

21 September 2007

Mr. Brad Butterworth
Vice President and Skipper
Team Alinghi
Base 11 - Port America's Cup
Valencia, SPAIN

Dear Brad

I note that Ernesto states in the press release issued yesterday that he has "again appealed" to Larry to settle the case. Yet only two hours before that statement was issued we received a letter from you saying you were unwilling to enter into mediation, on the grounds that we would never be able to agree on the issue of CNEV's validity. As we have already discussed, the real issue is the unfair protocol. That is why the lawsuit was filed in the first place, and resolution of this and all other matters could be part of a successful mediation.

As you know, we have provided you with a list of potential neutral mediators and invited you to name others of your choice.

We are also keen to resolve this directly by sitting down together to genuinely negotiate on an equal footing. However, you have steadfastly refused to engage in meaningful face-to-face negotiations with us.

Although the protocol amendment referred to in yesterday's media release is presented as progress in the right direction the changes it makes are largely only cosmetic. This is why we must maintain our lawsuit. Even as amended, the protocol still presents the following serious and continuing concerns:

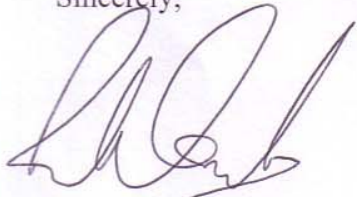
1. ACM and SNG are not under any obligation to act in a manner that complies with fair dealing, good sportsmanship or fair play.
2. SNG can disqualify a competitor that disputes the binding effect of the protocol, and although there is now an opportunity to take the matter to the Arbitration Panel, the Arb Panel does not have any ground to reinstate the competitor under the amendment.
3. ACM has not issued its commercial regulations or the competitor's regulations and so challenging teams have no idea whether those future rules will be fair, and as stated above, ACM is not subject to the "fair play" requirement of your amendment.

4. There is no mutual consent to the appointment of the officials and no input from the challengers.
5. SNG and CNEV can change the protocol at any time, at their discretion.

A significant concern remains the fact that the Defender has not made the details of the design rule public and the process is not one of mutual agreement. The unfair advantage in being able to develop the rule for the boat ahead of the other competitors has not been addressed.

I would look forward to resolving this issue in a sensible and lasting way, and repeat our calls for this to happen as soon as possible.

Sincerely,

A handwritten signature in black ink, appearing to be 'Russell Coutts', written in a cursive style.

Russell Coutts, CEO
BMW ORACLE Racing

CC: AC32 & AC33 Challengers