

**ALL PARTIES TAKE NOTICE
THIS SALE IS CONDUCTED IN ACCORDANCE WITH, AND ALL
ACTS OF INTERESTED PARTIES AND/OR CLAIMS BY THEM
SHALL BE GOVERNED BY THE FOLLOWING:**

CONDITIONS OF SALE (AS OF JUNE 1, 2016)

FIRST - APPLICABLE LAW: All horses in this sale are offered according to these CONDITIONS OF SALE and the laws of the state where the sale is conducted and all interested parties and all sales are bound by said CONDITIONS OF SALE. This sale is an auction with reserve and any Consignor, including owners and their agents, has the right to bid or establish a reserve, i.e., a price below which a horse will not be sold.

SECOND - LIMITATION OF WARRANTIES: EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR HEREIN, ALL HORSES ARE SOLD "AS IS" WITH ALL EXISTING CONDITIONS AND DEFECTS AND THERE IS NO WARRANTY, EXPRESS OR IMPLIED, BY AUCTIONEER, OWNER, CONSIGNOR OR THEIR REPRESENTATIVES, AS TO THE RACING SOUNDNESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY HORSE OFFERED IN THIS SALE.

THIRD - CODE OF CONDUCT: This Sales Code of Conduct ("Code") was adopted pursuant to a horse industry task force involving multiple segments of the horse industry. It sets out the principles which apply to sales conducted by Auctioneer ("Equine Auction Sales.") The Code is designed to set and maintain a high standard of integrity and transparency, which will safeguard the interest of Sellers, Consignors, bloodstock agents, owners, trainers, Purchasers and sales companies in Equine Auction Sales. DEFINITIONS: (1) AGENT means any trainer, consignor, bloodstock agent, racing or stud manager or other person or entity who represents a Principal in an Equine Auction Sale, directly or indirectly, whether the Agent is paid by way of retainer, commission or other forms of remuneration, or has ongoing financial arrangements such as training, management or similar fees; (2) PRINCIPAL means a person or entity who appoints an Agent to act as agent on his behalf in an Equine Auction Sale; (3) LUCK MONEY means any financial payment or payment in kind or delivery of anything of value (in excess of \$500) made by or on behalf of a Seller to a Purchaser or his Agent in connection with an Equine Auction Sale either before or after the Equine Auction Sale has been concluded; (4) CONSIGNOR means a person or entity acting as agent for a Seller at public auction; (5) SECRET PROFIT means anything of value (in excess of \$500) received by an Agent in connection with an Equine Auction Sale that is not disclosed to the Agent's Principal; (6) SELLER means a person or entity who sells all or any interest in a horse in an Equine Auction Sale; (7) PURCHASER means a person or entity who buys all or any interest in a horse in an Equine Auction Sale; (8) EQUINE AUCTION SALE(S) means sales and purchases of horses and/or interest(s) therein at public auction sales; (9) [GENDER] Words importing the masculine gender herein shall include the feminine. CODE: (1)

An Agent owes a duty of good faith and a duty of loyalty to his Principal, which includes a duty to act at all times in an Equine Auction Sale in accordance with his Principal's best interests; (2) An Agent shall not place himself in a position where personal interests conflict with the duties to his Principal, except with full advance disclosure from Agent to Principal. In particular, an Agent shall not use his position to obtain a Secret Profit; (3) When an Agent acts as a Seller or intends to sell any horse in which he has an interest to a Principal, or intended principal, the Agent must disclose to his Principal, before completion of the Equine Auction Sale, the full extent of that ownership or interest and the benefit derived or to be derived by the Agent from that Equine Auction Sale; (4) If an Agent acts for more than one Principal in a transaction, which might for example be as Agent both for the Seller and Purchaser, the Agent can only do so if he has first disclosed the conflict, before completion, to all his Principals, and obtained their consent to Agent's dual agency; (5) An Agent shall notify his Principal, wherever possible in advance, when a conflict of interest may arise, such as transactions involving third parties with whom he has a retainer, transactions where he is aware he will benefit from a third party, or transaction concerning a horse which he has previously purchased or with which he has previously been involved; (6) An Agent shall disclose to his Principal and, if required by the Principal, account to his Principal for any Luck Money paid to him by or on behalf of a Seller, Consignor or Purchaser; (7) A Seller or Agent shall not offer any Secret Profit to any person whom he believes to be an Agent acting for a prospective purchaser; (8) An Agent shall not bid at public auction on any horse for which Agent knows his Principal intends to bid, or on any horse for which his Principal is a Seller, except upon full knowledge and consent of his Principal; (9) This Code shall not be deemed to enlarge or restrict application of laws that govern matters relating to parties involved in Equine Auctions Sales.

ENFORCEMENT: Any alleged breach of the Code shall be settled by arbitration in accordance with the rules of the American Arbitration Association ("AAA"). A complainant of an alleged breach shall provide evidence of the alleged breach in the form of a written statement to Auctioneer. If, after discussions among the interested parties, they are unable to resolve the alleged breach in a manner suitable to them, the complainant may initiate arbitration. Arbitration shall be held in Lexington, Kentucky. The findings and decisions of the arbitrator(s) shall be final and binding upon the parties, but shall not preclude the parties from pursuing any action for monetary damages through the legal court system. Auctioneer agrees to observe the findings and sanctions of the arbitrator(s) and to ban from participation in its public auctions, for the period of time determined by arbitrator(s), any person found to have violated the Code. Judgment upon the decision of the arbitrator(s) may be entered by any court of competent jurisdiction. The prevailing party in the arbitration proceeding shall be entitled to recover his costs and expenses, including reasonable attorney's fees, from the nonprevailing party. In the event of a finding of an offense by the arbitrator, Auctioneer shall post, in a conspicuous manner during the period of exclusion, the name of the party sanctioned and the sanction determined by the arbitrator.

SANCTIONS: In the event a violation of the Code is found to have occurred, the following sanctions may be imposed by the arbitrator(s): (a) First offense – Exclusion from participation in sales or from sales grounds ("Exclusion") for a

period of up to two (2) years from the date of the finding (b) Second offense – Exclusion for up to five (5) years and (c) Third or more offense – Up to a permanent Exclusion. Exclusion periods shall be served during such times as the arbitrator(s) imposes.

