

SPONSORSHIP AGREEMENT

THIS SPONSORSHIP AGREEMENT (the "Agreement") is executed effective as of the 15th day of March, 1999, (the "Effective Date") by and between Hoop-It-Up Domestic, L.P., a Texas limited partnership (herein referred to as "HIU") and Phillip Morris U.S.A., a _____ (hereinafter referred to as "PM, USA"), regarding PM, USA's Regional Sponsorship of the 1999 United States Hoop-It-Up Basketball Tour and its National Associate Sponsorship of the 2000 United States Hoop-It-Up Basketball Tour (each a "Tour" and together, the "Tours").

NOW, THEREFORE, in consideration of the premises herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, PM, USA and HIU agree as follows:

1. Sponsor Designations.

(a) PM, USA shall be designated as a "Regional Sponsor" of the 1999 Tour in five (5) of the Tour markets designated on Exhibit "A" attached hereto, such 5 selections to be made in writing by PM, USA and received by HIU on or before May 1, 1999 (the "Regional Markets"). As a Regional Sponsor, PM, USA shall be entitled to the benefits set forth in Sections 2 and 3 herein and shall be entitled to use its Regional Sponsor designation and the Tour trademarks, service marks and logos (the "Tour Marks") in its advertising, merchandising and promotions in the Regional Markets, as approved in accordance with Section 4 hereof. PM, USA shall also have access to HIU's mailing lists for the Regional Markets in accordance with the provisions of Section 3 herein. PM, USA will receive Category (defined hereinafter) exclusive marketing and promotional rights in the Regional Markets, such Category being defined as follows: youth smoking prevention message.

(b) If PM, USA makes the election provided in Section 5 herein, PM, USA shall be designated as a "National Associate Sponsor" of the 2000 Tour in all forty-four (44) markets designated to host a Tour event (the "National Markets") (the "Regional Markets" and "National Markets" sometimes referred to collectively as the "Markets"). The National Markets shall be subject to change at HIU's discretion. As a National Associate Sponsor, PM, USA shall be entitled to the benefits set forth in Sections 2 and 3 herein and shall be entitled to use its National Associate Sponsor designation and the Tour Marks in its advertising, merchandising and promotions in the National Markets, as approved in accordance with Section 4 hereof. PM, USA shall also have access to HIU's national mailing lists in accordance with the provisions of Section 3

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herein. Upon making the election described in Section 5, PM, USA will continue to receive Category exclusive marketing and promotional rights in the National Markets.

2. Advertising/Promotional Benefits. With regard to PM, USA's designation as a Regional Sponsor of the 1999 Tour and with regard to PM, USA's designation as a National Associate Sponsor of the 2000 Tour (if such election is made pursuant to Section 5 herein), HIU will provide the following advertising/promotional benefits to PM, USA in the respective Markets (Regional Markets for 1999 Tour and National Markets for the 2000 Tour): PM, USA Youth Smoking Prevention message identification on the Hoop-It-Up web page, with other interactive elements to be determined by HIU.

3. Signage/Merchandising/Other Benefits. With regard to PM, USA's designation as a Regional Sponsor of the 1999 Tour and with regard to PM, USA's designation as a National Associate Sponsor of the 2000 Tour (if such election is made pursuant to Section 5 herein), HIU will provide the following signage/merchandising and other benefits to PM, USA in the respective Markets (Regional Markets for 1999 Tour and National Markets for the 2000 Tour):

(a) At PM, USA's sole cost and expense, one customized display booth/tent (10' x 10') in a mutually agreed upon high traffic area at each Tour event in the respective Markets for the purpose of distributing materials and literature regarding its "Youth Smoking Prevention" project. All materials and literature to be distributed on-site by PM, USA shall be at PM, USA's sole cost and expense and shall be subject to HIU's prior written approval. PM, USA shall receive exclusive signage on and around the PM, USA tent in each respective Market. PM, USA shall be responsible for providing staffing for all on-site activities at the tent. HIU shall be responsible for the set up of the tent in each respective Market and transportation of the tent;

(b) PM, USA shall have the opportunity to conduct Youth Basketball Clinics in each respective Market, each such clinic to accommodate up to a total of 100 children from ages 7-14. The clinics shall be conducted on-site in such Markets on a custom designed "Think. Don't Smoke" court. PM, USA may be given the opportunity to secure NBA and/or WNBA player participation at the clinics in the respective Markets where such may be available, such additional costs being the responsibility of PM, USA;

