



## INVITATION TO TENDER FOR SOLE SUPPLY CONTRACT

### TENDER SUMMARY AND ADDITIONAL TENDER REQUIREMENTS

#### FIA FORMULA ONE WORLD CHAMPIONSHIP – ENGINES AND POWER TRANSMISSION SYSTEMS

##### KEY ELEMENTS:

Interested parties are hereby invited to tender to become the exclusive provider of the engines and/or transmission systems to be used by competitors in the 2010, 2011 and 2012 FIA Formula One World Championship (“Championship”).

The FIA intends to introduce amendments to the Governing Rules requiring that all competitors must use a standardised engine and transmission system in the Championship. The FIA also intends that the Governing Rules will set minimum (kilometre-based) usage requirements, based on the anticipated life of the standardised engine and transmission system. Changing an engine or transmission system before the applicable minimum is reached will give rise to a penalty.

In relation to engines, the FIA intends that an appointed provider will set out a detailed design for such standardised engine and will supply to competitors either (i) the standardised engine in full working order; or (ii) the detailed design in order to enable competitors to build their own standardised engine (or part thereof, purchasing the remaining parts from the provider). Where competitors elect to build all or part of their own standardised engine, the appointed provider will assist the FIA in ensuring that all engines and parts in use in the Championship have been built in accordance with the appointed provider’s design and achieve a performance output within a prescribed range. Any penalties applicable to early engine changes will apply irrespective of who has manufactured the engine.

In relation to transmission systems, the FIA intends that an appointed provider will provide standardised transmission systems to all competitors.

Potential bidders are invited to bid for the right to supply either engines or transmission systems, or both. Joint bids may also be submitted.

Key aspects of the engine and transmission systems to be supplied – and arrangements relating to their supply – include the following.

#### **1) In relation to both engines and transmission systems.**

- 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.
- b) The following should be factored into any quotations provided by tenderers:
  - (i) technical support (to include all travel and accommodation costs in relation thereto) to be provided not only at race events but also at official testing events at which 75% or more of the teams participating in the Championship are expected to be present;
  - (ii) spare parts sufficient to replace all parts as may be damaged as a result of reasonable racing and testing wear and tear;
  - (iii) transport and insurance costs associated with the provision of the engines, transmission systems, and spare parts. All costs that teams will have to bear must be represented in the tender. No extra or hidden costs will be permitted.
- c) Installation drawings and technical details required for defining chassis layout (including heat rejection, weight, dimensions, centre of gravity, stiffness values, and any other appropriate engineering specifications as may reasonably be required by team technical personnel) must be available to all teams no later than 1 May 2009.
- d) Engines, transmission systems, technical support and spare parts in sufficient quantities must be available to teams no later than 1 November 2009.
- e) The selected tenderer will not be granted any rights to associate its name with the Championship and may not refer to its right to supply in any advertising, publicity, marketing materials or other commercial communications.

**2) In relation to engines:**

- a) The selected tenderer will supply complete engines including inlets and exhaust systems.
- b) Engines may be of any capacity or configuration, with or without forced induction, provided that the power output is 500kW (+/- 50kW) and provided that the power curve is suitable for racing. Engine power degradation should be consistent as between individual units to within +/- 0.75% (or some similar percentage to be specified by the tenderer) at all times in the engine's expected lifetime. Tenderers should give indications in their tenders of the anticipated life of their engine.
- c) Engines must be designed to function with the standard Engine Control Unit as currently used in the Championship (details are available from FIA on request) and will be required to be stiff enough to withstand chassis load inputs and avoid instability due to excessive distortion.

- d) Engines shall have an access point at the front for input from a Kinetic Energy Recovery System, which input should be assumed to be at approximately two times engine speed.
- e) Engines should not exceed 100kg (including all parts as currently defined in the Championship's Technical Regulations) and should be designed to run on fuel complying with Article 19 of the Championship's Technical Regulations.
- f) The selected tenderer will be expected to make available, at a reasonable charge, full details of its engine design and all parts thereof to any team wishing itself to manufacture an engine, or any part of an engine. Such details would include drawings, materials specifications, treatment process definitions, assembly instructions, and any other supporting information as may reasonably be required. These details must be provided for the unrestricted use of teams, save that teams may be required to use the details provided only for the purposes of their participation in the Championship.
- g) In the event that a team elects to manufacture all or part of its own engines, the selected tenderer will be expected to commit to offer such teams, within a reasonable lead time, such parts as it may wish to order from the provider at the provider's marginal cost, plus 15%.
- h) The selected tenderer must have the capacity to test at the request of the FIA any engine or any part thereof (whether manufactured entirely by the selected tenderer, entirely by the team or whether any part assembly includes parts manufactured by both) to an accuracy sufficient to ensure that all the performance parameters of any team's engines are within +/- 0.5% of the selected tenderer's own engines. All engines manufactured by the selected tenderer must also be within this +/- 0.5% tolerance at sign-off.
- i) In the event of any engine failure – whether during testing or racing – the selected tenderer will be required to submit a detailed report to the team experiencing the failure and the FIA Technical Department.
- j) The selected tenderer will be expected to recommend the optimum characteristics (within the applicable Technical Regulations) of the fuel and oil to be used in its engines. After consultation with the selected tenderer, the FIA will nominate single supplier(s) so that all teams use the same fuel and oil.

