



PHILIP MORRIS

U. S. A.

120 PARK AVENUE, NEW YORK, N.Y. 10017-5592 TELEPHONE (212) 880-5000

July 29, 1997

Mr. Joseph Gangone
Senior Vice President
Sponsorship Sales
Madison Square Garden Network
Two Pennsylvania Plaza
New York, New York 10121-0091

Dear Mr. Gangone:

Whereas Madison Square Garden Network, a division of Madison Square Garden, L.P., with offices located at Two Pennsylvania Plaza, New York, New York, 10121-0091 ("Operator"), and Philip Morris Incorporated, a Virginia corporation with executive offices located at 120 Park Avenue, New York, New York 10017 ("Philip Morris"), entered into an agreement, dated as of September 15, 1990, as amended by the letters, dated as of September 28, 1992 and December 14, 1995, respectively (such agreement, as amended, the "Agreement"), pursuant to which Operator granted to Philip Morris the right to display its advertising materials in Madison Square Garden, a sports facility located in New York, New York (the "Stadium"), during the period from September 15, 1990, through September 14, 1996;

Whereas, the Agreement expired on September 14, 1996;

Whereas, Operator continued to allow Philip Morris to display its advertising materials in the Stadium;

Whereas, Philip Morris and Operator had not concluded negotiation of the terms upon which Operator was to grant to Philip Morris the right to display its advertising materials in the Stadium during periods after September 14, 1996; and

Whereas, Philip Morris and Operator agree that it is in their best interests to terminate such negotiations as of the date of this letter;

Now, therefore, Philip Morris and Operator hereby agree as follows:

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1. In full and complete consideration of Operator's granting to Philip Morris the right to display its advertising materials in the Stadium during the period from September 15, 1996, through September 14, 1997, and the expenses incurred therewith, Philip Morris will pay Operator Trade
Secret within three days after the complete execution of this letter and Operator's submission of an invoice.

2. Operator, its employees and agents will hold strictly confidential the existence and terms of this letter, all information and materials provided by Philip Morris to Operator in connection with the display of Philip Morris' advertising materials in the Stadium or created or acquired by Operator in performance of services in connection with the display of Philip Morris' advertising materials in the Stadium. Operator will not use or disclose to any third party the existence or terms of this letter, any such information or materials, or any other confidential information without the prior, written consent of Philip Morris. Within thirty days after the date of this letter, Operator will return all confidential information and materials to Philip Morris. Operator's obligation to maintain confidentiality is a continuing obligation and will survive the date of this letter.

3. Operator agrees to indemnify and hold harmless Philip Morris, its parent companies, affiliated entities and their respective partners, officers, directors, employees, stockholders, servants and agents from and against any and all claims, damages, liabilities, costs and expenses (including reasonable attorneys' fees and related disbursements) arising out of (i) any material breach by Operator of any of its obligations under this letter; and (ii) any act or omission to act of Operator, its employees, servants and agents. Operator's obligation to indemnify and hold harmless is a continuing obligation and will survive the date of this letter.

4. Philip Morris agrees to indemnify and hold harmless Operator, its parent companies, their respective affiliated entities and their respective partners, officers, directors, employees, stockholders, servants, agents, licensees, successors and assigns from and against any and all claims, damages, liabilities, costs and expenses (including reasonable attorneys' fees and related disbursements) arising out of (i) any material breach by Philip Morris of any of its obligations under this letter; (ii) any act or omission to act of Philip Morris, its employees, servants and agents; and (iii) any advertising material furnished by Philip Morris in connection with the display of Philip Morris' advertising materials in the Stadium. Philip Morris' obligation to indemnify and hold harmless is a continuing obligation and will survive the date of this letter.

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If you agree with and consent to the foregoing, please sign the original and one copy of this letter and return them to us. The remaining copy is for your records.

Sincerely,

PHILIP MORRIS INCORPORATED

By: _____

ACCEPTED AND AGREED
AS OF THE DATE OF THIS LETTER:

MADISON SQUARE GARDEN NETWORK,
a division of Madison Square
Garden, L.P.

By: _____

Title: _____

Taxpayer I.D. No.: _____

Filing Status: _____