

**2008, 2009 AND 2010 FIA FORMULA ONE WORLD CHAMPIONSHIP**

**INVITATION TO TENDER FOR TYRE SUPPLY CONTRACT**

**PREAMBLE**

The FIA's objective is to hold an open tender process for the purposes of selecting an official supplier whose task it will be to ensure the production and delivery of all of the tyres for all of the participants in the 2008, 2009 and 2010 rounds of the FIA Formula One World Championship.

This document sets out the terms and conditions under which tenders should be submitted and explains the minimum requirements that the selected supplier will be expected to meet.

The following indicates the timetable that the FIA intends to follow in making its selection.

<b><i>19 May 2006:</i></b>	issuing of the invitation to tender
<b><i>23 June 2006:</i></b>	deadline for submitting tenders
<b><i>26 June 2006:</i></b>	opening of the tenders
<b><i>5 July 2006:</i></b>	decision as to the selection

## **PART I - GENERAL**

### **1. DEFINITIONS**

In this invitation to tender the following terms should be understood as follows:

- 1.1 The **CHAMPIONSHIP** means the FIA Formula One World Championship.
- 1.2 The **SPORTING AND TECHNICAL REGULATIONS** mean the Formula One Sporting Regulations and the Formula One Technical Regulations as from time to time published and amended by the FIA in accordance with its statutes and regulations. The 2008 **SPORTING AND TECHNICAL REGULATIONS** are available on the FIA's website [www.fia.com](http://www.fia.com).
- 1.3 The **FIA** shall mean the Fédération Internationale de l'Automobile which is the sole organiser of the **CHAMPIONSHIP**.
- 1.4 The **COMPETITORS** shall mean the racing teams that have been accepted by the FIA to take part in the **CHAMPIONSHIP**.
- 1.5 The **MANUFACTURER** shall mean the **TYRE** manufacturer which tenders and, after selection by the FIA, enters into the **CONTRACT**.
- 1.6 The **PRODUCTION SITE** shall mean the factory which will produce all the **TYRES** supplied over the duration of the **CONTRACT** that will result from this tendering procedure, in order to guarantee a strictly uniform quality of manufacture.
- 1.7 **TYRES** shall have the same meaning as that term when used in the **SPORTING AND TECHNICAL REGULATIONS**.
- 1.8 **SUPPLY CONDITIONS** means the conditions under which the **MANUFACTURER** shall supply the **TYRES** to the **COMPETITORS**.
- 1.9 **EVENT** means any event forming part of the **CHAMPIONSHIP** entered onto the International Sporting Calendar of the FIA for any year, commencing at the scheduled time for scrutineering and sporting checks and including all practice, qualifying at the race itself and ending at the latest time for the lodging of a protest under the terms of the FIA's International Sporting Code.
- 1.10 **TESTING** means tests as defined in and authorised by Article 63 of the Formula One Sporting Regulations.
- 1.11 The **FIA ENGINEER** shall mean the technician appointed by the FIA:
  - to carry out all technical checks and controls,
  - to grant the necessary approval prior to the starting up of production.
- 1.12 The **CONTRACT** shall mean the agreement to supply the **TYRES** to be signed between the **MANUFACTURER** and the FIA upon completion of this tendering procedure.

1.13 The **TENDERER** means any person or entity making a tender offer subsequent to this invitation to tender.

## **2. INVITATION TO TENDER**

2.1 TENDERERS are hereby invited to submit a tender for the CONTRACT to become the sole MANUFACTURER of TYRES for use by the COMPETITORS in the CHAMPIONSHIP for the racing seasons 2008, 2009 and 2010.

2.2 Only tenders which demonstrate that the TENDERER is capable of meeting the conditions set out in Part II (SUPPLY TERMS & CONDITIONS) and which meet the requirements of Part III (PROCEDURE AND ADDITIONAL REQUIREMENTS) will be considered for the award of the CONTRACT.

## **PART II - SUPPLY TERMS & CONDITIONS**

### **3. CONTRACT**

- 3.1 The TENDERER that is selected to become the MANUFACTURER will be invited to enter into the CONTRACT which will contain, inter alia, the following minimum terms and conditions relating to the supply of TYRES.

