

**MCLAREN INTERNATIONAL LIMITED  
WILLIAMS GRAND PRIX ENGINEERING LIMITED**

**PRESS RELEASE**

**Leading teams to take the FIA to arbitration**

**The F1 Technical Working Group believes that the FIA's proposed rule changes will reduce safety**

**The FIA proposals will result in a dumbing down of Formula One**

London – 20 February 2003: Leading Formula One teams WilliamsF1 and McLaren came together today to outline their concerns about the unilateral way in which the sport's regulator, the Federation Internationale de l'Automobile (FIA), has introduced new regulations for the 2003 World Championship, which starts in Australia on March 9.

WilliamsF1 and McLaren believe that the FIA is in breach of the contract that covers the running of the World Championship. While continuing to take part in the 2003 Championship, the teams will be seeking to challenge the FIA's rule changes through the sport's arbitration process.

Led by Frank Williams and Ron Dennis, WilliamsF1 and McLaren are deeply concerned that FIA President Max Mosley is seeking to introduce changes the combined effect of which would undermine the fundamental values of Formula One as the pinnacle of motorsport and a technological showcase. Furthermore, both teams have deep concerns that the F1 Technical Working Group, which is made up of the technical directors from each of the Teams, believes that the changes could increase the safety risk for drivers.

The F1 Technical Working Group have argued that the following changes being proposed by the FIA have serious implications for safety:

1. Reducing the time available for the teams to carry out detailed checks between qualifying and racing from 18.5 hours to 2.5 hours
2. Eliminating telemetry which enables the teams to monitor the cars for any serious defects that occur during the race

In a letter sent today to Max Mosley, President of the FIA (a copy of which is attached below), Ron Dennis and Frank Williams have outlined these concerns.

Ron Dennis said: "The FIA is trying to 'dumb down' Formula One. It has introduced sweeping new regulations for the 2003 season without proper consultation with the Teams. We want Formula One to be stable, well run and professionally administered to ensure the continued success of the sport."

“There is no doubt that Formula One needs to change and evolve and McLaren and WilliamsF1 have always played a constructive role in initiating and supporting positive measures to improve our sport. Sensible proposals are already on the table. At a meeting on 4<sup>th</sup> December 2002, the Formula One Teams agreed to introduce a range of measures that would have reduced costs and given the smaller teams the necessary support to ensure their participation for the whole of the 2003 season. These measures included the prohibition of qualifying cars, an acceptance of standard materials and equipment and an arrangement with a number of manufacturers to supply low cost engines to the independent teams.”

Frank Williams said: “Some of these changes are against the spirit of Formula One, its restless drive for excellence and its need to live on the technological cutting edge. We believe that the FIA are taking an unnecessarily pessimistic view of the future of Formula One. The FIA’s proposals will remove and destroy many aspects and facets of our sport that have helped it prosper and thrive in the last 20 years. They are damaging to the very nature of Formula One and limit its differentiation from other forms of motor sport.”

“It is misleading to suggest that Formula One is in crisis – it remains a uniquely popular and highly successful sport. Unfortunately, only a fraction of those revenues generated by Formula One remain in the sport and go to the teams. Addressing this issue is the surest way of delivering stable and successful independent teams.”

For Further Information:

Ellen Kolby, McLaren

+44 (0) 1235 777 129

+44 (0) 7747 012 335

Liam Clogger, WilliamsF1

+44 (0) 1235 777 706

1. Full text of the letter attached.

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20 February 2003

Max Mosley  
President – FIA  
60 Trafalgar Square  
London  
WC2N 5DS

Dear Max

**RE: PROPOSED NEW REGULATIONS FOR THE FIA FORMULA ONE WORLD CHAMPIONSHIP**

Thank you for your letter dated 7<sup>th</sup> February 2003 setting out your views on the future of the Formula One World Championship and inviting our comments. In response to your request for a constructive dialogue, we have summarised the views of WilliamsF1 and McLaren below.