### **3) Transmission systems:**

- a) The transmission system shall include everything required to transmit power from the crankshaft to the wheel hubs.
- b) The technical specification of the gear-change mechanism is to be proposed by the tenderer, save that the unit to be provided: (i) should be in keeping with Formula One's high-technology image; (ii) should accomplish gear-shift within 50ms; (iii) should have no more than 15 available ratios with two variants of final drive ratio.

- c) In addition, the gearbox should comply with the applicable Formula One Technical Regulations and should be designed to last for 6,000 km of racing or testing use without maintenance (though tenderers are invited to propose a different gearbox lifetime if a different lifetime would be more economical).
- d) The weight of the overall transmission system should not exceed 50 kg (such weight limit to include any adaptor plates) and its dimensions should not differ significantly from those of transmission systems to be used in 2009 Formula One cars.
- e) If by 31 December 2008 any team intending to compete in the Championship so requests, the gearbox must incorporate provision for the input of drive from a KERS system.
- f) The gearbox casing must allow for the attachment of an adaptor plate such that a reasonable variety of suspension mounting points can be achieved. Details of required suspension mounting points will be determined by the FIA within six weeks of the award of the tender.
- g) The selected tenderer will be expected to recommend the optimum characteristics (within the applicable Technical Regulations) of the oil to be used in its transmission systems. After consultation with the selected tenderer, the FIA will nominate a single supplier so that all teams use the same oil.

The FIA may consider bids whose technical aspects do not satisfy all of the above points, provided that any deviations from the above points are limited in scope and significance, are necessary from the tenderer's perspective and are such as to lead directly to cost-savings that are, in the FIA's view, in the interests of the Championship.

Bids must be submitted in accordance with the FIA's "Invitation to tender for sole supply contract – tendering instructions" available on the FIA's website: [www.FIA.com](http://www.FIA.com).

The selected tenderer will be invited to enter into a contract with the FIA that will establish the terms of the tenderer's appointment as sole provider. The sole provider will supply directly to the teams (not to the FIA) under terms and conditions to be agreed in accordance with the tender.

The selected tenderer will be invited to enter into a contract with the FIA that will be substantially in accordance with the Draft Contract attached hereto. Where the engine and transmission system supplier are not the same entity, the Draft Contract will be amended accordingly.

As set out in the FIA's "Invitation to tender for sole supply contract – tendering instructions" at 1.1.10, the General Conditions of the Draft Contract attached hereto are not negotiable. By submitting a tender, this is accepted by the Tenderer.

The FIA will be prepared to discuss and negotiate details and wording changes in relation to the Special Conditions. Each Tenderer is invited to submit with its tender any essential changes (i.e., changes that, if not made, would prevent it from entering into a final contract) that it would require to the Special Conditions as drafted, together with any other significant additional points it would wish to see addressed. Discussions on any other lesser points may follow in the post-selection negotiation phase.

The timetable for this tender process will be as follows:

Publication of invitation to tender:	17 October 2008
<b>Tender submission date:</b>	<b>7 November 2008</b>
Opening date:	10 November 2008
Notification of decision as to selection of tenderer:	No later than 28 November 2008

#### ADDITIONAL TENDER REQUIREMENTS

In addition to responding to the general questions set out in the FIA's "Invitation to tender for sole supply contract – tendering instructions", tenderers should also include in their bids:

- at section 1.1.4, an outline of the proposed engine and/or transmission system and an explanation of how the tenderer proposes to provide the same to the teams for use in official testing and at events;
- at section 1.1.4, technical details of all aspects of the engine and/or transmission system, including details relating to the parameters set out at sections 2 and/or 3, above as appropriate; and
- at section 1.1.5, the tenderers recommendations regarding the optimum technical characteristics of fuel and/or oil required to achieve best performance from the engine and/or transmission systems to be supplied. The FIA will nominate a single supplier(s) in due course.

Tenderers please note that when providing the completed Pricing Form as required by section 1.1.6 of the "Invitation to tender for sole supply contract – tendering instructions", only the relevant sections of the Pricing Form need to be completed.

The FIA reserves the right to make amendments to this invitation to tender at any time and to issue a new invitation to tender.

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DRAFT CONTRACT FOR SUPPLYING ENGINES AND TRANSMISSION  
SYSTEMS FOR USE IN THE 2010, 2011 AND 2012 FIA FORMULA ONE  
WORLD CHAMPIONSHIP

BETWEEN

**The FEDERATION INTERNATIONALE DE L'AUTOMOBILE (FIA)**  
Chemin de Blandonnet, 2  
CH 1215 Geneva 15 - Switzerland

hereinafter referred to as the "**COORDINATOR**"

ON THE ONE HAND,

AND

[•]

hereinafter referred to as the "**PROVIDER**"

ON THE OTHER HAND.

