

OPEXA THERAPEUTICS, INC.

FORM 10SB12G

(Securities Registration Statement (small business, section 12(g)))

Filed 03/08/99

Address	2635 TECHNOLOGY FOREST BLVD. THE WOODLANDS, TX 77381
Telephone	(281) 272-9331
CIK	0001069308
Symbol	OPXA
SIC Code	2834 - Pharmaceutical Preparations
Fiscal Year	12/31

PHARMAFRONTIERS CORP

FORM 10SB12G

(Securities Registration Statement (small business, section 12(g)))

Filed 3/8/1999

Address	2408 TIMBERLOCH PLACE, SUITE B-7 THE WOODLANDS, Texas 77380
Telephone	(281)272-9331
CIK	0001069308
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-SB

**GENERAL FORM FOR REGISTRATION OF SECURITIES OF SMALL BUSINESS ISSUERS
UNDER SECTION 12(B) OR 12(G) OF THE SECURITIES EXCHANGE ACT OF 1934**

SPORTAN UNITED INDUSTRIES, INC.

(Name of Small Business Issuer in its Charter)

TEXAS
(State or other jurisdiction
of incorporation or
organization)

760333165
(I.R.S. Employer
Identification Number)

3170 OLD HOUSTON ROAD
HUNTSVILLE, TEXAS
(Address of principal executive offices)

77340
(Zip Code)

(409) 295-2726
(Issuer's telephone number)

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

TITLE OF EACH CLASS
TO BE SO REGISTERED

None

NAME OF EACH EXCHANGE ON WHICH
EACH CLASS IS TO BE REGISTERED

None

Securities to be registered under Section 12(g) of the Act:

COMMON STOCK
(Title of Class)

All references to Sportan United Industries, Inc. ("Company" or "Sportan") common stock reflect a 41.43455 for 1 forward stock split effected March 1998 (the "Common Stock").

PART I

FORWARD-LOOKING STATEMENTS

This Form 10-SB contains certain statements that are "Forward-Looking Statements" within the meaning of Section 27A of the Securities Act of 1933

("Act") and Section 21E of the Securities Exchange Act of 1934 ("Exchange Act")

which can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "estimates," "will," "should," "plans" or "anticipates" or the negative thereof or other variations thereon or comparable terminology or by discussions of strategy. Such statements include, but are not limited to, the discussions of the Company's operations, liquidity, and capital resources. Although the Company believes that the expectations reflected in any Forward-Looking Statements are reasonable, there can be no assurances that such expectations will prove to be accurate Forward-Looking Statements. Generally, these statements relate to business plans, strategies, anticipated strategies, levels of capital expenditures, liquidity, and anticipated capital financing needed to effect the business plan. All phases of the Company's operations are subject to a number of uncertainties, risks, and other influences, many of which are outside the control of the Company and cannot be predicted with any degree of accuracy. In light of the significant uncertainties inherent in any Forward-Looking Statements, the inclusion of such statements should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved. Readers are cautioned that such Forward-Looking Statements involve risks and uncertainties.

ITEM 1. DESCRIPTION OF BUSINESS

GENERAL

The Company is engaged in the distribution of sports memorabilia primarily to retail outlets. In 1986, the Company commenced business, and in March 1991 the Company was incorporated in Texas under the name Players Texas Sports, Inc. as a subchapter S corporation. In March 1998, the Company amended its Articles of Incorporation to:

- . change its name to Sportan United Industries, Inc.,
- . increase its authorized shares of Common Stock from 1,000,000 to 50,000,000 shares,
- . decrease the par value of its Common Stock from \$0.10 to \$0.001, and
- . authorize the issuance of 10,000,000 shares of preferred stock.

Also in March 1998, the Company elected to become a C corporation.

The Company has thirteen years of experience in distributing sports collectibles and was started by James R. Otteson in 1986. In October 1995, James R. Otteson died from a heart attack, an event which temporarily disabled the business of the Company. Mr. Otteson was the primary decision maker and leader of the Company. In addition, the Company was dependent on his personal contacts and experience. From October 1995 until January 1998, the Company was operated by various venture capitalists, consultants, and by the trustee of Mr. Otteson's estate. In January 1998, Mr. Otteson's son, Jason G. Otteson, assumed the position of chief executive officer and president. Currently, the Company is trying to implement its business strategy, while it attempts to reconcile its relationships which were damaged due to the Company's transition period.

BUSINESS STRATEGY

The Company's goal is to become a leading distributor of sports collectibles in America. To accomplish this goal, management is committed to the highest standards in distributing diversified products to the sports/hobby industry in an aggressive, reliable, and ethical manner. The Company's strategy involves several key business objectives. Management's strategy is to establish the Company as the distributing firm of preference in the markets it serves, by acquiring companies and creating several successful direct distributors in targeted geographic regions. Management's strategy is to take advantage of what it believes to be a declining market through acquisitions and mergers. Management's goal is to

increase market share by acquiring companies in competing markets that have a long operating history, established customer relationships, and a strong reputation for customer service. The Company believes its business strategy will result in:

- . increased sales,
- . increased market share,
- . increased buying power,
- . reduced operating expenses, and
- . reduced competition resulting in more efficient and profitable operations.

The Company may face competition for acquisition candidates which may limit the number of acquisition opportunities and may lead to higher acquisition prices. The Company can provide no assurance that it will be able to identify, acquire, or manage profitably additional businesses or to integrate any acquired businesses into the Company without substantial costs, delays, or other operational or financial problems. Further, acquisitions involve a number of risks, including:

- . possible adverse effects on the Company's operating results,
- . diversion of management's attention,
- . failure to retain key personnel of the acquired business, and
- . risks associated with unanticipated events or liabilities, some or all of which could have a material adverse effect on the Company's business.

The timing, size, and success of the Company's acquisition efforts and the associated capital commitments cannot be readily predicted. The Company may finance future acquisitions by using shares of its Common Stock for a portion of the consideration to be paid. In the event that its Common Stock does not maintain a sufficient market value, or potential acquisition candidates are otherwise unwilling to accept Common Stock as part of the consideration for the sale of their businesses, the Company may be required to utilize more of its cash resources, if available, in order to initiate and maintain its acquisition program. If the Company does not have sufficient cash resources, its growth could be limited unless it is able to obtain additional equity or debt financing.

PRODUCTS

The Company distribute all types of sports memorabilia and collectibles. The sports collectibles industry includes:

- . sports cards,
- . periodicals,
- . non-sports cards,
- . supplies,
- . autograph memorabilia,
- . banners,
- . posters, and
- . other memorabilia.

The Company does not have any agreements with manufacturers with respect to ordering the products it distributes. The Company orders products on an as needed basis based on its internal estimates. Although the Company does not foresee its inability to order products from manufacturers in the future, the Company can provide no assurance that it will be able to continue to order products on favorable terms from any of its manufacturers. The loss of one of the Company's manufacturers would limit the Company's ability to offer a wide variety of products to retailers which could damage the Company's trade name and have an adverse effect on its business.

SALES AND MARKETING

The Company primarily distributes its products to retailers that sell to the end user. The Company also distributes its products to dealers at sports collectible shows and flea markets. Management believes

that with the increased supply of sports collectibles, retailers cannot afford to stock their inventory with all the products produced by a manufacturer. The Company believes that retailers are willing to pay a 15% premium for products available in smaller quantities in order to reduce their risk exposure and protect cash flow. Management's strategy is to enable manufacturers to depend on the Company for a more efficient and responsible system of distribution and reduce the need for manufacturers to offer direct distribution services.

Currently, the Company has no retail agreements. The Company's business is service-oriented, and its primary marketing focus is on responding rapidly to customer requirements. The Company conducts limited advertising in the trade magazine Card Trade. The Company does little other advertising, and depends on its personal contacts and reputation within the industry to market its products to retailers. As such, the Company is dependent on its key personnel to sell its products to retailers. The loss of any of the Company's key personnel would have an adverse effect on the Company's business. The Company does not have any employment agreements with its officers, directors, or employees.

Although the Company currently conducts limited marketing activity, it intends to implement the following marketing activities:

- . The Company intends to hire representatives to interact with its retailers on a regional basis. The Company expects to begin the process of hiring such representatives by May 1999.
- . The Company intends to create an Internet on-line distribution service for both its retailers and for end-users through the creation of a Company web-site. The Company expects to complete the web site by April 1999.
- . The Company intends to begin conducting catalog sales to both retailers and to other wholesalers. The Company expects to begin its catalog sales business by May 1999.

The Company can provide no assurance that it will be able to timely implement its above marketing plan. The ability and timing of such implementation is dependent on the Company's financial position and on future market events over which the Company has no control.

Sales of sports trading cards and sports memorabilia in general are influenced by the popularity of the sports to which the cards or memorabilia relate. During 1994, Major League Baseball experienced a strike and the National Hockey League experienced a work stoppage. In 1998, the National Basketball Association also experienced a work stoppage. These labor disputes resulted in a loss of interest in these sports by many fans, which in turn triggered a significant and immediate reduction in card sales. There can be no assurance that similar labor disputes will not occur again or that the popularity of the sports for which the Company distributes sports memorabilia will not decline for other reasons. Further labor disputes or any such decline in popularity could have a material adverse effect on the Company's business.

COMPETITION

In the late 1980's, the scarcity in sports collectibles created a demand and motivated a substantial number of manufacturers and distributors to enter the industry, creating an oversupply of products. The Company estimates that there are approximately 60 direct distributors and over 200 sub-distributors servicing the industry.

The Company competes with numerous large and small distribution companies, as well as large manufacturers. The Company believes that retailers purchasing directly from manufacturers are forced to purchase a larger volume of products in order to receive lower prices. The Company believes that retailers will not choose to purchase directly from manufacturers due to the increased fixed costs that such purchases entail. There is no assurance that manufacturers will not allow retailers to purchase smaller quantities of product in the future, which would reduce or eliminate the Company's advantage over such manufacturers.

The Company competes based on a number of factors, such as:

- . customer service and support,
- . product diversification,
- . timely and reliable delivery, and
- . price.

Of these factors, the Company believes that product diversification is the most important factor in attracting new customers, while service is the most important factor in retaining customers. The Company believes that its ability to compete effectively in the industry requires sales and support organizations that are well versed in the various products distributed by the Company. Management's business strategy is to acquire competitors, forming a conglomerate of several successful direct distributors in targeted geographic regions. In addition, management's strategy is to utilize the increased buying power of a distribution conglomerate to expand the products distributed. The Company's goal is to become the exclusive distributor of all of its products in a given region. See "Item 1. Description of Business -- Business Strategy."

INSURANCE

The Company has insurance covering risks incurred in the ordinary course of business, covering fire, theft and other destruction, in amounts management believes adequate for its needs. The Company does not maintain key-man life insurance on the life of Jason G. Otteson, president and chief executive officer of the Company. The Company believes its insurance coverage is adequate, but the loss of Mr. Otteson, for any reason, could have a material adverse effect on the prospects of the Company.

FACILITIES

The Company's headquarters facility, which includes its principal administrative offices, is located at 3170 Old Houston Road, Huntsville, Texas 77340. These premises are leased from Jason G. Otteson and Connie L. Logan and consist of approximately 12,000 square feet. The lease expires in October 1999 and the monthly rental is \$1,845. The Company has an option to renew the lease for a five year period at a rental rate of 90% of the market value of such similar property, but not to exceed \$2,045.

The Company also leases office and warehouse space located at 2149 Welsch Industrial Court, St. Louis, Missouri 63146. The facility is approximately 2,500 square feet, the lease expires April 30, 1999, and the monthly rental is \$1,565. The Company believes that its existing facilities are adequate to meet current requirements.

EMPLOYEES

As of February 1, 1999, the Company employed 18 persons, 12 of whom were full-time employees, and 6 of whom were part-time employees. No employees are covered by a collective bargaining agreement. Management considers relations with its employees to be satisfactory.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

The financial statements for Sportan are unaudited for the nine months ended September 30, 1997, and audited for the year ended September 30, 1998. The financial statements with respect to the period

ended October 31, 1998 and 1997 have been prepared by the Company and are unaudited.

The Company is a developing company incorporated in March 1991, but has experienced significant changes in its management and operations since the death of its founder, James R. Otteson, in October 1995. Historically the Company has concentrated on the distribution of sports cards and memorabilia. The Company's operating results have been declining since 1995. The Company's fiscal year ends September 30.

The Company recognizes revenues from sales of sports cards and memorabilia at the time of shipment. General and administrative costs are charged to expense as incurred. Property, plant and equipment are recorded at cost and depreciated using an appropriate accounting method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are charged to expense as incurred. The costs of major renewals and betterments are capitalized and depreciated over the estimated useful lives. The cost and related accumulated depreciation of the assets are removed from the accounts upon disposition.

RESULTS OF OPERATIONS

Year Ended September 30, 1998 Compared to the Nine Months Ended September 30, 1997

Due to the disparate period terms presented below, the results of operations will not accurately reflect the Company's financial position on a year to year basis. Accordingly, the Company can provide no assurance that any perceived increase in the results of operations will be a continuing trend in future comparable periods.

Sales. Sales decreased to \$3,057,734 for the year ended September 30, 1998 from \$3,566,290 for the nine months ended September 30, 1997.

Cost of Sales. Cost of sales decreased to \$2,604,403 for the year ended September 30, 1998 from \$3,253,753 for the nine months ended September 30, 1997. The cost of sales as a percentage of revenues decreased from 91% to 85%.

General and Administrative Expenses. General and administrative expenses increased to \$536,909 for the year ended September 30, 1998 from \$490,053 for the nine months ended September 30, 1997.

Interest Expense. Interest expense decreased to \$5,141 for the year ended September 30, 1998 from \$9,998 for the nine months ended September 30, 1997. The decrease of \$4,847 was largely due to the payment of \$176,032 of the Company's long-term debt to stockholders.

Miscellaneous Expense. Miscellaneous expense increased to \$7,563 for the year ended September 30, 1998 from \$945 for the nine months ended September 30, 1997.

Net Loss. Net loss decreased to \$120,282 for the year ended September 30, 1998 from \$193,449 for the nine months ended September 30, 1997. Net loss per share of Common Stock decreased to (\$0.02) from (\$0.03) for the year ended September 30, 1998 compared to the nine months ended September 30, 1997.

One Month Ended October 31, 1998 Compared to the One Month Ended October 31, 1997

Sales. Sales decreased to \$303,956 for the one month ended October 31, 1998 from \$348,946 for the one month ended October 31, 1997. The decrease of \$44,990 was primarily due to the loss of one manufacturer which resulted in lower gross sales.

Cost of Sales. Cost of sales decreased to \$264,746 for the one month ended October 31, 1998 from \$303,571 for the one month ended October 31, 1997. The decrease of \$38,825 was primarily attributable to the loss of one manufacturer which resulted in lower gross sales.