We are bound to say at the outset that we are opposed to the unilateral way in which you have acted to introduce new regulations for the 2003 World Championship. We fundamentally disagree with a number of the changes you have imposed which, in our judgement, are detrimental to Formula One. Critically, both teams have deep concerns that the F1 Technical Working Group members have expressed the view that the changes could increase the safety risk for drivers.

McLaren and WilliamsF1 believe that the FIA is in breach of contract. Consequently, while we will take part in the 2003 Championship, we will also be seeking to challenge the imposition of the FIA's rule changes through the sport's arbitration process.

The combined effect of all of your proposals will be a serious undermining of the fundamental values of Formula One as the pinnacle of motorsport and a showcase for technological and automotive excellence. These values have underpinned the success of the sport for the last 20 years. It is to be expected that these proposals would reduce the attractiveness of the sport to sponsors, investment partners and fans. It would also leave the automotive manufacturers with no choice but to reconsider their involvement in our series.

We see the events of 2003 to date as detrimental to the interests of the sport. We are taking this action to ensure that we have a stable, well run, professionally administered and successful sport in the decades to come.

**CURRENT CHALLENGES IN FORMULA ONE**

The Formula One World Championship is, in common with many sports and businesses, currently facing a number of tough challenges. We would characterise the cause of these challenges that particularly affect Formula One as coming from two sources.

The first and most obvious was the apparent domination of Ferrari in the 2002 season and the knock-on effect on wider public interest in the Championship. However, history suggests that such dominance will not be sustained indefinitely. Indeed, if we didn't think that we could compete we wouldn't race ourselves. Essentially, therefore, we see this as a short-term problem that will correct itself.

The second challenge stems from the general economic slowdown in the world economy and the substantial reductions in advertising spending. This has caused the Teams significant short-term problems. Again, however, we see this as a relatively short-term problem. Formula One remains an excellent opportunity for advertisers, offering excellent brand exposure. When advertising spending picks up the Teams' revenues will increase.

We have all gone through a painful learning curve in recent years, but, hopefully, some valuable lessons will have been picked up along the way. The sport will benefit from the new financial prudence that the teams are willingly adopting. However, this is not something that you can ensure by regulation.

Your recent statements have given the impression that Formula one is in crisis. However, it remains financially a very successful sport generating more than enough profits to sustain all of the teams involved in the series. Indeed, while the agenda has successfully been focused on cost reduction, Formula One remains a very successful sport and we would question why the FIA does not seek to obtain from the FOM agreement to a more equitable distribution of TV and other revenues. This would be the most reliable way to guarantee the survival and success of the independent teams.

## **OUR CONCERNS**

Our concern is that the FIA is trying to 'dumb down' our sport. It has introduced sweeping new regulations for the 2003 season without proper consultation with and approval of the Teams. We want the FIA proposals to be properly considered, so that all the Teams are given the opportunity to shape the future direction of the sport as they are entitled to do under the Concorde Agreement.

We believe that you are taking an unnecessarily pessimistic view of the future of the Championship and that your proposals will remove and destroy many aspects and facets of our sport which have allowed it to prosper and thrive in the last 30 years. Any initiatives, which are intended to artificially constrain cost and remove technical differentiation, will be damaging to the very nature of Formula One and limit its differentiation from other less successful forms of motor sport.

The changes you are proposing are against the spirit of Formula One, its restless drive for automotive excellence and its need to live on the technological cutting edge. They seek to distance important stakeholders from the sport and could seriously diminish it as a spectacle. Furthermore, we do not believe that any of the current engine suppliers in Formula One support your view that the 2 or 6 race engine concept is attractive. We must therefore proceed with particular caution in this area if we are not to alienate these important participants in Formula One. In particular, at a time when more automotive manufacturers than ever are investing in the sport, the proposals imply that the FIA is hostile to the manufacturers. This simply is not in the sport's best interests and needs to be addressed urgently.

We also believe that the business model you propose for Formula One is structurally flawed. It is based upon the assumption that the automotive manufacturers will not consistently support Formula One and that the two not so well financed teams are more likely to be long term participants. However, the manufacturers are committed enough to express a desire to take an equity stake in the commercial side of the sport. This indicates to us a welcome and significant change in their perception of Formula One.

