



GOLDEN GATE YACHT CLUB
#1 Yacht Road, San Francisco, California USA 94123

Valencia, Thursday, 15 November 2007

Delivered by Email

The Commodore
Société Nautique de Genève
Port-Noir
CH-1223 Cologny, SWITZERLAND

Delivered by Hand and Email

Mr Ernesto Bertarelli
Mr. Lucien Masméjan
Team Alinghi S.A.
Base 11, Port America's Cup
Valencia, SPAIN

Dear Sirs,

Settlement Offer

Together with the Challengers we are making a final effort to achieve a workable compromise on all outstanding issues. We are making this offer in the sincere hope that by resolving all outstanding points we can work together to enable all Competitors to move forward with their campaigns, and to get the next America's Cup back on track for 2009 in Valencia.

This letter and attachment are the basis on which we will drop our lawsuit with prejudice, and the Challengers have signed below to show their consent to and support of this settlement offer.

To effect this settlement, promptly upon our receipt of your signed copy of this Settlement Offer we will place a signed voluntary dismissal of our lawsuit with prejudice in escrow with CNEV's attorneys, Debevoise & Plimpton LLP in New York City, with

instructions that it be filed with the New York Supreme Court when all the conditions in this Settlement Offer have been met.

This offer is being made prior to the decision of the New York Supreme Court being known. This offer will expire, along with any settlement terms, at the earlier of the court ruling being issued, or Friday, 16 November at 1800 CET.

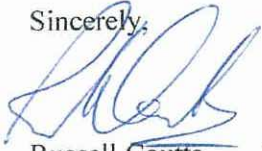
We make this Settlement Offer based on the conditions that (a) the attached amendments be made to the Protocol and to the Competition Regulations; (b) we will be accepted as a Challenger immediately upon our application; and (c) that we will be considered to have fulfilled all obligations needed for extension of our base agreement so that we can continue uninterrupted operations at our current base.

These settlement points below are based on our "Nine Points" letter of 17 October, 2007, as well as one issue with respect to the Competition Regulations which were issued by ACM late in our negotiations. You will see that we have made further significant compromises.

As discussed in our negotiations, we would be happy to jointly agree procedures and language for announcing this settlement.

If you understand and agree to the terms stated in this letter, please sign below and fax this document back to us at +34 96 344 2485 no later than 1800 CET tomorrow.

Sincerely,



Russell Coutts
Golden Gate Yacht Club
BMW ORACLE Racing



Melinda Erkelens
Golden Gate Yacht Club
BMW ORACLE Racing

cc: Challengers
encl: Amendments to the Protocol & Competition Regulations

Acknowledged and accepted,

Société Nautique de Genève

Name:

Title:

Date:

Team Alinghi, S.A.

Name:

Title:

Date:

Amendments to the AC 33 Protocol and the Competition Regulations

Point 1 - Class Rule

We understand that the amendment procedure for the class rule has been discussed and will be addressed in the future. On this basis, there will be no further issue barring settlement.

Point 2 - COR Duties

COR shall sign an agreement with the Challengers similar to the one entered into between the COR and other challengers in AC 32 regarding the making of COR decisions. We understand that the Defender is aware of this fact and does not and will not seek to challenge the right of the COR and the Challengers to enter into such an agreement. If the foregoing is correct, no Protocol amendment is required.

Point 3 - Arbitration Panel Additions

BMWOR and the Defender agree on the appointment of Jan Paullson and Michael Beloff.

Amend Protocol 24.1 and 24.2 to read:

24.1 Composition: The Sailing Jury shall be comprised of three (3) members and the Arbitration Panel of five (5) members.

24.2 Appointment: SNG and the Challenger of Record, acting jointly, have appointed and announced the first three members of the Arbitration Panel. Two more will be appointed by SNG and the Challenger of Record no later than 31 December 2007.

This has been discussed with the Challengers who agree to the amendment and the appointments.

Point 4 - Defender Sailing in the CSS

Amend Schedule 2 of Competition Regulations, clause 3 to read:

W2 *D.C.*

3. *Competitors in the semi final series shall race each other, once, in three Round Robins ("SF1", "SF2", and "SF3") scoring one point for each win, with the provision that each race won by either Challenger for the Match or Defender, in any race that includes the Defender, will count for one additional sail card in the Match for each race won.*

Four-boat Challenger Repechage - Amend Competition Regulations to create two, best-of-five Challenger Repechages for the top four teams from the ACM Round Robin "Semi Final of the Trials" (see attached graphic).

Challenger Final - Amend Competition Regulations to change the Challenger Selection Series finals to a best-of-five series.

This has been discussed with the Challengers who agree to the amendments.

Point 5 - Fair Competition

Amend Protocol 2.3 to read:

- 2.3 ***Fair Competition:** A Competitor shall compete, the Officials, the Sailing Jury and the Arbitration Panel shall officiate, and the Event Authority and ACM shall organize the Regatta, in accordance with recognized principles of sportsmanship and fair play. No applications may be made to the Arbitration Panel under this clause except those related to sporting issues.*

This has been discussed with the Challengers who agree to the amendment.

Point 6 - Race Officials

Add a final sentence to each of Protocol 7, 8 and 9, respectively:

"The Regatta Director, the PRO or an officer of the Race Committee may be replaced by ACM with the approval of a majority of the Competitors' Commission."

"The Technical Director may be replaced by ACM with the approval of a majority of the Competitors' Commission."

"The Chief Umpire may be replaced by ACM with the approval of a majority of the Competitors' Commission."

This has been discussed with the Challengers who agree to the amendments.

Point 7 - Potential Challengers Accepted

SNG shall accept GGYC as a Challenger.

On the basis of a settlement and the withdrawal of the litigation in the New York Supreme Court, it is understood that this is agreed.

Point 8 - AC 33 in 2009 in Valencia

Add new Protocol 13.1, which replaces current 13.1 and 13.2, and renumber accordingly:

13.1 *Venue and Schedule:* *In accordance with previous decisions announced by ACM, the Match shall take place in Valencia in 2009. In the event that the authorities fail to meet their contractual obligations arising from the selection of the Venue, or it becomes impossible or difficult to hold the Regatta at the Venue, ACM may, with the agreement of the Challenger of Record, select an alternative venue and/or dates for the Regatta consistent with the provisions of the Deed of Gift. ACM shall consult the Challenger of Record on the Schedule. However, once the Schedule is published, any amendments to the Schedule shall require the approval of the Challenger of Record.*

This wording has been discussed with the Challengers who agree with it.

Point 9 - Two-Boat Sailing

Delete Protocol 12.

Amend Competition Regulations, clause 3.6 (e) to read:

The general format and schedule of Practice Races shall be determined by ACM, after consultation with Competitors' Commission, and will be published by January 15, 2008. The general format and schedule may be altered at any time for any Practice Race with consent of affected Competitors;

This wording has been discussed with the Challengers who agree with it.

Sail Cards

Amend Competition Regulations 10.1 (g) to increase from 10 additional sails to 12 additional sails for the Match.

This wording has been discussed with the Challengers who agree with it.

* * * * *

 D.C