General and Administrative Expenses. General and administrative expenses increased to \$49,598 for the one month ended October 31, 1998 from \$43,945 for the one month ended October 31, 1997.

Interest Expense. Interest expense decreased to \$727 for the one month ended October 31, 1998 from \$1,730 for the one month ended October 31, 1997.

Net Loss. Net loss increased to \$11,191 for the one month ended October 31, 1998 from \$300 for the one month ended October 31, 1997. The increase of \$10,891 was primarily attributable to general and administrative expenses.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 1998, the Company's working capital was \$199,721 as compared to \$268,441 at September 30, 1997, and at October 31, 1998 the Company's working capital was \$187,173. At September 30, 1998, the Company's cash and cash equivalents was \$6,663 as compared to \$36,082 at September 30, 1997, and at October 31, 1998 the Company's cash and cash equivalents were \$28,822.

For the year ended September 30, 1998, the Company had \$24,899 of net cash used in operations, \$8,270 of net cash used in investing activities, and \$3,750 of net cash provided from financing activities. The resulting change in cash and cash equivalents was a decrease of \$29,419.

For the nine month period ended September 30, 1997, the Company had \$20,036 of net cash used in operations, \$0 of net cash used in investing activities, and \$28,708 of net cash used in financing activities. The resulting change in cash and cash equivalents was a decrease of \$48,744.

For the one month period ended October 31, 1998, the Company had \$51,941 of net cash provided by operations, \$0 of net cash used in investing activities, and \$5,000 of net cash used in financing activities. The resulting change in cash and cash equivalents was an increase of \$22,159.

For the one month period ended October 31, 1997, the Company had \$44,765 of net cash provided in operations, \$0 of net cash used in investing activities, and \$15,937 of net cash used in financing activities. The resulting change in cash and cash equivalents was an increase of \$28,828.

Management believes that current working capital should enable the Company to continue its current operations. However, unforeseen costs could shorten the period during which the current working capital may be expected to satisfy the Company's capital requirements. Unless the Company raises additional capital or realizes significant growth in its net income from the sale of sports cards and memorabilia to fund its planned growth, its expansion plans will be materially impaired. The Company may raise additional capital through equity sales to fund its expansion plans in the last quarter of calendar year 1999. The Company can provide no assurance that it will be able to make such equity sales on terms favorable to the Company, if at all.

The Company has established a line of credit in the amount of \$100,000 with First National Bank of Huntsville. At October 31, 1998, the Company had borrowed \$90,000 in the form of a note payable due on demand, at an annual interest rate of 9.5% with principal plus accrued interest payments beginning March 1999. The note payable is collateralized by all accounts receivable and inventory of the Company. There can be no assurance that the Company will be able to obtain additional funding from other external sources on suitable terms, if at all.

The Company has borrowed from its stockholders \$53,500 in the form of a note payable due on

demand, at an annual interest rate of 5% with principal plus accrued interest to be paid on repayment. Presently, the stockholders do not intend to demand payment of the loan. The Company also borrowed from its stockholders an additional \$10,000 in the form of a non-interest bearing note payable which was repaid in November 1998. There can be no assurance that these stockholder funds will be available in the future.

The Company may in the future experience significant fluctuations in its results of operations. Such fluctuations may result in volatility in the price and/or value of the Company's Common Stock if any market develops. Results of operations may fluctuate as a result of a variety of factors, including demand for the Company's services, introduction of new services by the Company or its competitors, the variety of products distributed by the Company, the number and timing of the hiring of additional personnel, the timing of acquisitions, general competitive conditions in the industry and general economic conditions. Shortfalls in revenues may adversely and disproportionately affect the Company's results of operations because a high percentage of the Company's operating expenses are relatively fixed. Accordingly, the Company believes that period to period comparisons of results of operations are not necessarily meaningful and should not be relied upon as an indication of future results of operations. There can be no assurance that the Company will be profitable. Due to the foregoing factors, it is likely that in one or more future periods the Company's operating results will be below the expectations of the investor.

SEASONALITY

Sales of the Company's trading card products are somewhat seasonal, with sales peaks typically following the initial issuance of a specific product line. Sales of sports-related memorabilia products tend to be more constant, with sales peaks during holiday seasons and the then current sport season.

YEAR 2000 COMPLIANCE

The Year 2000 issue is the result of computer systems that use two digits rather than four to define the applicable year, which may prevent such systems from accurately processing dates ending in the year 2000 and after. This could result in system failures or in miscalculations causing disruption of operations, including, but not limited to, an inability to process transactions, to send and receive electronic data, or to engage in routine business activities and operations.

Management believes that the Company does not have significant exposure to the Year 2000 issue. The Company's operations do not rely on computer operations for conducting the significant parts of its business, and accordingly, the Company does not believe that its distribution services involve any material Year 2000 risks.

The Company has not determined what effect the Year 2000 may have on its significant manufacturers or retailers. If the Year 2000 issue does have a material adverse effect on these constituent groups, the Company may not be able to adequately supply itself from its manufacturers or the Company may not be able to place its products with retailers. Any of the preceding possibilities may have an adverse impact on the Company's business.

The Company does not presently anticipate that the costs to address the Year 2000 issue will have a material adverse effect on the Company's financial condition, results of operations or liquidity due to the aforementioned factors. Management's current estimate of the costs for conversion of systems necessitated by the Year 2000 issue is approximately \$30,000.

ITEM 3. DESCRIPTION OF PROPERTY

See "Item 1. Description of Business -- Facilities" for a description of the Company's properties.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 1, 1999, the number and percentage of outstanding shares of Company Common Stock owned by (i) each person known to the Company to beneficially own more than 5% of its outstanding Common Stock, (ii) each director, (iii) each named executive officer, and (iv) all executive officers and directors as a group.

NAME AND ADDRESS OF BENEFICIAL OWNER	NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED /(1)/	PERCENTAGE OF OWNERSHIP -----
-----	-----	-----
Jason G. Otteson/(2)/	3,095,497/(6)/	44.2%
Connie L. Logan/(3)/	2,394,006	34.2%
James R. Otteson, II/(4)/	1,795,497	25.6%
Brian E. Rodriguez/(5)/	5,000	*
W.G. Westbrook, Jr./(2)/	5,000	*
Michael D. Strader/(2)/	5,000	*
All officers and directors/(7)/ as a group (4 persons)	3,110,497 /(6)/	44.4%

*Less than 1%

(1) Does not include warrants to purchase 71,000 shares of Common Stock at an exercise price of \$0.01 per share issued to Brewer & Pritchard, P.C. See "Item 7. Certain Relationships and Related Transactions." Does not include warrants to purchase 100,000 shares of Common Stock at an exercise price of \$0.06 per share vesting in August 1999 issued in connection with an exempt placement of Common Stock.

(2) Business address is the same as the address of the Company's principal executive offices which are located at 3170 Old Houston Road, Huntsville, Texas 77340. (3) Business address is 3388 I-45, Huntsville, Texas 77340. (4) Business address is Department of Philosophy, University of Alabama, Tuscaloosa, Alabama 35487. (5) Business address is 1125 Longpoint Drive, Dallas, Texas 75247.

(6) Includes an option from James R. Otteson, II to purchase 1,300,000 shares of Common Stock at an exercise price of \$0.056923 per share, expiring May 1999.

(7) Includes Jason G. Otteson, Brian E. Rodriguez, W.G. Westbrook, Jr., and Michael D. Strader.

ITEM 5. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

The Company's directors and executive officers are:

NAME	AGE	POSITION
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Jason G. Otteson	25	Chairman, Chief Executive Officer, President and Treasurer
W.G. Westbrook, Jr.	41	Vice President of Operations
Michael D. Strader	27	Vice President of Sales
Brian E. Rodriguez	29	Secretary and Director

Jason G. Otteson has served as chief executive officer and a consultant of the Company since January 1998. Since February 1997, Mr. Otteson has served as director of the Company. From August 1996 to January 1998, Mr. Otteson served as vice president of the Company. From November 1996 through December 1997, Mr. Otteson served as a consultant for Premier Medical Technology, Inc. Mr. Otteson owns International Environmental Group, Inc. and is involved in helping other companies with capital raising activities. Mr. Otteson received a marketing and finance degree from Stephen F. Austin State University in 1996.

W.G. Westbrook, Jr. has served as vice president of operations of the Company since March 1998. From August 1995 through March 1998, Mr. Westbrook has served as manager for the Company. From August 1984 to August 1995, Mr. Westbrook served as sales representative for Moorman Manufacturing Company. From May 1988 to August 1995, Mr. Westbrook was the owner of Gary's Hobbies. Mr. Westbrook received a business degree from Sam Houston State University.

Michael D. Strader has served as vice president of sales of the Company since March 1998. From January 1995 through March 1998, Mr. Strader served as sales manager of the Company. Mr. Strader received a finance degree from Pittsburgh State University in 1994.

Brian E. Rodriguez has served as a director of the Company since December 1997 and as secretary since March 1998. Mr. Rodriguez has served as controller of Voyager Expanded Learning since October 1997. From September 1996 to June 1997, Mr. Rodriguez served as director and chief financial officer of Pitts & Spitts of Texas, Inc., a public company. From September 1994 to September 1996, Mr. Rodriguez served as an audit associate at Coopers & Lybrand, L.L.P. Mr. Rodriguez received an accounting degree from Texas A & M University. Mr. Rodriguez is a Certified Public Accountant.

Item 6. Executive Compensation

Name and Principal Position	Fiscal Year/(1)/	Annual Compensation		Long Term Compensation	
		Salary	Bonus/ Other Annual Compensation	Stock Award	Securities Underlying Options/ SARs
Jason G. Otteson, Chief Executive Officer.....	1998	\$37,500/(2)/			
	1997	\$ 6,000/(3)/	--	--	--
	1996	--	--	--	--

(1) The Company's fiscal year end is September 30.

(2) Represents portion of \$50,000 annual salary earned in fiscal year 1998.

(3) Represents total amounts earned between August 1996 (fiscal year 1996) and December 1996 (fiscal year 1997).

The Company does not have any employment agreements.

STOCK OPTIONS

In March 1999, the Company adopted, and the shareholders and board of directors approved, the 1999 Incentive Stock Option Plan ("Plan"). Pursuant to the Plan, options to purchase up to 1,000,000 shares of Common Stock may be granted to employees, officers, and directors of the Company. Options granted under the Plan generally expire five to ten years after the date of grant. As of March 1, 1999, the Company had not issued any options pursuant to the Plan. The Company does not maintain any long-term retirement or other benefit plan.

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In April 1998, the Company issued 5,000 shares of Common Stock to each of Brian E Rodriguez, Michael D. Strader and W.G. Westbrook, Jr. for services rendered to the Company.

In January 1998, James R. Otteson's estate transferred an aggregate of 3,590,994 shares of Common Stock to Jason G. Otteson and James R. Otteson, II. The Company has a lease agreement with Jason G. Otteson and Connie L. Logan covering approximately 12,000 square feet in Huntsville, Texas for \$1,845 per month which expires in October 1999. See "Item 1. Description of Business -- Facilities."

In October 1996, the Company issued 1,565,315 shares of Common Stock to Ms. Logan upon the exercise of warrants at an aggregate exercise price of \$56,667 (\$0.036 per share). Ms. Logan purchased 828,691 shares of Common Stock from a third party in an arms-length transaction in July 1996. Ms. Logan is related to Jason G. Otteson.

In August 1996, Jason G. Otteson and James R. Otteson, II loaned the Company \$53,500 in the form of a note payable at an annual interest rate of 5% payable on demand. As of March 1, 1999, no demand for payment has been made.

In August 1996, Jason G. Otteson loaned the Company \$10,000 in the form of a non-interest bearing note payable due on demand. In November 1998 the Company repaid the note.

In December 1996 and August 1997, Ms. Logan loaned the Company an aggregate of \$206,695 which was repaid with interest by the Company during 1997.

Certain legal matters with respect to the preparation of this registration statement were conducted for the Company by Brewer & Pritchard, P.C., Houston, Texas. Principals of Brewer & Pritchard, P.C. own warrants to purchase 71,000 shares of Common Stock at an exercise price of \$0.01 per share.

ITEM 8. DESCRIPTION OF SECURITIES

COMMON STOCK

The Company is authorized to issue up to 50,000,000 shares of Common Stock, \$0.001 par value per share of which 7,000,000 shares are issued and outstanding and 171,000 shares are reserved for issuance underlying outstanding warrants. The holders of shares of Common Stock are entitled to one vote per share on each matter submitted to a vote of stockholders. In the event of liquidation, holders of Common Stock are entitled to share ratably in the distribution of assets remaining after payment of liabilities. Holders of Common Stock have no cumulative voting rights, and, accordingly, the holders of a majority of the outstanding shares have the ability to elect all of the directors. Holders of Common Stock have no preemptive or other rights to subscribe for shares. Holders of Common Stock are entitled to such

dividends as may be declared by the Board of Directors out of funds legally available therefor.

PREFERRED STOCK

The Company is authorized to issue up to 10,000,000 shares of preferred stock, no par value per share. The preferred stock may be issued in one or more series, the terms of which may be determined at the time of issuance by the Board of Directors, without further action by stockholders, and may include voting rights (including the right to vote as a series on particular matters), preferences as to dividends and liquidation, conversion, redemption rights and sinking fund provisions.

No shares of preferred stock are outstanding and the Company has no present plans for the issuance thereof. The issuance of any such preferred stock could adversely effect the rights of the holders of Common Stock and, therefore, reduce the value of the Common Stock.

PART II

ITEM 1. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND OTHER SHAREHOLDER MATTERS

Currently, there is no public trading market for the company's securities and there can be no assurance that any market will develop. If a market develops for the company's securities, it will likely be limited, sporadic and highly volatile.

It is the present policy of the Company not to pay cash dividends and to retain future earnings to support the Company's growth. Any payment of cash dividends in the future will be dependent upon the amount of funds legally available therefor, the Company's earnings, financial condition, capital requirements and other factors that the Board of Directors may deem relevant. The Company does not anticipate paying any cash dividends in the foreseeable future.