### **4. SUPPLY OF FREE TYRES**

- 4.1 The MANUFACTURER will supply to each of the COMPETITORS free of any charge:
- (a) all of the TYRES needed for participation at each EVENT. Sufficient quantities (calculated by reference to the maximum number that each COMPETITOR is permitted to use under the SPORTING AND TECHNICAL REGULATIONS) must be made available to COMPETITORS at EVENTS and TYRES that are not used at EVENTS must be collected by the MANUFACTURER at the end of the EVENT;
  - (b) a maximum of 300 (three hundred) sets of new TYRES per calendar year for TESTING;
  - (c) a maximum of 12 (twelve) sets of new TYRES per calendar year for wind-tunnel testing. The COMPETITORS may choose to receive some or all of the latter TYRES at 50% scale;
  - (d) two sets of prototype tyres before the deadline established at Article 6.1 below;
  - (e) a reasonable number of TYRES for show cars. These must be unsuitable for use on a circuit or a test rig.
- 4.2 The MANUFACTURER will not supply any additional TYRES to any COMPETITORS during the period of the CONTRACT whether directly or indirectly or whether for payment or otherwise under any circumstances.

### **5. COMMERCIAL ASSOCIATION RIGHTS**

- 5.1 Together with the CONTRACT, the FIA will grant to the MANUFACTURER the right to describe itself (including in its advertising and other publicity) as the "official tyre supplier to the FIA Formula One World Championship" or its direct equivalent in other languages (hereinafter referred to as the "ASSOCIATION RIGHT").
- 5.2 The ASSOCIATION RIGHT granted will be coterminous with the CONTRACT.
- 5.3 No other description of the supply relationship or the CONTRACT other than the description set out above will be permitted.
- 5.4 The FIA will maintain a right to require the immediate withdrawal of any advertisement that it judges to be contrary to the CONTRACT or the reputation, standing or interests of the CHAMPIONSHIP, the FIA or motorsport generally.

- 5.5 Any publicity, advertising or promotional activity engaged in by the MANUFACTURER pursuant to the ASSOCIATION RIGHT shall be entirely at the MANUFACTURER's own expense.
- 5.6 The grant of the ASSOCIATION RIGHT will not include the right to use the FIA Formula One World Championship logos or any of the FIA's intellectual property (save that the approved description set out in the ASSOCIATION RIGHT itself may be used);
- 5.7 Although the CONTRACT will not prevent the MANUFACTURER from entering into such arrangements at its own expense, for the avoidance of doubt the grant of the ASSOCIATION RIGHT will not include any advertising or promotional rights at EVENTS, with the following exceptions:
- (a) the MANUFACTURER's personnel may wear their usual uniforms;
  - (b) the MANUFACTURER's equipment and trucks present at the event may display the customary identification;
  - (c) the MANUFACTURER may put its name and logos on the sidewall of each TYRE in the traditional way; and
  - (d) the drivers on the winners podium will wear hats bearing the MANUFACTURER's logo in the traditional way.
- 5.8 The ASSOCIATION RIGHT will not create any rights for the MANUFACTURER to associate any product with any COMPETITOR. However, the MANUFACTURER will not be prevented by the CONTRACT from entering into private publicity arrangements with COMPETITORS that would otherwise be permitted.

## **6. PRODUCTION DATES AND DELIVERY AT EVENTS**

- 6.1 The MANUFACTURER must make available to each COMPETITOR, no later than 1 April 2007, two prototype sets of TYRES which will (unless specifically agreed with the FIA) be identical in all material respects to the TYRES that will be supplied for use in the 2008 CHAMPIONSHIP.
- 6.2 The TYRES for the 2008 CHAMPIONSHIP must be available to the COMPETITORS for TESTING on 1 September 2007 at the latest.
- 6.3 The MANUFACTURER must ensure the transportation and delivery of the TYRES to the site of the EVENTS at its own expense and will provide all necessary personnel and equipment at each EVENT to fit and service the TYRES for all COMPETITORS.
- 6.4 Concerning delivery, the MANUFACTURER will install one TYRE distribution centre within the precincts of the paddock at each EVENT. All the COMPETITORS will have equal access to this distribution centre according to the SPORTING and TECHNICAL REGULATIONS.
- 6.5 The MANUFACTURER will be required to be present and ready to fit TYRES by 9.00 am on the day before the first practice day and remain available to do so

throughout each EVENT.