(c) Twenty (20) complimentary team entries in each respective Market, such entries to be donated by PM, USA to local youth groups (total of 80 participants in each such Market);

(d) On-site signage consisting of a minimum of 5% of the total venue signage in each respective Market, such signage being placed only in the kids'

division courts, including, but not limited to, one (1) center court signage position displayed only during kids' division games and boardwraps and additional court signage only on kids' division courts, such signage to be at PM, USA's cost and expense;

(e) In each respective Market, PM, USA shall be the title sponsor of a mutually agreed upon special event known as "*The Think. Don't Smoke Three Point Shootout*" (the "Special Event"), such event being conducted on a customized court specially designed with 6', 7' and 8' baskets for kids. PM, USA shall receive signage on the Special Event court in each such Market;

(f) Inclusion of "*Think. Don't Smoke*" flyers in all complimentary player favor bags distributed at registration in the respective Markets to players ages 7-14;

(g) Hourly public address announcements in each respective Market regarding PM, USA's Youth Smoking Prevention on-site activities;

(h) In accordance with Sections 1(a) and (b) hereof, PM, USA shall have access to HIU's mailing lists to implement Youth Smoking Prevention promotions in the Regional Markets and National Markets, respectively. All mailings will be conducted through an independent mailing house approved by HIU. PM, USA will not receive a physical or software copy of HIU's mailing list, nor will it be permitted to reproduce such mailing list in any fashion;

(i) PM, USA shall receive an agreed upon number of passes to the VIP hospitality areas in each respective Market (where available) for purposes of entertaining executives and local youth organizations or for other purposes. VIP hospitality areas will be created in the Markets based upon sponsor needs and Tour objectives, at HIU's discretion;

(j) HIU will assist PM, USA in contacting local youth groups in the respective Markets, if necessary; and

(k) Other benefits as mutually agreed upon by PM, USA and HIU.

4. Marks and Advertising Approval.

(a) All proposed uses of the Tour Marks by PM, USA shall be subject to HIU's prior written approval. PM, USA shall submit all such materials in mechanical, script or pre-produced form for HIU approval.

(b) HIU shall obtain PM, USA's prior written approval, such approval not to be unreasonably withheld or delayed, regarding any and all materials produced

hereunder which include PM, USA trademarks, service marks, names or logos (together, "PM, USA Marks") or which refer in any manner whatsoever to PM, USA or its products. HIU will submit all such materials in mechanical, script or pre-produced form for PM, USA's approval, which will be given or denied within five (5) business days of receipt. (The "Tour Marks" and the "PM, USA Marks" are collectively referred to as the "Marks".)

(c) Additionally, once HIU receives PM, USA's approval of the Marketing Materials, HIU may modify these materials to "customize" them to each respective Market, provided that the use of the PM, USA Marks may not be altered in each case without the prior written approval of PM, USA in accordance with this Paragraph 4.

5. Term. Subject to the other terms and provisions of this Agreement, the term of this Agreement shall begin on the Effective Date hereof and terminate after the final 1999 Tour event for which PM, USA is a Regional Sponsor (the "Term"). However, if PM, USA provides a written notice to HIU on or before December 15, 1999, setting forth its intent to be a National Associate Sponsor of the 2000 Tour, the Term shall automatically extend until October 31, 2000, after the final 2000 Tour event covered by this Agreement, unless sooner terminated in accordance with Section 12 herein.

6. Sponsorship Fees and Costs.

(a) As consideration for the rights and benefits granted herein to PM, USA as a Regional Sponsor of the 1999 Tour, PM, USA agrees to pay a total sponsor fee of One Hundred Thousand and No/100 Dollars (\$100,000.00) (the "1999 Sponsor Fee"). The 1999 Sponsor Fee shall be paid to HIU in two (2) equal installments as follows:

(i) one-half (1/2) within thirty (30) days of receipt of HIU's invoice rendered upon execution of this Agreement; and

(ii) the remaining one-half (1/2) within thirty (30) days of HIU's invoice rendered on or after the completion of the last 1999 Tour event for which PM, USA is a Regional Sponsor.