SHARES ELIGIBLE FOR FUTURE SALE

There are 7,000,000 shares of Common Stock currently outstanding, of which 5,895,000 shares of Common Stock are held by affiliates of the Company and are eligible for sale pursuant to Rule 144 promulgated under the Act, if and when any market for the Common Stock develops. Rule 144 governs resales of "restricted securities" for the account of any person (other than an issuer), and restricted and unrestricted securities for the account of an "affiliate" of the issuer. Restricted securities generally include any securities acquired directly or indirectly from an issuer or its affiliates which were not issued or sold in connection with a public offering registered under the Act. An affiliate of the issuer is any person who directly or indirectly controls, is controlled by, or is under common control with, the issuer. Affiliates of the Company may include its directors, executive officers, and persons directly or indirectly owning 10% or more of the outstanding Common Stock. Under Rule 144 unregistered resales of restricted Common Stock cannot be made until it has been held for one year from the later of its acquisition from the Company or an affiliate of the Company. Thereafter, shares of Common Stock may be resold without registration subject to Rule 144's volume limitation, aggregation, broker transaction, notice filing requirements, and requirements concerning publicly available information about the Company ("Applicable Requirements"). Resales by the Company's affiliates of restricted and unrestricted Common Stock are subject to the Applicable Requirements. The volume limitations provide that a person (or persons who must aggregate their sales) cannot, within any three-month period, sell more than the greater of one percent of the then outstanding shares, or the average weekly reported trading volume during the four calendar weeks preceding each such sale. A non-affiliate may resell restricted Common Stock which has been held for two years free of the Applicable Requirements.

In addition, there are currently 1,000,000 shares of Common Stock eligible for sale pursuant to Rule 504 promulgated under the Act, if and when any market for the Common Stock develops. Shares issued pursuant to Rule 504 are freely tradeable, without limitation, by all non-affiliates of the Company.

ITEM 2. LEGAL PROCEEDINGS

None.

ITEM 3. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 4. RECENT SALES OF UNREGISTERED SECURITIES

The following information sets forth certain information for all securities the Company sold within the past three years, without registration under the Act.

Between April 1998 and August 1998, the Company issued 1,000,000 shares of Common Stock at a purchase price of \$0.05 per share. The issuance was made pursuant to Rule 504 promulgated under the Act. In connection with the offering, the Company paid a cash sales commission of \$5,000, a non-accountable expense allowance of \$1,500, and issued warrants to purchase 100,000 shares of Common Stock at an exercise price of \$0.06 per share to the underwriters, Di Paulo Securities, Ltd. The Company believes the transaction was exempt from registration pursuant to Section 4(2) of the Act.

In August 1998, the Company issued warrants to purchase 71,000 shares of Common Stock at an exercise price of \$0.01 per share to Brewer & Pritchard, P.C. The Company believes the transaction was exempt from registration pursuant to Section 4(2) of the Act.

In April 1998, the Company issued 15,000 shares of Common Stock to current officers and directors of the Company for services rendered. The Company believes the transaction was exempt from registration pursuant to Section 4(2) of the Act.

In October 1996, the Company issued 1,565,315 shares of Common Stock to Ms. Logan upon the exercise of warrants at an aggregate exercise price of \$56,667 (\$0.036 per share). The Company believes the transaction was exempt from registration pursuant to Section 4(2) of the Act.

ITEM 5. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company's Articles of Incorporation eliminates, subject to certain exceptions, the personal liability of directors of the Company or its stockholders for monetary damages for breaches of fiduciary duty by such directors. The Articles of Incorporation do not provide for the elimination of or any limitation on the personal liability of a director for (i) any breach of the director's duty of loyalty to the Company or its stockholders, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) unlawful corporate distributions, or (iv) any transaction from which such director derives an improper personal benefit. This provision of the Articles of Incorporation will limit the remedies available to the stockholder who is dissatisfied with a decision of the Board of Directors protected by this provision; such stockholder's only remedy may be to bring a suit to prevent the action of the Board. This remedy may not be effective in many situations, because stockholders are often unaware of a transaction or an event prior to Board action in respect of such transaction or event. In these cases, the stockholders and the Company could be injured by a Board's decision and have no effective remedy.

Insofar as indemnification by the Company for liabilities arising under the Act may be permitted to directors, officers and controlling persons of the Company pursuant to provisions of the Certificate of Incorporation and Bylaws, or otherwise, the Company has been advised that in the opinion of the SEC, such indemnification is against public policy and is, therefore, unenforceable. In the event that a claim for indemnification by such director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding is asserted by such director, officer or controlling person in connection with the securities being offered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

PART III

ITEM 1. EXHIBITS

The following exhibits are to be filed as part of the Registration Statement:

EXHIBIT NO.	IDENTIFICATION OF EXHIBIT
Exhibit 2.1	Amended and Restated Articles of Incorporation of Sportan United Industries, Inc.
Exhibit 2.2	Bylaws of Sportan United Industries, Inc.
Exhibit 2.3	Common Stock Certificate, Sportan United Industries, Inc.
Exhibit 6.1	Sportan United Industries, Inc. 1999 Stock Option Plan

ITEM 2. DESCRIPTION OF EXHIBITS

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the registrant caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

SPORTAN UNITED INDUSTRIES, INC.

Dated: March 8, 1999

By: /s/ James G. Otteson

JAMES G. OTTESON, Chief Executive Officer

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Independent Auditors' Report

Board of Directors
Sportan United Industries, Inc.
Huntsville, Texas

We have audited the accompanying balance sheet of Sportan United Industries, Inc. as of September 30, 1998, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sportan United Industries, Inc. as of September 30, 1998, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

The accompanying financial statements of Sportan United Industries, Inc. as of and for the nine month period ended September 30, 1997 were compiled by us in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

MANN FRANKFORT STEIN & LIPP, P.C.

Houston, Texas
December 30, 1998

SPORTAN UNITED INDUSTRIES, INC.
BALANCE SHEETS

	September 30,		October 31,
	1998	1997	1998
	(Audited)	(Unaudited)	(Unaudited)

ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 6,663	\$ 36,082	\$ 28,822
Accounts receivable - trade, net of allowance for doubtful accounts of \$21,051 at September 30, 1998 and October 31, 1998 and \$160,769 at September 30, 1997	123,432	129,141	137,881
Accounts receivable - stockholder and employees	433	-	1,148
Inventory, net of valuation allowance of \$29,852 at September 30, 1998 and \$13,970 at September 30, 1997	525,247	443,939	480,651
Prepays	13,292	44,331	39,560
	-----	-----	-----
TOTAL CURRENT ASSETS	669,067	653,493	688,062
PROPERTY AND EQUIPMENT			
Computer equipment and software	47,367	41,635	47,367
Furniture and fixtures	63,978	60,940	63,978
Transportation equipment	7,820	11,433	7,820
	-----	-----	-----
	119,165	114,008	119,165
Less: accumulated depreciation and amortization	78,264	63,273	79,792
	-----	-----	-----
TOTAL PROPERTY AND EQUIPMENT	40,901	50,735	39,373
DEFERRED OFFERING COSTS	9,022	-	11,907
	-----	-----	-----
TOTAL ASSETS	\$718,990	\$704,228	\$739,342
	=====	=====	=====

	September 30,		October 31,
	1998	1997	1998
	(Audited)	(Unaudited)	(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Drafts outstanding	\$ 24,782	\$ -	\$ -
Accounts payable	226,784	151,552	291,258
Accounts payable - stockholder	41,464	-	41,464
Accrued expenses	17,816	3,968	14,667
Notes payable - stockholders	63,500	229,532	63,500
Note payable - bank	95,000	-	90,000
	-----	-----	-----
TOTAL CURRENT LIABILITIES	469,346	385,052	500,889
STOCKHOLDERS' EQUITY			
Preferred stock:			
No par value; 10,000,000 shares authorized, no shares issued and outstanding	-	-	-
Common stock, par value \$.001; 50,000,000 shares authorized. Shares issued and outstanding, 7,000,000 at September 30, 1998 and October 31, 1998 and 5,985,000 at September 30, 1997	7,000	5,985	7,000
Additional paid-in capital	246,263	196,528	246,263
Retained earnings (deficit)	(3,619)	116,663	(14,810)
	-----	-----	-----
TOTAL STOCKHOLDERS' EQUITY	249,644	319,176	238,453
	-----	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$718,990	\$704,228	\$739,342
	=====	=====	=====

See notes to financial statements.

SPORTAN UNITED INDUSTRIES, INC.
STATEMENTS OF OPERATIONS

	Year Ended September 30, 1998 (Audited)	Nine Months Ended September 30, 1997 (Unaudited)	One Month Ended October 31, ----- 1998 (Unaudited) 1997 (Unaudited) -----	
SALES	\$3,057,734	\$3,566,290	\$303,956	\$348,946
COST OF SALES	2,604,403	3,258,753	264,746	303,571
GROSS PROFIT	453,331	307,537	39,210	45,375
OPERATING EXPENSES				
General and administrative	536,909	490,053	49,598	43,945
Expense of private offering	24,000	-	-	-
TOTAL OPERATING EXPENSES	560,909	490,053	49,598	43,945
INCOME (LOSS) FROM OPERATIONS	(107,578)	(182,516)	(10,388)	1,430
OTHER EXPENSE				
Interest expense	(5,141)	(9,988)	(727)	(1,730)
Miscellaneous expense	(7,563)	(945)	(76)	-
TOTAL OTHER EXPENSE	(12,704)	(10,933)	(803)	(1,730)
LOSS BEFORE FEDERAL INCOME TAXES	(120,282)	(193,449)	(11,191)	(300)
FEDERAL INCOME TAXES	-	-	-	-
NET LOSS	\$ (120,282)	\$ (193,449)	\$ (11,191)	\$ (300)
NET LOSS PER SHARE				
Basic	\$(.02)	\$(.03)	\$(.00)	\$(.00)
Diluted	\$(.02)	\$(.03)	\$(.00)	\$(.00)
WEIGHTED AVERAGE SHARES OUTSTANDING				
Basic	6,159,167	5,985,000	6,159,167	5,985,000
Diluted	6,215,967	5,985,000	6,215,967	5,985,000

See notes to financial statements.

SPORTAN UNITED INDUSTRIES, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEAR ENDED SEPTEMBER 30, 1998 (AUDITED),
NINE MONTHS ENDED SEPTEMBER 30, 1997 (UNAUDITED) AND ONE MONTH ENDED OCTOBER 31, 1998 (UNAUDITED)

	Common Stock		Additional Paid-in Capital	Retained Earnings (Deficit)	Total
	Shares	Amount			
Balances at January 1, 1997	5,985,000	\$5,985	\$196,528	\$ 310,112	\$ 512,625
Net loss	-	-	-	(193,449)	(193,449)
Balances at September 30, 1997 (Unaudited)	5,985,000	5,985	196,528	116,663	319,176
Issue stock to employees	15,000	15	735	-	750
Proceeds from sale of stock	1,000,000	1,000	49,000	-	50,000
Net loss	-	-	-	(120,282)	(120,282)
Balances at September 30, 1998	7,000,000	7,000	246,263	(3,619)	249,644
Net loss	-	-	-	(11,191)	(11,191)
Balances at October 31, 1998	7,000,000	\$7,000	\$246,263	\$ (14,810)	\$ 238,453

See notes to financial statements.

SPORTAN UNITED INDUSTRIES, INC.
STATEMENTS OF CASH FLOWS

	Year Ended September 30, 1998 (Audited)	Nine Months Ended September 30, 1997 (Unaudited)	One Month Ended October 31, ----- 1998 (Unaudited) 1997 (Unaudited) -----	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	\$(120,282)	\$(193,449)	\$(11,191)	\$ (300)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Stock issued as compensation	750	-	-	-
Depreciation	18,330	14,134	1,528	1,528
Provision for bad debts	-	(9,107)	-	-
Loss on disposal of property and equipment	(226)	(1,062)	-	-
Changes in assets and liabilities:				
Accounts receivable	5,276	128,695	(15,164)	37,855
Inventory	(81,308)	112,486	44,596	(48,248)
Prepays and other assets	31,039	(44,331)	(26,268)	28,463
Accounts payable	75,232	(27,152)	64,474	26,234
Accounts payable - stockholder	41,464	-	-	-
Accrued expenses	13,848	(250)	(3,149)	(767)
Deferred offering costs	(9,022)	-	(2,885)	-
	----- 95,383	----- 173,413	----- 63,132	----- 45,065
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	----- (24,899)	----- (20,036)	----- 51,941	----- 44,765
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property and equipment	500	-	-	-
Cash paid for property and equipment	(8,770)	-	-	-
	----- NET CASH USED IN INVESTING ACTIVITIES	----- -	----- -	----- -
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from sale of stock	50,000	-	-	-
Net proceeds from line of credit	95,000	-	(5,000)	-
Principal payments on notes to stockholders	(189,532)	(28,708)	-	(15,937)
Net proceeds from notes to stockholders	23,500	-	-	-
Increase (decrease) in drafts outstanding	24,782	-	(24,782)	-
	----- NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	----- (28,708)	----- (29,782)	----- (15,937)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	----- (29,419)	----- (48,744)	----- 22,159	----- 28,828
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	----- 36,082	----- 84,826	----- 6,663	----- 36,082
CASH AND CASH EQUIVALENTS AT END OF YEAR	----- \$ 6,663 =====	----- \$ 36,082 =====	----- \$ 28,822 =====	----- \$ 64,910 =====
NON-CASH FINANCING ACTIVITY				
Issuance of shares of stock to officers as compensation	\$ 750 =====	\$ - =====	\$ - =====	\$ - =====

See notes to financial statements.

NOTE A - NATURE OF OPERATIONS AND ORGANIZATION

Sportan United Industries, Inc. (formerly Players Texas Sports, Inc.) (the Company) was incorporated on March 15, 1991 as Players Texas Sports, Inc., a subchapter S corporation. On March 30, 1998, the Board of Directors of Players Texas Sports, Inc. voted to change the name of the company to Sportan United Industries, Inc. and change the federal income tax filing status to a C corporation. The Company is a distributor of sports cards and memorabilia. The Company markets its distribution services primarily to retail outlets in the United States.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Allowance for Doubtful Accounts: Earnings are charged with a provision for doubtful accounts based on a current review of the collectibility of accounts. Accounts deemed uncollectible are applied against the allowance for doubtful accounts.

Inventory: Inventory is stated at the lower of cost (determined by the specific identification method) or market.

Property and Equipment: Property and equipment are stated at cost. The Company depreciates property and equipment by the straight-line method over the estimated useful lives of the related assets as follows:

	Estimated Useful Life -----
Computer equipment	5 years
Furniture and fixtures	5-7 years
Transportation equipment	5-7 years

Revenue Recognition: Revenues are recognized as goods are shipped from the Company's warehouse. Shipments directly to customers from a third party vendor are recognized at time of shipment from vendor.

Repairs and Maintenance: Major additions and improvements to property and equipment are capitalized and depreciated over the estimated useful lives. Routine maintenance and repair costs are expensed as incurred.

Federal Income Taxes: Since March 30, 1998, the Company reports federal income taxes as a C corporation and uses the liability method in accounting for income taxes, whereby tax rates are applied to cumulative temporary differences based on when and how they are expected to affect future tax returns. Deferred tax assets and liabilities are adjusted for tax rate changes in the year changes are enacted. The realizability of deferred tax assets are evaluated annually and a valuation allowance is provided if it is more likely than not that the deferred tax assets will not give rise to future benefits in the Company's tax returns.

