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VIA FACSIMILE
AND BY HAND

November 10, 2009

Re: *Golden Gate Yacht Club v. Société Nautique de Genève, et al.*
(New York County Clerk's Index No. 602446/07)

The Honorable Shirley W. Kornreich
The Supreme Court of the State of New York
County of New York
Part 54
60 Centre Street, Room 418
New York, NY 10007

Dear Justice Kornreich:

On behalf of SNG, I write to report on yesterday's meeting between representatives of SNG and GGYC, and to advise the Court that SNG has issued the enclosed Notice of Race ("NOR") to GGYC for the 33rd America's Cup to be contested in Valencia, Spain in February 2010.

1. In accordance with my letter to the Court of yesterday, Mr. Masmajan, counsel for SNG, met yesterday afternoon with Messrs. Coutts and Ehmann, representatives of GGYC, to try to seek a global resolution of all outstanding disputes between the parties. These same SNG and GGYC representatives had met on Saturday and Sunday in an effort to reach such a resolution, and there were informal discussions among these parties last week. Regrettably, after meeting yesterday for approximately one and one half hours at Boies Schiller, the discussions reached an irreconcilable impasse after Mr. Bowman purported to serve Mr. Masmajan (who is not an officer of SNG) with a copy of GGYC's so-called breach of fiduciary duty lawsuit. Thus, notwithstanding the parties' good faith efforts to reach a mutually acceptable resolution of outstanding issues, SNG, which twice won the Cup on the water, simply does not believe that the two parties can reconcile their differences.

2. In its discussions with SNG, and in its submissions with the Court, GGYC has impermissibly sought to become the co-sponsor of the Cup and to usurp SNG's rights, as Defender, under the Deed of Gift. But, as the Court of Appeals has made clear: "The deed provides that where the defending and the challenging yacht clubs have not agreed upon the terms of the match, it is to be conducted as specified in the deed and pursuant to the rules and regulations of the defending club, so long as they do not conflict with the deed." *Mercury Bay Boating Club Inc. v. San Diego Yacht Club*, 76 N.Y.2d 256, 265-266 (1990) (emphasis added).

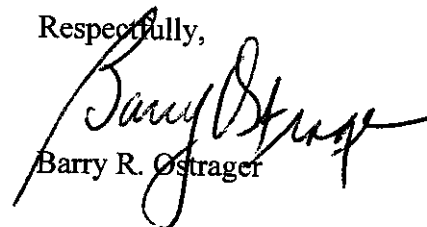
3. At this point, after proposing various venues to GGYC, SNG believes that the 33rd America's Cup must be decided, *in February 2010*, on the water rather than in the Courts of New York State. In issuing its NOR for races in Valencia for February 2010, SNG complies with (a) this Court's Order, "reinstated" by the Court of Appeals' April 2, 2009 decision, that the parties race in February 2010, and authorizing Valencia as a permissible venue for the 33rd Cup, and (b) Your Honor's direction that "SNG [] hold the race as per the order of the Court of Appeals and Justice Cahn *in February*." (May 14, 2009 Hearing Transcript, p. 24) (emphasis added).

During the November 6 hearing, counsel for GGYC stated, without reservation, that GGYC had no objection to a race in Valencia in February 2010. *See* Transcript of Proceedings, Nov. 6, 2009, at pages 16, 17, 21, 24, 37. As Mr. Boies advised the Court: "The race can be held in Valencia *in February*." *Id.* at page 34 (emphasis added). Similarly, Mr. Coutts advised the Court last Friday that GGYC was ready, willing and able to race in Valencia in February 2010. On November 9, the Expert Panel, in its Report to the Court, concluded, among other things, "there is no significant increase in safety concerns" for America's Cup races in Valencia in February 2010 "compared to other times of the year." (Report para. 29-30). At this point, Valencia is the only venue to which GGYC has not objected for a match in February 2010.

Notwithstanding the above, SNG confirms that its offer made on November 6 to contest the 33rd America's Cup race in Australia in February 2010 remains valid provided that, by November 13, 2009, GGYC terminates all of its pending lawsuits and agrees not to initiate any further court proceedings.

SNG appreciates the Court's efforts to try to facilitate a global resolution of the various controversies over the 33rd Cup.

Respectfully,


Barry R. Ostrager

Encl.

cc: David Boies, Esq. (by electronic mail)
James V. Kearney, Esq. (by electronic mail)
Philip M. Bowman, Esq. (by electronic mail)