

Re: Lance Armstrong's Contractual Bonus Coverage

Allen and Bill:

We appreciated the opportunity to discuss our options in regards to additional limits of incentive coverage for Lance. The following is a summary of where we currently stand:

Bound Limits:

2002: 1.5 million

2003: 3 million

2004: 5 million plus and additional 5 million for a total of 10 million.

These limits require Lance to continue to win the Tour de France thru 2004. If Lance should lose an event, coverage is voided. These changes in 2003 and 2004 reflect an increase above the minimum contractual requirements of 1.5 million in 2002, 2.0 million in 2003 and 2.5 million in 2004(which is a total of 6 million).

These limits are contractually bound with the markets. The premium for the additional coverage is addressed below.

#### ADDITIONAL OPPORTUNITIES

Points of Consideration:

1) Out of the six available markets (Chubb, SCA, ASU, EBI, Gulf, Lloyds), three have taken substantial losses in the last 2 years covering incentive bonuses for Lance. SCA and Lloyd's have committed significant capacity reflected above and SCA is not interested in carrying more risk on Lance, regardless of premium. Hence, we have limited options given past losses, current market conditions and the belief Lance will continue to win.

2) Chubb has committed 2.5 million in capacity in year 2004 only. We are working through pricing issues at this point and will relay this information to you as soon as possible. Lloyd's has committed 1.5-2 million in capacity. They would prefer to place this coverage for the 2004 year but are willing to consider possible placement in 2002 and/or 2003. We are working diligently with the underwriters to provide us with a firm offer and terms as soon as possible, since time is of the essence. However, we can only push them so far. The rest is up to them.

3) One idea we discussed which might spark more interest in the marketplace is the idea of adding a caveat requirement for the additional limits for 2002. If Lance wins the TOUR in 2001 and then again in 2002, he would receive the bonuses outlined above. If, in addition to winning the GC in 2001&2002, he also won the prologue and all the individual time trials in 2002, he would receive an additional bonus. We believe that the available amount of coverage would be 1.5 to 2.0 million. This would be in keeping with the goal of winning the TOUR overall instead of, for example, stage win bonuses. Lance

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won all the TT's in 1999 and only lost the prologue in 2000, so we think this would be achievable in Lance's eyes, but would also make the risk more attractive to the marketplace and could be a competitively priced alternative. We are currently negotiating this option with the markets. Again, we are diligently pushing them for a quote and offer. However, we must wait for them to respond.

Assuming that we are able to secure coverage for any one of the options described above, the total premium paid by Tailwind for such options plus the amount of coverage above the minimum contractual requirements that are contractually bound will be between \$1.6 and \$1.85 million. The final premium will be dependent upon the final additional amount of coverage and the year in which coverage will be effective (2003 vs 2004). This is exclusive of our fees, which will be billed to Tailwind upon completion. We assume this is acceptable to you and, therefore, we are proceeding accordingly.

4) Given the marketplace situation and Lance's continued success, it has proven to be impossible to get coverage for a non-consecutive win bonus. We remind you that a non-consecutive win bonus would only be paid if, the consecutive string were to be broken and it would only be available the year following the loss, it would not be paid in addition to a consecutive win. It would be one or the other, not both. Hypothetically, even if we could get the capacity, pricing will reflect the assumption Lance will win the TOUR this year. What we have to gain by waiting until after this year's TOUR is potential market capacity (which is not available now) and more favorable pricing. Furthermore, insurance market conditions, which are at an all time low, may improve in the next 6 months which could improve our odds of placement in the future. We would suggest reserving premium dollars for the future in anticipation of a change in landscape on both sides.

It is our intention to get this completed as soon as possible. We will continue to keep you updated on the status of the coverage.

Best Regards,  
Allen Furst

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