- 6.6 At least one representative of the MANUFACTURER shall be available on-site throughout the duration of each EVENT.

## **7. TECHNICAL CONDITIONS**

- 7.1 The MANUFACTURER shall supply TYRES that are in conformity with the SPORTING AND TECHNICAL REGULATIONS (in particular Articles 73-76 and Article 12 respectively), save that the FIA reserves the right to waive the requirement for the MANUFACTURER to provide two specifications of dry-weather TYRE (Article 73) and allow the MANUFACTURER to provide one specification of dry-weather TYRE only.
- 7.2 Before starting production, the MANUFACTURER shall submit a detailed technical study to the FIA ENGINEER for written approval and possible modifications according to the observations of the FIA ENGINEER.
- 7.3 All TYRES provided by the MANUFACTURER will be of the same construction for each of the 2008, 2009 and 2010 racing seasons, but will be available in up to four different compounds, as agreed with the FIA.
- 7.4 Subject to any FIA waiver (see Article 7.1 above), the MANUFACTURER will make available a maximum of two compounds at each EVENT.
- 7.5 The compound(s) chosen for a given EVENT will be proposed by the MANUFACTURER and agreed with the FIA.
- 7.6 The MANUFACTURER may not make any change to the specification of the TYRES during the CONTRACT without the express agreement of the FIA.
- 7.7 The MANUFACTURER will, to the extent possible, ensure that all TYRES of a given compound are of the same quality and composition and that the performance of TYRES of a given compound remains consistent at all times.
- 7.8 The MANUFACTURER will liaise closely with the FIA on TYRE performance and make such adjustments as the FIA may require in order to keep car performance, particularly cornering speeds, within acceptable limits.
- 7.9 All TYRES supplied under the CONTRACT must be suitable for use at all times during the EVENT. They must be suitable and safe for use without tyre warmers.
- 7.10 The MANUFACTURER will supply the FIA and each COMPETITOR with technical information on all available tyres, including at least:

### **Aerodynamic Data**

- Tyre shape information at various loading conditions for CFD studies.

### **Design Department Data**

- Static profile and dimensions when fitted and inflated at nominal pressure with no load;
- Static profile and dimensions when fitted and inflated at nominal pressure at static nominal load;
- Tyre shape information at various loading conditions for design of floors, rear wing endplates etc;
- Tyre bead details and preferred rim widths to confirm wheel rim design;
- Tyre valve details;
- Loaded radius as function of load, speed, inner pressure and camber;
- Camber range;
- Tyre weight and inertia (front and rear for dry / intermediate / wet).

### **Vehicle Dynamics Data**

- Rolling resistance as function of load and speed;
- Loaded radius equations =fn(speed, Fx, Fy, Fz, inflation pressure, camber);
- Rolling radius equations =fn(speed, Fx, Fy, Fz, inflation pressure, camber);
- Non-rolling tyre spring rate and damping over a range of vertical load and drive frequencies;
- Force and moment tyre model – Pacejka format;
- Relaxation length;
- Aligning torque;
- Overturning moment;
- Minimum and maximum inner pressure.

7.11 Preliminary technical information based on the above should be available no later than 1 January 2007 and should be made available to all COMPETITORS on an equal basis and in a timely fashion. It must then be regularly updated.

## **8. TESTING**

8.1 To facilitate TESTING by COMPETITORS, the MANUFACTURER will be present at its own expense at a maximum of 20 official TESTING days nominated by the FIA out of season, and a maximum of 10 such test days in season, with all necessary personnel and equipment to fit and service TYRES. Each set of TYRES used by a COMPETITOR during this TESTING will be deducted from the allowance of 300 sets per COMPETITOR. TESTING will be at a maximum of two locations in any one week out of season and at one location in any given week in season. Locations will be specified by the FIA, but all will be within Europe.

