

September 22, 2004

Via Telecopy and First Class Mail

Timothy J. Herman, Esq.
Herman Howry & Breen, L.L.P.
1900 Pearl Street
Austin, Texas 78705-5408

Re: *Lance Armstrong and Tailwind Sports, Inc. v. SCA Promotions, Inc.*

Dear Tim:

This letter responds to your letter to SCA dated September 21, 2004.

In SCA's letter to Bill Stapleton dated September 2, we specifically requested cooperation with an investigation of recent allegations made against Mr. Armstrong. In particular, the book *LA Confidential*, written by Lunday Sunday Times writer David Walsh, raises serious allegations about Mr. Armstrong. With your client's cooperation, SCA intended for its investigation to be quick and quiet.

Unfortunately, CSE responded to us in a letter dated September 3 with an ultimatum, which was pay Mr. Armstrong or else. CSE refused to provide any cooperation and threatened SCA with "legal" and "public relations alternatives."

In a letter dated September 7 to CSR counsel, J. Lawrence Temple, SCA again urged cooperation with a confidential investigation. In your letter to SCA dated September 8, CSE, Tailwind and Mr. Armstrong steadfastly refused any cooperation. Moreover, they threatened litigation and described the various DTPA, Texas Insurance Code and other claims they threatened to file against SCA.

The point is that without your clients' cooperation, SCA had no alternative than to conduct its own investigation. That investigation necessarily involves interviewing people with knowledge of relevant facts. But SCA is only asking questions and listening to what people have to say. It is in no way defaming Mr. Armstrong. If you have any information that SCA has defamed Mr. Armstrong or has in any way engaged in conduct that has caused injury to his reputation, please provide me with that information immediately. It is noteworthy to remind you that your clients filed their Petition, thereby making this matter public. The parties could have proceeded to arbitration, as the contract requires, without making this matter public.

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SCA takes particular exception to your allegation that SCA has offered to compensate persons for testimony. That is not true. At no time has SCA offered to pay anyone for testimony. If you know of someone who alleges that SCA offered to pay him/her for their testimony, please provide that name to me immediately.

In summary, SCA believes that your clients are overreaching. On the one hand your clients refuse to cooperate with SCA in an investigation of the recent allegations made about Mr. Armstrong. But on the other hand, they complain when SCA seeks to conduct its own investigation. As we have stated in our previous letters, SCA would be remiss if it did not, at the very least, conduct an investigation of the troubling allegations that have been recently raised about Mr. Armstrong. These allegations have been made by persons who appear credible and in a position to know.

One need only look at recent news events, such as the allegations made about Tyler Hamilton, to appreciate that SCA's investigation is reasonable under these circumstances. A thorough investigation, not litigation, is the proper method for resolving this matter.

Very truly yours,

Chris Compton
SCA Promotions

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