FOURTH – TRANSPARENCY IN OWNERSHIP: The accurate ownership of horses in this sale is encouraged, but not required, to be disclosed by consignors and/or sellers. Auctioneer will maintain an Ownership Registry where such accurate ownership may be disclosed at the option of consignor and/or seller. Any individual accessing the Ownership Registry (1) must present personal identification (2) must be a registered buyer, or such Buyer's duly authorized agent (3) shall be required to sign a sworn statement that such individual has a bona fide interest in purchasing, as principal or, if not principal, then a representative of the principal as approved by Auctioneer, the horse whose ownership said individual examines, and (4) agrees to keep such ownership information confidential. In the event said individual violates this confidentiality obligation, said individual shall be subject to sanctions to be determined by Auctioneer, in its sole discretion, which sanctions may include, without limitation, exclusion from use of the Ownership Registry. Further, if Auctioneer determines that an individual is or may be accessing the Ownership Registry for purposes other than interest in buying a specific horse(s) at this sale, Auctioneer may refuse access to the Ownership Registry to that individual. If there was a disclosure of ownership of a horse in this sale made in the catalogue and/or in the Ownership Registry, a change in ownership, as defined below and including a fractional interest therein greater than 10%, from the time of being catalogued until the time the horse is sold at auction is required to be disclosed in the Ownership Registry, or by written disclosure to Auctioneer of such change in ownership. The party to whom ownership is transferred is not required to be disclosed. In the event that a change in ownership occurs after the horse is on Auctioneer's sales grounds, regardless of whether there was a prior disclosure of ownership made in the catalogue or in the Ownership Registry, the seller and/or consignor shall disclose to Auctioneer in writing that a change in ownership has occurred, and an announcement disclosing that a change of ownership has occurred shall be made by Auctioneer prior to the sale of the horse. It shall be the sole responsibility of the purchaser to determine the sufficiency of the information available in the Ownership Registry. The presence or use of the Ownership Registry shall not change any of these Conditions of Sale, which shall continue to be binding upon all parties. In the event seller or consignor places information in the Ownership Registry, or discloses information regarding ownership of a horse in the sales catalogue, the party placing such information warrants that the information is materially accurate. The consignor shall not be responsible for materially inaccurate information supplied to consignor by seller, including, without limitation, information regarding change in ownership of a horse required to be placed in the Ownership Registry or disclosed to Auctioneer as provided herein, as long as consignor does not have actual knowledge that the information is materially inaccurate or of the change in ownership. Information regarding ownership interest of 10% or less shall not be deemed material, and change in ownership of 10% or less shall therefore not be deemed a change in ownership for

purposes of this Condition. If determined by the purchaser of a horse, subsequent to the sale of the horse, that (a) the information in the Ownership Registry or in the catalogue was materially inaccurate at the time of sale of the horse, or that (b) the seller or consignor failed to disclose to Auctioneer, as required by this Condition, that there was a change in ownership prior to the sale of the horse, the purchaser shall have the right to collect liquidated damages as set forth herein from the consignor and/or seller, provided that (1) the purchaser accessed the Ownership Registry regarding the subject horse (2) the purchaser has paid for the horse in full (3) the purchaser notifies Auctioneer of its election to collect liquidated damages within six months from the date of sale of the horse (4) the purchaser establishes, by clear and convincing evidence, that there was a material inaccuracy in the Ownership Registry or in the catalogue at the time of sale of the horse that was not corrected by subsequent notice as required by this Condition, or that the seller or consignor failed to disclose to Auctioneer, as required by this Condition, that there was a change in ownership prior to the sale of the horse and (5) the purchaser establishes, by clear and convincing evidence, that the party from whom purchaser seeks liquidated damages had actual knowledge at the time of the sale of such material inaccuracy in the Ownership Registry or catalogue, or of the failure to disclose change in ownership as required by this Condition.

Liquidated damages shall be 50% of the hammer price of the horse provided, however, that consignor's liability hereunder shall be limited to two times the consignor's commission received for the sale of the horse. In the event purchaser prevails against both seller and consignor, consignor shall pay purchaser two times the consignor's commission received for the sale of the horse, and the balance of the 50% hammer price shall be payable by the seller. Any indemnity as between the seller and consignor for liability hereunder shall be as agreed between seller and consignor. Auctioneer shall have no obligations regarding collection of liquidated damages hereunder, which shall be handled through arbitration.

If any dispute arises under this Condition, the parties involved in such dispute agree to submit the matter to binding arbitration, in accordance with the rules of the American Arbitration Association. Arbitration shall be held in Lexington, Kentucky. The nonprevailing party in the Arbitration shall pay the cost of the Arbitration proceeding and reasonable attorneys' fees of the prevailing party or parties, including, without limitation, Auctioneer's.

FIFTH - CATALOGUE AND ANNOUNCEMENTS: Horses catalogued in this sale are offered with information as represented by Consignor. The accuracy of such information is the responsibility of Consignor, who has a duty to examine the catalogue page for accuracy, and not Auctioneer. While certain information may have been procured by Auctioneer from third parties on behalf of Consignor, it remains solely the responsibility of Consignor to verify the accuracy of such information and to notify Auctioneer of any corrections with respect to produce records of broodmares. So that an appropriate announcement can be made prior to sale, notices of corrections must be delivered in writing to Auctioneer at its sales office not less than thirty (30) minutes prior to sale. IN CASE OF ANY ERROR, INACCURACY OR OMISSION, BUYER SHALL SEEK REDRESS ONLY FROM CONSIGNOR AND NOT FROM AUCTIONEER.

