

17 October 2007

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

Dear Brad,

Re: Basis for an AC 33 Agreement

I write in follow up to the Challenger meeting in Valencia last Wednesday and our email to the Challengers of last Friday.

As promised, we have met in San Francisco to advance a resolution of the current court case as quickly as possible. As you know, we have been concerned about getting the event back to a clearly understood set of rules that support a level playing field for all Challengers. It has also been our belief that the most effective way of achieving this would be to sail under a protocol similar to that of the 32nd America's Cup. However we understand that other discussions have taken place with current Challengers, and the simplest solution now may be to amend the 33rd protocol. Therefore in the interest of quickly resolving this matter we will drop the current court case if the following points are agreed in appropriate written instruments:

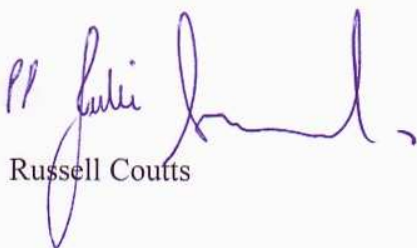
1. Disclose to us the class rule as it now exists and allow us to agree with you and the Challengers on a fundamental change to displacement. If the rule is disclosed before 1:00 PM Thursday October 18th (California time), then we will make a proposal to amend the rule before 5:00 PM Friday, October 19th.
2. All Challenger of Record decisions shall be made by a majority of the Challengers, including Protocol amendments.
3. Two additional Arbitration Panel members shall be appointed by the Challengers.
4. Defender may sail in the Challenger Selection Series but results in these races will not count.
5. Amendment #1 to the Protocol enacted as originally drafted.

6. Regatta Director shall be appointed by mutual consent and with powers according to Section 5 of the AC 32 Protocol. ISAF approval of independent Jury, Umpires and Measurers.
7. GGYC and any other legitimate potential challenger shall be accepted as challengers and become part of this process.
8. AC 33 event to be held in 2009 in Valencia.
9. All teams (Challengers and Defender) to be able to build two boats and use them freely (either two boat testing or sailing against other teams) after January 1, 2009. Before January 1, 2009, as per your suggestion, teams shall not sail more than one boat at a time.

This offer is made without prejudice to the NY court case and to any future discussions.

We look forward to this issue being resolved and propose that our teams meet this coming Saturday and/or Sunday in New York to resolve our dispute before the court hearing on Monday.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Russell Coutts', with a large, stylized flourish extending from the end of the signature.

Russell Coutts

Cc: America's Cup Challengers
Hamish Ross