



FEDERATION INTERNATIONALE DE L' AUTOMOBILE

Le Président

All Formula One Team Principals

5 December 2008

Gentlemen

Further to my letter of 18 November (copy attached for convenience), we have completed the tendering process and are now in exclusive negotiations with Cosworth together with Xtrac and Ricardo Transmissions (XR) to supply a complete Formula One power train starting in 2010. The engine will be a current Formula One engine while the transmission will be state-of-the-art Formula One and a joint effort by two companies which already supply transmissions to most of the grid.

The cost to each team taking up this option will be an up-front payment of £1.68M (€1.97M) and then £5.49M (€6.42M) per season for each of the three years of the supply contract (2010, 2011, 2012). This price is based on four teams signing up and includes full technical support at all races and official tests, plus 30,000 km of testing. The annual cost will reduce if more teams take up the option, for example to £4.99M (€5.84M) per team with eight teams. It will further reduce if less than 30,000 km of testing is required. Neither engine nor transmission will be badged.

As suggested in my letter of 18 November, teams participating in the 2010 Championship would then have three options:

- the above;
- the right to build an engine themselves, identical to the above, having been supplied with all the necessary technical information;
- the right to continue to use their existing engine, with the current ban on development and requirement for engine parity still in place (noting that the engine supplied will become the reference engine for output and other performance indicators and no engine will be permitted to exceed those indicators).

Teams opting for one of the latter two options would nevertheless use the XR transmission.

In combination with the programme of cost reductions for the chassis, race weekend and team home base outlined in my letter of 18 November, these arrangements have a number of advantages. These include:

- enabling the independent teams to survive in the current difficult economic climate;

- facilitating the replacement of a manufacturer team if (as seems likely) we suffer additional losses;
- stabilising Formula One while new road-relevant technologies are introduced together with a state-of-the-art high tech engine, which could be in Formula One as early as 2013 should the car industry by then be in a position to fund its development;
- avoiding any change to the Formula One spectacle and keeping the technology at current levels.

These arrangements are on the basis that at least four teams enter into contracts to use the power train described above, and do so no later than close of business (5pm CET) on Thursday 11 December 2008. In the event of fewer than four teams signing up, the FIA may still proceed but the price on offer will vary. The supply contracts will be with Cosworth but in the first instance teams are requested to make their intentions known to my office.

Yours sincerely

Max Mosley