

8 August 2007

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

Dear Brad,

In follow up to the various calls between you and myself, and Hamish and Tom, I want to confirm that we remain ready to sit down and try to resolve the differences in going forward with AC 33.

It is our fervent hope that we can avoid court and a challenge under the default terms of the Deed of Gift Challenge. This dispute can be easily resolved if SNG agrees to:

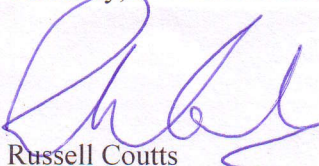
- + rescind the currently-issued Protocol and revert to one similar to that used for AC 32 which produced, by all accounts, the best AC Match ever; and
- + use Version 5 yachts for the AC 33 in Valencia in May-July 2009, with one new yacht per team and one "old" yacht able to be modified up to, say, 50%; or, alternatively
- + use the new 90-footer class for AC 33 provided the new draft rule is immediately shared with us and all prospective challengers, and provided there is mutual agreement to that rule.

If SNG/Alinghi are willing to negotiate toward the foregoing, then, please confirm to me in writing before the end of this week. From our side, Larry, Melinda, Tom and I are available to meet as soon as possible.

But time is running out. We have already committed significant, and largely unrecoverable, resources to enforcing the GGYC challenge rejected by SNG, and to designing and building a yacht for that Challenge to be ready for a Cup Match next July. These costs are accelerating dramatically.

We need to reach agreement by 31 August. Thereafter, we will have no choice but to press for a prompt adjudication in court.

Sincerely,



Russell Coutts
CEO, BMW Oracle Racing