Prior to conversion to a "C" corporation, the income or loss of the Company flowed through to its stockholders. Accordingly, no provision has been made for federal income taxes for periods prior to March 30, 1998.

SPORTAN UNITED INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1998 AND 1997

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statements of Cash Flows: For purposes of the statements of cash flows, cash equivalents include all highly liquid investments with original maturities of three months or less. Following is supplemental cash flow information:

	Year Ended September 30, 1998 (Audited)	Nine Months Ended September 30, 1997 (Unaudited)	One Month Ended October 31, ----- 1998 (Unaudited) 1997 (Unaudited) -----	
Cash paid during the year for:				
Interest	\$5,140 =====	\$9,988 =====	\$ 727 =====	\$1,730 =====

Use of Estimates: The preparation of these financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Deferred Offering Costs: Deferred offering costs represent professional fees incurred in connection with a proposed public offering of common stock. These costs will be offset against the proceeds from the offering or expensed in the period in which the offering terminates.

Unaudited Interim Information: The accompanying financial information as of October 31, 1998 and for the one month ended October 31, 1998 and 1997 has been prepared by the Company without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. The financial statements reflect all adjustments, consisting of normal recurring accruals which are, in the opinion of management, necessary to fairly present such information in accordance with generally accepted accounting principals.

NOTE C - CASH AND CASH EQUIVALENTS

The Company maintains cash balances in several bank accounts which, at times, exceed federally insured limits. The Company monitors the financial condition of these banks and has experienced no losses associated with these accounts.

NOTE D - NOTE PAYABLE - BANK

Note payable - bank consists of the following:

	September 30, ----- 1998 (Audited) 1997 (Unaudited) -----		October 31, 1998 (Unaudited) -----
Note payable to a bank under a \$100,000 line of credit, collateralized by all accounts receivable and inventory of the Company. The note is due on demand, but if no demand is made, payment of unpaid principal plus accrued interest is due on March 24, 1999. The note accrues interest at 9.5% annually.	\$ 95,000 =====	\$ - =====	\$ 90,000 =====

SPORTAN UNITED INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1998 AND 1997

NOTE E - INCOME TAXES

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at September 30, 1998 are as follows:

Deferred tax assets:	
Net operating loss carryforward	\$ 20,100
Allowance for doubtful accounts	6,600
Less: valuation allowance	(26,500)

	200
Deferred tax liability:	
Tax over book depreciation	(200)

Net current deferred tax assets (liability)	\$ -
	=====

The Company has net operating loss carryforwards of approximately \$91,000 as of September 30, 1998, which expire through the year 2013. Valuation allowances have been provided for all net operating losses due to lack of evidence of future recoverability at September 30, 1998.

The difference between the reported income tax expense (benefit) and the income tax expense (benefit) computed by multiplying the loss before income taxes by the federal statutory income tax rate for the year ending September 30, 1998, is as follows:

Current tax benefit computed at federal	
statutory tax rate	\$(40,896)
Effect of marginal tax brackets	14,722
Change in valuation allowance	26,500
Other	(326)

Total income tax expense (benefit)	\$ -
	=====

NOTE F - OPERATING LEASES

The Company leases equipment and rents certain facilities under noncancellable agreements which expire at various dates through the year 1999, and require various minimum annual rentals.

The Company rents its principal facility from a stockholder of the Company (see Note G).

Total rent expense under all lease agreements amounted to approximately \$43,000, \$47,600, \$3,535 and \$4,617 for the years ended September 30, 1998, nine months ended September 30, 1997 (unaudited) and one month ended October 31, 1998 and 1997 (unaudited), respectively.

SPORTAN UNITED INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1998 AND 1997

NOTE G - RELATED PARTY TRANSACTIONS

The Company is involved in various transactions with the stockholders of the Company or officers of the Company. The transactions and amounts incurred with these individuals are detailed as follows:

Transaction	Year Ended September 30, 1998 (Audited)	Nine Months Ended September 30, 1997 (Unaudited)	One Month Ended October 31, 1998 (Unaudited)
-----	-----	-----	-----
Rent - principal facility	\$22,140	\$16,605	\$1,845
Purchase of inventory	\$43,391	\$ -	\$ -
Interest	\$ 5,141	\$ 9,988	\$1,730

Notes payable - stockholders consist of the following:

	September 30,	
	1998 (Audited)	1997 (Unaudited)
	-----	-----
Note payable to a stockholder - non-interest bearing and unsecured. Paid off in 1998.	\$ -	\$176,032
Note payable to a stockholder - bearing interest at 5% annually, balance is due on demand. Interest is accrued and paid at time of repayment.	53,500	53,500
Note payable to a stockholder - non-interest bearing and unsecured. Due on demand.	10,000	-
	-----	-----
Notes payable - stockholders	\$63,500 =====	\$229,532 =====

SPORTAN UNITED INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1998 AND 1997

NOTE H - EARNINGS PER SHARE

In accordance with Financial Accounting Standards Board Statement 128, Earnings Per Share, basic earnings per common share amounts are calculated using the average number of common shares outstanding during each period, retroactively adjusted to give effect to the 41.43455-for-1 common stock split in 1998. As there were no dilutive potential common shares outstanding during the nine month period ended September 30, 1997, basic average shares outstanding and loss per share are equal to diluted average shares outstanding and fully diluted loss per share.

Loss per common share were computed as follows:

	Year Ended September 30, 1998 (Audited) -----	Nine Months Ended September 30, 1997 (Unaudited) -----
Net loss	\$ (120,282)	\$ (193,449)
Divided by weighted average common shares and common share equivalents:		
Weighted average common shares	6,159,167	5,985,000
Weighted average common share equivalents	56,800	-
	-----	-----
Total average common share and common share equivalents	6,215,967 =====	5,985,000 =====
Basic net loss per common share	\$ (.02) =====	\$ (.03) =====
Fully dilutive net loss per common share	\$ (.02) =====	\$ (.03) =====

NOTE I - STOCK SPLIT CHANGING PAR VALUE OF STOCK

On March 30, 1998, the Board of Directors authorized a 41.43455-for-1 stock split and a reduction of par value from \$.10 to \$.001, thereby increasing the number of issued and outstanding shares to 5,985,000, and decreasing the par value of each share to \$.001. All references in the accompanying financial statements to the number of common shares and per-share amounts for 1997 have been restated to reflect the stock split.

SPORTAN UNITED INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1998 AND 1997

NOTE J - PREFERRED STOCK AND OUTSTANDING STOCK WARRANTS

Preferred Stock: The Company is authorized to issue up to 10,000,000 shares of preferred stock, no par value per share. The preferred stock may be issued in one or more series, the terms of which may be determined at the time of issuance by the Board of Directors, without further action by stockholders, and may include voting rights (including the right to vote as a series on particular matters), preferences as to dividends and liquidation, conversion, redemption rights and sinking fund provisions. The issuance of any such preferred stock could adversely affect the rights of the holders of Common Stock and, therefore, reduce the value of the Common Stock.

Outstanding Stock Warrants: At September 30, 1998 and October 31, 1998, the Company had outstanding warrants to purchase 171,000 shares of the Company's common stock at prices ranging from \$.01 to \$.06 per share. The warrants became exercisable in 1998 and expire at various dates through 2003. At September 30, 1998 and October 31, 1998, 171,000 shares of common stock were reserved for that purpose.

EXHIBIT 2.1

AMENDED AND RESTATED ARTICLES OF INCORPORATION

OF

PLAYERS TEXAS SPORTS, INC.

Players Texas Sports, Inc., pursuant to the provisions of Article 4.07 of the Texas Business Corporations Act, adopts these Amended and Restated Articles of Incorporation, which accurately copy the Articles of Incorporation and all amendments in effect to date. The Articles of Incorporation, as restated and amended by these restated Articles of Incorporation are set forth below and contain no other changes in any provision.

The following amendments and additions to the Articles of Incorporation were adopted by the majority shareholders who voted 144,445 shares in favor of the adoption out of 144,445 shares outstanding and entitled to vote on March 31, 1998.

The amendment alters Article One of the original Articles of Incorporation to read as follows:

ARTICLE ONE

The name of the corporation is Sportan United Industries, Inc.

The amendment alters Article Four of the original Articles of Incorporation to read as follows:

ARTICLE FOUR

The aggregate number of shares which the corporation shall have authority to issue is sixty million (60,000,000), consisting of fifty million (50,000,000) shares of common stock having \$0.001 par value, and ten million (10,000,000) shares of preferred stock having no par value.

The amendment reduces the par value from \$0.10 per share to \$0.001 per share and effects a change in the amount of stated capital by reducing stated capital from \$14,444.50 to \$6,000.00, a difference of \$8,444.50.

The amendment alters Article Six of the original Articles of Incorporation to read as follows:

ARTICLE SIX

The street address of its initial registered office is 3170 Old Houston Road, Huntsville, Texas 77340, and the name of its initial registered agent at such address is Jason G. Otteson.

The amendment alters Article Seven of the original Articles of Incorporation to read as follows:

ARTICLE SEVEN

The number of directors constituting the initial board of directors is four (4), and the names and addresses of the persons who are to serve as directors until the first annual meeting of the shareholders or until their successors are elected and qualified are:

Jason G. Otteson 3170 Old Houston Road Huntsville, Texas 77340

Brian E. Rodriguez 3170 Old Houston Road Huntsville, Texas 77340

W.G. Westbrook, Jr.

3170 Old Houston Road
Huntsville, Texas 77340

Michael D. Strader
3170 Old Houston Road
Huntsville, Texas 77340

The amendment alters in full Article Eight of the original Articles of Incorporation to read as follows:

ARTICLE EIGHT

No director of the Corporation shall be liable to the Corporation or its shareholders or members for monetary damages for any act or omission in such director's capacity as a director, except for (i) a breach of such director's duty of loyalty to the Corporation or its shareholders or members; (ii) an act or omission not in good faith that constitutes a breach of duty of the director to the Corporation, or an act or omission that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which a director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; or (iv) an act or omission for which the liability of a director is expressly provided by an applicable statute.

The amendment alters in full Article Nine of the original Articles of Incorporation to read as follows:

ARTICLE NINE

The Corporation shall indemnify all current and former directors and officers of the Corporation to the fullest extent of the applicable law, including, without limitation, Article 2.02-1 of the Texas Business Corporation Act.

The amendment adds Article Ten to the original Article of Incorporation to read as follows:

ARTICLE TEN

Shareholders of the Corporation shall not have cumulative voting rights nor preemptive rights.

The Articles of Incorporation and all amendments and supplements to them are superseded by the following Amended and Restated Articles of Incorporation, which accurately copy the entire text as well as incorporate the amendments set forth above:

**ARTICLE OF INCORPORATION
OF
SPORTAN UNITED INDUSTRIES, INC.**

The undersigned, a natural person of the age of eighteen years or more, acting as sole incorporator of a corporation under the provisions of the Texas Business Corporation Act, adopts the following Articles of Incorporation:

ARTICLE I.

The name of the Corporation is Sportan United Industries, Inc.

ARTICLE II.

The period of duration of the Corporation is perpetual.

ARTICLE III.

The purpose or purposes for which the Corporation is organized is the transaction of any and all lawful business for which corporations may be incorporated under the Texas Business Corporation Act.

ARTICLE IV.

The aggregate number of shares which the corporation shall have authority to issue is sixty million (60,000,000), consisting of fifty million (50,000,000) shares of common stock having \$0.001 par value, and ten million (10,000,000) shares of preferred stock having no par value.

ARTICLE V.

The corporation will not commence business until it has received for the issuance of its shares consideration of the value of at least one thousand dollars (\$1,000), consisting of money, labor done or property actually received.

ARTICLE VI.

The street address of its initial registered office is 3170 Old Houston Road, Huntsville, Texas 77340, and the name of its initial registered agent at such address is Jason G. Otteson.

ARTICLE VII.

The number of directors constituting the initial board of directors is four (4), and the names and addresses of the persons who are to serve as directors until the first annual meeting of the shareholders or until their successors are elected and qualified are:

Jason G. Otteson
3170 Old Houston Road
Huntsville, Texas 77340

Brian E. Rodriguez
3170 Old Houston Road
Huntsville, Texas 77340

W.G. Westbrook, Jr.
3170 Old Houston Road
Huntsville, Texas 77340

Michael D. Strader
3170 Old Houston Road
Huntsville, Texas 77340

ARTICLE VIII.

No director of the Corporation shall be liable to the Corporation or its shareholders or members for monetary damages for any act or omission in such director's capacity as a director, except for (i) a breach of such director's duty of loyalty to the Corporation or its shareholders or members; (ii) an act or omission not in good faith that constitutes a breach of duty of the director

to the Corporation, or an act or omission that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which a director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; or (iv) an act or omission for which the liability of a director is expressly provided by an applicable statute.

ARTICLE IX.

The Corporation shall indemnify all current and former directors and officers of the Corporation to the fullest extent of the applicable law, including, without limitation, Article 2.02-1 of the Texas Business Corporation Act.

ARTICLE X.

Shareholders of the Corporation shall not have cumulative voting rights nor preemptive rights.

Signed this 31st day of March, 1998.

SPORTAN UNITED INDUSTRIES, INC.

By: /s/ Jason G. Otteson

Name: Jason G. Otteson
Title: President

EXHIBIT 2.2

AMENDED AND RESTATED BYLAWS OF SPORTAN UNITED INDUSTRIES, INC. a Texas corporation

ARTICLE 1.

DEFINITIONS

1.1 Definitions. Unless the context clearly requires otherwise, in these Bylaws:

(a) "Board" means the board of directors of the Company.

(b) "Bylaws" means these bylaws as adopted by the Board and includes amendments subsequently adopted by the Board or by the Stockholders.

(c) "Articles of Incorporation" means the Articles of Incorporation of Sportan United Industries, Inc., as filed with the Secretary of State of the State of Texas and includes all amendments thereto and restatements thereof subsequently filed.

(d) "Company" means Sportan United Industries, Inc., a Texas corporation.

(e) "Section" refers to sections of these Bylaws.

(f) "Stockholder" means stockholders of record of the Company.

1.2 Offices. The title of an office refers to the person or persons who at any given time perform the duties of that particular office for the Company.

ARTICLE 2.

OFFICES

2.1 Principal Office. The Company may locate its principal office within or without the state of incorporation as the Board may determine.

2.2 Registered Office. The registered office of the Company required by law to be maintained in the state of incorporation may be, but need not be, the same as the principal place of business of the Company. The Board may change the address of the registered office from time to time.

2.3 Other Offices. The Company may have offices at such other places, either within or without the state of incorporation, as the Board may designate or as the business of the Company may require from time to time.