## **PART 1 - GENERAL CONDITIONS**

### **RECITALS**

- (A) The COORDINATOR's authority in relation to international motor sport has been recognised since 1904 when national automobile clubs came together to establish the FIA to provide, amongst other things, an international forum to regulate motor sport internationally.
- (B) The COORDINATOR is the sole body governing international motor sport and is recognised by its members as the sole authority having the sporting power with the right to organise international FIA championships, including the CHAMPIONSHIP.
- (C) The COORDINATOR has an absolute obligation conferred on it by its members to safeguard its authority over all safety, sporting, technical and disciplinary matters relating to the CHAMPIONSHIP, as well as traditional values.
- (D) The COORDINATOR will continue the publication annually of the GOVERNING RULES.
- (E) The COORDINATOR has determined that the interests of the CHAMPIONSHIP require that a single supplier of the PRODUCT should be appointed for a limited term.
- (F) It is intended that the COORDINATOR and the PROVIDER will enter into this CONTRACT pursuant to which the PROVIDER will be appointed as the sole supplier of PRODUCT for the CHAMPIONSHIP for the term set out herein.

### **1. APPOINTMENT AND SUPPLY**

- 1.1 The COORDINATOR hereby appoints the PROVIDER to be the sole supplier of the PRODUCT to the COMPETITORS for the CHAMPIONSHIP and the PROVIDER hereby accepts this appointment and agrees to supply the PRODUCT to the COMPETITORS for the CHAMPIONSHIP in accordance with the terms of this CONTRACT and the terms of the SUPPLY AGREEMENTS.
- 1.2 Following from its appointment, the PROVIDER shall enter into a SUPPLY AGREEMENT with each COMPETITOR who so desires setting out the terms upon which the PRODUCT shall be supplied, which terms must accord with its tender.
- 1.3 The PRODUCT supplied by the PROVIDER to the COMPETITORS shall be compliant with the applicable TECHNICAL REGULATIONS.

- 2. RELATIONS BETWEEN THE PROVIDER AND THE COMPETITORS**
- 2.1 The PROVIDER shall treat all COMPETITORS in accordance with the PRINCIPLES OF SPORTING EQUALITY.
- 2.2 All SUPPLY AGREEMENTS shall be fully compliant with the PRINCIPLES OF SPORTING EQUALITY, the CONTRACT and the GOVERNING RULES.
- 2.3 The PROVIDER shall supply the ENGINES and/or constituent parts to all COMPETITORS, who desire such supply, on equivalent terms. In addition, the PROVIDER shall supply TRANSMISSION SYSTEMS and TECHNICAL SUPPORT to all COMPETITORS on equivalent terms. The PROVIDER shall enter into a standard SUPPLY AGREEMENT with each COMPETITOR requiring supply. The PROVIDER shall at all times retain title in the PRODUCT, with the COMPETITORS requiring supply being granted a licence to use the PRODUCT, including at each EVENT and OFFICIAL TESTING.
- 2.4 If requested by the COORDINATOR, the PROVIDER shall supply a copy of each SUPPLY AGREEMENT in order to demonstrate that the PRINCIPLES OF SPORTING EQUALITY are maintained. With respect to the COORDINATOR, the PROVIDER hereby waives and confirms that it shall not assert or seek to rely on any confidentiality provision in any SUPPLY AGREEMENT or other agreement relevant to the supply of the PRODUCT to prevent the COORDINATOR from reviewing relevant agreements or carrying out its regulatory functions (including ensuring that the PRINCIPLES OF SPORTING EQUALITY are maintained).
- 2.5 The COORDINATOR may require amendments to a SUPPLY AGREEMENT if it considers that the SUPPLY AGREEMENT is not consistent or compatible with, or is otherwise contrary to, the PRINCIPLES OF SPORTING EQUALITY. For the avoidance of doubt, the PROVIDER's obligation to abide by the PRINCIPLES OF SPORTING EQUALITY shall not be limited or otherwise affected by the COORDINATOR's review of a SUPPLY AGREEMENT and/or a request for an amendment to be made.
- 2.6 In the event of uncertainty regarding whether any action taken or proposed to be taken by the PROVIDER may breach the PRINCIPLES OF SPORTING EQUALITY, the PROVIDER shall request guidance from the COORDINATOR, which shall make a determination in this regard. Where such a determination is made by the COORDINATOR, the PROVIDER's actions in complying with that determination shall be deemed to be in compliance with the PROVIDER's obligation in GENERAL CONDITION 2.1 to treat all COMPETITORS in accordance with the PRINCIPLES OF SPORTING EQUALITY.
- 3. LIABILITY**
- 3.1 Without prejudice to the COORDINATOR's other rights, the PROVIDER shall indemnify and hold harmless the COORDINATOR from and against all



reasonably foreseeable losses incurred by the COORDINATOR as a direct result of the PROVIDER's:

- (a) failure to supply PRODUCT of the requisite quantity;
- (b) failure to supply PRODUCT of the requisite quality; and
- (c) negligence in the supply of the PRODUCT.

3.2 The PROVIDER represents and warrants that it is in a position to meet any liability that may arise under GENERAL CONDITION 3.1 up to an amount of 60,000,000 (sixty million) Euros and hereby covenants to maintain such position for the period of time during which the PROVIDER may be liable.

3.3 For the avoidance of doubt, nothing in this CONTRACT shall limit the liability of the PROVIDER towards the COMPETITORS or to other third parties or shall cap the PROVIDER's liability to the COORDINATOR.

