

Private & Confidential  
Without Prejudice

Dear Russell:

Thank you for your letter of 8 August 2007.

As you, we remain willing to sit down to try and resolve this matter and your concerns. It is important, however, that GGYC understand where matters stand as to certain points raised in your 8 August letter.

Your letter asks SNG to rescind the existing 33rd America's Cup Protocol and replace it with a new one based on the 32nd America's Cup Protocol. SNG, however, cannot unilaterally rescind the Protocol. The complete replacement of the Protocol that was negotiated and mutually agreed with the Challenger of Record, and has now been agreed to by a large and growing number of challengers, is not acceptable to SNG and CNEV, nor to the challengers who have entered the competition on that basis.

Your letter also asks SNG to completely withdraw the project relating to new boats. This, however, is also a fundamental element on which the other competitors relied when entering the current Protocol. SNG would not agree to this – and would not in any event – change such a fundamental element of the next Cup.

As regards the new Class Rule, SNG can confirm that there are no draft class rules in existence as to the new class, save for the bare details publicly announced. The rules will be written during September and October in consultation with the challengers who have already entered and signed the 33rd Protocol. SNG remains committed to introducing the new class in 2009.

As a summary, SNG is unable to begin meaningful discussions if GGYC does not do what other competitors have done – recognize the validity of the CNEV challenge and the corresponding 33rd Protocol. Having said that, we see no reason why we cannot discuss with you your specific concerns that are not otherwise addressed in the Protocol. We remain willing to meet at any convenient time and location, and have suggested California as a useful meeting place. For our part we would propose that Hamish and Lucien attend the meeting with me.

I look forward to hearing from you as soon as possible.

Yours sincerely,



Brad Butterworth