

Conditions of Sale

Public Auction Sales Code of Conduct

PREAMBLE

This Sales Code of Conduct (“Code”) has been adopted pursuant to a horse industry task force involving multiple segments of the horse industry. It sets out the principles which apply to 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

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.

Principal means a person or entity who appoints an Agent to act as agent on his behalf in an Equine Auction Sale.

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.

Consignor means a person or entity acting as agent for a Seller at public auction.

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.

Seller means a person or entity who sells all or any interest in a horse in an Equine Auction Sale. Purchaser means a person or entity who buys all or any interest in a horse in an Equine Auction Sale.

Equine Auction Sales(s) means sales and purchases of horses and/or interest(s) therein at public auction sales.

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 in the form of a written statement to the sales company where the alleged breach occurred. 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. Fasig-Tipton and Keeneland have agreed to observe the findings and sanctions of the arbitrator(s) and to ban from participation in their respective 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 attorneys fees, from the non-prevailing party. In the event of a finding of an offense by the arbitrator, the sales' companies 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.

Medication Policy

It is recommended that medications be administered according to the following guidelines, except as said recommendations may otherwise be mandated pursuant to the Conditions of Sale:

- 1) No more than two (2) non-steroidal anti-inflammatory drugs (NSAIDS) may be administered.
- 2) No more than one (1) cortico-steroid may be administered.

3) No bronchodilators, including but not limited to Clenbuterol and Albuterol, may be administered within 72 hours of an undertack show or sales session in which the horse is entered.

4) The following medications not be administered on Keeneland sales grounds: • All substances classified as either Class 1 or Class 2 by the Association of Commissioners International (ARCI) • Furosemide (Salix or Lasix)
• Procaine Penicillin

Conditions of This Sale

IMPORTANT AND LEGALLY BINDING RULES APPLICABLE TO THIS SALE. PLEASE READ.

Racing

FIRST

THESE CONDITIONS GOVERN THIS SALE: This sale is governed by these Conditions of Sale and by all announcements from the auctioneer's stand or otherwise ("Announcements"). **All Sellers, Consignors, Agents, owners, prospective bidders/Purchasers, all other interested parties and all sales are therefore bound by and subject to the provisions of the Conditions of Sale as set forth in this catalogue and Announcements.**

Presale Exam: All prospective Purchasers are urged to **carefully examine** horses in which they may be interested (personally and/or by agents or veterinarians of their choosing) **BEFORE bidding**, and as required by Condition TWENTY-FIRST, as they are accepting any horse purchased with any and all faults, including all conditions and defects, except for applicable limited warranties set out in Conditions NINTH through FOURTEENTH.

Conformation Surgeries: Horses in this sale may have been subject to surgery(ies) designed to affect permanent changes in physical makeup, which includes, without limitation, transphyseal bridge, periosteal transection, manipulation and elevation ("Surgeries"). An industry-wide sales integrity task force is reviewing these issues and has determined that disclosure of such Surgery(ies) for horses in this sale should be voluntary. Accordingly, nondisclosure of such Surgery(ies) **shall not be grounds for Rejection (as hereinafter defined) of sale.** Should a Purchaser deem this information material, Purchaser should request from Consignor whether such Surgery(ies) has or have been performed and Consignors shall be obligated to respond truthfully to their best knowledge, information and belief.

Agent: All prospective Purchasers who utilize Agents are further urged to reach an agreement with the Agent concerning the Agent's apparent or real conflicts of interest and disclosure of the Agent's compensation, if any, from whatever sources, directly or indirectly, relating to or arising out of, the Agent's services. *KRS 230.357 makes it unlawful to receive money or any item of value in excess of \$500.00 in connection with the sale or purchase of a horse except with full disclosure and written consent of both Purchaser and Seller; provided, however, this prohibition shall not be applicable where the Agent is acting solely for and compensated solely by his principal.*

Code of Conduct: The Code of Conduct governing participants in the sale is set forth in this sales catalogue directly in front of these Conditions of Sale, and **is hereby incorporated by reference and made a part of these Conditions of Sale.**

Endoscopic Examination: Conditions revealed by post-sale laryngoscopic examinations for which

Rejection is allowed are **ONLY** as set forth in Condition of Sale TENTH. There are other conditions which may be revealed by that examination or other examinations which may affect the desirability of purchasing the horse but which are not grounds for Rejection.

Private Agreements: In the event Seller and/or Consignor makes arrangements with prospective bidders/Purchasers prior to sale which differ from these Conditions, Keeneland shall have no responsibility in regard to any such agreements, and the enforcement thereof shall be the responsibility of the parties to the agreement; provided, however, a change in ownership of a horse in this sale after the horse is on Keeneland sales grounds must be disclosed by the Seller and/or Consignor to Keeneland in writing, and in that event, may be sold, with an Announcement by the Auctioneer disclosing that a change in ownership has occurred.

Privacy Notice: Notice is hereby given to all participants at Keeneland Sales that Keeneland may record any or all portions of Keeneland's sales by video, audio or other means, which may be used by Keeneland in its sole discretion.