- 8.2 The MANUFACTURER may also engage in its own product testing. Each of the top five COMPETITORS from the previous year's Championship shall be invited to make available up to 1,000 km of tyre development testing at the MANUFACTURER's request, subject in each case to the agreement of the FIA. If any COMPETITOR declines this invitation the sixth and subsequent teams may be invited until a total of five COMPETITORS are each available for a maximum of 1000 km of tyre development testing.
- 8.3 Should the MANUFACTURER consider such on-track tyre development necessary this will be kept to a minimum and will be with COMPETITORS nominated by the FIA. All information resulting from these tests shall be made available to all COMPETITORS without delay.
- 8.4 TYRES supplied to a COMPETITOR for rig TESTING (other than the two prototype sets specified in Article 6.1) will form part of the above-mentioned 300 sets. TYRES used by a COMPETITOR during the testing referred to in Article 8.2 will not form part of the above-mentioned 300 sets.
- 8.5 Save for on-track development TESTING arranged with the FIA, the MANUFACTURER will treat all COMPETITORS equally with respect to anything which affects the performance of the cars.

## **PART III - PROCEDURE AND ADDITIONAL REQUIREMENTS**

### **9. TENDERING CONDITIONS**

9.1 Tenders must comply with the terms and conditions set out in this Part III. Any tender not so complying will not be considered for the award of the CONTRACT.

### **10. TENDERS**

10.1 Tenders must be submitted in a closed and sealed envelope addressed to Maître JAQUIERY, Huissier de justice, 6, Place des Eaux-Vives – 1207 Geneva – Switzerland (telephone number: +41.22.849.59.49), no later than 5pm on 23 June 2006.

10.2 The TENDERER is requested to send **four copies of his tender**.

10.3 Any envelope received after the 23 June 2006 deadline shall not be considered.

10.4 A receipt will be issued to the TENDERER at his request and shall serve as an acknowledgement of receipt.

10.5 On 26 June 2006, Maître JAQUIERY shall present all the envelopes to the FIA and shall open them during a public meeting. Each TENDERER may attend the opening of the envelopes and may personally verify that the seals of each envelope are firmly secure prior to their official opening.

10.6 The selected TENDERER shall be informed by fax no later than 7 July 2006.

10.7 The FIA has taken reasonable care to ensure that this invitation to tender is accurate in all material respects. This invitation to tender is provided solely by way of explanation of the tyre supplying conditions and neither the FIA, nor any of its representatives or employees make any representation or warranty, or accept any responsibilities for the accuracy or completeness of any of the information contained in this invitation to tender; nor shall they be liable for any loss or damage suffered by any TENDERER in reliance on this invitation to tender or any subsequent communication.

10.8 The FIA reserves the right to change any aspect of this invitation to tender at any time, to issue an amended invitation to tender or to provide the TENDERERS with clarification in relation to the content of the invitation to tender and the proposed process. Such change, amendment or clarification may be provided by the FIA in such form as the FIA considers appropriate. For the avoidance of doubt, in the event that potential TENDERERS find any aspect of this invitation to tender unclear, questions should be directed to the FIA. The FIA will not be responsible for any misunderstanding that could have been avoided or remedied by the potential TENDERER posing a suitable question to the FIA. Should the FIA agree that any aspect could usefully be clarified it will provide such clarification and where appropriate will publicize that clarification.

10.9 Nothing in this invitation to tender nor any communication made by the FIA or its

representatives or employees shall constitute a contract between the FIA and any prospective TENDERER. The FIA shall be under no obligation to accept any tender offer submitted in response to this invitation to tender if, in the sole discretion of the FIA, the FIA considers that no tender offer meets with the FIA's criteria for the supplying of TYRES.

- 10.10 Each TENDERER is responsible for all costs, expenses and liabilities incurred in the preparation of its tender, including any responses to requests for further information by the FIA and any travel or negotiations with the FIA (whether or not the TENDERER is ultimately selected).