SIXTH - INSPECTION (INCLUDING THE REPOSITORY): All Purchasers shall inspect fully each horse that they may purchase. As provided in the Conditions of Sale and otherwise, Purchasers are accepting any horse purchased with all defects except those conditions and defects specifically warranted by Auctioneer's Conditions of Sale. Purchasers that fail or refuse to inspect for any reason, including a lack of opportunity for inspection, purchase the horse at their own risk. It shall be the sole responsibility of the Purchaser to determine the sufficiency, quality and completeness of the available inspection; however, full inspection shall include a review of all Repository information for each horse. Repository information shall include without limitation all radiographs placed in the Repository, all information placed by Consignor in the Repository, and any Veterinary Radiographic Reports, as defined below. All Purchasers acknowledge that (i) any veterinary radiographic report which purports to describe or summarize what is reflected in the radiographs of a horse ("Veterinary Radiographic Report") may contain and/or be based upon subjective determinations; and (ii) such written reports are not a substitute for or the equivalent of a review of the actual radiographs. As provided for in this Condition SIXTH, Veterinary Radiograph Reports shall exclude any upper respiratory laryngoscopic evaluation or analysis of said evaluation. Repository. Auctioneer will not review the Repository information and makes no warranty or assurance of any kind concerning the authenticity, sufficiency, quality, completeness or accuracy of the Repository information, all of which shall be the responsibility of the Consignor. Knowledge of the Repository information therefore shall not be imputed to Auctioneer. Purchasers will be charged with knowledge of any defect that is or should be revealed by a reasonable inspection, including any defect that is or should be revealed by a review of the Repository information, with the exception of the Consignors' warranties per Condition SEVENTH, EIGHTH and TWELFTH. Those limited warranties remain effective as more fully provided for and stated therein, unless Announcement is made by the auctioneer in conjunction with the sale of the horse in question. With respect to Condition EIGHTH (injury or disease of bone structure for two-year-olds in training only), any defect which will, more likely than not, materially and adversely affect the horse's suitability for training and racing, that appears on radiographs taken within 24 hours after the session in which the horse is sold and taken before the horse leaves the sales grounds, which does not appear on the radiographs filed in the Repository prior to the sale, is subject to dispute resolution as provided in Condition NINETEENTH which may result in a return of the horse to the Consignor and a refund of the purchase price. The presence or use of the Repository shall not change any of these Conditions of Sale, which shall continue to be binding upon all parties, nor does it create any additional express or implied warranties. In the event Consignor elects to place information in the Repository for any sale conducted by Auctioneer, Consignor warrants that Consignor has deposited in the Repository all of the required views mandated by Auctioneer and further warrants the authenticity and validity of said views. With respect to other Repository information, Consignor warrants the accuracy, validity and authenticity in all material respects of the Repository information placed by Consignor in the Repository. In the event it should be determined that Consignor has placed views in the Repository that are not authentic and valid, and/or information in the Repository (other than the

Veterinary Radiographic Reports, which are addressed below) that is not accurate, valid or authentic in all material respects and which is deemed to be materially misleading regarding the condition of the horse, then the sale is subject to Rejection at the option of the Purchaser. In that event, Consignor shall (i) refund the purchase price to Purchaser together with any proper and reasonable expenses incurred by Auctioneer including interest at the rate of 12% per annum, and (ii) pay Auctioneer's entry fees and commission as if the sale had been final. In the event it should be determined that a Veterinary Radiographic Report is not accurate, valid or authentic in all material respects and the Veterinary Radiographic Report is deemed to be materially misleading regarding the condition of the horse, then the sale is subject to Rejection at the option of Purchaser only upon complying with the time requirements hereafter set forth. Time is of the essence. A Purchaser may elect to reject the sale and revoke acceptance of the horse ("Rejection") only upon complying with the following: (i) written statement from Purchaser requesting Rejection must be received by Auctioneer within twenty-four (24) hours after the session in which the horse is sold and before the horse leaves the sales grounds, and (ii) Purchaser's veterinary certificate ("Negative Certificate") containing the opinion of Purchaser's veterinarian describing in detail the specific information that causes the Repository information not to be accurate, valid or authentic in all material respects and materially misleading regarding the condition of the horse must be received by Auctioneer within twenty-four (24) hours after the session in which the horse is sold and before the horse leaves the sales grounds. In the event of a Negative Certificate, Consignor shall either accept Rejection or deliver to Auctioneer Consignor's veterinary certificate contrary to that of Purchaser ("Positive Certificate"). The Positive Certificate must be received by Auctioneer within twenty-four (24) hours of Consignor's receipt of the Negative Certificate. In the event of a receipt by Auctioneer of a Negative and Positive Certificate, Auctioneer will provide Consignor and Purchaser with a list of a minimum of five (5) veterinarians and a Panel of three (3) veterinarians shall be convened in the same manner as provided for in Condition NINETEENTH. The Seller, Consignor and Purchaser acknowledge that the selection process is fair and reasonable to each of them. The Panel shall determine, based upon the information in the Repository, whether there are facts and circumstances that cause the Repository information not to be accurate, valid or authentic in any material respect and materially misleading regarding the condition of the horse. In the event the Panel determines, based upon such examination(s) that there are facts and circumstances that cause the Repository information not to be accurate, valid or authentic in all material respects and such information is deemed to be materially misleading regarding the condition of the horse, the sale shall be cancelled. Otherwise, the sale shall stand. The decision of the Panel shall be final, binding and conclusive on all parties, absent fraud or bad faith. If the Panel is not unanimous, a majority vote shall be determinative. Auctioneer will not provide the Panel with information regarding the hip number, the name of the Purchaser or Consignor involved in the sale of the horse, or the name of the veterinarian who completed the Veterinary Radiographic Report at issue. In the event the sale is Rejected, Consignor shall (i) refund the purchase price to Purchaser together with any proper and reasonable expenses incurred by Purchaser including interest at the rate of 12% per annum, and (ii)

pay Auctioneer's entry fees and commission as if the sale had been final. Further, if Auctioneer determines, in its sole discretion, that Consignor has deliberately and knowingly either placed incorrect information in, or omitted material information from, the Repository which is deemed to be materially misleading regarding the condition of the horse, Auctioneer may elect, in its sole discretion, to impose sanctions against Consignor which may include, without limitation, prohibiting Consignor from selling horses at future sales. If the sale is Rejected, Consignor shall pay all expenses associated with the Panel. If the sale is not Rejected, Purchaser shall pay all expenses associated with the Panel. The limited right of Rejection contained in this Condition shall (i) be available to a Purchaser only if Purchaser has relied on the Repository information, and (ii) terminate regardless of whether twenty-four (24) hours have elapsed, immediately upon the removal of the horse from the sales grounds, or use of the horse "under tack" (which includes lunging horses and horses being ponied). Consignor shall have the sole responsibility concerning the accuracy of the disclosures/announcements. Seller, Consignor and Purchaser agree that Auctioneer is absolved from any liability relating to such announcements/disclosures and all agree to hold Auctioneer harmless from any loss incurred by either of them relating to such announcement/disclosures. All items, including radiographs, placed by Consignor in the Repository are the sole property of Consignor (or the Consignor's veterinarian) and Consignor shall have the right to receive all such items and information back 48 hours after the end of the session at which the horse in question was sold. However, Auctioneer may elect to hold such items on behalf of Consignor in the event a dispute arises concerning these Conditions of Sale and will return the items to Consignor upon the resolution of the dispute. Further, Auctioneer may permit the Purchaser to receive such items only if Consignor has agreed to permit the Purchaser to receive such items or information. In the event Consignor fails to pick up the items and information contained in the Repository within 30 days after the end of this Sale, Auctioneer may elect to notify the Consignor (and/or the Consignor's veterinarian, if known) of Auctioneer's intent to destroy or otherwise dispose of said Repository information 10 days after notice from Auctioneer of its intent to take such action and Auctioneer shall be held harmless by Consignor for any losses or expenses incurred as a result of Auctioneer's disposition of the items contained in the Repository.