#### **4. ASSOCIATION RIGHTS AND CONFIDENTIALITY**

4.1 Without prejudice to any separate agreement that may be concluded between the COORDINATOR and PROVIDER, no rights of association with the name of the CHAMPIONSHIP (such as the right to use the designation 'official supplier', 'exclusive supplier' or similar) or rights to use any titles, logos or intellectual property relating to the COORDINATOR or the CHAMPIONSHIP are granted with this CONTRACT.

4.2 The PROVIDER covenants that it will not make any public announcement or refer to the fact that it is the supplier of the PRODUCT in any advertising, publicity, marketing materials or other commercial communications.

4.3 The PROVIDER further covenants that it will not publish or disclose to any third party any aspect of any arrangement that may be concluded with any COMPETITOR pursuant to this CONTRACT without the FIA and the COMPETITOR's prior written consent.

#### **5. WARRANTIES**

5.1 The PROVIDER represents and warrants that it has the ability to meet the design, production and delivery schedules set out in its tender.

5.2 The PROVIDER represents and warrants that it has full power and authority to enter into and fully perform its obligations under the CONTRACT and the provisions of the CONTRACT, when executed, will constitute valid and binding obligations on the PROVIDER in accordance with its terms. The PROVIDER also represents and warrants that it has full power and authority to enter into and fully perform its obligations under the SUPPLY AGREEMENTS when executed.

5.3 The COORDINATOR represents and warrants that it has full power and authority to enter into and fully perform its obligations under the CONTRACT

and the provisions of the CONTRACT, when executed, will constitute valid and binding obligations on the COORDINATOR in accordance with its terms.

## 6. **TERMINATION**

6.1 Notwithstanding any other provision hereof, either party may terminate the CONTRACT with immediate effect by written notice to the other if any of the following events occur:

- (a) the other party has committed a material breach of the CONTRACT which is not capable of remedy or, if remediable, has not remedied it within 30 days of the non-breaching party's written notice requiring the default to be remedied (for the avoidance of doubt, a breach by the PROVIDER of any of GENERAL CONDITIONS 1.2, 1.3, 2, 3 and 4.1 and any of the SPECIAL CONDITIONS is acknowledged by the parties to be a material breach). Payment of sums by the PROVIDER to the COORDINATOR under GENERAL CONDITION 3.1 shall not constitute remedy of the breach in question;
- (b) steps (including any steps analogous to those following) have been taken to wind up the other party or to place the other party into administration or to have a receiver appointed over any of its assets, other than as part of a scheme of solvent reconstruction or amalgamation; or
- (c) the other party shall cease or threaten to cease carrying on business or the other party shall make any composition or arrangement with its creditors or become subject to any other insolvency process or proceeding (other than as part of a scheme of solvent reconstruction or amalgamation) or have all or any of its assets or undertakings seized by a government or governmental agency or authority (including any acts analogous to the above).

## 7. **GOVERNING RULES**

7.1 The GOVERNING RULES 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.

7.2 The CONTRACT shall in principle be interpreted in a manner that gives effect to the provisions of the GOVERNING RULES, the intention of the parties being to construe the provisions of the CONTRACT in the context of the more general framework of the GOVERNING RULES.

7.3 The PROVIDER acknowledges that the GOVERNING RULES are subject to amendment from time to time. The PROVIDER will be responsible (at its own cost) for all research and development associated with the manufacture of the PRODUCT, including the making of any changes to the PRODUCT that may be necessitated by any amendment to the GOVERNING RULES.

## 8. **GOVERNING LAW AND LANGUAGE**

- 8.1 The language that shall prevail for the interpretation of the CONTRACT shall be English and the CONTRACT and all documents connected with the CONTRACT shall be written in English. In the event of any conflict between the language of the CONTRACT and any translation thereof, the language of the CONTRACT shall prevail. In the event of any conflict between the language of any document connected with the CONTRACT and any translation thereof, English shall prevail.
- 8.2 The governing law of the CONTRACT shall be English law.
- 8.3 The Courts of England and Wales shall have sole jurisdiction to settle any dispute that may arise between the COORDINATOR and the PROVIDER in connection with the CONTRACT.

## 9. **GENERAL**

- 9.1 Nothing in the CONTRACT guarantees, or shall be construed as guaranteeing, the solvency of a COMPETITOR. The COORDINATOR is not responsible for ensuring that the COMPETITORS satisfy the terms of the SUPPLY AGREEMENTS and the COORDINATOR shall not be liable for a failure by any COMPETITOR to satisfy the terms of a SUPPLY AGREEMENT.
- 9.2 No delay or omission or failure to exercise any right or remedy provided herein shall be deemed to be a waiver thereof.
- 9.3 The CONTRACT shall be binding on and inure to the benefit of the parties and their respective successors and permitted assigns. The PROVIDER shall not be entitled to assign or sub-contract its rights or obligations under the CONTRACT in whole or in part without the prior written consent of the COORDINATOR. Notwithstanding any assignment and/or subcontracting, the PROVIDER shall remain fully responsible for the performance of its obligations under the CONTRACT as the principal obligor and, for the avoidance of doubt, shall be responsible for the acts and omissions of any assignee and/or subcontractor to the same extent as if such acts or omissions were the acts or omissions of the PROVIDER.
- 9.4 Any notice to be given under the CONTRACT shall be given in writing delivered to the other party by any one or more of the following methods:
- (a) personal delivery to one of its corporate officers, in which case notice shall be treated as having been given at the time of such personal delivery;
  - (b) first class registered post or courier delivery service (such as DHL or UPS) to the address mentioned above (or such other address as may be notified to the other party in writing from time to time), in which case notice shall be treated as having been given on the date of actual receipt at that address (or on the next local business day if delivered on a local non-business day or after 4.00 p.m. local time on a local

business day), which shall rebuttably be presumed to be the second local business day after posting; or