We cannot see that it makes sense to risk losing stable well-funded players and to attract or create less stable teams as replacements.

If Formula One is allowed to remain at the pinnacle of motor sport it will retain its strong following and will continue to present a valuable opportunity to sponsors and investment partners.

### **Safety Concerns**

As you know, the F1 Technical Working Group has stated that the proposed rule changes will make the sport less safe and insisted that their concerns were included in your minutes of that meeting. Specifically, they believe that the overnight Parc Ferme ruling, which will reduce the amount of time the teams get to prepare their cars for the race from 18.5 hours to 2.5 hours and eliminating telemetry which enables the Teams to monitor the cars for any serious defects that occur during the race, will have a serious negative impact on the safety of all the Team's cars as confirmed by their respective representatives on the Technical Working Group.

### **INTRODUCTION OF CHANGE**

We believe that it is accepted in most quarters that the changes which are being imposed for the 2003 season have, regrettably, destabilised the Championship and will ultimately only serve to widen the gap between the smaller teams and those which are larger and therefore more able to deal with change at short notice.

Aside from the effectiveness or otherwise of the changes that are being implemented in the short term, we consider that you acted prematurely and did not allow the teams to fully develop their proposals. To some this gave the appearance of having predetermined the outcome of the 15<sup>th</sup> January meeting before full consultation.

The process by which the FIA has imposed the changes for the 2003 season does not comply with the requirements of the Concorde Agreement. We view your claim that the changes have been introduced "to apply existing regulations more effectively" as simply wrong. The Concorde Agreement was, amongst other things, intended to provide "stable technical and sporting regulations", and we believe the FIA is clearly acting in breach of these provisions.

### **THE NEED FOR CHANGE**

There is no doubt that Formula One needs to change and evolve and we believe that McLaren and WilliamsF1 have always played a constructive role in initiating and supporting positive measures to improve our sport. We are sure that you will have believed us when we informed you that we are striving to raise our game and ensure that we take a step forward in our performance in order to compete with, and race Ferrari in the near future. We recognise that this will improve the show and we have

further supported the initiatives to change the format of qualification, which will undoubtedly improve the spectacle of the event during the forthcoming season.

Sensible proposals are already on the table. At a meeting on 4<sup>th</sup> December 2002, the Teams agreed to introduce a range of measures that would reduce costs and help to improve the 2003 World Championship. These measures included the prohibition of qualifying cars, an acceptance of standard materials and equipment and an arrangement with a number of manufacturers to supply low cost engines to the independent teams. The Teams also committed to meet regularly and to look at further cost initiatives to reduce costs and enhance the sport.

In addition, as you know, the Team Principals had an agreement from Bernie Ecclestone that, if rules remained stable, additional television income would be allocated to the Teams to ensure that all participants could remain in the sport throughout the 2003 season.

McLaren and WilliamsF1 have been extremely proactive in seeking to address the current financial difficulties for some of the teams involved in Formula One. For the avoidance of doubt, we would like to record the sequence of events and the measures that were discussed and agreed prior to the imposition of proposals by the FIA on the afternoon of the 15<sup>th</sup> January 2003.

The Team Principals and Technical Delegates met on the 4<sup>th</sup> December 2002, and in a spirit of co-operation and pragmatism agreed upon a range of measures to reduce costs in Formula One. While the FIA were not present at this meeting they were provided with an agenda prior to the meeting and a summary of the points agreed after the meeting. A summary of the points agreed by the Team Principals and Technical Directors in this meeting was circulated to all of the teams.

The following excerpts are those that related to cost reduction:

## **Cost Reduction**

### Qualifying Cars

The Team Principals approved proposed amendments to the Technical Regulations which would prevent the use of qualifying specification chassis, fuel tanks, exhaust and cooling systems.

### Standard Specification Skid Block Material

The Team Principals agreed to the proposals from the technical delegates to standardise the skid block material in 2004.