## **11. MANDATORY CONTENTS OF TENDERS**

- 11.1 Each tender must contain precise details of the name, address and contact person of the TENDERER as well as sufficient information to allow the FIA to identify the corporate group to which the TENDERER belongs.
- 11.2 Each tender must contain a statement indicating why, in the TENDERER's submission, it should be selected by the FIA for the award of the CONTRACT. This statement should indicate the TENDERER's experience in the manufacture of TYRES for sporting use, its experience in supplying national and/or international motorsport competitions and indicate any other facts which the TENDERER believes should be taken into account by the FIA.
- 11.3 Each TENDERER must present a document explaining in precise terms how, if selected, it would meet the minimum "SUPPLY TERMS & CONDITIONS" set out in Part II above.
- 11.4 The tender must contain detailed technical documentation on all the qualities and specifications of the TYRES to be supplied.
- 11.5 TENDERERS must identify any terms and conditions for delivery to the site of the EVENT, it being understood that the MANUFACTURER will be required to be present and ready to fit TYRES by 9.00 am on the day before the first practice day.
- 11.6 Each TENDERER must describe in an appendix any additional specific supply terms or conditions it is proposing.
- 11.7 Each tender must contain the following declaration signed by a senior officer of the TENDERER on its behalf: "We certify the contents of this tender offer to be true and complete in all material respects. If, following submission of this tender, there is any change in circumstances which may adversely affect our ability to perform the tasks as we have proposed, we shall promptly notify the FIA in writing, setting out the relevant details in full".

## **12. SELECTION**

- 12.1 The FIA shall select the TENDERER which, in the FIA's sole opinion, most closely satisfies the scope of the task described and the requirements and interests of the CHAMPIONSHIP.

- 12.2 The FIA will not be required to give reasons for the acceptance or refusal of any particular tender.
- 12.3 The completion of the process of selection of a TENDERER shall be subject to the FIA and the TENDERER entering into the CONTRACT appointing the TENDERER as MANUFACTURER in accordance with the procedure set out herein.
- 12.4 A draft CONTRACT will be provided to the selected TENDERER which reflects the terms agreed and required in this invitation to tender and the terms set out in the tender offer that is accepted. The selected TENDERER will have **10 days** from the delivery of the draft CONTRACT in which to send any comments and to supply the documents necessary for the finalisation of the CONTRACT. No variation to the central terms or themes of this invitation to tender or the offer submitted will be permitted at that stage and the opportunity to comment will be provided only to allow technical amendments that are necessary to give the CONTRACT full force and effect. If this time limit is not respected, the FIA reserves the right to revise its position on the award of the CONTRACT resulting from the invitation to tender, and by submitting a tender the TENDERER agrees that it waives all right of legal action in the event of such a revision.
- 12.5 It will be a term of the CONTRACT that the CONTRACT may not be assigned or transferred under any circumstances whatsoever without the express agreement of the FIA.

### **13. GUARANTEE**

- 13.1 It shall be a pre-condition to the completion of the CONTRACT that the MANUFACTURER shall produce an attestation certifying that it has a first demand guarantee in place which provides for at least the following terms, together with an executed copy of the said first demand guarantee.
- 13.2 The guarantee must be issued by a top-ranking international financial institution and must guarantee a payment in favour of the FIA of a minimum of **100,000,000 (one hundred million) euros**.
- 13.3 The guarantee may be called upon by the FIA in the event that a payment is demanded (whether in damages or otherwise) by any third party or the FIA for any breach of the MANUFACTURER'S legal or contractual obligations, including any payment or compensation that might arise from any flaws in the MANUFACTURER's product or the MANUFACTURER's negligence or any costs, damages or expenses arising from its failure to supply the requisite TYRES (including a failure to supply TYRES which are fit for purpose and a failure to supply sufficient quantities of TYRES).
- 13.4 The CONTRACT shall contain the following clause releasing the MANUFACTURER from liability if such failure to supply is due to a force majeure event:

"In the event that the MANUFACTURER is unable to supply the quantities of TYRES required in accordance with the provisions of this CONTRACT, the MANUFACTURER shall not be liable if such failure to supply is due to a force majeure event, such as war, insurrection, earthquake, riot, or depletion of stocks of raw materials, if such depletion affects all the companies which are rivals of the

MANUFACTURER and blocks the entire industrial production of TYRES typically used for motor racing.