- (c) facsimile to the numbers below (or such other facsimile number as may be notified to the other party in writing from time to time), in which case notice shall be treated as having been received at the time of actual receipt (or on the next local business day if delivered on a local non-business day or after 4.00 p.m. local time on a local business day) and rebuttably be presumed to have been duly received at the time indicated on the automatic acknowledgement transmitted by the recipient fax machine:

PROVIDER: [•]

COORDINATOR: [•]

- 9.5 Any variations of the CONTRACT shall be ineffective unless agreed in writing and signed by the parties.
- 9.6 If any term, provision or condition of the CONTRACT is held by a court of competent jurisdiction to be invalid, void or unenforceable such invalidity, voidness or unenforceability shall not invalidate the remainder of the CONTRACT, all of which shall remain in full force and effect.
- 9.7 The CONTRACT may be executed in any number of counterparts (whether original or facsimile counterparts) and upon due execution of all such counterparts by all parties, each counterpart shall be deemed to be an original hereof.
- 9.8 GENERAL CONDITIONS 3, 7 and 8 shall survive expiry or termination of the CONTRACT for any reason (but shall terminate at the time expressly provided in the relevant GENERAL CONDITION, if any).

## **PART 2 - SPECIAL CONDITIONS**

### **1. DESIGN OF THE ENGINES AND TRANSMISSION SYSTEMS**

- 1.1 Before starting production of the ENGINES and TRANSMISSION SYSTEMS, the PROVIDER shall provide to the COORDINATOR by 31 December 2008 a detailed technical study of both the ENGINES and TRANSMISSION SYSTEMS for the approval of the FIA ENGINEER, based on the outline proposal submitted by the PROVIDER in its tender.
- 1.2 The PROVIDER shall make such modifications to the ENGINES and TRANSMISSION SYSTEMS as the FIA ENGINEER may require.
- 1.3 Installation drawings and technical details required for defining chassis layout (including heat rejection, weight, dimensions, centre of gravity, stiffness values, and any other appropriate engineering specifications as may reasonably be required by COMPETITOR technical personnel) shall be made available to all COMPETITORS no later than 1 May 2009.
- 1.4 As regards ENGINES, the PROVIDER shall make available, at a reasonable charge, no later than 1 May 2009 full details of the ENGINE (or part of an ENGINE) to any COMPETITOR wishing itself to manufacture an ENGINE (or part of an ENGINE) substantially identical to that manufactured by the provider. Such details shall include drawings, materials specifications, treatment process definitions, assembly instructions, and any other supporting information as may reasonably be required.
- 1.5 ENGINES and TRANSMISSION SYSTEMS, spare parts therefor, and TECHNICAL SUPPORT must be available in sufficient quantity to COMPETITORS no later than 1 November 2009.

### **2. MANUFACTURING CONDITIONS OF THE ENGINES AND TRANSMISSION SYSTEMS**

- 2.1 In the event that an amendment is made to the TECHNICAL REGULATIONS and that amendment requires an alteration of the ENGINES or TRANSMISSION SYSTEMS supplied pursuant to the CONTRACT, the PROVIDER shall furnish the COORDINATOR with a detailed technical study of the alterations to the ENGINES or TRANSMISSION SYSTEMS to be supplied to take account of such amendment.
- 2.2 After 1 November 2009, the PROVIDER shall not make any alteration to the ENGINES or TRANSMISSION SYSTEMS without the prior approval of the COORDINATOR.
- 2.3 At least one final version of the ENGINES and TRANSMISSION SYSTEMS to be supplied by the PROVIDER shall be made available for inspection by the COORDINATOR no later than 1 August 2009.
- 2.4 ENGINES (save SHOW ENGINES) supplied pursuant to this CONTRACT:

- (a) shall have a power output of [500 kW +/- 50kW, precise figure to be agreed by COORDINATOR and PROVIDER] +/- 0.5%;
- (b) shall have a power curve that is suitable for racing;
- (c) shall degrade over time in a predictable manner, meaning that any two ENGINES of equivalent usage should give power outputs within +/- 0.75% of each other;
- (d) shall be designed for use with the standard Engine Control Unit as used in the CHAMPIONSHIP;
- (e) shall be stiff enough to withstand the chassis load inputs found in the CHAMPIONSHIP and able to avoid instability due to excessive distortion;
- (f) shall have at the front an access point for input from a Kinetic Energy Recovery System, which input is likely to be at approximately two times ENGINE speed;
- (g) shall run on fuel complying with the applicable TECHNICAL REGULATIONS; and
- (h) shall not exceed 100 kg (to include all parts as currently defined to be included within an ENGINE in the applicable TECHNICAL REGULATIONS).

