



INVITATION TO TENDER FOR SOLE SUPPLY CONTRACT

FIA FORMULA 1 WORLD CHAMPIONSHIP – ENGINES AND POWER TRANSMISSION SYSTEMS

RESPONSE TO CLARIFICATION REQUEST

On 17 October 2008 the FIA published an invitation to tender for a contract to supply engine and power transmission systems for use in the FIA Formula One World Championship.

The FIA has received a request for a clarification regarding that invitation to tender. The procedure for replying to requests for clarification is set out at Section 2 of the FIA's Tendering Instructions, available on the FIA's website. In accordance with that procedure, the request received and the FIA's response is set out below. All prospective tenderers are invited to take note.

TEXT OF REQUEST RECEIVED (in *italics*) AND FIA'S RESPONSE

In line with the FIA Clarification terms of invitation to tender (Item 2.1.) we would request clarification regarding the following items from document:

"BR1 281417v.1 – INVITATION TO TENDER FOR SOLE SUPPLY CONTRACT TENDER SUMMARY AND ADDITIONAL TENDER REQUIREMENTS FIA FORMULA ONE WORLD CHAMPIONSHIP – ENGINES AND POWER TRANSMISSION SYSTEMS:"

It is recognized that a Formula 1 engine needs to be considered technologically advanced in line with the image of Formula 1. Some of the available technologies come at a premium cost and as such the inclusion of these higher technologies will be inversely proportional to the cost of the engine. Are there any new or existing technologies that the FIA would have a preference to be included?

FIA RESPONSE: The engine must be a racing engine as the term is currently understood. There are no particular technologies which the FIA would prefer to be included and the FIA is open to proposals.

2. The size of the engine pool will have a significant effect on the engine supply costs. Currently the COMPETITORS have separate practice engines for Friday free practice, and use race engines only for Saturday and Sunday. Race engines accumulate approx 550km during a race event and Friday practice engines accumulate a further 350 km. Do the FIA wish to keep the same format (i.e. Friday practice engine separate to that used on Saturday and Sunday) or consider using an engine for all 3 days of a race weekend? In either case, what is considered acceptable km limit for each scenario?

FIA RESPONSE: Please refer to Article 1(a) of the 'Tender Summary and Additional Tender Requirements', which provides as follows:

a) Tenderers should quote overall prices per car, per season for the supply of engines and/or transmission systems, technical support and spare parts, assuming a season of 18-20 race events (to include all practice, qualifying and race usage) and 30,000 km of testing. Alternative per car, per season quotations should be provided based on supply of engines to any number of teams between a minimum of four and a maximum of twelve, in accordance with the pricing form attached below.

Tenderers should bid to provide engines to cover the mileage required by a Formula One team for a season. This means all running on Friday, Saturday and Sunday together plus 30,000 km of testing for the team as a whole (not per car). Whether the tenderer offers engines which lasts for one complete weekend or ten complete weekends is a matter for the tenderer. The FIA will consider the per season cost.

3. Will the PROVIDER be free to stipulate if and when an engine needs to be changed, without any penalty to the COMPETITOR at the PROVIDERS expense?

FIA RESPONSE: Subject to the GOVERNING RULES and PRINCIPLES OF SPORTING EQUALITY, yes.

4. What charge per kg/season will the PROVIDER be required to pay if using the official Formula 1 shipping/logistics Company for overseas race transportation?

FIA RESPONSE: The shipping/logistics service referred to is arranged by FOM, not FIA. The tenderer should base its estimates on ordinary commercial rates for transport to an 18-race calendar with 9 races outside Europe.

Cars will normally travel with an engine installed. Supply and transportation of spare engines will be the responsibility of the PROVIDER. The number required will depend on the expected life of the engines supplied.

5. With reference to the PROVIDERS Liability as set out in section 3. What are the definitions of:

- a) Requisite quality.
- b) Sufficient quantity.
- c) Negligence.

FIA RESPONSE: These terms are not defined but expectations will be based on what the PROVIDER has agreed to provide in the CONTRACT.

6. We would like to request details of the standard Engine Control Unit.

FIA RESPONSE: These will be made available to the questioner directly.

7. With regard to Item 2 f) Relating to teams wishing to manufacture itself, any part of an engine with manufacturing instructions from the TENDERER and 2 h) all engines must be within +/- 0.5% of the selected TENDERER's own engines.

2 separate issues in particular concern us:

Technical/performance

It is our experience that a piston or cylinder wall surface machining can alone influence engine power greater than +/-1% at initial sign-off (and more over the life of an engine), even when drawings,

material specification, heat treatment, and manufacturing methods are all specified. It is almost certain that the engine performance and reliability criteria will not be met without a very significant on cost to the team and PROVIDER, which is likely unachievable in the required timescales.

Compatibility

Compatibility issues could also arise where a Tenderer's Piston is supplied to a team who chooses to manufacturer their own cylinder block which could have enough of a difference in cylinder wall properties to cause a Tenderer's Piston to failure prematurely.

It is a common problem with highly rated racing engines that 'identical' components sourced from different suppliers require the new critical components to receive some development.

It would be our recommendation to have all components supplied through the PROVIDER to ensure the performance and reliability criteria are met. Does this point need to be agreed prior to Tender submission and if so is it deemed acceptable?

FIA RESPONSE: The third paragraph of the 'Tender Summary and Additional Tender Requirements', makes clear that competitors will be entitled to build all or part of their own standardised engines.

The FIA intends to ensure that all engines including those supplied by the tenderer are within 1% and that they remain within 1% throughout the engine's life. This being the case, it becomes irrelevant that a team which chooses to build the engine itself might do expensive work on the engine.