SEVENTH - LIMITED WARRANTIES AS TO DESCRIPTION: UNLESS OTHERWISE ANNOUNCED OR DESCRIBED BY AUCTIONEER, THERE IS NO REPRESENTATION OR WARRANTY AS TO THE BREEDING QUALITIES OF ANY HORSE WHICH AT THE TIME OF SALE IS OFFERED IN ITS YEAR OF FOALING, OR ITS YEARLING OR TWO-YEAR-OLD YEAR, OR IS DESCRIBED AT TIME OF SALE AS A HORSE OF RACING AGE. Any horse sold on or after July 1 of its yearling year which is catalogued as a colt or horse and which does not have two testes palpable in their entirety below the external inguinal ring shall be subject to return to Consignor as provided in CONDITION EIGHTEENTH. There is no representation or warranty as to the size or function of testes. When one or both testes is or are not palpable in its or their entirety below the external inguinal ring, such horse will be announced as a ridgling. When both testes have been removed surgically, such horse will be described as a gelding. Any horse which is described

incorrectly at time of sale as to its gender or sexual classification shall be subject to return to Consignor as provided in CONDITION EIGHTEENTH. Warranties with respect to certain conditions of soundness of wind and bone as provided in CONDITION EIGHTH shall not apply to any horse described at time of sale as a broodmare, broodmare prospect, stallion or stallion prospect.

EIGHTH - LIMITED WARRANTIES AS TO SOUNDNESS: UNLESS EXPRESSLY ANNOUNCED FROM THE AUCTION STAND, OR BY OFFICIAL PUBLICATION OF AUCTIONEER OR AS HEREINAFTER PROVIDED, THERE IS NO WARRANTY OR GUARANTEE OF ANY KIND AS TO THE SOUNDNESS, WIND CONDITION OR OTHER QUALITY OF ANY HORSE SOLD IN THE SALE. Horses that are cribbers must be so announced at the time of sale. For any horse that (a) has impaired vision or injury to the eye, (b) has locomotor ataxia (wobbler syndrome), (c) is two years of age or less and has undergone invasive joint surgery or surgical intervention of the upper respiratory tract, (d) has undergone abdominal surgery of any type except to repair a ruptured bladder in a newborn foal, or (e) has been nerved, such condition must be announced at the time of sale or, alternatively, by placement of a veterinary certificate in the Repository which discloses such condition. Any yearling sold after July 1st of its yearling year, two year old in training or horse of racing age that has one of the following defects of wind must be so announced at the time of sale or a veterinary certificate disclosing such condition must be placed in the Repository: (i) Laryngeal hemiplegia (complete immobility or inability to fully abduct the cartilage), (ii) Rostral displacement of the palatopharyngeal arch, (iii) Epiglottic entrapment, (iv) Permanent dorsal displacement of the soft palate; (v) Severe arytenoid chondritis or arytenoid chondroma(s), (vi) Subepiglottic cyst or cysts or, (vii) Cleft palate. In addition, any horse sold in a two-year-old in training sale or any horse two years of age or older and offered as a racing prospect that has injury to or disease of its bone structure materially affecting its suitability for racing must be announced as having such condition at the time of its sale or such condition must be revealed by radiographs and/or a veterinary certificate placed in the Repository by the Consignor.

NINTH – ANABOLIC ANDROGENIC STEROIDS IN WEANLINGS, YEARLINGS, OR TWO-YEAR-OLDS IN TRAINING: Limited Warranties: Consignor warrants that any weanling, yearling or two-year-old in training entered in this sale shall not have been administered any anabolic androgenic steroids ("AS"). In order for purchaser to take advantage of this limited warranty, Buyer must check the appropriate box on the Acknowledgment of Purchase for the horse at the time of purchase directing Auctioneer to take a blood sample. Buyer agrees to pay \$500.00 to Auctioneer to cover costs of the test. Auctioneer will arrange for a blood sample to be taken by a veterinarian designated by Auctioneer prior to the horse leaving the Sales grounds, which sample shall be sent to a laboratory selected by Auctioneer for testing. Consignor hereby consents to a blood sample being taken. Auctioneer shall deliver the test results to Consignor and Buyer upon receipt of same from the laboratory. If the test reveals the presence of AS ("Positive Test"), Buyer shall have the right to rescind the sale, which right must be exercised by Buyer giving written notice to Auctioneer within 24 hours of Buyer's receipt of the results indicating a Positive Test. If Buyer elects to rescind the sale, Consignor shall refund any sales proceeds paid to Consignor by Auctioneer and pay buyer or Auctioneer all proper expenses and legal fees incurred

by either of them, including interest thereon at the rate of 12% per annum, from the time of sale until the return of the horse to the Consignor. Proper expenses include, but are not limited to, the \$500 testing fee, veterinarian charges, vanning, insurance and boarding. Buyer shall be required to exercise due care during the rescission period in maintaining and boarding the horse. In the event of a Positive Test, risk of loss shall remain with Buyer from the fall of the hammer until Consignor has been notified of Buyer's election to rescind the sale at which time risk of loss passes back to the prior owner. Buyer shall not cause the horse to be materially altered during the rescission period. Auctioneer will notify Consignor and Buyer of the test results as soon as practicable after receipt thereof. The test herein provided for shall be the sole support for any claims by Buyer for breach of the limited warranty provided in this CONDITION NINTH and rescission of the purchase. Neither Buyer nor Consignor shall have the right nor shall Auctioneer have any obligation to conduct testing of a split sample. Auctioneer's determination concerning whether there is a Positive Test, as long as same is supported by the testing laboratory selected by Auctioneer, shall, absent fraud or bad faith, be fully binding upon Consignor, Buyer and all other interested parties. If any party challenges Auctioneer's exercise of discretion, absent fraud or bad faith, such party shall be liable for all of Auctioneer's reasonable expenses, including, without limitation, its attorneys' fees incurred in defending the challenge.