## 2.5 TRANSMISSION SYSTEMS supplied pursuant to this CONTRACT:

- (a) shall be in keeping with the CHAMPIONSHIP's high-technology image;
- (b) shall accomplish gear-shifts within 50ms;
- (c) shall be designed to last for 6,000 km of testing without maintenance [note to Tenderers – FIA is open to alternatives if a more economical solution exists];
- (d) shall incorporate gearboxes having no more than fifteen available ratios, with no more than two variants of final drive ratio;
- (e) shall not exceed 50 kg in weight (such weight limit to include any adaptor plate required to attach the transmission system to the engine) and shall not differ significantly in dimension from TRANSMISSION SYSTEMS to be used in 2009 Formula One cars;
- (f) shall, if requested before 31 December 2008, incorporate provision for the input of drive from a Kinetic Energy Recovery System; and
- (g) shall incorporate gearboxes whose casing allows for the attachment of an adaptor plate such that a reasonable variety of suspension mounting points can be achieved.

2.6 SHOW ENGINES supplied pursuant to this contract shall bear the external appearance of ENGINES and shall be capable of installation into a demonstration version of a COMPETITOR's car but shall be non-functioning.

2.7 The PROVIDER has identified in its bid a number of subcontractors and/or partners that will be engaged to assist the PROVIDER in the supply of PRODUCTS. These are set out in **Appendix [ ]** to this CONTRACT. Other subcontracting arrangements directly related to the provision of PRODUCTS to COMPETITORS other than those identified is prohibited, save where the COORDINATOR has given its prior written consent to such use or involvement.

### 3. **SUPPLY OF THE PRODUCT**

3.1 The PROVIDER shall supply such quantity of the PRODUCT as is required for each COMPETITOR at each:

- (a) EVENT; and
- (b) OFFICIAL TESTING.

3.2 The PRODUCT, when supplied, shall be of a strictly uniform quality throughout the duration of the CHAMPIONSHIP.

3.3 The COORDINATOR does not guarantee the PROVIDER a minimum quantity of the PRODUCT to be supplied.

3.4 Insofar as concerns ENGINES, in the event that a COMPETITOR elects to manufacture all or part of the ENGINE itself, the PROVIDER shall offer such COMPETITORS, within a reasonable lead time, such ENGINE parts as it may require for manufacture at the PROVIDER's marginal cost, plus a maximum of 15%.

### 4. **TRANSPORTATION, DELIVERY AND MAINTENANCE OF THE ENGINES AND TRANSMISSION SYSTEMS**

4.1 The PROVIDER shall ensure the transportation and delivery of sufficient quantities of the ENGINES and TRANSMISSION SYSTEMS complying fully with the applicable TECHNICAL REGULATIONS and SPORTING REGULATIONS to the COMPETITORS at the latest one week before any EVENT or OFFICIAL TESTING for which they are required by a COMPETITOR.

4.2 Installation shall be the responsibility of the COMPETITOR. However, as required, the PROVIDER shall make available all necessary personnel and equipment to assist COMPETITORS in the installation of ENGINES, parts of ENGINES and TRANSMISSION SYSTEMS that have been purchased from the PROVIDER.

4.3 The PROVIDER shall make available a reasonable quantity of additional ENGINES, TRANSMISSION SYSTEMS and spare parts at the sites of

OFFICIAL TESTING or EVENTS as may be required by the COMPETITORS in the event of failure or accident.

- 4.4 Maintenance and track-side adjustment of ENGINES or parts thereof, shall be the responsibility of the manufacturer of the ENGINE or part in question, be it a COMPETITOR or the PROVIDER.
- 4.5 Maintenance and track-side adjustments of TRANSMISSION SYSTEMS shall be the responsibility of the PROVIDER.
- 4.6 Where the PROVIDER supplies ENGINES and TRANSMISSION SYSTEMS for a given COMPETITOR, the PROVIDER shall ensure that one mechanic and one engineer for each such COMPETITOR shall be available throughout the duration of each EVENT and OFFICIAL TESTING at the site of such EVENT or OFFICIAL TESTING. To the extent possible, the same mechanic and engineer will be allocated to the same COMPETITOR for all EVENTS and OFFICIAL TESTING in a given CHAMPIONSHIP season. The PROVIDER shall also ensure that at least two appropriately qualified representatives are available at each EVENT and OFFICIAL TESTING to provide TECHNICAL SUPPORT in relation to the TRANSMISSION SYSTEMS. In addition, the PROVIDER shall also ensure that there are at least two appropriately qualified and senior representatives of the PROVIDER available on-site throughout the duration of each EVENT and OFFICIAL TESTING. The number of personnel that must be available may be varied by prior agreement with the COORDINATOR.