ARTICLE 3.

MEETINGS OF STOCKHOLDERS

3.1 Annual Meetings. The Stockholders of the Company shall hold their annual meetings for the purpose of electing directors and for the transaction of such other proper business as may come before such meetings at such time, date and place as the Board shall determine by resolution.

3.2 Special Meetings. The Board, the Chairman of the Board, the President or a committee of the Board duly designated and whose powers and authority include the power to call meetings may call special meetings of the Stockholders of the Company at any time for any purpose or purposes. Special meetings of the Stockholders of the Company may also be called by the holders of at least 30% of all shares entitled to vote at the proposed special meeting.

3.3 Place of Meetings. The Stockholders shall hold all meetings at such places, within or without the State of Texas, as the Board or a committee of the Board shall specify in the notice or waiver of notice for such meetings.

3.4 Notice of Meetings. Except as otherwise required by law, the Board or a committee of the Board shall give notice of each meeting of Stockholders, whether annual or special, not less than 10 nor more than 50 days before the date of the meeting. The Board or a committee of the Board shall deliver a notice to each Stockholder entitled to vote at such meeting by delivering a typewritten or printed notice thereof to him personally, or by depositing such notice in the United States mail, in a postage prepaid envelope, directed to him at his address as it appears on the records of the Company, or by transmitting a notice thereof to him at such address by telegraph, telecopy, cable or wireless. If mailed, notice is given on the date deposited in the United States mail, postage prepaid, directed to the Stockholder at his address as it appears on the records of the Company. An affidavit of the Secretary or an Assistant Secretary or of the Transfer Agent of the Company that he has given notice shall constitute, in the absence of fraud, prima facie evidence of the facts stated therein.

Every notice of a meeting of the Stockholders shall state the place, date and hour of the meeting and, in the case of a special meeting, also shall state the purpose or purposes of the meeting. Furthermore, if the Company will maintain the list at a place other than where the meeting will take place, every notice of a meeting of the Stockholders shall specify where the Company will maintain the list of Stockholders entitled to vote at the meeting.

3.5 Stockholder Notice. Subject to the Articles of Incorporation, the Stockholders who intend to nominate persons to the Board of Directors or propose any other action at an annual meeting of Stockholders must timely notify

the Secretary of the Company of such intent. To be timely, a Stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Company not less than 50 days nor more than 90 days prior to the date of such meeting; provided, however, that in the event that less than 75 days' notice of the date of the meeting is given or made to Stockholders, notice by the Stockholder to be timely must be received not later than the close of business on the 15th day following the date on which such notice of the date of the annual meeting was mailed. Such notice must be in writing and must include a

(i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the meeting; (ii) the name and record address of the Stockholder proposing such business; (iii) the class, series and number of shares of capital stock of the Company which are beneficially owned by the Stockholder; and (iv) any material interest of the Stockholder in such business. The Board of Directors reserves the right to refuse to submit any such proposal to stockholders at an annual meeting if, in its judgment, the information provided in the notice is inaccurate or incomplete.

3.6 Waiver of Notice. Whenever these Bylaws require written notice, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall constitute the equivalent of notice. Attendance of a person at any meeting shall constitute a waiver of notice of such meeting, except when the person attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. No written waiver of notice need specify either the business to be transacted at, or the purpose or purposes of any regular or special meeting of the Stockholders, directors or members of a committee of the Board.

3.7 Adjournment of Meeting. When the Stockholders adjourn a meeting to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Stockholders may transact any business which they may have transacted at the original meeting. If the adjournment is for more than 30 days or, if after the adjournment, the Board or a committee of the Board fixes a new record date for the adjourned meeting, the Board or a committee of the Board shall give notice of the adjourned meeting to each Stockholder of record entitled to vote at the meeting.

3.8 Quorum. Except as otherwise required by law, the holders of a majority of all of the shares of the stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum for all purposes at any meeting of the Stockholders. In the absence of a quorum at any meeting or any adjournment thereof, the holders of a

majority of the shares of stock entitled to vote who are present, in person or by proxy, or, in the absence thereof of all the Stockholders, any officer entitled to preside at, or to act as secretary of, such meeting may adjourn such meeting to another place, date or time.

If the chairman of the meeting gives notice of any adjourned special meeting of Stockholders to all Stockholders entitled to vote thereat, stating that the minimum percentage of stockholders for a quorum as provided by Texas law shall constitute a quorum, then, except as otherwise required by law, that percentage at such adjourned meeting shall constitute a quorum and a majority of the votes cast at such meeting shall determine all matters.

3.9 Organization. Such person as the Board may have designated or, in the absence of such a person, the highest ranking officer of the Company who is present shall call to order any meeting of the Stockholders, determine the presence of a quorum, and act as chairman of the meeting. In the absence of the Secretary or an Assistant Secretary of the Company, the chairman shall appoint someone to act as the secretary of the meeting.

3.10 Conduct of Business. The chairman of any meeting of Stockholders shall determine the order of business and the procedure at the meeting, including such regulations of the manner of voting and the conduct of discussion as he deems in order.

3.11 List of Stockholders. At least 10 days before every meeting of Stockholders, the Secretary shall prepare a list of the Stockholders entitled to vote at the meeting or any adjournment thereof, arranged in alphabetical order, showing the address of each Stockholder and the number of shares registered in the name of each Stockholder. The Company shall make the list available for examination by any Stockholder for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting will take place or at the place designated in the notice of the meeting.

The Secretary shall produce and keep the list at the time and place of the meeting during the entire duration of the meeting, and any Stockholder who is present may inspect the list at the meeting. The list shall constitute presumptive proof of the identity of the Stockholders entitled to vote at the meeting and the number of shares each Stockholder holds.

A determination of Stockholders entitled to vote at any meeting of Stockholders pursuant to this Section shall apply to any adjournment thereof.

3.12 Fixing of Record Date. For the purpose of determining Stockholders entitled to notice of or to vote at any meeting of Stockholders or any adjournment thereof, or Stockholders entitled to receive payment of any dividend, or in order to make a determination of Stockholders for any other proper purpose, the Board or a committee of the Board may fix in advance a date as the record date for any such determination of Stockholders. However, the Board shall not fix such date, in any case, more than 50 days nor less than 10 days prior to the date of the particular action.

If the Board or a committee of the Board does not fix a record date for the determination of Stockholders entitled to notice of or to vote at a meeting of Stockholders, the record date shall be at the close of business on the day next preceding the day on which notice is given or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held or the date on which the Board adopts the resolution declaring a dividend.

3.13 Voting of Shares. Each Stockholder shall have one vote for every share of stock having voting rights registered in his name on the record date for the meeting. The Company shall not have the right to vote treasury stock of the Company, nor shall another corporation have the right to vote its stock of the Company if the Company holds, directly or indirectly, a majority of the shares entitled to vote in the election of directors of such other corporation. Persons holding stock of the Company in a fiduciary capacity shall have the right to vote such stock. Persons who have pledged their stock of the Company shall have the right to vote such stock unless in the transfer on the books of the Company the pledgor expressly empowered the pledgee to vote such stock. In that event, only the pledgee, or his proxy, may represent such stock and vote thereon.

A plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote shall determine all elections and, except when the law or Articles of Incorporation requires otherwise, the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote shall determine all other matters.

Where a separate vote by a class or classes is required, a majority of the outstanding shares of such class or classes, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter and the affirmative vote of the majority of shares of such class or classes present in person or represented by proxy at the meeting shall be the act of such class.

The Stockholders may vote by voice vote on all matters. Upon demand by a Stockholder entitled to vote, or his proxy, the Stockholders shall vote by ballot. In that event, each ballot shall state the name of the Stockholder or proxy voting, the number of shares voted and such other information as the Company may require under the procedure established for the meeting.

3.14 Inspectors. At any meeting in which the Stockholders vote by ballot, the chairman may appoint one or more inspectors. Each inspector shall take and sign an oath to execute the duties of inspector at such meeting faithfully, with strict impartiality, and according to the best of his ability. The inspectors shall ascertain the number of shares outstanding and the voting power of each; determine the shares represented at a meeting and the validity of proxies and ballots; count all votes and ballots; determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors; and certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The certification required herein shall take the form of a subscribed, written report prepared by the inspectors and delivered to the Secretary of the Company. An inspector need not be a Stockholder of the Company, and any officer of the Company may be an inspector on any question other than a vote for or against a proposal in which he has a material interest.

3.15 Proxies. A Stockholder may exercise any voting rights in person or by his proxy appointed by an instrument in writing, which he or his authorized attorney-in-fact has subscribed and which the proxy has delivered to the secretary of the meeting pursuant to the manner prescribed by law.

A proxy is not valid after the expiration of 13 months after the date of its execution, unless the person executing it specifies thereon the length of time for which it is to continue in force (which length may exceed 12 months) or limits its use to a particular meeting. Each proxy is irrevocable if it expressly states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power.

The attendance at any meeting of a Stockholder who previously has given a proxy shall not have the effect of revoking the same unless he notifies the Secretary in writing prior to the voting of the proxy.

3.16 Action by Consent. Any action required to be taken at any annual or special meeting of stockholders of the Company or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that

would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Company by delivery to its registered office, its principal place of business, or an officer or agent of the Company having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Company's registered office shall be by hand or by certified or registered mail, return receipt requested.

Every written consent shall bear the date of signature of each stockholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, within 50 days of the earliest dated consent delivered in the manner required by this section to the Company, written consents signed by a sufficient number of holders to take action are delivered to the Company by delivery to its registered office, its principal place of business or an officer or agent of the Company having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Company's registered office shall be by hand or by certified or registered mail, return receipt requested.

Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE 4.

BOARD OF DIRECTORS

4.1 General Powers. The Board shall manage the property, business and affairs of the Company.

4.2 Number. The number of directors who shall constitute the Board shall equal not less than two nor more than 10, as the Board may determine by resolution from time to time.

4.3 Election of Directors and Term of Office. The Stockholders of the Company shall elect the directors at the annual or adjourned annual meeting (except as otherwise provided herein for the filling of vacancies). Each director shall hold office until his death, resignation, retirement, removal, or disqualification, or until his successor shall have been elected and qualified.

4.4 Resignations. Any director of the Company may resign at any time by giving written notice to the Board or to the Secretary of the Company. Any resignation shall take effect upon receipt or at the time specified in the notice. Unless the notice specifies otherwise, the effectiveness of the resignation shall not depend upon its acceptance.

4.5 Removal. Stockholders holding a majority of the outstanding shares entitled to vote at an election of directors may remove any director or the entire Board of Directors at any time, with or without cause.

4.6 Vacancies. A majority of the remaining directors, although less than a quorum, or a sole remaining director may fill any vacancy on the Board, whether because of death, resignation, disqualification, an increase in the number of directors, or any other cause. Any director elected to fill a vacancy shall hold office until his death, resignation, retirement, removal, or disqualification, or until his successor shall have been elected and qualified.

4.7 Chairman of the Board. At the initial and annual meeting of the Board, the directors may elect from their number a Chairman of the Board of Directors. The Chairman shall preside at all meetings of the Board and shall perform such other duties as the Board may direct. The Board also may elect a Vice Chairman and other officers of the Board, with such powers and duties as the Board may designate from time to time.

4.8 Compensation. The Board may compensate directors for their services and may provide for the payment of all expenses the directors incur by attending meetings of the Board or otherwise.

ARTICLE 5.

MEETINGS OF DIRECTORS

5.1 Regular Meetings. The Board may hold regular meetings at such places, dates and times as the Board shall establish by resolution. If any day fixed for a meeting falls on a legal holiday, the Board shall hold the meeting at the same place and time on the next succeeding business day. The Board need not give notice of regular meetings.

5.2 Place of Meetings. The Board may hold any of its meetings in or out of the State of Texas, at such places as the Board may designate, at such places as the notice or waiver of notice of any such meeting may designate, or at such places as the persons calling the meeting may designate.

5.3 Meetings by Telecommunications. The Board or any committee of the Board may hold meetings by means of conference telephone or similar telecommunications equipment that enable all persons participating in the meeting to hear each other. Such participation shall constitute presence in person at such meeting.

5.4 Special Meetings. The Chairman of the Board, the President, or one-half of the directors then in office may call a special meeting of the Board. The person or persons authorized to call special meetings of the Board may fix any place, either in or out of the State of Texas as the place for the meeting.

5.5 Notice of Special Meetings. The person or persons calling a special meeting of the Board shall give written notice to each director of the time, place, date and purpose of the meeting of not less than three business days if by mail and not less than 24 hours if by telegraph or in person before the date of the meeting. If mailed, notice is given on the date deposited in the United States mail, postage prepaid, to such director. A director may waive notice of any special meeting, and any meeting shall constitute a legal meeting without notice if all the directors are present or if those not present sign either before or after the meeting a written waiver of notice, a consent to such meeting, or an approval of the minutes of the meeting. A notice or waiver of notice need not specify the purposes of the meeting or the business which the Board will transact at the meeting.

5.6 Waiver by Presence. Except when expressly for the purpose of objecting to the legality of a meeting, a director's presence at a meeting shall constitute a waiver of notice of such meeting.

5.7 Quorum. A majority of the directors then in office shall constitute a quorum for all purposes at any meeting of the Board. In the absence of a quorum, a majority of directors present at any meeting may adjourn the meeting to another place, date or time without further notice. No proxies shall be given by directors to any person for purposes of voting or establishing a quorum at a directors meetings.

5.8 Conduct of Business. The Board shall transact business in such order and manner as the Board may determine. Except as the law requires otherwise, the Board shall determine all matters by the vote of a majority of the directors present at a meeting at which a quorum is present. The directors shall act as a Board, and the individual directors shall have no power as such.

5.9 Action by Consent. The Board or a committee of the Board may take any required or permitted action without a meeting if all members of the Board or committee consent thereto in writing and file such consent with the minutes of the proceedings of the Board or committee.

ARTICLE 6.

COMMITTEES

6.1 Committees of the Board. The Board may designate, by a vote of a majority of the directors then in office, committees of the Board. The committees shall serve at the pleasure of the Board and shall possess such lawfully delegable powers and duties as the Board may confer.

6.2 Selection of Committee Members. The Board shall elect by a vote of a majority of the directors then in office a director or directors to serve as the member or members of a committee. By the same vote, the Board may designate other directors as alternate members who may replace any absent or disqualified member at any meeting of a committee. In the absence or disqualification of any member of any committee and any alternate member in his place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he or they constitute a quorum, may appoint by unanimous vote another member of the Board to act at the meeting in the place of the absent or disqualified member.

6.3 Conduct of Business. Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as the law or these Bylaws require otherwise. Each committee shall make adequate provision for notice of all meetings to members. A majority of the members of the committee shall constitute a quorum, unless the committee consists of one or two members. In that event, one member shall constitute a quorum. A majority vote of the members present shall determine all matters. A committee may take action without a meeting if all the members of the committee consent in writing and file the consent or consents with the minutes of the proceedings of the committee.