TENTH – PROHIBITED PRACTICES: Any horse which has been subject to Prohibited Practices may result in the purchaser's discretion in Buyer's exercise of the right of return pursuant to CONDITION EIGHTEENTH. Prohibited Practices which are not permitted on the sales grounds are: (a) extracorporeal shock wave therapy or radial pulse wave therapy; (b) acupuncture and/or electrostimulation with the intent of altering laryngeal function (c) electrical devices designed or used to increase the speed of a horse; (d) any invasive practice which intentionally conceals a material defect or chronic lameness; and (e) Intra-articular injections. Prohibited Practices which are not permitted at any time are internal blister or other injections to the knee intended to have the effect of concealing the true conformation of the horse.

ELEVENTH – MEDICATION POLICY-COMPLIANCE: Medications may only be administered at or below manufacturer's recommended guidelines on the sales grounds. At sales of weanlings, yearlings and two year olds in training: (1) No more than two (2) non-steroidal anti-inflammatory drugs (NSAIDS) may be administered on the sales grounds; (2) No more than one (1) cortico-steroid may be administered on the sales grounds; (3) Clenbuterol may not be administered within 14 days of an under tack show or sales session in which the horse is entered; (4) no other bronchodilators, including but not limited to Albuterol, may be administered within seventy-two (72) hours of an under-tack show or sales session in which the horse is entered; and (5) No medication may be administered within 24 hours of a horse's under tack performance. A horse entered in a two year old in training sale may not be administered any medications prohibited under the rules of racing adopted by regulatory authorities in effect in the state in which the sale

is being conducted. A written report of medications given a horse in a two year old in training sale within 72 hours of the start of a sales session or within 24 hours of the start of any under tack show must be placed in the Repository by the Consignor not less than one hour before the start of the sales session in which the horse is entered or within 24 hours of administration, whichever is earlier. Any horse catalogued in this sale is subject to examination by a licensed veterinarian appointed by Auctioneer to determine whether the horse is in compliance with Auctioneer's Medication Policy. The appointed veterinarian, with the approval of Auctioneer, may appoint technicians to undertake certain duties to assist the veterinarian in the performance of his/her duties. The examination may include physical examination, urine and/or blood collection (for later testing) and/or any other test or procedure necessary to effectuate the purposes of Auctioneer's Medication Policy. Refusal to submit a horse to examination or failure to cooperate with the veterinarian or his/her appointees may subject the horse to exclusion (withdrawal) from the sale.

If a chemical analysis of blood, urine or other samples taken from the horse indicates the presence at the time of sale or before of a substance prohibited by Auctioneer's Medication Policy or that was not disclosed on the Medication Report Form and is either confirmed by the analysis of the split portion of such sample, or if such re-testing is waived by Consignor, then the horse shall be subject to return by Buyer (as set forth more specifically in CONDITION EIGHTEENTH hereof), or if not yet sold, subject to withdrawal from the sale by Auctioneer. For sales held in the State of Florida, Auctioneer's Medication Policy is in addition to the rights of the Buyer, Owner or the Consignor as set forth in the Florida Statutes, Title XXXIII, Chapter 535.01-535.14 and is not intended to replace or otherwise affect Florida law.

TWELFTH - LIMITED WARRANTIES AS TO BROODMARES: Each broodmare in this sale shall be offered with veterinary certificate provided by Consignor showing her, in the opinion of the examining veterinarian, to be, based on appropriate examination within ten (10) days of the date of sale, (a) pregnant, or (b) not pregnant, but suitable for mating, or (c) not as described in either (a) or (b) above and therefore requiring a special announcement. Any Buyer of a broodmare may have her examined by a veterinarian within twenty-four (24) hours after fall of the hammer, and prior to removal from the sales premises. Failure to do so is a waiver of any right to rescind the sale or revoke acceptance of the broodmare. All warranties with respect to broodmares terminate upon the earlier of (a) expiration of twenty-four hours from time of sale, or (b) removal of the broodmare from the sales premises. Any broodmare so examined by the Buyer's veterinarian within the permitted time period, whose pregnancy status and/or suitability for mating is found not to be as represented in the veterinary certificate provided by Consignor, except any mare whose pregnancy status and/or suitability for mating has materially changed after fall of the hammer, may be returned to Consignor as unsold; however, in the event of a disagreement between the Buyer's veterinarian and Consignor's examining veterinarian as to the pregnancy status and/or suitability for mating of the broodmare, a referee veterinarian shall be designated by the Consignor and Buyer (or by Auctioneer if Consignor and Buyer

cannot agree) and shall examine the mare to determine whether or not she may be returned under this CONDITION. All parties shall be bound by the referee veterinarian's opinion, which shall be final and without recourse. The referee veterinarian's fee and any reasonable expenses of Auctioneer, including, without limitation, entry fees and sales commissions, shall be paid by the party whose property the mare is determined to be. Consignors who have actual knowledge that the broodmare has, within the last two years, undergone either (i) a caesarean section delivering a fetus, or (ii) surgery involving the cervix, or (iii) a urethral extension, or (iv) the removal of an ovary, must be so announced at the time of sale or in lieu of such announcement, must be disclosed by placing a veterinary certificate in the Repository, reasonably disclosing that one or more of the above conditions are applicable. Consignor shall have the sole responsibility concerning the accuracy of the disclosures/announcements and both Consignor and Buyer agree that Auctioneer is absolved from any liability relating to such announcements/disclosures and both agree to hold Auctioneer harmless from any loss incurred by either of them relating to such announcements/disclosures. Any horse whose condition is as aforesaid and is not so announced or disclosed in the Repository as required above will be subject to return to Consignor with refund of purchase price, and all proper expenses, fees and interest as provided in CONDITION EIGHTEENTH, provided that Auctioneer is so notified in writing by a veterinary certificate of such condition, and the right of return on the above grounds shall be within fourteen (14) days from the day of sale. Purchaser shall have the same rights and duties regarding return as provided in CONDITION EIGHTEENTH. The following terms and standards recommended by the American Association of Equine Practitioners are hereby made a part of this CONDITION:

