a permissible distribution under Section 409A of the IRC. In the event of such a determination, the Company shall promptly following the date of your employment termination set aside such amount for your benefit in a "rabbi trust" that satisfies the requirements of Revenue Procedure 92-64, and on a monthly basis shall deposit into such trust interest in arrears (compounded quarterly at the rate provided below) until such time as such amount, together with all accrued interest thereon, is paid to you in full pursuant to the previous sentence; <u>provided</u>, that no payment will be made to such rabbi trust if it would be contrary to law or cause you to incur additional tax under Section 409A of the IRC. The initial interest rate shall be the average of the one-year LIBOR fixed rate equivalent for the ten business days prior to the date of your employment termination.

2. In the event of a "Change of Control" of the Company, as defined below, provided you have remained continuously employed with the Company or one of its Subsidiaries through the effective date of the transaction that results in the Change of Control, you will be entitled to the payment of the Target Award whether or not the Objectives have been attained.

(A) If the actual Change of Control:

(i) is a permissible distribution event under Section 409A of the IRC or payment of the Award promptly upon such event is otherwise permissible under Section 409A of the IRC (including, for the avoidance of doubt, by reason of the inapplicability of Section 409A of the IRC to the Award), then the Target Award shall be paid to you by the Company promptly following the Change of Control; or

(ii) is not a permissible distribution event under Section 409A of the IRC and payment of the Award promptly upon such event is not otherwise permissible under Section 409A of the IRC, then:

(a) (a)(1) if the Company or the Surviving Entity has shares of common stock (or partnership units) traded on a national stock exchange or on the over-the-counter market as reported on the New York Stock Exchange or any other stock exchange, then the Committee shall, no later than the effective date of the Change of Control, either (i) convert your Target Award into an amount of cash equal to (a) the number of your unvested units multiplied by (b) 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 or (ii) arrange to have the Surviving Entity grant to you an award of restricted stock units (or partnership units) for shares of the surviving entity on the same terms and with a value equivalent to your Target Award which will, in the good faith determination of the Committee, provide you with an equivalent profit potential or (2) 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 the New York Stock Exchange or any other stock exchange, then the Award will be treated in accordance with Paragraph 1(A) above;

(b) any cash award or substitute restricted stock unit award of the Surviving Entity provided for in Paragraph 2(A)(ii)(a) will be fully vested and will be paid to you (or your estate), at the earliest to occur of: (1) any subsequent date on which you are no longer employed by the Company, one of its Subsidiaries or the Surviving

Entity for any reason other than termination of your employment by one of such entities for Cause (provided that if you are determined by the Company to be a "specified employee" within the meaning of Section 409A of the IRC, six months from such date), (2) any other date on which such payment or any portion thereof would be a permissible distribution under Section 409A of the IRC, or (3) July 1;

(c) the Company shall promptly following the Change of Control set aside cash (or shares in the event a substitute restricted stock unit award is made) for your benefit in a "rabbi trust" that satisfies the requirements of Revenue Procedure 92-64, and on a monthly basis shall deposit into such trust interest in arrears (compounded quarterly at the rate provided below) until such time as such amount, together with all accrued interest thereon, is paid to you in full pursuant to Paragraph 2(A)(ii)(b) above); provided, that no payment will be made to such rabbi trust if it would be contrary to law or cause you to incur additional tax under Section 409A of the IRC. The initial interest rate shall be the average of the one-year LIBOR fixed rate equivalent for the ten business days prior to the date of the Change of Control and shall adjust annually based on the average of such rate for the ten business days prior to each anniversary of the Change of Control.

3. As used herein,

"*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 any of its Affiliates, 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.

"*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).

"*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 it 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.

"*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

(A) without your express written consent any reduction in your base salary or target bonus opportunity, 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 Grant Date) at any time after or within ninety (90) days prior to the 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;

(B) 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;

(C) 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

(D) any failure by the Company to obtain the assumption and agreement to perform this Agreement by a successor as contemplated by Paragraph 1 or Paragraph 2(A)(ii)(a).

"*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.

"*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.

"*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.

Exhibit 21.1

MSG Networks Inc.

Subsidiaries

ENTITY NAME	STATE OF INCORPORATION	PERCENTAGE OWNED
The 31st Street Company, L.L.C.	Delaware	100%
MSGN Eden, LLC	Delaware	100%
MSGN Enterprises, LLC	Delaware	100%
MSGN Holdings, L.P.	Delaware	100%
MSGN Interactive, LLC	Delaware	100%
MSGN Publishing, LLC	Delaware	100%
MSGN Songs, LLC	Delaware	100%
SportsChannel Associates	New York	100%
Rainbow Garden Corp.	Delaware	100%
Regional MSGN Holdings LLC	Delaware	100%

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
MSG Networks Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 333-164597, 333-208482 and 333-215869) on Form S-8 of MSG Networks Inc. of our reports dated August 15, 2019, with respect to the consolidated balance sheets of MSG Networks Inc. as of June 30, 2019 and 2018, and the related consolidated statements of operations, comprehensive income, stockholders' deficiency, and cash flows for each of the years in the three-year period ended June 30, 2019, and the related notes and financial statement schedule II (collectively, the "consolidated financial statements"), and the effectiveness of internal control over financial reporting as of June 30, 2019, which reports appear in the June 30, 2019 annual report on Form 10-K of MSG Networks Inc.

/s/ KPMG LLP

New York, New York

August 21, 2019

Exhibit 31.1

Certification

I, Andrea Greenberg, certify that:

1. I have reviewed this Annual Report on Form 10-K of MSG Networks Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 21, 2019

/s/ Andrea Greenberg

Andrea Greenberg
President and Chief Executive Officer

Exhibit 31.2

Certification

I, Bret Richter, certify that:

1. I have reviewed this Annual Report on Form 10-K of MSG Networks Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 21, 2019

/s/ Bret Richter

Bret Richter

Executive Vice President, Chief Financial Officer and Treasurer

Exhibit 32.1

Certification

Pursuant to 18 U.S.C. §1350, the undersigned officer of MSG Networks Inc. (the “Company”), hereby certifies, to such officer's knowledge, that the Company's Annual Report on Form 10-K for the year ended June 30, 2019 (the “Report”) fully complies with the requirements of §13(a) or §15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 21, 2019

/s/ Andrea Greenberg

Andrea Greenberg

President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

Certification

Pursuant to 18 U.S.C. §1350, the undersigned officer of MSG Networks Inc. (the "Company"), hereby certifies, to such officer's knowledge, that the Company's Annual Report on Form 10-K for the year ended June 30, 2019 (the "Report") fully complies with the requirements of §13(a) or §15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 21, 2019

/s/ Bret Richter

Bret Richter
Executive Vice President, Chief Financial Officer and Treasurer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Report or as a separate disclosure document.