## 5. **PRICING OF THE PRODUCT**

- 5.1 The prices set out in the PRICING FORM shall be those charged to a COMPETITOR and shall be inclusive of all taxes and charges. All prices that must be borne by the COMPETITOR must be identified. Any optional or additional extras shall also be identified in the PRICING FORM. [Note: *where the selected tenderer will supply only ENGINES or TRANSMISSION SYSTEMS, this section will be amended accordingly*]
- 5.2 The price quoted in section 1 (ENGINE and TRANSMISSION SYSTEM) of the PRICING FORM (see **Appendix III**) is and shall be the price for supply and delivery of complete ENGINES and TRANSMISSION SYSTEMS to be provided to one COMPETITOR for use in relation to one car at all OFFICIAL TESTING and EVENTS forming part of the 2010 CHAMPIONSHIP season. The price is inclusive of: (i) the use at each OFFICIAL TESTING and EVENT occurring in the 2010 CHAMPIONSHIP season of the TECHNICAL SUPPORT; and (ii) the supply and delivery of sufficient spare or replacement parts (including, as necessary complete replacement of the entire ENGINE and TRANSMISSION SYSTEM) as the COMPETITOR may require as a result of reasonable wear and tear during participation in all OFFICIAL TESTING and EVENTS occurring in the 2010 CHAMPIONSHIP season.
- 5.3 The price quoted in section 2 (design only) of the PRICING FORM shall be the price for supply of full details of the PROVIDER's ENGINE to any COMPETITOR wishing itself to manufacture that ENGINE or part thereof.



This price shall include the price of access to all drawings, materials specifications, treatment process definitions, assembly instructions, and any other support as may reasonably be required.

- 5.4 The price quoted in section 3 (TRANSMISSION SYSTEM only) of the PRICING FORM is and shall be the price for supply and delivery of sufficient TRANSMISSION SYSTEMS to be provided to one COMPETITOR for use in one car at all OFFICIAL TESTING and EVENTS forming part of the 2010 CHAMPIONSHIP season. The price is inclusive of: (i) the use at each OFFICIAL TESTING and EVENT occurring in the 2010 CHAMPIONSHIP season of the TECHNICAL SUPPORT; and (ii) the supply and delivery of sufficient spare parts for the TRANSMISSION SYSTEMS as the COMPETITOR may require as a result of reasonable wear and tear of the TRANSMISSION SYSTEMS during participation in all OFFICIAL TESTING and EVENTS occurring in the 2010 CHAMPIONSHIP SEASON.
- 5.5 The prices quoted in section 4 (spare parts required other than as a result of reasonable wear and tear) of the PRICING FORM shall be those charged to a COMPETITOR in relation to the supply of the spare parts identified and shall be inclusive of all taxes and charges. All prices that must be borne by the COMPETITOR must be identified.
- 5.6 The price quoted in section 5 (SHOW ENGINE) of the PRICING FORM shall be that for a SHOW ENGINE delivered at the PROVIDER's premises.
- 5.7 Save as set out in SPECIAL CONDITION 5.9, no variation in the prices given in PRICING FORM will be permitted.
- 5.8 VAT (value added tax) shall not be charged to those COMPETITORS that are exempt from VAT and that have supplied proof of such exemption to the PROVIDER.
- 5.9 The prices stated in the PRICING FORM may be adjusted for the 2011 and 2012 CHAMPIONSHIP seasons in accordance with the indexation formula provided in **Appendix IV**.
- 5.10 In the event that there are any disputes between the PROVIDER and any COMPETITOR as to what constitutes reasonable wear and tear and what constitutes unreasonable use, the PROVIDER shall refer the matter to the COORDINATOR for a determination. The PROVIDER accepts that the COORDINATOR's determinations in this regard shall be final and binding on the PROVIDER.

## 6. TESTING AND REPORTING REQUIREMENTS

- 6.1 At the request of the COORDINATOR, the PROVIDER shall test any ENGINE or part thereof, including any COMPETITOR-manufactured ENGINE or part, to an accuracy sufficient to ensure that all the performance parameters of such ENGINE or part are within +/- 0.5% of the PROVIDER's own ENGINES or parts. In addition, the PROVIDER shall supply equipment to the sites of all EVENTS and OFFICIAL TESTING in order to enable it to

assess the key performance parameters of ENGINES and parts, including following any track-side adjustment, where so requested by the COORDINATOR.

- 6.2 In the event of any ENGINE failure – whether during testing or during an EVENT – the PROVIDER shall submit to the COORDINATOR and the COMPETITOR concerned a detailed report into the reasons for such failure.

### **PART 3 - DEFINITIONS**

The following terms shall be understood to have the following meanings for the purposes of the CONTRACT.

- 1.1 **CHAMPIONSHIP** means the 2010, 2011 and 2012 rounds of the FIA Formula One World Championship.
- 1.2 **COMPETITORS** means the racing teams that have been accepted by the COORDINATOR to take part in the CHAMPIONSHIP.
- 1.3 **CONTRACT** means the agreement between the COORDINATOR and PROVIDER and includes the GENERAL CONDITIONS, the SPECIAL CONDITIONS, the DEFINITIONS and Appendices.
- 1.4 **COORDINATOR** means the Fédération Internationale de l'Automobile (FIA).
- 1.5 **DEFINITIONS** means the definitions set out in this Part 3 of the CONTRACT.
- 1.6 **ENGINE** means the machine to be used in COMPETITORS' cars in the CHAMPIONSHIP for converting thermal energy into mechanical energy or power to produce force and motion.
- 1.7 **EVENT** means any race forming part of the CHAMPIONSHIP and entered on the International Sporting Calendar of the COORDINATOR. An EVENT is deemed to commence at the scheduled time for scrutineering and sporting checks and includes all practice, qualifying and the race itself and ends at the expiry of the deadline for the lodging of a protest under the terms of the International Sporting Code.
- 1.8 **FIA ENGINEER** means the technician appointed by the COORDINATOR to carry out all technical checks and controls and to grant the necessary approval prior to the starting up of production.
- 1.9 **GENERAL CONDITIONS** means the provisions contained in Part 1 of the CONTRACT.
- 1.10 **GOVERNING RULES** means:
  - (a) the International Sporting Code and the Appendices thereto;
  - (b) the SPORTING REGULATIONS; and
  - (c) the TECHNICAL REGULATIONS.