Pregnant. Any filly or mare shall be characterized as "pregnant" if a practitioner has examined such animal for pregnancy at 42 days or more post mating during the applicable year and such examination indicated that such filly or mare was pregnant. Any report based on an examination at less than 42 days post mating should indicate the pregnancy status of the animal as well as the number of days post mating that the examination was performed. Accordingly, a report from a positive pregnancy exam at 42 or more days post mating indicates the filly or mare is "pregnant" without further comment. The results of a positive determination prior to 42 days should be indicated in a manner showing the applicable number of days such as "pregnant---41 days."

Aborted. Any filly or mare that is not pregnant at the time of examination should be reported as "aborted" rather than "not pregnant" if the person rendering the report is actually aware that (a) an aborted fetus was observed or (b) the mare had been declared "pregnant" based on an examination at 42 days or more post mating.

Not Pregnant. Any filly or mare that has been mated, examined for pregnancy, and found not pregnant at 42 days or more post mating during a specified year should be characterized as "not pregnant" unless such filly or mare has "aborted" as defined above. Any filly or mare that has been mated, examined for pregnancy and found not pregnant prior to 42 days post mating should be indicated in a manner showing applicable number of days such as "not pregnant---41 days." Any

filly or mare determined to be pregnant prior to 42 days post mating and later found to be not pregnant should be characterized as "not pregnant" rather than "aborted" unless the examiner has knowledge that an aborted fetus was observed. **Suitable for Mating.** Any filly or mare that is not pregnant at the time of examination shall be characterized as "suitable for mating" if a palpation per rectum of the ovaries, uterus and cervix, and speculum examination of the cervix and vagina does not reveal significant abnormalities that would indicate that the filly or mare is not reproductively within reasonably normal limits. A filly or mare that is "pregnant" or "pregnant_____ days" at the time of examination, as determined by a palpation per rectum, shall be characterized as "suitable for mating" without further tests or examinations. Any reproductive examination or statement that a filly or mare is "suitable for mating" thus only indicates either (a) the results of the above-referenced palpation per rectum and speculum examination on the date performed or (b) the filly or mare was found to be "pregnant" or "pregnant_____ days" and does not reflect the examiner's opinion of the future ability or inability of a particular filly or mare to conceive and deliver a live foal. There are many other tests or criteria that might be utilized to estimate the likelihood of a successful mating; however, a statement that a mare is "suitable for mating" shall not indicate any tests have been completed other than those specifically referenced above. Moreover, a filly or mare may be characterized as "suitable for mating" based on only one examination even though more than one examination might enhance the likelihood of discovering reproductive abnormalities.

Mating. The physical act of a stallion mounting a filly or mare with intromission of the penis and ejaculation. Artificial insemination qualifies as mating for breeds that permit artificial insemination.

Mated. Any filly or mare that has undergone the physical act of mating for whose pregnancy status has never been determined.

Not Mated. Any filly or mare that has not undergone the physical act of mating by any stallion during a specified year.

THIRTEENTH - BIDDING PROCEDURE: Unless waived by Announcement, there shall be an upset price on any horse offered as set forth on the title page of the sales catalogue. If an opening bid of the upset price is not immediately forthcoming to Auctioneer's call, the horse shall be led out unsold. Minimum acceptable increases in bidding are: \$100 until the bid reaches \$25,000, and \$500 thereafter. A Consignor has a right to establish a reserve on any horse entered in the sale in accordance with procedures established by Auctioneer and Buyers agree to and acknowledge that right. Subject to the foregoing, the person making the highest bid recognized by Auctioneer shall be the Buyer. Auctioneer shall immediately present Buyer with a document entitled Acknowledgment of Purchase for Buyer's signature. Should such presentation not be made prior to commencement of bidding on the next lot offered, Buyer shall forthwith identify himself or herself to Auctioneer as the Buyer and sign the Acknowledgment of Purchase. In the event that a person other than the recognized Buyer signs the Acknowledgment of Purchase, such action shall not give such other person any right or title to the horse. Immediately upon such erroneous signing of an Acknowledgment of

Purchase becoming known to Auctioneer, an Acknowledgment of Purchase shall be presented to the recognized Buyer for signature.

FOURTEENTH - BIDDING DISPUTES: Should any dispute arise between or among two or more bidders, Auctioneer shall forthwith adjudicate the dispute, and Auctioneer's decision shall be absolute, final and binding on all parties. Bids tendered after fall of the hammer are not valid grounds for dispute. Bids received by personnel employed by Auctioneer have the same stature as bids received by Auctioneer in the stand. In case of dispute, at Auctioneer's sole discretion, the bidding shall be reopened for advance bids, and if there be no advance bid, the horse is sold to the person from whom Auctioneer recognized the last bid. Advance bidding shall be restricted to the disputing parties, unless the bid be reduced below the level of the recognized bid at commencement of the dispute, in which case bidding is reopened to all. Auctioneer reserves the right to reject any or all bids.

FIFTEENTH - TITLE AND DELIVERY: Title passes to Buyer at the fall of the hammer, at which time all risk and responsibility pertaining to the horse also passes to Buyer. The horse will be held for Buyer by Consignor until Buyer makes settlement as provided in CONDITION SIXTEENTH, and Auctioneer shall have no responsibility whatsoever with respect to the horse. Buyer shall immediately present himself to make settlement upon fall of the hammer. Upon settlement by Buyer, the horse will be delivered by issuance of a "stable release" to Buyer or Buyer's designee authorizing removal of the horse from the sales premises, but in any case taking possession of the horse by Buyer or Buyer's representative shall constitute delivery and acceptance. Buyer shall cause the horse to be removed promptly from the sales premises, or be subject to stable charges determined by Auctioneer. Should Buyer fail to cause the horse to be removed promptly, Auctioneer may cause the horse to be removed and then stabled at Buyer's risk and expense. Notwithstanding the foregoing, with respect to any horse two years of age or older that is not being sold for breeding purposes only and is being shipped out of state, title, risk and responsibility pertaining to the horse will remain with Consignor until delivery by Consignor to a licensed interstate common carrier engaged by Auctioneer but designated by Buyer, upon which delivery such title, risk and responsibility shall pass to Buyer. Buyer shall reimburse Auctioneer for the cost of the common carrier at the time of settlement of Buyer's account. In all cases, Consignor and Buyer indemnify and hold Auctioneer harmless from any and all claims, actions, liabilities or damages arising out of or related to title, possession, risk or responsibility to or of a horse before or after the fall of the hammer.

