



Valencia, 16 November 2007

RUSSELL COUTTS
CEO - BMW Oracle Racing
Port America's Cup
Muelle de la Aduana S/N
46024 Valencia
Spain

Dear Russell

We have your letters of 13 and 15 November.

We have worked for several months to resolve your concerns. GGYC's initial concerns about the Protocol were discussed with the Challenger of Record and the other competitors and then addressed via a Protocol amendment. GGYC then replaced its old points with new issues. We then took the extraordinary step of allowing the challengers to set the displacement specification so as to satisfy GGYC that no unfair advantage was being gained by any party in designing a boat. Rather than ending this matter there, GGYC issued nine new demands, which went well beyond its court complaint. Again, in an effort to save a 2009 Cup competition, we discussed your nine points with the other competitors, and came to GGYC with proposals for addressing those new points. At the same time, we continued to work hand-in-hand and productively with the competitors to draft and finalize the class and competition rules that had to be in place for there to be a 2009 competition.

In the hope of concluding this matter, we then made clear SNG's final position – including that SNG had gone as far as it could go and that the time had come for GGYC to end its lawsuit and join the competition. SNG's position has not changed. Incredibly, GGYC then issued another set of demands relating to the class and competition rules, and has now issued a so-called “final” settlement offer, which rehashes points previously raised. In light of the significant concessions SNG has already made, we cannot accept these demands and stand by our letter of 12 November.



GGYC' s litigation and negotiation tactics have made clear that GGYC does not care about the other competitors or a Cup competition in 2009. GGYC only cares about getting everything it wants, no matter how long that takes or the consequences to the America' s Cup. That a few other competitors have now acquiesced in your " final" settlement offer when GGYC' s actions have brought the Cup – and the survival of those teams – to the precipice, adds nothing to the validity of that " offer." It only shows how desperate the situation of those Competitors is, only due to GGYC litigation. Furthermore, your so called " final" settlement does not include several other teams who are close to enter the competition under the current rules and will have now no other choice than to withdraw their notices, due to your refusal to drop the lawsuit.

We have been warning GGYC for months that the possibility of a race in 2009 was rapidly disappearing. Thus, the need to resolve this matter now could come as no surprise. GGYC knew (and has counted on the fact) that its lawsuit was making it impossible for other teams – i.e., teams without GGYC' s resources – to organize for the competition. That is a reality that GGYC created when it embarked upon this strategy, and now the die has been cast. There is no more time for GGYC to make demands about what rules it wants. Either GGYC lifts the cloud it has placed over the Cup now, or the Cup will have to wait for your litigation to run its course.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Butterworth", written in a cursive style.

Brad Butterworth