



Mr MAX MOSLEY
President
FIA

Mr BERNIE ECCLESTONE
CEO
Formula One Administration Ltd

CC: FIA Senate Members
FIA World Motor Sport Council Members

Geneva, 16 June 2009

Dear Max and Bernie,

As we read the increasingly negative publicity that has been generated for Formula One by the press releases that have been issued, we have come to the decision that the time has come when, in the interests of the sport, we must all seek to compromise and bring an urgent conclusion to the protracted debate regarding the 2010 World Championship. We hope that you will consider that this letter represents significant movement by the teams, all of whom have clearly stated a willingness to commit to the sport until the end of 2012. We would therefore strongly but respectfully submit that you consider these proposals and seek to avoid the potential departure from Formula One of some important teams. Now is the time to find a reasonable and rapid solution to the outstanding issues. These issues and the solutions we propose are as follows:

1. **Governance**

As you know FOTA has, as one of its key objectives, to work with the FIA to achieve better governance of the sport. We have now for some time operated without the benefit of any Concorde Agreement which has been completely unsatisfactory. You have offered now to enter into a new Concorde based on the governance provisions in the 1998 Agreement.

Proposed Solution:

- FOTA will accept, as you suggest, the governance provisions of the 1998 Concorde Agreement to be incorporated into a tripartite agreement signed between the teams, the FIA and FOA.
- As the 1998 Agreement is, however, now many years old, it does, of course, have to be modernised a little (the detail of our proposal is attached). We have discussed the matter amongst ourselves and concluded that the absolute minimum changes we need for the necessary modernisation to occur is:
 - (i) improved administration and procedures for the F1 Commission;
 - (ii) regulation change. The teams accept the principles set out in the 1998 Concorde regarding regulation change subject to three points:



- (a) safety must be paramount and regulations introduced under this heading must be transparent and fair. The teams consider these types of changes should only be made on the grounds of “passive safety” as defined in 1998 Concorde and through the procedures requiring the FIA to give three alternative solutions which then have to be approved by the F1 Commission and the WMSC;
 - (b) the entry form procedure should not be used as a means to introduce regulation change where the changes have not been approved through the agreed procedures. The regulations therefore would no longer be annual but only change from year to year when agreed to be changed in accordance with agreed procedures. The FIA should be under an obligation to accept duly completed entry forms from the teams; and
 - (c) there will be a single process for non-safety changes so that any changes introduced prior to 1st June in any particular year will come into effect on the next 1st January and if agreed after that date would come into effect on the next but one 1st January.
- (iii) a Sporting Working Group would be established with provisions which mirror those applicable to the Technical Working Group.
 - (iv) Dispute resolution. We would propose that:
 - (a) whilst we would prefer to move to the jurisdiction of CAS in determining sporting disputes we will, in the interests of compromise, accept the retention of the FIA International Court of Appeal. You did, however, indicate that you are open to ideas in this regard. We would suggest that the teams establish a panel of judges from which one of the three members of the ICA will be chosen for each case from the teams’ panel. If any case there were five members, two judges would come from the teams’ panel. Such a procedure is, we are sure you are aware, not at all unusual. The FIA secretariat should be administered by a law firm that does not act or have any connection with the FIA or the teams.
 - (b) in order that we avoid further lengthy and protracted disputes the existing ICC arbitration procedure be modernised so as to provide a fast-track procedure for non sporting disputes. We have established with the ICC that they would work with all of us to develop such a procedure.

2. Resources

We first need to clarify any misconceptions that FOTA is not committed to progressive cost reduction. We have to date achieved cost reductions that are greater than any previously achieved in the history of the sport and remain very committed to this process.



As you have yourself said in your recent press release, it is clear from the 11th June meeting that the FOTA and FIA cost reduction objectives were:

“...very close if not identical and that the financial experts from both sides should meet without delay to seek a common position on detail”.

That meeting took place and we felt that the outcome was very productive and your representatives agreed to meet again later this week. We were therefore very surprised then to see the FIA press release being later published which effectively called a halt on all further negotiations. Your press release, however, does acknowledge that the meeting examined:

“FOTA’s ideas on cost reduction, but as presented, these amounted only to a voluntary system....”.

Solution:

We detect from the spirit of the meeting and the sentiments expressed in the press release that a solution might be possible based on the FOTA resource restriction proposal but with measures introduced. We would propose in this respect that we nominate a top firm of independent accountants who will devise an audit methodology that will be implemented by all of the teams. This methodology and the annual results would be disclosed to the FIA. We are sure you will appreciate that many FOTA members, some of which are subsidiaries of public companies, have a very real issue with FIA or any external organisation having access to their financial and commercial data. We can see no reason why such a system based on objective verification of compliance would not be acceptable to all parties.. Obviously such a system would apply to all teams.

3. Two Tier Regulations

There has been a great amount of debate about this and much reporting of it. You do, however, in your recent press release state that:

“...it was agreed as far back as the Heathrow meeting that there would only be one set of rules and this was reaffirmed in Monaco and again last Thursday”.

This obviously is something we warmly welcome as being the only fair way forward for the sport. We would, however, refer to the fact that in recent discussions there has been mention by the FIA of a higher rev limit being allowed for the Cosworth engines. We do not see that it is unfair for Cosworth to have to retune its engines given that they have eight months to do so whereas the manufacturers were asked to do the same in a much shorter period of time.

The Regulations we would be expecting to race under in 2010 would, of course, be those we referenced in respect of our 2010 entry.



Solution:

We, as the FIA say in its press release, now adopt one set of rules for all competitors with no adjustments for higher engine revs or anything else. The teams, however, reaffirm their commitment to assist new entrants with low cost engine and gearbox packages and the ability to negotiate terms for the provision of technical assistance in respect of chassis development.

4. Legal Documentation/Next Steps

In respect of the FIA, you now have our proposal in detail for the adoption of the 1998 Concorde Agreement style of governance. In order to achieve stability we should enter into a tripartite new Concorde Agreement with FOA as well as FIA. The governance provisions are very easy to achieve. In respect of FOA we now have a very highly developed draft which we believe with a further session could be brought to maturity and signed. We are happy to work with the FIA and FOA between now and Friday to achieve that and apply whatever level of resource to it that is necessary or, if the FIA and FOA prefer, to extend the final date for the acceptance of entries. We would welcome this being extended to 1st July 2009.

We hope that FIA and FOA will now join with FOTA in a spirit of good faith and compromise and agree a fair and reasonable new tripartite Concorde Agreement as soon as possible.

Yours sincerely,

On behalf of Brawn G.P. Ltd

On behalf of Ferrari SpA

On behalf of Red Bull Racing Ltd

On behalf of Scuderia Toro Rosso SpA

On behalf of BMW Sauber AG

On behalf of McLaren Racing Ltd

On behalf of Renault F1 Team Ltd

On behalf of Toyota Motorsport GmbH