SIXTEENTH - CREDIT AND SETTLEMENT: Buyer shall make settlement with Auctioneer immediately upon fall of hammer, unless credit shall have been extended in advance by Auctioneer to Buyer. If Buyer's account is not paid in full within fifteen days of sale, Buyer shall pay to Auctioneer a service charge of 2 percent per month on the unpaid balance of the account from the date of sale until paid. Payments to others, including Consignors or their representatives, do not constitute settlement. Buyer shall make settlement as provided above for the full

purchase price and applicable sales tax, in U.S. currency or bank check, certified check or equivalent acceptable to Auctioneer.

BIDDERS ARE CAUTIONED THAT EXTENSION OF CREDIT AT A PRIOR SALE DOES NOT ESTABLISH CREDIT AT THIS SALE. BIDDERS MUST CLEAR OUTSTANDING ACCOUNTS AND ESTABLISH CREDIT AT THIS SALE PRIOR TO BIDDING. Bidders and other persons signing for or buying on behalf of or in the name of a corporation, limited liability company, partnership, trust or other entity -including purchases through an authorized agent - agree to be personally responsible for payment of all sums owed to Auctioneer. Buyer grants to Auctioneer a security interest in each horse purchased, its Jockey Club Certificate of Foal Registration, any applicable stallion service certificate, and any proceeds or products thereof, to secure payment of the amount of unpaid purchase price, sales tax, or other indebtedness owed by Buyer to Auctioneer or Auctioneer's affiliates. Buyer appoints Auctioneer as Buyer's attorney-in-fact to prepare, execute and file any Financing Statements or other documents necessary to perfect, enforce and give notice of the security interest created herein. Buyer agrees that Auctioneer shall have all rights and remedies of a Secured Party pursuant to the Conditions of Sale and the Uniform Commercial Code or other applicable law. Auctioneer may retain, and shall have a security interest in, all registration papers for horses either bought by Buyer or returned to Consignor until Buyer's or Consignor's accounts with Auctioneer are paid in full.

SEVENTEENTH - DEFAULTERS: SHOULD BUYER FAIL TO COMPLY IN ANY RESPECT WITH CONDITIONS FIFTEENTH AND SIXTEENTH ABOVE, AUCTIONEER MAY, IN ITS ABSOLUTE DISCRETION, NOTWITHSTANDING THE PROVISIONS OF CONDITION TWENTIETH (b), PURSUE ANY REMEDY AVAILABLE TO IT AGAINST THE DEFAULTING BUYER, INCLUDING, BUT NOT LIMITED TO, BRINGING SUIT IN COURT, TAKING POSSESSION OF THE HORSE AND ITS REGISTRATION PAPERS OR RESELLING OF THE HORSE AT PUBLIC AUCTION OR BY PRIVATE TREATY FOR ACCOUNT OF DEFAULTER. In any case, Buyer shall be liable for any deficiency after charging to Buyer's account all costs of maintenance and resale, including, but not limited to, service charges, attorney's fees, costs of litigation, and damages available at law to Auctioneer.

EIGHTEENTH - RIGHT OF RETURN: Any horse sold in this sale which has a condition that must be announced or disclosed as provided for in these CONDITIONS OF SALE and is not so announced or disclosed, or has been subjected to any Prohibited Practices as set forth in CONDITION TENTH, or has been administered any substances in violation of Auctioneer's Medication Policy, shall be subject to return to Consignor, with refund of purchase price if already paid, PROVIDED THAT WITHIN FORTY EIGHT (48) HOURS AFTER TIME OF SALE THE AUCTIONEER RECEIVES WRITTEN NOTICE FROM BUYER AND A WRITTEN VETERINARY CERTIFICATE, BASED ON EXAMINATION BY THE CERTIFYING VETERINARIAN, STATING THAT SUCH A CONDITION EXISTS, AND THAT SAME EXISTED AT TIME OF SALE. AS TO ANY HORSE

SOLD AS A TWO YEAR OLD IN TRAINING OR ANY HORSE TWO YEARS OF AGE OR OLDER OFFERED AS A RACING PROSPECT, THE VETERINARY CERTIFICATE MUST ALSO STATE THAT THE INJURY TO OR DISEASE OF THE BONE STRUCTURE MATERIALLY AFFECTS THE HORSE'S SUITABILITY FOR RACING AND SUCH CONDITION WAS NOT REVEALED BY RADIOGRAPHS OR OTHER INFORMATION PLACED IN THE REPOSITORY BY CONSIGNOR. ALL WARRANTIES TERMINATE UPON THE EARLIER OF: (1) EXPIRATION OF FORTY-EIGHT (48) HOURS FROM TIME OF SALE, OR (2) REMOVAL OF THE HORSE FROM SALES GROUNDS, AFTER WHICH THERE SHALL BE NO RIGHT OF RETURN HEREUNDER; PROVIDED, HOWEVER, BUYER SHALL HAVE FORTY-EIGHT (48) HOURS FROM THE TIME OF SALE TO NOTIFY AUCTIONEER TO ESTABLISH ANY RIGHT OF RETURN AS TO A HORSE THAT IS A CRIBBER AND FIFTEEN (15) DAYS FROM THE TIME OF SALE TO NOTIFY AUCTIONEER TO ESTABLISH ANY RIGHT OF RETURN AS TO A HORSE WITH A CONDITION PROHIBITED IN CONDITION TENTH OR ELEVENTH. ANY HORSE SOLD IN THIS SALE WHICH IS DETERMINED TO HAVE BEEN OFFERED FOR SALE IN VIOLATION OF CONDITION FIFTH OF THIS SALE SHALL BE SUBJECT TO RETURN TO CONSIGNOR, WITH A REFUND OF THE PURCHASE IF ALREADY PAID, PROVIDED THAT BUYER SHALL NOTIFY AUCTIONEER IN WRITING OF BUYER'S EXERCISE OF THIS RIGHT WITHIN FIFTEEN DAYS FROM THE TIME OF SALE OF THE HORSE. NOTWITHSTANDING THE FOREGOING, ALL WARRANTIES ON A HORSE OF RACING AGE TERMINATE IMMEDIATELY WHEN SUCH HORSE STARTS IN A RACE. Further, any use after this sale of any horse two (2) years of age (as that term is defined by The Jockey Club) or older "under tack," after discovery of any condition of such horse which would permit its return as provided herein, shall void all right of return and terminate any warranties which might otherwise exist. The rights of Buyer to return the horse as provided herein to Consignor shall be Buyer's sole and exclusive remedy. Any right of return as set forth in this CONDITION EIGHTEENTH is contingent upon the horse being in materially the same condition as it was in at the time of sale. Upon the determination Auctioneer that a buyer's claim to a right of return is valid, Auctioneer shall notify Consignor of the return and upon receipt of such notice, all risks of loss, injury, sickness, disease and any and all other risks pertaining to the horse pass to Consignor and/or owner. Upon return of a horse to the Consignor in accordance with these CONDITIONS OF SALE, Consignor shall be responsible for reasonable expenses for keep, maintenance and transportation of the horse from the time of sale until return.

