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September 8, 2004

Via Fax: (214) 860-3723

Mr. Robert D. Hamman  
President/CEO  
SCA Promotions, Inc.  
8300 Douglas Avenue, 6<sup>th</sup> Floor  
Dallas, Texas 75225

RE: Tailwind Sports Corp. - SCA Contract No. 31122

Dear Mr. Hamman:

I represent Capital Sports and Entertainment, Inc. ("CSE"), Tailwind Sports, Corp. ("Tailwind"), and Lance Armstrong ("Armstrong") regarding the transactions and occurrences related to SCA Contract No. 31122 and giving rise to the DTPA claims set out below. Please insure that all further correspondence and communications are made to me.

As you will recall, on or about June 9, 2001, SCA Promotions, Inc. ("SCA") issued its Contingent Prize Contract No. 31122 (the "Insurance Contract"), including the exhibits thereto. Under the terms of that Contract, issued in exchange for payment of the consideration of \$420,000.00, which was paid and accepted by SCA, SCA undertook the unconditional obligation to indemnify Disson Furst and Partners (now know as Tailwind Sports Corp. and now the indemnitee pursuant to Addendum A to the Insurance Contract and dated July 16, 2003) in the event the Designated Cyclist Professional (Armstrong) won any performance award scheduled thereunder. SCA's unconditional obligations, upon Mr. Armstrong having won the 2001, 2002, 2003, and 2004 Tour de France events, was to pay, within 30 business days following the end of the 2004 Tour de France the sum of \$5,000,000.000 in cash. That sum became due and owing on September 3, 2004.

Mr. Armstrong is the official winner of the 4 events necessary to earn his \$5,000,000.00 performance award. Tailwind is obligated to pay the \$5,000,000.00 and proper demand has been made upon you for the payment of such sum. There are no other conditions, precedent or otherwise, to the obligation of SCA to immediately perform, i. e. pay the \$5,000,000.00. However, SCA has thus far failed and refused to make payment of such award; if you contend that Mr. Armstrong did not win the 2004 Tour de France or that Tailwind is not contractually obligated to pay him, please notify us immediately of the basis of such a position. As noted above, there are no other conditions or obligations upon Tailwind or Mr. Armstrong in order to trigger your obligation to pay. in breach of the terms and conditions of Contract No. 31122.

SCA 000045

Page 2  
September 8, 2004

Rather than remit the full sum of such award as clearly required under the terms of the Contract, you requested, by letter dated September 2, 2004, a broad range of documents and information which are immaterial to the clear contractual obligation of SCA to pay the \$5,000,000.00; have nothing to do with Mr. Armstrong's undisputed victory in the 2001-2004 events; and deal with issues which have been fully addressed by those whose responsibility it is to address them. Your requests for extensive documents and information are not proper, explicitly or implicitly, under the terms of the Insurance Contract. Thus, no such information or documents will be provided.

The Insurance Contract contains a provision for arbitration and such arbitration will be instituted on Monday, September 13, 2004, if, as set out in more detail hereafter, this matter is not fully and finally resolved by the close of business on Friday, September 10, 2004.

SCA's conduct and the transactions and occurrences in question constitute violations of the Deceptive Trade Practices-Consumer Protection Act (DTPA) and, as specifically described below, constitute unconscionable acts and violations of Article 21.21 of the Texas Insurance Code.

As a consequence of SCA's acts and/or omissions, Tailwind and Armstrong are entitled to recover from you economic damages. Moreover, it is my clients' collective belief that you acted knowingly and intentionally, as those terms are used in Section 17.50(b)(1) of the DTPA. As a consequence of your knowing and intentional acts and/or omissions with regard to the Insurance Contract, Tailwind and Armstrong are entitled to recover from SCA not only the contract proceeds and other actual damages, but additional multiple, punitive or exemplary damages, as well.

SCA's conduct has violated the specific provisions or "laundry list" violations contained in the DTPA as follows:

1. SCA represented that the Insurance Contract had sponsorship, approval, characteristics, ingredients, uses, or benefits which it did not have;
2. SCA represented that the goods and services sold were of a particular standard, quality, grade, or style when, in fact, they were of another;
3. SCA advertised goods or services with intent not to sell as advertised;
4. SCA represented that the Insurance Contract conferred or involved rights, remedies, or obligations which it did not have;
5. SCA failed to disclose information concerning goods or services which were known to SCA at the time of the transaction with the intent to induce Tailwind into a transaction into which Tailwind would not have entered had the information been disclosed.

SCA's conduct has likewise violated the DTPA because SCA's conduct took advantage of Tailwind's and Armstrong's lack of knowledge, ability, experience or capacity to

SCA 000046

Page 3  
September 8, 2004

a grossly unfair degree and such conduct was unconscionable under the terms of the DTPA.

SCA's conduct has also violated the DTPA constituting the following described unfair methods of competition and unfair and deceptive acts or practices in the business of insurance as itemized in Section 4 of Article 21.21 of the Texas Insurance Code:

1. Misrepresentation and false advertising of insurance policy contracts;
2. False information and advertising generally;
3. Using a deceptive name, word, symbol, device, or slogan;
4. Misrepresenting an insurance policy; and
5. Engaging in unfair settlement practices.

As noted above, SCA has engaged in the forgoing conduct knowingly and intentionally and thus, in addition to Tailwind's and Armstrong's economic damages, Tailwind and Armstrong are entitled to recover additional or exemplary damages. The recovery of exemplary or punitive damages is also permitted as an appropriate remedy for the fraud, misrepresentation, negligent misrepresentation and malice which accompanied SCA's conduct as set forth above.

It is absolutely essential that these matters be resolved immediately and it is clear, (subject to upward revision, as further damages accumulate) that the conduct of SCA has damaged Tailwind and Armstrong in a minimum amount of actual damages totaling \$5.0 million. Demand is hereby made upon SCA for the immediate payment of the sum of \$5.0 million, plus attorney's fees in the amount of \$7,500.00. In the event that these claims are not resolved without the necessity of filing and prosecuting lawsuit or arbitration proceedings against you, my clients will incur substantial additional damages, attorney's fees and costs at the ultimate disposition of any such lawsuit or arbitration. These additional damages will include harm to Mr. Armstrong's reputation and market value as the result of SCA raising the scurrilous, unsubstantiated and slanderous issues made the subject of your illegal request for information.

This demand letter is sent to you for the purpose of notifying you that my clients have claims against you and, in good faith, inform you that my clients will pursue their fraud, misrepresentation and negligent misrepresentation claims if this matter is not resolved through the prompt payment in certified funds or wire transfer the sum of \$5,007,500.00 by the close of business on Friday, September 10, 2004. Further, as to the DTPA claims, Tailwind and Armstrong will pursue those claims if the matter is not satisfactorily resolved within the next 60 days, as provided by statute. Please keep in mind that attorney fees will continue to accumulate, as will the time value of money and other consequential damages as the result of your withholding funds rightfully the property of my clients.

SCA 000047

Page 4  
September 8, 2004

Very truly yours,

A handwritten signature in black ink, appearing to read "Tim Herman", with a long horizontal stroke extending to the right.

Timothy J. Herman

TJH/jkm

SCA 000048