

**THE "SAN DIEGO PROTOCOL"**  
**ADOPTED SEPTEMBER 8, 1988**

San Diego Yacht Club believes that a mechanism for the resolution of disagreements between the Defending Yacht Club and the Challenging Yacht Clubs without resort to litigation is highly desirable. Toward that end, San Diego Yacht Club has consulted with the former trustees of the America's Cup, New York Yacht Club and Royal Perth Yacht Club, as to the establishment of a Trustees' Committee composed of a representative appointed by each of the three clubs which, if San Diego Yacht Club is the defender for America's Cup XXVIII, would be empowered, as more particularly set forth below:

(a) To resolve disputes between participants in America's Cup XXVIII other than disputes concerning the racing rules or any applicable class or rating rule;

(b) In the event of disagreement among challengers, to designate the Challenger of Record; and

(c) In the event of disagreement between San Diego Yacht Club and the Challenger of Record, to determine the mutual consent matters identified below.

San Diego Yacht Club therefore resolves:

1. Should San Diego Yacht Club successfully defend the America's Cup in America's Cup XXVII, the club will accept all bona fide notices of challenge from qualified foreign yacht clubs delivered within 60 days of the conclusion of the present race series, and such challenges will be deemed to have been received at the same time. Such period shall be known as the "Challenge Period". If there is more than one such challenge, San Diego Yacht Club will, within 48 hours following the Challenge Period, appoint one of the Challenging Yacht Clubs to convene a meeting of the challengers to elect a Challenger of Record, and the provision of paragraphs 2. and 3. shall apply.

2. The Challenging Yacht Clubs shall elect a Challenger of Record and notify San Diego Yacht Club of such election within 30 days following the Challenge Period, which following period shall be known as the "Challenge of Record Period". In such election, each Challenging Yacht Club shall have one vote. If any one yacht owner, or party related thereto, is involved in more than one challenge, that owner or party shall be excluded from being represented in such election by more than one yacht club. If the challengers are unable to elect a Challenger of Record within the Challenge of Record Period, the

Trustees' Committee shall appoint the Challenger of Record within seven days.

3. Within 45 days following the Challenge of Record Period, the Challenger of Record shall submit to San Diego Yacht Club the class of vessel nominated by the challengers to be used by both the challengers and the defender for America's Cup XXVIII and the challengers' proposals for the dates, the number of races and the types of courses for America's Cup XXVIII (hereinafter "the four mutual consent items"). Should San Diego Yacht Club not concur with the challengers' proposals regarding one or more of the four mutual consent items, San Diego Yacht Club and the Challenger of Record will attempt to resolve any differences through negotiations. If the negotiations are not successful, the Trustees' Committee shall, on the 46th day following the Challenge of Record Period, commence a mediation of all unresolved mutual consent issues. If such mediation is unsuccessful, the Trustees' Committee shall, within 90 days following the Challenge of Record Period, decide the unresolved issues by choosing between the respective proposals submitted to the committee by San Diego Yacht Club and the Challenger of Record.

4. The Challenger of Record shall organize and conduct a Challenger Round of elimination races preceding the match, in which all of the challengers whose challenges are so accepted shall be entitled to participate. The winner of the Challenger Round, if not the Challenger of Record, shall be substituted for the Challenger of Record and be entitled to sail the match for the America's Cup.

5. It is the preference of San Diego Yacht Club that America's Cup XXVIII be held on approximately May 1, 1991, in the waters of the Pacific Ocean off San Diego, California; provided, the match will be held no earlier than 24 months after the conclusion of all proceedings, including any legal proceedings, relating to America's Cup XXVII. *[See note next page]*

6. In addition to all other requirements presently existing under the Deed of Gift, all challengers for America's Cup XXVIII shall be required to undertake that they will be bound by the conditions specified in this statement.

7. Depending upon the experience received from the implimentation *[sic]* of the above challenge procedures for America's Cup XXVIII, it is the intent of San Diego Yacht Club, Royal Perth Yacht Club and New York Yacht Club to consider an application to the New York Supreme Court to have the Deed of Gift amended substantially as set forth above.

SAN DIEGO YACHT CLUB  
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*Commodore*