NINETEENTH - RESOLUTION OF DISPUTES: (a) ANY CONTROVERSY ARISING OUT OF A CLAIM MADE BY OR ON BEHALF OF BUYER UNDER THE PROVISIONS OF CONDITIONS SEVENTH, EIGHTH, TENTH, ELEVENTH, TWELFTH AND EIGHTEENTH SHALL BE SETTLED BY VETERINARY ARBITRATION BETWEEN THE BUYER AND CONSIGNOR PURSUANT TO THE FOLLOWING PROCEDURE. Upon Auctioneer's determination that a claim under such Conditions of Sales has been timely and properly presented, Auctioneer shall notify a panel of three veterinarians,

specializing in equine medicine, created specifically to evaluate the validity of disputes arising from warranties or medication policy compliance set forth in these CONDITIONS OF SALE. This panel shall conduct any tests, investigations or examinations which it deems necessary and, except as requested by the panel, Buyer and Consignor shall not be heard, present evidence or cross-examine witnesses, same being waived by all parties. Based upon its review, the panel shall, by majority vote, determine the validity of the claim and whether to uphold or rescind the sale. The decision of the veterinary panel shall be final and binding on all interested parties and shall not be subject to any further review. All expenses incurred by the panel shall be reimbursed by the party whose property the panel determines the horse to be. (b) Except as provided in CONDITION EIGHTEENTH, any other controversy or dispute between or among Auctioneer, Buyer and/or Consignor (including Owner and authorized agent) arising out of a claim made under these Conditions of Sale or relating to this sale shall be settled by arbitration among the parties in accordance with the rules of the American Arbitration Association. Arbitration shall take place in Lexington, Kentucky. All parties, including Buyer, Consignor, Auctioneer or others, consent to the venue and jurisdiction of state or federal courts of record sitting in Fayette County, Kentucky for the purpose of enforcing this agreement to arbitrate or for the purpose of enforcing any award or finding made by the arbitrator(s)(all parties hereby waiving any defense of forum nonconvenience). Auctioneer, Consignor, Owner, Buyer and any other interested party expressly waive any right to a trial by jury with respect to any litigation arising out of the sale of any horse governed by these CONDITIONS OF SALE. Notwithstanding the above, judgment upon any award rendered by the arbitrator(s) may be entered by any party and any court having jurisdiction thereof. Auctioneer shall be entitled to reimbursement from the party whose property the horse is determined to be for reasonable board, maintenance, insurance, transportation and veterinary expenses incurred in connection with the horse and for reasonable attorney's fees and other costs incurred by Auctioneer in connection with any dispute, arbitration or litigation arising from or relating to the sale of the horse or these CONDITIONS OF SALE.

TWENTIETH - BREEDING CONTRACTS: Any contractual agreements between owners of broodmares in this sale and owners of stallions to which these mares have been bred do not follow the broodmares unless so announced at time of sale. The possible return to any stallion or possible refund of any stud fee does not follow the broodmare unless so announced at time of sale.

TWENTY-FIRST - AGENTS: Persons purporting to act as an agent for a Buyer must file with the Auctioneer a completed, notarized Authorization of Agent form such as appears in the sales catalogue or notarized letter of authorization from Buyer stating that the agent is authorized to purchase at this sale for the account of Buyer and that such Buyer agrees to be bound by all actions of the agent in connection with this sale. Any person failing to comply with this Condition shall be held PERSONALLY LIABLE as the Buyer. By signing the Acknowledgment of Purchase, an agent agrees to be personally liable for the full purchase price of the horse if Buyer does not have approved credit or fails to make settlement as provided in CONDITION SIXTEENTH.

TWENTY-SECOND - LIMITATION OF ACTIONS: Any cause of action arising out of or relating to this sale shall be commenced not more than one year after the date of this sale; provided, however, this limitation of action shall not apply to any action against Buyer for recovery of the purchase price, including interest and expenses, or repossession of any horse purchased at this sale.

TWENTY-THIRD - SEVERABILITY: If any provision of these CONDITIONS OF SALE is held to be illegal or invalid, such illegality or invalidity shall not affect the remaining provisions of these CONDITIONS OF SALE, and they shall be continued and enforced as if such illegal or invalid provision had never been inserted herein.

TWENTY-FOURTH - TIME OF ESSENCE: TIME IS OF THE ESSENCE AS TO ALL MATTERS SET FORTH IN THESE CONDITIONS OF SALE.

TWENTY-FIFTH: The entire agreement regarding the sale and purchase of a horse at this sale is contained in these CONDITIONS OF SALE and in the Acknowledgment of Purchase. Auctioneer shall not be bound by any oral or written agreement between Buyer and Consignor, nor made a part to any action relating to such an agreement, unless agreed to, in writing, by Auctioneer.

FASIG-TIPTON COMPANY, INC. Auctioneer