6.4 Authority. Any committee, to the extent the Board provides, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Company, and may authorize the affixation of the Company's seal to all instruments which may require or permit it. However, no committee shall have any power or authority with regard to amending the Articles of Incorporation, adopting an agreement of merger or consolidation, recommending to the Stockholders the sale, lease or exchange of all or substantially all of the Company's property and assets, recommending to the Stockholders a dissolution of the Company or a revocation of a dissolution of the Company, or amending these Bylaws of the Company. Unless a resolution of the Board expressly provides, no committee shall have the power or authority to declare a dividend, to authorize the issuance of stock, or to adopt a certificate of ownership and merger.

6.5 Minutes. Each committee shall keep regular minutes of its proceedings and report the same to the Board when required.

ARTICLE 7.

OFFICERS

7.1 Officers of the Company. The officers of the Company shall consist of a Chief Executive Officer, a President, a Chief Financial Officer, a Secretary and such Vice Presidents, Assistant Secretaries, Assistant Treasurers, and other officers as the Board may designate and elect from time to time. The same person may hold at the same time any two or more offices, except the offices of President and Secretary.

7.2 Election and Term. The Board shall elect the officers of the Company. Each officer shall hold office until his death, resignation, retirement, removal or disqualification, or until his successor shall have been elected and qualified.

7.3 Compensation of Officers. The Board shall fix the compensation of all officers of the Company. No officer shall serve the Company in any other capacity and receive compensation, unless the Board authorizes the additional compensation.

7.4 Removal of Officers and Agents. The Board may remove any officer or agent it has elected or appointed at any time, with or without cause.

7.5 Resignation of Officers and Agents. Any officer or agent the Board has elected or appointed may resign at any time by giving written notice to the Board, the Chairman of the Board, the President, or the Secretary of the Company. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified. Unless otherwise specified in the notice, the Board need not accept the resignation to make it effective.

7.6 Bond. The Board may require by resolution any officer, agent, or employee of the Company to give bond to the Company, with sufficient sureties conditioned on the faithful performance of the duties of his respective office or agency. The Board also may require by resolution any officer, agent or employee to comply with such other conditions as the Board may require from time to time.

7.7 President. The President shall be the chief operating officer of the Company and, subject to the Board's control, shall supervise and direct all of the business and affairs of the Company. When present, he shall sign (with or without the Secretary, an Assistant Secretary, or any other officer or agent of the Company which the Board has authorized) deeds, mortgages, bonds, contracts or other instruments which the Board has authorized an officer or agent of the Company to execute. However, the President shall not sign any instrument which the law, these Bylaws,

or the Board expressly require some other officer or agent of the Company to sign and execute. In general, the President shall perform all duties incident to the office of President and such other duties as the Board may prescribe from time to time.

7.8 Vice Presidents. In the absence of the President or in the event of his death, inability or refusal to act, the Vice Presidents in the order of their length of service as Vice Presidents, unless the Board determines otherwise, shall perform the duties of the President. When acting as the President, a Vice President shall have all the powers and restrictions of the Presidency. A Vice President shall perform such other duties as the President or the Board may assign to him from time to time.

7.9 Secretary. The Secretary shall (a) keep the minutes of the meetings of the Stockholders and of the Board in one or more books for that purpose, (b) give all notices which these Bylaws or the law requires, (c) serve as custodian of the records and seal of the Company, (d) affix the seal of the corporation to all documents which the Board has authorized execution on behalf of the Company under seal, (e) maintain a register of the address of each Stockholder of the Company, (f) sign, with the President, a Vice President, or any other officer or agent of the Company which the Board has authorized, certificates for shares of the Company, (g) have charge of the stock transfer books of the Company, and (h) perform all duties which the President or the Board may assign to him from time to time.

7.10 Assistant Secretaries. In the absence of the Secretary or in the event of his death, inability or refusal to act, the Assistant Secretaries in the order of their length of service as Assistant Secretary, unless the Board determines otherwise, shall perform the duties of the Secretary. When acting as the Secretary, an Assistant Secretary shall have the powers and restrictions of the Secretary. An Assistant Secretary shall perform such other duties as the President, Secretary or Board may assign from time to time.

7.11 Treasurer. The Treasurer shall (a) have responsibility for all funds and securities of the Company, (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, (c) deposit all moneys in the name of the Company in depositories which the Board selects, and (d) perform all of the duties which the President or the Board may assign to him from time to time.

7.12 Assistant Treasurers. In the absence of the Treasurer or in the event of his death, inability or refusal to act, the Assistant Treasurers in the order of their length of service as Assistant Treasurer, unless the Board determines otherwise, shall perform the duties of the Treasurer. When acting as the Treasurer, an Assistant Treasurer shall have

the powers and restrictions of the Treasurer. An Assistant Treasurer shall perform such other duties as the Treasurer, the President, or the Board may assign to him from time to time.

7.13 Delegation of Authority. Notwithstanding any provision of these Bylaws to the contrary, the Board may delegate the powers or duties of any officer to any other officer or agent.

7.14 Action with Respect to Securities of Other Corporations. Unless the Board directs otherwise, the President shall have the power to vote and otherwise act on behalf of the Company, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other corporation in which the Company holds securities. Furthermore, unless the Board directs otherwise, the President shall exercise any and all rights and powers which the Company possesses by reason of its ownership of securities in another corporation.

7.15 Vacancies. The Board may fill any vacancy in any office because of death, resignation, removal, disqualification or any other cause in the manner which these Bylaws prescribe for the regular appointment to such office.

ARTICLE 8.

CONTRACTS, LOANS, DRAFTS, DEPOSITS AND ACCOUNTS

8.1 Contracts. The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Company. The Board may make such authorization general or special.

8.2 Loans. Unless the Board has authorized such action, no officer or agent of the Company shall contract for a loan on behalf of the Company or issue any evidence of indebtedness in the Company's name.

8.3 Drafts. The President, any Vice President, the Treasurer, any Assistant Treasurer, and such other persons as the Board shall determine shall issue all checks, drafts and other orders for the payment of money, notes and other evidences of indebtedness issued in the name of or payable by the Company.

8.4 Deposits. The Treasurer shall deposit all funds of the Company not otherwise employed in such banks, trust companies, or other depositories as the Board may select or as any officer, assistant, agent or attorney of the Company to whom the Board has delegated such power may select. For the purpose of deposit and collection for the account of the Company, the President or the Treasurer (or any other officer, assistant, agent or attorney of the

Company whom the Board has authorized) may endorse, assign and deliver checks, drafts and other orders for the payment of money payable to the order of the Company.

8.5 General and Special Bank Accounts. The Board may authorize the opening and keeping of general and special bank accounts with such banks, trust companies, or other depositories as the Board may select or as any officer, assistant, agent or attorney of the Company to whom the Board has delegated such power may select. The Board may make such special rules and regulations with respect to such bank accounts, not inconsistent with the provisions of these Bylaws, as it may deem expedient.

ARTICLE 9.

CERTIFICATES FOR SHARES AND THEIR TRANSFER

9.1 Certificates for Shares. Every owner of stock of the Company shall have the right to receive a certificate or certificates, certifying to the number and class of shares of the stock of the Company which he owns. The Board shall determine the form of the certificates for the shares of stock of the Company. The Secretary, transfer agent, or registrar of the Company shall number the certificates representing shares of the stock of the Company in the order in which the Company issues them. The President or any Vice President and the Secretary or any Assistant Secretary shall sign the certificates in the name of the Company. Any or all certificates may contain facsimile signatures. In case any officer, transfer agent, or registrar who has signed a certificate, or whose facsimile signature appears on a certificate, ceases to serve as such officer, transfer agent, or registrar before the Company issues the certificate, the Company may issue the certificate with the same effect as though the person who signed such certificate, or whose facsimile signature appears on the certificate, was such officer, transfer agent, or registrar at the date of issue. The Secretary, transfer agent, or registrar of the Company shall keep a record in the stock transfer books of the Company of the names of the persons, firms or corporations owning the stock represented by the certificates, the number and class of shares represented by the certificates and the dates thereof and, in the case of cancellation, the dates of cancellation. The Secretary, transfer agent, or registrar of the Company shall cancel every certificate surrendered to the Company for exchange or transfer. Except in the case of a lost, destroyed, stolen or mutilated certificate, the Secretary, transfer agent, or registrar of the Company shall not issue a new certificate in exchange for an existing certificate until he has cancelled the existing certificate.

9.2 Transfer of Shares. A holder of record of shares of the Company's stock, or his attorney-in-fact authorized by power of attorney duly executed and filed with the Secretary, transfer agent or registrar of the Company, may transfer his shares only on the stock transfer books of the Company. Such person shall furnish to the Secretary, transfer agent, or registrar of the Company proper evidence of his authority to make the transfer and shall properly endorse and surrender for cancellation his existing certificate or certificates for such shares. Whenever a holder of record of shares of the Company's stock makes a transfer of shares for collateral security, the Secretary, transfer agent, or registrar of the Company shall state such fact in the entry of transfer if the transferor and the transferee request.

9.3 Lost Certificates. The Board may direct the Secretary, transfer agent, or registrar of the Company to issue a new certificate to any holder of record of shares of the Company's stock claiming that he has lost such certificate, or that someone has stolen, destroyed or mutilated such certificate, upon the receipt of an affidavit from such holder to such fact. When authorizing the issue of a new certificate, the Board, in its discretion may require as a condition precedent to the issuance that the owner of such certificate give the Company a bond of indemnity in such form and amount as the Board may direct.

9.4 Regulations. The Board may make such rules and regulations, not inconsistent with these Bylaws, as it deems expedient concerning the issue, transfer and registration of certificates for shares of the stock of the corporation. The Board may appoint or authorize any officer or officers to appoint one or more transfer agents, or one or more registrars, and may require all certificates for stock to bear the signature or signatures of any of them.

9.5 Holder of Record. The Company may treat as absolute owners of shares the person in whose name the shares stand of record as if that person had full competency, capacity and authority to exercise all rights of ownership, despite any knowledge or notice to the contrary or any description indicating a representative, pledge or other fiduciary relation, or any reference to any other instrument or to the rights of any other person appearing upon its record or upon the share certificate. However, the Company may treat any person furnishing proof of his appointment as a fiduciary as if he were the holder of record of the shares.

9.6 Treasury Shares. Treasury shares of the Company shall consist of shares which the Company has issued and thereafter acquired but not canceled. Treasury shares shall not carry voting or dividend rights.

ARTICLE 10.

INDEMNIFICATION

10.1 Definitions. In this Article:

(a) "Indemnatee" means (i) any present or former Director, advisory director or officer of the Company, (ii) any person who while serving in any of the capacities referred to in clause (i) hereof served at the Company's request as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, and (iii) any person nominated or designated by (or pursuant to authority granted by) the Board of Directors or any committee thereof to serve in any of the capacities referred to in clauses

(i) or (ii) hereof .

(b) "Official Capacity" means (i) when used with respect to a Director, the office of Director of the Company, and (ii) when used with respect to a person other than a Director, the elective or appointive office of the Company held by such person or the employment or agency relationship undertaken by such person on behalf of the Company, but in each case does not include service for any other foreign or domestic corporation or any partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise.

(c) "Proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitral or investigative, any appeal in such an action, suit or proceeding, and any inquiry or investigation that could lead to such an action, suit or proceeding.

10.2 Indemnification. The Company shall indemnify every Indemnatee against all judgments, penalties (including excise and similar taxes), fines, amounts paid in settlement and reasonable expenses actually incurred by the Indemnatee in connection with any Proceeding in which he was, is or is threatened to be named defendant or respondent, or in which he was or is a witness without being named a defendant or respondent, by reason, in whole or in part, of his serving or having served, or having been nominated or designated to serve, in any of the capacities referred to in Section 10.1, if it is determined in accordance with Section 10.4 that the Indemnatee (a) conducted himself in good faith, (b) reasonably believed, in the case of conduct in his Official Capacity, that his conduct was in the Company's best interests and, in all other cases, that his conduct was at least not opposed to the Company's best interests, and (c) in the case of

any criminal proceeding, had no reasonable cause to believe that his conduct was unlawful; provided, however, that in the event that an Indemnatee is found liable to the Company or is found liable on the basis that personal benefit was improperly received by the Indemnatee the indemnification (i) is limited to reasonable expenses actually incurred by the Indemnatee in connection with the Proceeding and (ii) shall not be made in respect of any Proceeding in which the Indemnatee shall have been found liable for willful or intentional misconduct in the performance of his duty to the Company. Except as provided in the immediately preceding proviso to the first sentence of this Section 10.2, no indemnification shall be made under this Section 10.2 in respect of any Proceeding in which such Indemnatee shall have been (x) found liable on the basis that personal benefit was improperly received by him, whether or not the benefit resulted from an action taken in the Indemnatee's Official Capacity, or

(y) found liable to the Company. The termination of any Proceeding by judgment, order, settlement or conviction, or on a plea of nolo contendere or its equivalent, is not of itself determinative that the Indemnatee did not meet the requirements set forth in clauses (a), (b) or (c) in the first sentence of this

Section 10.2. An Indemnatee shall be deemed to have been found liable in respect of any claim, issue or matter only after the Indemnatee shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom. Reasonable expenses shall, include, without limitation, all court costs and all fees and disbursements of attorneys for the Indemnatee. The indemnification provided herein shall be applicable whether or not negligence or gross negligence of the Indemnatee is alleged or proven.

10.3 Successful Defense. Without limitation of Section 10.2 and in addition to the indemnification provided for in Section 10.2, the Company shall indemnify every Indemnatee against reasonable expenses incurred by such person in connection with any Proceeding in which he is a witness or a named defendant or respondent because he served in any of the capacities referred to in Section 10.1, if such person has been wholly successful, on the merits or otherwise, in defense of the Proceeding.

10.4 Determinations. Any indemnification under Section 10.2 (unless ordered by a court of competent jurisdiction) shall be made by the Company only upon a determination that indemnification of the Indemnatee is proper in the circumstances because he has met the applicable standard of conduct. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of Directors who, at the time of such vote, are not named defendants or respondents in the Proceeding; (b) if such a quorum cannot be obtained, then by a majority vote of a committee of the Board of Directors, duly designated to act in the matter by a majority vote of all Directors (in

which designated Directors who are named defendants or respondents in the Proceeding may participate), such committee to consist solely of two (2) or more Directors who, at the time of the committee vote, are not named defendants or respondents in the Proceeding; (c) by special legal counsel selected by the Board of Directors or a committee thereof by vote as set forth in clauses (a) or (b) of this Section 10.4 or, if the requisite quorum of all of the Directors cannot be obtained therefor and such committee cannot be established, by a majority vote of all of the Directors (in which Directors who are named defendants or respondents in the Proceeding may participate); or (d) by the shareholders in a vote that excludes the shares held by Directors that are named defendants or respondents in the Proceeding. Determination as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination that indemnification is permissible is made by special legal counsel, determination as to reasonableness of expenses must be made in the manner specified in clause (c) of the preceding sentence for the selection of special legal counsel. In the event a determination is made under this Section 10.4 that the Indemnitee has met the applicable standard of conduct as to some matters but not as to others, amounts to be indemnified may be reasonably prorated.