(b) As consideration for the rights and benefits granted herein to PM, USA as a National Associate Sponsor of the 2000 Tour, if such election is made by PM, USA pursuant to Section 5 herein, PM, USA agrees to pay a total sponsor fee of One Million and Fifty Thousand and No/100 Dollars (\$1,050,000.00) less an amount equal to the 1999 Sponsor Fee, for a total net sponsor fee of Nine Hundred and Fifty Thousand and No/100 Dollars (\$950,000.00) for the 2000 Tour (the "2000 Sponsor Fee"). The 2000 Sponsor Fee shall be paid to HIU in two (2) equal installments as follows:

(i) one-half (1/2) on or before March 1, 2000; and

(ii) the remaining one-half (1/2) on or before July 1, 2000.

(c) In addition to the 1999 Sponsor Fee and the 2000 Sponsor Fee, PM, USA shall also be responsible for signage costs, camera ready artwork, premium/promotional items that PM, USA wishes to distribute, customized tent production costs, tent exhibit materials, tent staffing costs and mailing expenses should PM, USA use HIU's mailing lists.

7. Representations and Warranties. Each party hereto represents, warrants and covenants to the other as follows:

(a) It has the full right and legal authority to enter into and fully perform this Agreement in accordance with the terms and conditions hereof;

(b) This Agreement when executed and delivered, will be its legal, valid and binding obligation enforceable against it in accordance with the terms and conditions hereof, except to the extent that enforcement hereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally;

(c) The execution, delivery and performance of this Agreement does not and will not violate or cause a breach of any other agreements or obligations to which it is a party or by which it is bound, and no approval or other action by any governmental authority or agency, or any other individual or entity, is required in connection herewith;

(d) It has the right and title to use and grant others the right to use its respective Marks, as provided herein;

(e) Each of the foregoing representations, warranties and covenants shall be true at all times during the Term hereof.

Each party acknowledges that each of the representations, warranties and covenants made in this Paragraph 7 is deemed to be material and has been relied upon by the other party notwithstanding any investigation made by the other party.

8. Use and Ownership of Marks. Each of HIU and PM, USA hereby agrees to use the other's Marks only as set forth in Paragraph 4 hereof and only for the purposes of advertising, marketing and promoting the Tour and related events and goods as set forth in this Agreement. Each party shall retain ownership of its respective Marks. Use of the Marks under this Agreement shall be for the benefit of the respective Mark owner.

9. No Joint Venture. This Agreement does not constitute and shall not be construed as constituting a partnership or joint venture between HIU and PM, USA. Each party is and

will remain an independent contractor. Neither party shall have any right to obligate or bind the other party in any manner whatsoever, except as expressly set forth herein.

10. Assignment. This Agreement shall be binding on the parties and their respective successors and assigns. Notwithstanding the preceding sentence, neither party may assign this Agreement without the prior written consent of the other party, such consent not to be unreasonably withheld; provided, however, HIU and PM, USA may assign this Agreement to any related or affiliated entity.

11. Notice. Whenever notice is required to be given by either party to the other under this Agreement, it shall be sent by certified or registered U.S. mail or by reputable overnight courier, Express Mail or facsimile with receipt confirmed, to the following:

To Hoop-It-Up:

HIU
4006 Belt Line Rd., Suite 230
Dallas, Texas 75244
Attn: Thaddeus B. Brown
Tel: (972)392-5700
Fax: (972)991-1135

To PM, USA:

Phillip Morris USA
Youth Smoking Prevention
120 Park Ave., Suite 100/4
New York, New York 10017
Attn: Malaika Dowdell
Tel: (917)663-3379
Fax: (917) 663-0449

Each party will notify the other of any change in address for these notice purposes.

12. Termination and Cancellation.

(a) Each party may terminate this Agreement, effective upon the other party's receipt of a termination notice, without prejudice to any other legal or equitable rights to which such terminating party may be entitled, if the other party materially defaults in the performance of this Agreement, which default is not cured within thirty (30) days following written notice of such default to the defaulting party.

(b) Termination of this Agreement for any reason provided herein shall not relieve either party from its obligation to perform up to the effective date of such termination or to perform such obligations as may survive termination.

