



September 10, 2004

Via Fax (512-474-8557)
Timothy J. Herman, Esq.
Herman Howry & Breen
1900 Pearl Street
Austin, Texas 78705-7300

Re: SCA Contract No. 31122

Dear Mr. Herman:

I am in receipt of your letter to Robert D. Hamman dated September 8, 2004. Please be advised that I am in-house counsel to SCA Promotions Inc. ("SCA") and that all further communications regarding this matter are to be directed to me until further notice. Note that in my absence you are welcome to speak with John Bandy, also in-house counsel for SCA. We request your use of my direct fax at 214 860 3413. Mr. Hamman will make himself available to speak to Mr. Stapleton, if desired. However, Mr. Hamman is unavailable to meet in person before at least September 19th.

At the outset, we have not refused to honor the Contract. As you well know, we have timely made all payments required under the Contract in consequence of Mr. Armstrong's prior Tour de France victories. However, given the enormous amount of recent publicity and the various allegations that have recently arisen questioning the legitimacy of Mr. Armstrong's Tour de France performances, it is incumbent upon SCA to investigate the truth of such allegations in order to safeguard our own interests and those of our risk takers.

Your implications notwithstanding, our present obligation under the Contract would be affected by a determination that Mr. Armstrong used banned drugs or processes to enhance his performance in the Tour de France or by determination that your client(s) made material misrepresentations or omissions upon which SCA was intended to rely. Neither are we precluded from seeking to recover prior year payments on the basis of newly discovered information that calls into question the legitimacy of past victories. At this time, we are not prepared to allege either because we are attempting to investigate.

Your clients' refusal to cooperate in an investigation is difficult to understand. If the allegations that have been recently publicized are not substantiated, our investigation could

SCA 000069

effectively mute the "noise" surrounding Mr. Armstrong and could avoid unnecessary tarnish to his personal and commercial image in the public eye.

You allege that SCA raised "scurrilous, unsubstantiated and slanderous issues" that were the subject of our "illegal request for information." To the contrary, in light of the recent publications, our request for information is reasonable and to be expected. Moreover, defamation requires publication, and we have, to this point, gone to great pains to avoid that. Your clients, on the other hand, have threatened to use the public relations "weapon" against us. Clearly, we could not be liable in any court for your own publication of "scurrilous, unsubstantiated, and slanderous issues."

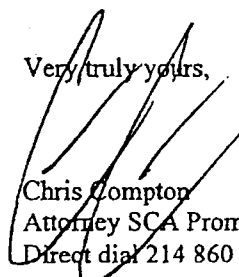
We have been informed and believe that a representative of CSE approached a third party and asserted that SCA was avoiding payment of a valid obligation without justification. We ask you to immediately notify your clients to refrain from any further activity of this sort or we will seek to recover all damages attributable to such defamation *per se*, independently of any action on the Contract.

Next, although you purport to provide notice of DTPA claims, your letter merely describes an alleged breach of contract, leaving us unable to respond constructively. To the extent that you believe that there is conduct, separate and apart from the alleged breach of contract, which gives rise to DTPA claims and to the extent that the DTPA may be applicable to the claims at issue here, please state in reasonable detail the facts giving rise to your specific complaints. For the avoidance of doubt and unfair surprise, please take note that in the event the allegations as to Mr. Armstrong's conduct are proven and to the extent that the DTPA may apply to the matters at issue here, it is our intent to state claims under the DTPA against your clients and we will provide each of them proper notice at such time as it becomes appropriate.

Nevertheless, as we have stated previously on numerous occasions, we are anxious to work with your clients to bring this matter to an amicable resolution and do not believe that precipitous litigation or hyperbolic correspondence among attorneys will effectively resolve matters in our respective clients' best interests.

I hope to hear from you shortly as to how we can cooperate to resolve this matter in an fair and expeditious manner.

Very truly yours,



Chris Compton
Attorney SCA Promotions Inc.
Direct dial 214 860 3729

SCA 000070