10.5 Advancement of Expenses. Reasonable expenses (including court costs and attorneys' fees) incurred by an Indemnitee who was or is a witness or was, is or is threatened to be made a named defendant or respondent in a Proceeding shall be paid by the Company at reasonable intervals in advance of the final disposition of such Proceeding, and without making any of the determinations specified in Section 10.4, after receipt by the Company of (a) a written affirmation by such Indemnitee of his good faith belief that he has met the standard of conduct necessary for indemnification by the Company under this Article and (b) a written undertaking by or on behalf of such Indemnitee to repay the amount paid or reimbursed by the Company if it shall ultimately be determined that he is not entitled to be indemnified by the Company as authorized in this Article. Such written undertaking shall be an unlimited obligation of the Indemnitee but need not be secured and it may be accepted without reference to financial ability to make repayment. Notwithstanding any other provision of this Article, the Company may pay or reimburse expenses incurred by an Indemnitee in connection with his appearance as a witness or other participation in a Proceeding at a time when he is not named a defendant or respondent in the Proceeding.

10.6 Employee Benefit Plans. For purposes of this Article, the Company shall be deemed to have requested an Indemnitee to serve an employee benefit plan whenever the performance by him of his duties to the Company also

imposes duties on or otherwise involves services by him to the plan or participants or beneficiaries of the plan. Excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall be deemed fines. Action taken or omitted by an Indemnitee with respect to an employee benefit plan in the performance of his duties for a purpose reasonably believed by him to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Company.

10.7 Other Indemnification and Insurance. The indemnification provided by this Article shall (a) not be deemed exclusive of, or to preclude, any other rights to which those seeking indemnification may at any time be entitled under the Company's Articles of Incorporation, any law, agreement or vote of shareholders or disinterested Directors, or otherwise, or under any policy or policies of insurance purchased and maintained by the Company on behalf of any Indemnitee, both as to action in his Official Capacity and as to action in any other capacity, (b) continue as to a person who has ceased to be in the capacity by reason of which he was an Indemnitee with respect to matters arising during the period he was in such capacity, (c) inure to the benefit of the heirs, executors and administrators of such a person and (d) not be required if and to the extent that the person otherwise entitled to payment of such amounts hereunder has actually received payment therefor under any insurance policy, contract or otherwise.

10.8 Notice. Any indemnification of or advance of expenses to an Indemnitee in accordance with this Article shall be reported in writing to the shareholders of the Company with or before the notice or waiver of notice of the next shareholders' meeting or with or before the next submission to shareholders of a consent to action without a meeting and, in any case, within the 12-month period immediately following the date of the indemnification or advance.

10.9 Construction. The indemnification provided by this Article shall be subject to all valid and applicable laws, including, without limitation, Article 2.02-1 of the Texas Business Company Act, and, in the event this Article or any of the provisions hereof or the indemnification contemplated hereby are found to be inconsistent with or contrary to any such valid laws, the latter shall be deemed to control and this Article shall be regarded as modified accordingly, and, as so modified, to continue in full force and effect.

10.10 Continuing Offer, Reliance, etc. The provisions of this Article (a) are for the benefit of, and may be enforced by, each Indemnitee of the Company, the same as if set forth in their entirety in a written instrument duly executed and delivered by the Company and such Indemnitee and (b) constitute a continuing offer to all present and

future Indemnitees. The Company, by its adoption of these Bylaws, (x) acknowledges and agrees that each Indemnatee of the Company has relied upon and will continue to rely upon the provisions of this Article in becoming, and serving in any of the capacities referred to in Section 10.1(a) of this Article, (y) waives reliance upon, and all notices of acceptance of, such provisions by such Indemnitees and (z) acknowledges and agrees that no present or future Indemnatee shall be prejudiced in his right to enforce the provisions of this Article in accordance with their terms by any act or failure to act on the part of the Company.

10.11 Effect of Amendment. No amendment, modification or repeal of this Article or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitees to be indemnified by the Company, nor the obligation of the Company to indemnify any such Indemnitees, under and in accordance with the provisions of the Article as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

ARTICLE 11.

TAKEOVER OFFERS

In the event the Company receives a takeover offer, the Board of Directors shall consider all relevant factors in evaluating such offer, including, but not limited to, the terms of the offer, and the potential economic and social impact of such offer on the Company's stockholders, employees, customers, creditors and community in which it operates.

ARTICLE 12.

NOTICES

12.1 General. Whenever these Bylaws require notice to any Stockholder, director, officer or agent, such notice does not mean personal notice. A person may give effective notice under these Bylaws in every case by depositing a writing in a post office or letter box in a postpaid, sealed wrapper, or by dispatching a prepaid telegram addressed to such Stockholder, director, officer or agent at his address on the books of the Company. Unless these Bylaws expressly provide to the contrary, the time when the person sends notice shall constitute the time of the giving of notice.

12.2 Waiver of Notice. Whenever the law or these Bylaws require notice, the person entitled to said notice may waive such notice in writing, either before or after the time stated therein.

ARTICLE 13.

MISCELLANEOUS

13.1 Facsimile Signatures. In addition to the use of facsimile signatures which these Bylaws specifically authorize, the Company may use such facsimile signatures of any officer or officers, agents or agent, of the Company as the Board or a committee of the Board may authorize.

13.2 Corporate Seal. The Board may provide for a suitable seal containing the name of the Company, of which the Secretary shall be in charge. The Treasurer, any Assistant Secretary, or any Assistant Treasurer may keep and use the seal or duplicates of the seal if and when the Board or a committee of the Board so directs.

13.3 Fiscal Year. The Board shall have the authority to fix and change the fiscal year of the Company.

ARTICLE 14.

AMENDMENTS

Subject to the provisions of the Articles of Incorporation, the Stockholders or the Board may amend or repeal these Bylaws at any meeting.

The undersigned hereby certifies that the foregoing constitutes a true and correct copy of the Bylaws of the Company as adopted by the Directors on the 3rd day of March, 1999.

Executed as of this 3rd day of March, 1999.

BRIAN E. RODRIGUEZ, Secretary

EXHIBIT 2.3

-----	[STATE SEAL APPEARS HERE]	-----
NUMBER		SHARES
-----	INCORPORATED UNDER THE LAWS OF THE STATE OF	-----
20	TEXAS	
-----		-----
-----		-----

PLAYERS TEXAS SPORTS, INC.

The Corporation is authorized to issue 1,000,000 Common Shares--Par Value \$.10 Each

This Certificate that _____ is the owner of _____ fully paid and non-assessable Shares of the above Corporation transferable only on the books of the Corporation by the holder hereof in person or by duly authorized Attorney upon surrender of this Certificate properly endorsed.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and to be sealed with the Seal of the Corporation.

Dated _____

EXHIBIT 6.1

SPORTAN UNITED INDUSTRIES, INC. 1999 STOCK OPTION PLAN

1. ADOPTION AND PURPOSE

Sportan United Industries, Inc., a Texas corporation (the "Company"), adopted its 1999 Incentive Stock Option Plan for Employees ("Plan") effective March 1, 1999. The purpose of the Plan is to foster and promote the financial success of the Company and materially increase stockholder value by enabling eligible key employees and others to participate in the long-term growth and financial success of the Company. The Plan is intended to provide "incentive stock options" within the meaning of that term under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), as well as non-qualified stock options. Any proceeds of cash or property received by the Company for the sale of Sportan United Industries, Inc. common stock, \$.001 par value (the "Common Stock") pursuant to Options granted under this Plan will be used for general corporate purposes.

2. ADMINISTRATION

2.1 The Plan shall be administered by a committee (the "Compensation Committee") appointed by the Board of Directors of the Company (the "Board") and composed of at least two Board members. The Compensation Committee shall meet the plan administration requirements described under Rule 16b-3(c) promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"), or any similar rule which may subsequently be in effect. Any vacancy on the Compensation Committee shall be filled by the Board.

2.2 Subject to the express provisions of the Plan, the Compensation Committee shall have the sole and complete authority to (i) determine key employees and others to whom awards hereunder shall be granted, (ii) make awards in such form and amounts as it shall determine, (iii) impose such limitations and conditions upon such awards as it shall deem appropriate, (iv) interpret the Plan, prescribe, amend and rescind rules and regulations relating to it, (v) determine the terms and provisions of the respective participants' agreements (which need not be identical), and (vi) make such other determinations as it deems necessary or advisable for the administration of the Plan. The decisions of the Compensation Committee on matters within their jurisdiction under the Plan shall be conclusive and binding on the Company and all other persons. No members of the Board or the Compensation Committee shall be liable for any action taken or determination made in good faith.

2.3 All expenses associated with the Plan shall be paid by the Company or its Subsidiaries.

3. DEFINITIONS

3.1 "Cause" when used in connection with the termination of a Participant's employment with the Company, shall mean the termination of the Participant's employment by the Company by reason of (i) the conviction of the Participant of a crime involving moral turpitude by a court of competent jurisdiction as to which no further appeal can be taken; (ii) the proven commission by the Participant of an act of fraud upon the Company; (iii) the willful and proven misappropriation of any funds or property of the Company by the Participant; (iv) the willful, continued and unreasonable failure by the Participant to perform duties assigned to him and agreed to by him; (v) the knowing engagement by the Participant in any direct, material conflict of interest with the Company without compliance with the Company's conflict of interest policy, if any, then in effect; (vi) the knowing engagement by the Participant, without the written approval of the Board of Directors of the Company, in any activity which competes with the business of the Company or which would result in a material injury to the Company; or (vii) the knowing engagement in any activity which would constitute a material

violation of the provisions of the Company's insider trading policy or business ethics policy, if any, then in effect.

3.2 "Change in Control" shall mean the occurrence of any of the following events:

(i) any Person becomes, after the effective date of this Plan, the "beneficial owner" (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities, unless the Board (as constituted immediately prior to such Change in Control) determines in its sole absolute discretion that no Change in Control has occurred;

(ii) Individuals who constitute the Board on the effective date of the Plan cease, for any reason, to constitute at least a majority of the Board of Directors; provided, however, that any person becoming a director subsequent to the effective date of the Plan who was nominated for election by at least 66 2/3% of the Board as constituted on the effective date of the Plan (other than the nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the Board of Directors, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall be, for purposes of this Plan, considered a member of the Board as constituted on the effective date of the Plan; or

(iii) the Board of Directors determines in its sole and absolute discretion that there has been a Change in Control of the Company.

3.3 "Consultant" shall mean any person who is engaged by the Company or any parent or Subsidiary of the Company to render consulting services and is compensated for such consulting services.

3.4 "Continuous Service" shall mean the absence of any interruption or termination of employment with or service to the Company or any parent or Subsidiary of the Company that now exists or hereinafter is organized or acquires the Company for a period of 12 months. Continuous Service shall not be considered interrupted in the case of sick leave, military leave or any other leave of absence approved by the Company provided that such interruption shall not be longer than 90 consecutive days.

3.5 "Eligible Employee" shall mean an Employee that has provided continuous service to the Company or to any parent or Subsidiary of the Company that now exists or hereafter is organized or acquires the Company.

3.6 "Employee" shall mean any person employed on an hourly or salaried basis by the Company or any parent or Subsidiary of the Company that now exists or hereafter is organized or acquires the Company.

3.7 The "Fair Market Value" of a share of Common Stock on any date shall be (i) the closing sales price on the immediately preceding business day of a share of Common Stock as reported on the principal securities exchange on which shares of Common Stock are then listed or admitted to trading or (ii) if not so reported, the average of the closing bid and asked prices for a share of Common Stock on the immediately preceding business day as quoted on the National Association of Securities Dealers Automated Quotation System ("Nasdaq") or (iii) if not quoted on Nasdaq, the average of the closing bid and asked prices for a share of Common Stock as quoted by the National Quotation Bureau's "Pink Sheets" or the National Association of Securities Dealers' OTC Bulletin Board System. If the price of a share of Common Stock shall not be so reported, the Fair Market Value of a share of Common Stock shall be determined by the Compensation Committee in its absolute discretion. In no event shall the Fair Market Value of any share of Common Stock be less than its par value.

3.8 "Incentive Stock Option" shall mean an Option which is an "incentive stock option" within the meaning of Section 422 of the Code and which is identified as an Incentive Stock Option in the agreement by which it is evidenced.

3.9 "Non-Qualified Stock Option" shall mean an Option which is not an Incentive Stock Option and which is identified as a Non-Qualified Stock Option in the agreement by which it is evidenced.

3.10 "Option" shall mean an Option to purchase shares of Common Stock of the Company granted pursuant to this Plan. Each Option shall be identified either as an Incentive Stock Option or a Non-Qualified Stock Option in the agreement by which it is evidenced.

3.11 "Subsidiary" shall mean a corporation (other than the Company) in which the Company directly or indirectly controls 50% or more of the combined voting power of all stock of that corporation.

4. ELIGIBILITY

The Compensation Committee may grant Options to purchase Common Stock under this Plan to Eligible Employees of the Company or its Subsidiaries, as well as to non-employee directors and Consultants. Employees of the Company, as well as non-employee directors and Consultants who are granted Options pursuant to this Plan shall be referred to as "Participants." The Compensation Committee shall determine, within the provisions of the Plan, those persons to whom, and the times at which, Options shall be granted. In making such determinations, the Compensation Committee may take into account the nature of the services rendered by such person, his or her present and potential contributions to the Company's success, and such other factors as the Compensation Committee in its discretion shall deem relevant. Grants may be made to the same individual on more than one occasion.

5. GRANTING OF OPTIONS

5.1 Powers of the Compensation Committee. The Compensation Committee shall determine, in accordance with the provisions of the Plan, the duration of each Option, the exercise price of each Option, the time or times within which (during the term of the Option) all or portions of each Option may be exercised, and whether cash, Common Stock, or other property may be accepted in full or partial payment upon exercise of an Option.

5.2 Number of Options. As soon as practicable after the date an individual is determined to be eligible under Section 4 hereof, the Compensation Committee may, in its discretion, grant to such person a number of Options determined by the Compensation Committee.