13. Insurance. HIU agrees to maintain at its own expense coverage with an insurer acceptable to PM, USA in the amount of \$1,000,000 per occurrence, and \$6,000,000 in the aggregate comprehensive general liability, including contractual, personal injury and advertising injury liability, in a form appropriate to cover the events and participants and to protect the respective interests of the parties hereto for claims or suits arising out of the Tour events. HIU shall provide PM, USA with satisfactory proof of such coverage at PM, USA's request in the form of a certificate of insurance, and PM, USA shall be named as an additional insured in such policy.

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14. Indemnity.

(a) Each party hereto agree to indemnify, hold harmless and defend the other party, its affiliates and subsidiaries, and the agents, representatives, officers, directors and shareholders of all of the foregoing, from and against any and all claims, suits, demands, damages, causes of action, expenses and liabilities of any kind or character (including reasonable attorneys' fees and costs related to or arising out of, whether directly or indirectly, such party's actions or omissions under this Agreement, including, but not limited, any and all liability arising out of such party's failure to comply with applicable federal and state laws and regulations regarding sweepstakes, contests and/or giveaways.

(b) Each party will promptly notify the other of any claim. The terms, provisions and conditions of this Paragraph 14 shall survive the expiration or earlier termination of this Agreement.

15. Entire Agreement. This Agreement constitutes the entire agreement between PM, USA and HIU and shall supersede any and all other agreements, whether oral or otherwise, between the parties. Any amendment or modification of this Agreement must be in writing and signed by authorized representatives of both parties.

16. LIMITATION OF LIABILITY. NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL, INCIDENTAL, PUNITIVE, SPECIAL OR INDIRECT DAMAGES OF ANY KIND.

17. Confidentiality. The parties hereto agree to maintain in confidence the terms and conditions of this Agreement and any other information disclosed by the other party that such party has reasonably designated as confidential except for disclosures to the parties' respective employees, agents, or representatives to the extent necessary to implement this Agreement, and except where a proposed disclosure of any specific terms or conditions hereof by either party is authorized in advance in writing by the other party. Each party acknowledges that any material breach of this provision will cause irreparable damage to the other party, and accordingly, in addition to any other remedies available, injunctive relief shall be available to the aggrieved party. The foregoing shall not apply to any information that becomes generally known through no fault of the party bound hereunder by an obligation of confidentiality.

18. Governing Law and Venue. The parties agree that the laws of the State of Texas shall govern the interpretation and enforcement of this Agreement. In addition, the parties agree that exclusive venue for any action, claim, suit or proceeding arising out of or from, either directly or indirectly, this Agreement shall be in Dallas County, Texas.

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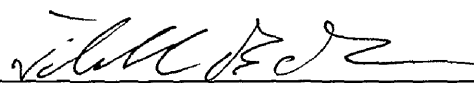
19. Execution. This Agreement may be executed in counterparts and shall be deemed executed and binding upon execution by both parties hereof.

20. Time of Essence. The parties agree that time shall be of the essence in the performance and fulfillment of all terms, conditions and obligations under this Agreement.

IN WITNESS WHEREOF, the parties hereby execute this Agreement as of the Effective Date first set forth above.

HOOP-IT-UP DOMESTIC, L.P.,
a Texas limited partnership

By: USA I, Inc.
Its General Partner

By: 
Thaddeus B. Brown
Executive Vice President
Sales and Marketing

PHILLIP MORRIS USA,
a _____ corporation

By: _____

Title: _____

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EXHIBIT "A"

Regional Sponsor
1999 Market Options

On or before May 1, 1999, PM, USA shall notify HIU in writing of its selection of five (5) of the below listed Markets in which it elects to be a Regional Sponsor in accordance with the terms and conditions of this Agreement.

Market

Dates

| | |
|-----------------------------------|-----------------|
| Cleveland, OH | August 7-8 |
| Albuquerque, NM or Birmingham, AL | August 14-15 |
| Portland, OR | August 21-22 |
| Kansas City, MO | August 28-29 |
| Orlando, FL | September 11-12 |
| New York, NY | September 18-19 |
| Washington D.C. or Phoenix, AZ | September 25-26 |
| San Diego, CA | October 2-3 |
| Fresno, CA | October 9-10 |
| Austin, TX | October 23-24 |

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