Depletion of stocks of raw materials which does not affect the entire TYRE manufacturing industry shall not be considered a force majeure event. Strikes and other social strife or problems which prevent manufacture of the TYRES in the factories of the MANUFACTURER are also not considered to be force majeure events."

- 13.5 No occurrence other than the force majeure events referred to above shall release the MANUFACTURER from liability in case of failure to supply.
- 13.6 The first demand guarantee must be irrevocable and in a form that allows the FIA to enforce and call upon that guarantee with its first demand by sending a fax to the guarantor, indicating the contractual or other breach which has arisen and which justifies enforcement of the first demand guarantee without the need for any substantiation or further justification of such demand and without any further judicial or administrative formalities.
- 13.7 Upon receipt of the said fax and without the right to dispute or question the justification for the demand the guarantor shall be obligated to release the amount demanded to the FIA (subject always to the maximum of 100,000,000 (100 million) euros).
- 13.8 The reliance and enforcement by the FIA on the first demand guarantee given by the MANUFACTURER's financial institution shall not itself lead to the presumption that the MANUFACTURER is ultimately responsible for the breach of obligations identified by the FIA, in whole or in part. The MANUFACTURER shall retain the right, if it deems this necessary to defend its interests, to lay any dispute before any courts having appropriate jurisdiction. However, this right shall only be exercised after the guarantee payment has been released to the FIA and shall not entitle the MANUFACTURER to seek to prevent the payment of the guarantee amount if that amount has been demanded in accordance with the terms hereof.
- 13.9 If a competent court makes a final determination which is not subject to appeal or has not been appealed by the FIA within 6 months, that the MANUFACTURER had not breached its obligations, then the FIA shall reimburse all or part of the amount paid under the performance guarantee as appropriate
- 13.10 The FIA may call upon and enforce the first demand guarantee referred to above once for full payment, or several times for partial payment, of the amount of the performance guarantee, i.e. up to a total maximum of 100,000,000 (100 million) euros.
- 13.11 The first demand guarantee must enter into force at the latest on the day of execution of the CONTRACT and shall remain in full force and effect for the entire term of the CONTRACT.
- 13.12 The first demand guarantee is a payment obligation and not a collection obligation, and it shall not be affected in any way by the absence of any action on the part of the FIA to obtain payment from the guarantor.

#### **14. CHANGES TO SPORTING AND TECHNICAL REGULATIONS**

- 14.1 The SPORTING AND TECHNICAL REGULATIONS together with the International Sporting Code of the FIA constitute the legal, administrative and technical framework of the CHAMPIONSHIP and the conditions set forth therein shall have binding force and prevail among the parties to the CONTRACT.
- 14.2 By submitting a bid, TENDERERS acknowledge that the SPORTING AND TECHNICAL REGULATIONS are subject to amendments from time to time by the FIA. The FIA will consult with the MANUFACTURER that is selected as a result of this process before making any change to its SPORTING AND TECHNICAL REGULATIONS which may affect the MANUFACTURER's compliance with the obligations set out in the CONTRACT and will give the MANUFACTURER as much notice of any change as practicable. However, the MANUFACTURER will not hold (whether under the CONTRACT or otherwise) any right to impede such changes as the FIA deems necessary.
- 14.3 The MANUFACTURER shall be responsible (at its own cost) for all research and development associated with the manufacture of the TYRES, including the making of any changes to the TYRES that may be necessitated by any amendment to the SPORTING AND TECHNICAL REGULATIONS without any modification of the supply conditions or other terms provided for in the CONTRACT.

#### **15. GOVERNING LAW AND LANGUAGE**

- 15.1 The key documents in connection with this invitation to tender shall be drafted in English. The language which shall prevail for the interpretation of the provisions of this invitation to tender and the CONTRACT will be English.
- 15.2 The governing law shall be French law and it shall apply to this invitation to tender, as well as to the CONTRACT.
- 15.3 The Court having jurisdiction to settle any dispute which may arise between the FIA and the TENDERER or MANUFACTURER shall be the Tribunal de Grande Instance de Paris, France.