6. COMMON STOCK

Each Option granted under the Plan shall be convertible into one share of Common Stock, unless adjusted in accordance with the provisions of Section 8 hereof. Options may be granted for a number of shares not to exceed, in the aggregate, 1,000,000 shares of Common Stock, subject to adjustment pursuant to Section 8 hereof. For purposes of calculating the maximum number of shares of Common Stock that may be issued under the Plan, (i) all the shares issued (including the shares, if any, withheld for tax withholding requirements) shall be counted when cash is used as full payment for shares issued upon the exercise of an Option, and (ii) shares tendered by a Participant as payment for shares issued upon exercise of an Option shall be available for issuance under the Plan. Upon the exercise of an Option, the Company may deliver either authorized but unissued shares, treasury shares, or any combination thereof. In the event that any Option granted under the Plan expires unexercised, or is surrendered by a Participant for cancellation, or is terminated or ceases to be exercisable for any other reason without having been fully exercised, the Common Stock subject to such Option shall again become available for new Options to be granted under the Plan to any eligible person (including the holder of such former Option) at an exercise price determined in accordance with Section 7.2 hereof, which price may then be greater or less than the exercise price of such former Option. No fractional

shares of Common Stock shall be issued, and the Compensation Committee shall determine the manner in which fractional share value shall be treated.

7. REQUIRED TERMS AND CONDITIONS OF OPTIONS

7.1 Award of Options. The Compensation Committee may, from time to time and subject to the provisions of the Plan and such other terms and conditions as the Compensation Committee may prescribe, grant to any Participant in the Plan one or more Incentive Stock Options or Non-Qualified Stock Options to purchase for cash or shares the number of shares of Common Stock allotted by the Compensation Committee. However, subject to the provisions of Sections 7.4 and 7.5, Incentive Stock Options may be granted only to Eligible Employees. The date an Option is granted shall mean the date selected by the Compensation Committee as of which the Compensation Committee allots a specific number of shares to a Participant pursuant to the Plan.

7.2 Exercise Price. The exercise price of any Non-Qualified Stock Option granted under the Plan shall be such price as the Compensation Committee shall determine on the date on which such Non-Qualified Stock Option is granted; provided, that such price may not be less than 85% of the Fair Market Value of a share of Common Stock on the date the Option is granted. Except as provided in Section 7.4 hereof, the exercise price of any Incentive Stock Option granted under the Plan shall be not less than 100% of the Fair Market Value of a share of Common Stock on the date on which such Incentive Stock Option is granted.

7.3 Term and Exercise. Each Option shall be exercisable on such date or dates, during such period and for such number of shares of Common Stock as shall be determined by the Compensation Committee on the day on which such Option is granted and set forth in the agreement evidencing the Option; provided, however, that (A) no Option shall be exercisable after the expiration of 10 years from the date such Option was granted, and (B) no Incentive Stock Option granted to a 10% shareholder as set forth in Section 7.4 hereof shall be exercisable after the expiration of five years from the date such Incentive Stock Option was granted, and, provided, further, that each Option shall be subject to earlier termination, expiration or cancellation as provided in the Plan. Each Option shall be exercisable in whole or in part with respect to whole shares of Common Stock. The partial exercise of an Option shall not cause the expiration, termination or cancellation of the remaining portion thereof. On the partial exercise of an Option, the agreement evidencing such Option shall be returned to the Participant exercising such Option together with the delivery of the certificates described in Section 7.7 hereof.

7.4 Ten Percent Shareholder. Notwithstanding anything to the contrary in this Plan, Incentive Stock Options may not be granted to any owner of 10% or more of the total combined voting power of the Company and its Subsidiaries unless (i) the exercise price is at least 110% of the Fair Market Value of a share of Common Stock on the date the Option is granted, and (ii) the Option by its terms is not exercisable after the expiration of five years from the date such Incentive Stock Option is granted.

7.5 Maximum Amount of Option Grant. To the extent that the aggregate Fair Market Value (determined on the date the Option is granted) of Common Stock subject to Incentive Stock Options exercisable for the first time by a Participant during any calendar year exceeds \$100,000, such Options shall be treated as Non-Qualified Stock Options.

7.6 Method of Exercise. An Option shall be exercised by delivering notice to the Company's principal office, to the attention of its Secretary, no fewer than five business days in advance of the effective date of the proposed exercise. Such notice shall be accompanied by the agreement evidencing the Option, shall specify the number of shares of Common Stock with respect to which the Option is being exercised and the effective date of the proposed exercise, and shall be signed by the Participant. The Participant may withdraw such notice at any time prior to the close of business on the business day immediately preceding the effective date of the proposed exercise, in which case such agreement

shall be returned to the Participant. Payment for shares of Common Stock purchased upon the exercise of an Option shall be made on the effective date of such exercise either (i) in cash, by certified check, bank cashier's check or wire transfer or (ii) subject to the approval of the Compensation Committee, in shares of Common Stock owned by the Participant and valued at their Fair Market Value on the effective date of such exercise, or partly in shares of Common Stock with the balance in cash, by certified check, bank cashier's check or wire transfer. Any payment in shares of Common Stock shall be effected by the delivery of such shares to the Secretary of the Company, duly endorsed in blank or accompanied by stock powers duly executed in blank, together with any other documents and evidences as the Secretary of the Company shall require from time to time.

7.7 Delivery of Stock Certificates. Certificates for shares of Common Stock purchased on the exercise of an Option shall be issued in the name of the Participant and delivered to the Participant as soon as practicable following the effective date on which the Option is exercised; provided, however, that such delivery shall be effected for all purposes when the stock transfer agent of the Company shall have deposited such certificates in the United States mail, addressed to the Participant.

8. ADJUSTMENTS

8.1 The aggregate number or type of shares of Common Stock with respect to which Options may be granted hereunder, the number or type of shares of Common Stock subject to each outstanding Option, and the exercise price per share for each such Option may all be appropriately adjusted, as the Compensation Committee may determine, for any increase or decrease in the number of shares of issued Common Stock resulting from a subdivision or consolidation of shares whether through reorganization, recapitalization, consolidation, payment of a share dividend, or other similar increase or decrease.

8.2 Subject to any required action by the stockholders, if the Company shall be a party to a transaction involving a sale of substantially all its assets, a merger, or a consolidation, any Option granted hereunder shall pertain to and apply to the securities to which a holder of Common Stock would be entitled to receive as a result of such transaction; provided, however, that all unexercised Options under the Plan may be cancelled by the Company as of the effective date of any such transaction by giving notice to the holders of such Options of its intention to do so, and by permitting the exercise of such Options during the 30-day period immediately after the date such notice is given.

8.3 In the case of dissolution of the Company, every Option outstanding hereunder shall terminate; provided, however, that each Option holder shall have 30 days' prior written notice of such event, during which time he shall have a right to exercise his partly or wholly unexercised Options.

8.4 On the basis of information known to the Company, the Compensation Committee shall make all determinations under this Section 8, including whether a transaction involves a sale of substantially all the Company's assets; and all such determinations shall be conclusive and binding on the Company and all other persons.

8.5 Upon the occurrence of a Change in Control, the Compensation Committee (as constituted immediately prior to the Change in Control) shall determine, in its absolute discretion, whether each Option granted under the Plan and outstanding at such time shall become fully and immediately exercisable and shall remain exercisable until its expiration, termination or cancellation pursuant to the terms of the Plan or whether each such Option shall continue to vest according to its terms.

9. OPTION AGREEMENTS

Each award of Options shall be evidenced by a written agreement, executed by the Participant and the Company, which shall contain such restrictions, terms and conditions as the Compensation Committee may require in accordance with the provisions of this Plan. Option agreements need not be identical. The

certificates evidencing the shares of Common Stock acquired upon exercise of an Option may bear a legend referring to the terms and conditions contained in the respective Option agreement and the Plan, and the Company may place a stop transfer order with its transfer agent against the transfer of such shares. If requested to do so by the Compensation Committee at the time of exercise of an Option, each Participant shall execute a certificate indicating that he is purchasing the Common Stock under such Option for investment and not with any present intention to sell the same.

10. LEGAL AND OTHER REQUIREMENTS

10.1 The Company shall be under no obligation to effect the registration pursuant to the Securities Act of 1933, as amended, of any shares of Common Stock to be issued hereunder or to effect similar compliance under any state laws. Notwithstanding anything herein to the contrary, the Company shall not be obligated to cause to be issued or delivered any certificates evidencing shares of Common Stock pursuant to the Plan unless and until the Company is advised by its counsel that the issuance and delivery of such certificates is in compliance with all applicable laws, regulations of governmental authority and the requirements of any securities exchange on which shares of Common Stock are traded. The Compensation Committee may require, as a condition of the issuance and delivery of certificates evidencing shares of Common Stock pursuant to the terms hereof, that the recipient of such shares make such covenants, agreements and representations, and that such certificates bear such legends, as the Compensation Committee, in its sole discretion, deems necessary or desirable. The exercise of any Option granted hereunder shall only be effective at such time as counsel to the Company shall have determined that the issuance and delivery of shares of Common Stock pursuant to such exercise is in compliance with all applicable laws, regulations of governmental authorities and the requirements of any securities exchange on which shares of Common Stock are traded. The Company may, in its sole discretion, defer the effectiveness of any exercise of an Option granted hereunder in order to allow the issuance of shares of Common Stock pursuant thereto to be made pursuant to registration or an exemption from registration or other methods for compliance available under federal or state securities laws. The Company shall inform the Participant in writing of its decision to defer the effectiveness of the exercise of an Option granted hereunder. During the period that the effectiveness of the exercise of an Option has been deferred, the Participant may, by written notice, withdraw such exercise and obtain the refund of any amount paid with respect thereto.

10.2 With respect to persons subject to Section 16 of the Securities Exchange Act of 1934, as amended ("Exchange Act"), transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the Exchange Act. To the extent any provisions of the Plan or action by the Compensation Committee fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Compensation Committee. Moreover, in the event the Plan does not include a provision required by Rule 16b-3 to be stated therein, such provision (other than one relating to eligibility requirements, or the price and amount of Options) shall be deemed automatically to be incorporated by reference into the Plan insofar as Participants subject to Section 16 are concerned. The Compensation Committee may at any time impose any limitations upon the exercise, delivery and payment of any Option which, in the Compensation Committee's discretion, are necessary in order to comply with Section 16(b) and the rules and regulations thereunder.

10.3 A Participant shall have no rights as a stockholder with respect to any shares covered by an Option, or exercised by him, until the date of delivery of a stock certificate to him for such shares. No adjustment, other than pursuant to Section 8 hereof, shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is delivered.

11. NON-TRANSFERABILITY

During the lifetime of a Participant, any Option granted to him shall be exercisable only by him or by his guardian or legal representative. No Option shall be assignable or transferable, except by will, by the laws of

descent and distribution, or pursuant to certain domestic relations orders. The granting of an Option shall impose no obligation upon the holder thereof to exercise such Option or right.

12. NO CONTRACT OF EMPLOYMENT

The adoption of this Plan or the grant of any Option shall not be construed as giving a Participant the right to continued employment with the Company or any Subsidiary of the Company. Furthermore, the Company or any Subsidiary of the Company may at any time dismiss a Participant from employment, free from any liability or claim under the Plan, unless otherwise expressly provided in the Plan or any Option agreement.

13. EFFECT OF TERMINATION OF EMPLOYMENT

13.1 If the employment or consulting, service or similar relationship of a Participant with the Company shall terminate for any reason other than Cause, "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) or the death of the Participant (a) Options granted to such Participant, to the extent that they were exercisable at the time of such termination, shall remain exercisable until the expiration of one month after such termination, on which date they shall expire, and (b) Options granted to such Participant, to the extent that they were not exercisable at the time of such termination, shall expire at the close of business on the date of such termination; provided, however, that no Option shall be exercisable after the expiration of its term.

13.2 If the employment or consulting, service or similar relationship of a Participant with the Company shall terminate on account of the "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) or the death of the Participant (a) Options granted to such Participant, to the extent that they were exercisable at the time of such termination, shall remain exercisable until the expiration of one year after such termination, on which date they shall expire, and (b) Options granted to such Participant, to the extent that they were not exercisable at the time of such termination, shall expire at the close of business on the date of such termination; provided, however, that no Option shall be exercisable after the expiration of its term.

13.3 In the event of the termination of a Participant's employment or other relationship for Cause, all outstanding Options granted to such Participant shall expire at the commencement of business on the date of such termination.

14. INDEMNIFICATION OF COMPENSATION COMMITTEE

In addition to such other rights of indemnification as they may have as members of the Board or the Compensation Committee, the members of the Compensation Committee shall be indemnified by the Company against the reasonable expenses, including attorneys' fees actually and necessarily incurred in connection with the defense of any action, suit or proceeding (or in connection with any appeal therein), to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or any Option granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Compensation Committee member is liable for gross negligence or misconduct in the performance of his duties; provided that within 60 days after institution of any such action, suit or proceeding a Compensation Committee member shall in writing offer the Company the opportunity, at its own expense, to handle and defend the same.

15. WITHHOLDING TAXES

Whenever the Company proposes or is required to issue or transfer shares of Common Stock under the Plan, the Company shall have the right to require the Participant to remit to the Company an amount sufficient to satisfy any federal, state and/or local withholding tax requirements prior to the delivery of any certificate or

certificates for such shares. Alternatively, the Company may issue or transfer such shares of Common Stock net of the number of shares sufficient to satisfy the withholding tax requirements. For withholding tax purposes, the shares of Common Stock shall be valued on the date the withholding obligation is incurred.

16. NEWLY ELIGIBLE EMPLOYEES

Except as otherwise provided herein, the Compensation Committee shall be entitled to make such rules, regulations, determinations and awards as it deems appropriate in respect of any employee who becomes eligible to participate in the Plan.

17. TERMINATION AND AMENDMENT OF PLAN

The Board of Directors may at any time suspend or discontinue the Plan or revise or amend it in any respect whatsoever, provided, however, that without approval of the holders of a majority of the outstanding shares of Common Stock present in person or by proxy at an annual or special meeting of stockholders, no revision or amendments shall (i) increase the number of shares of Common Stock that may be issued under the Plan, except as provided in Section 8 hereof, (ii) materially increase the benefits accruing to individuals holding Options granted pursuant to the Plan or

(iii) materially modify the requirements as to eligibility for participation in the Plan.

18. GENDER AND NUMBER

Except when otherwise indicated by the context, words in the masculine gender when used in the Plan shall include the feminine gender and vice versa, and the singular shall include the plural and the plural shall include the singular.

19. GOVERNING LAW

The Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Texas.

20. EFFECTIVE DATE OF PLAN

The effective date of the Plan is March 1, 1999. The Plan, each amendment to the Plan, and each Option granted under the Plan is conditioned on and shall be of no force or effect until approval of the Plan and each amendment of the Plan by the holders of a majority of the shares of Common Stock of the Company.