### Standard Specification of Wheel Rims

It was agreed that the teams would give serious consideration to a standard rim detail and consider whether the entire wheel should be standardised in order to facilitate a competitive tendering process for some, or all, Formula One teams.

### Ballast Reduction

The Team Principals accepted the proposal from the technical delegates that the minimum car weight could be reduced to 550 kg for the 2005 season, provided that

this was part of an overall package of revisions, which would control or reduce the performance of Formula One cars.

#### Material Density

It was agreed that high-density materials could be prohibited in 2005.

#### Standard Brake

It was agreed to consider proposals for the supply of a standard, but advanced braking system for use in Formula One, between 2004 and 2006. Such a system should be capable of running throughout an entire Grand Prix weekend, without the substitution of friction material components.

#### Two-way Telemetry

It was agreed that the teams would seek to agree the specification of a two-way voice/data telemetry system, which might be standardised throughout Formula One and put out to tender with a proposed implementation date of 2004.

### **INITIATIVES TO SUPPORT THE SMALLER TEAMS**

In addition to these initiatives, DaimlerChrysler circulated a letter to the engine manufacturers in Formula One proposing to offer a second team an engine supply arrangement at costs far below current market rates. Without hesitation, Toyota and Renault responded positively to this proposal and agreed in principle to make similar arrangements available. Other manufacturers may well have followed had these ideas not been dismissed by the FIA at the meeting on the 15<sup>th</sup> January. Either way, this plan would have meant that there were sufficient low priced engine programmes available to sustain the current size of Formula One.

Furthermore, in a meeting on the morning of the 15<sup>th</sup> January 2003, the Team Principals and Bernie Ecclestone unanimously agreed, provided that there was rule stability, to reallocate television income within the sport to ensure that all of the current participants would be able to remain in the sport throughout the 2003 season. This included substantial sums to which McLaren and WilliamsF1 had an entitlement.

This, coupled with the lower cost engines supplied under the DaimlerChrysler initiative, would put any well-run team on a healthy footing.

In light of the above initiatives it is surprising that the FIA has stated that the teams had "produced nothing" particularly when the initiatives currently being pursued do not, in the judgement of the majority of the teams and manufacturers, reduce costs in our sport.

### **AUTOMOTIVE MANUFACTURERS COMMITMENT**

The automotive companies are seeking a stable Championship and they are prepared to make significant and long-term investment in the Championship. Their proposals within GPWC are motivated by their desire for stability, and consistency. They have shown a strong commitment to Formula One and a determination to further grow the sport.

The FIA has not embraced the manufacturers offer to contribute to the sport and it has been this stance, which has led to the formation of GPWC. The posture of the FIA towards these initiatives is unhelpful, but we very much hope that in the future the FIA will find an acceptable and constructive way of working together with the automotive manufacturers.

## **Next Steps**

In the meantime, the 2003 season is about to commence and we believe that fundamental changes have been introduced to our sport without appropriate consultation and in breach of the provisions of the Concorde Agreement. In these circumstances therefore we feel we have no alternative other than to commence our championship campaign under these new arrangements but in so doing we reserve all of our rights with respect to entering into the arbitration procedure set out within the Concorde Agreement.

To reiterate, in our judgement, and we understand that this is a view shared by the vast majority of the teams and manufacturers, some of the measures you have imposed are seriously damaging to the future of Formula One, as are your proposed changes for 2004 and beyond. Together, in the opinion of the Technical Working Group, they run the risk of reducing safety, damaging the fundamental values of Formula One through the dumbing down of the sport and of driving the automotive manufacturers out of the series.

In the circumstances we would urge you to refrain from future unilateral action and to enter into a constructive dialogue with the Teams to ensure the future stability and enhancement of Formula One.

We, of course, remain willing to meet at any time to discuss how we can improve our sport.

Yours sincerely,

Ron Dennis, CBE  
Chairman and CEO  
TAG McLaren Holdings

Frank Williams, CBE  
Managing Director  
WilliamsF1

cc: Bernie Ecclestone  
Team Principals