- 1.11 **OFFICIAL TESTING** means the official testing for the CHAMPIONSHIP.
- 1.12 **PRICING FORM** means the pricing form provided at **Appendix III** stating the prices at which the PRODUCT and the spare parts will be supplied over the course of a CHAMPIONSHIP season to the COMPETITORS.
- 1.13 **PRINCIPLES OF SPORTING EQUALITY** means the equal treatment by the PROVIDER of all COMPETITORS with respect to:
- (a) anything which may affect the performance of the PRODUCT;
  - (b) the terms on which the PRODUCT is supplied;
  - (c) the support, access and information made available to COMPETITORS in relation to the PRODUCT; and
  - (d) any other matter which affects or may have an effect, however minor, on sporting performance.
- 1.14 **PRODUCT** means the ENGINE, any of the constituent parts thereof that may be provided separately, the TRANSMISSION SYSTEM, and the TECHNICAL SUPPORT to be used in the CHAMPIONSHIP as well as the SHOW ENGINE.
- 1.15 **PROVIDER** means [•].
- 1.16 **SHOW ENGINE** means a non-performing unit designed for exhibition purposes only.
- 1.17 **SPECIAL CONDITIONS** means the provisions contained in Part 2 of the CONTRACT.
- 1.18 **SPORTING REGULATIONS (Appendix II)** means the Sporting Regulations applicable to the CHAMPIONSHIP as published and amended by the COORDINATOR from time to time.
- 1.19 **SUPPLY AGREEMENT (Appendix [•])** means any agreement, and all amendments thereto, between the PROVIDER and a COMPETITOR pursuant to which the PROVIDER shall supply the PRODUCT to the COMPETITOR
- 1.20 **TECHNICAL REGULATIONS (Appendix I)** means the Technical Regulations applicable to the CHAMPIONSHIP as published and amended by the COORDINATOR from time to time.
- 1.21 **TECHNICAL SUPPORT** means such support relating to the PRODUCT as the PROVIDER may give to COMPETITORS by the provision of assistance, services and appropriately qualified personnel in accordance with SPECIAL CONDITION 4 and such other support as may reasonably be requested by COMPETITORS in relation to the ENGINES and TRANSMISSION SYSTEMS the PROVIDER has supplied.

1.22 **TRANSMISSION SYSTEM** means everything required to transmit power from the crankshaft to the wheel hubs of a Formula One car.

Signed

On behalf of the COORDINATOR

On behalf of the  
PROVIDER

In his capacity as

In his capacity as

In      On

In      On

## **APPENDICES**

I – TECHNICAL REGULATIONS

II – SPORTING REGULATIONS

III - PRICING FORM

IV - INDEXATION FORMULA

SUPPLY AGREEMENT (Not yet available. To be in form agreed by PROVIDER and COORDINATOR.)

LIST OF SUBCONTRACTORS/PARTNERS (To be provided by PROVIDER.)

## **APPENDIX I**

### **Technical Regulations**

**APPENDIX II**  
**Sporting Regulations**



## APPENDIX III

### 2010 Pricing Form

*[Note: where the selected tenderer will supply only ENGINES or TRANSMISSION SYSTEMS, this Appendix may be amended accordingly]*

<b>Section 1 - ENGINE and TRANSMISSION SYSTEM (including TECHNICAL SUPPORT and spare parts required as a result of reasonable wear and tear)</b>									
	<b>Number of COMPETITORS taking up ENGINE supply from the PROVIDER</b>								
	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>
<b>PRICE per car for one CHAMPIONSHIP season (c.18-20 EVENTS and 30,000km testing)</b>									
<b>Section 2 - supply of details of the PROVIDER's ENGINE design and all parts thereof to any COMPETITOR wishing itself to manufacture an ENGINE or part thereof</b>									
<b>PRICE per part and for entire ENGINE</b>									
<b>Section 3 - TRANSMISSION SYSTEM (including TECHNICAL SUPPORT and spare parts required as a result of reasonable wear and tear)</b>									
<b>PRICE per car</b>									
<b>Section 4 - Spare parts required other than as a result of reasonable wear and tear</b>									
<b>Price per complete replacement ENGINE</b>									
<b>[Price per part for other key spare parts to be identified by Tenderer]</b>									
<b>Section 5 – SHOW ENGINE delivered to the COMPETITOR's premises</b>									
<b>Price per complete SHOW ENGINE</b>									

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## **APPENDIX V**

### **INDEXATION FORMULA**

Concerning the 2011 and 2012 seasons, the prices charged to COMPETITORS shall be the amount that equals the amount shown for 2010 in the PRICING FORM increased annually in accordance with the positive variation of the “Consumer prices – All items” index published by the Organisation for Economic Cooperation and Development (OECD) in “Main Economic Indicators”. The indexation shall be in accordance with the variation between such base index and the index published in the October edition of “Main Economic Indicators” for the year to which the indexation applies.