SECOND

BIDDING/DISCLOSURE: In accordance with KRS 330.210 and 355.2-328(4) and other applicable laws, the right to bid in this sale is reserved for all Sellers, including their disclosed and undisclosed Agents, unless otherwise announced at time of sale. Purchasers therefore agree and acknowledge that Sellers have the right to set reserves implemented by the auctioneer upon horses so entered which are not disclosed to Purchasers and also have the right to conduct by-bidding as related to their entries. *Sales results reported by Keeneland may or may not reflect the fair market value of any horse(s) going through Keeneland's sale as, among other reasons, Consignors may inform Keeneland after the sale concerning horses that may have been initially reported as a sale(s) which are, in fact, not a sale.*

THIRD

RESOLUTION OF BIDDING DISPUTES: Should any dispute arise between or among two or more bidders, Keeneland shall forthwith adjudicate the dispute, and its decision shall be absolute, final, and binding on all parties. Bids received after the fall of the hammer are not grounds for dispute. Bids acknowledged by bid spotters employed by Keeneland are recognized as if tendered to Keeneland, but in case of dispute, the bidding on the horse shall be forthwith reopened for advance bids, and if there be no advance, the horse is sold to the person from whom Keeneland recognized the last bid. In case of any dispute, advance bidding shall be restricted to the contending parties, but should the recognized bid from the contending parties be reduced below the bid at commencement of dispute, then the bidding shall be reopened to all bidders, and the final bid therefrom shall stand, regardless of whether the final bid exceeds the bid which was disputed. The bid recognized at the conclusion of any bidding dispute shall be deemed the sale ("hammer") price and Consignor shall not be entitled to any amount over the hammer price. Keeneland reserves the right to reject any or all bids, in its sole discretion. In the event that the Consignor (or his Agent) bids in his own horse (RNA), then Consignor shall so notify Keeneland within thirty (30) minutes of conclusion of that sales session. In the event the bidder who had the highest and last bid at the fall of the hammer fails or refuses to sign the Acknowledgement of Purchase and Security Agreement when presented to said bidder by Keeneland, Keeneland may elect at its sole discretion, to either re-enter the horse at the same or next available sales session, or withdraw the horse entirely from the sale. Keeneland reserves the right to bring suit against said bidder for the amount of the hammer price (or any deficiency if resold), plus any other damages or may, in its sole discretion, assign such right to the Consignor, in which event Keeneland shall have no further obligation arising out of the subject horse being entered and going through the auction process at Keeneland. Further, Consignor and bidder agree to hold Keeneland harmless for any deficiency or loss incurred by either the Consignor or bidder resulting from such action.

FOURTH

MISSED RESERVES: Keeneland shall use its best efforts to adhere to reserves properly and timely placed (in accordance with time limits and other requirements established by Keeneland) with Keeneland at the reserve counter. In the event a horse is sold to a Purchaser for less than the reserve, Keeneland's liability shall be limited to paying the Consignor an amount not to exceed the reserve less the commission charged on the sale. In the event a horse is sold with a reserve higher than that placed by the Consignor (including, without limitation, a reserve placed on a horse when none was directed by the Consignor), the horse if not sold to a Purchaser, at the option of Consignor, shall be brought back in the ring to be offered for sale and Seller, Consignor and Keeneland agree that Keeneland shall waive all of its commission, including any entry fees paid, as liquidated damages and neither party shall have any other rights, claims or obligations to the other arising out of the reserve error.

FIFTH

PASSING OF TITLE; RISK OF LOSS; DELIVERY: Except as provided in this Condition FIFTH and Condition ELEVENTH, title and risk of loss pass to the Purchaser at the fall of the auctioneer's hammer, at which time Purchaser shall be responsible for the care, custody, control and security for the horse and for all expenses relating thereto. However, for horses two years of age or older, which are not being sold for breeding purposes only and which are being shipped out of state (and thus in interstate commerce) (herein "Racing Prospects"), title, risk of loss and possession shall remain with the Consignor until the horse(s) is delivered to a licensed interstate common carrier (or its duly authorized representative/employee) to be hired by Keeneland, at which time title, risk of loss and possession shall pass to the Purchaser.

Indemnity Regarding Care of Horses. Seller, Consignor and Purchaser agree to release, defend, indemnify and hold Keeneland, and the owners and/or operators of the facilities and their directors, officers, employees, agents and representatives, harmless from all losses, damages, expenses, claims, causes of action and/or attorneys' fees arising out of or related to the possession, care, custody, control or maintenance of any horse either sold or purchased by them, including, but not limited to, any claims arising out of injuries or damage caused by the horse. The horse will be held for Purchaser by Consignor until Purchaser makes settlement as provided at Condition of Sale SIXTH below.

Stable Release. Upon settlement by Purchaser, or approval of the Purchaser's credit by Keeneland, the horse will be delivered by means of a "stable release" provided by Keeneland to Purchaser or his representative. Purchaser or his representative shall present a "stable release" to designee of Keeneland in order to be permitted to remove any horse from Keeneland sales grounds after taking possession; but in any case taking possession of the horse by Purchaser or his representative shall constitute delivery and acceptance, except for Racing Prospects in which case delivery and acceptance shall take place only after Keeneland has delivered said Racing Prospects to a licensed interstate common carrier (or its duly authorized representative/employee). Unless other arrangements have been made with Keeneland, Purchaser shall remove all horses (other than Racing Prospects) promptly from the Keeneland sales grounds after the sale. In addition, should Purchaser fail to remove the horse(s) promptly, Keeneland may remove the horse(s) from Keeneland sales grounds at Purchaser's risk and expense or, in the alternative, charge the Purchaser for stable space. In the case of Racing Prospects, Purchaser shall provide Keeneland with instructions regarding the destination of the horse(s), which shall be shipped by an interstate common carrier promptly after the sale of the horse(s) and in any event not later than 24 hours thereafter. In the case of Racing Prospects, Purchaser shall reimburse Keeneland for costs of and relating to transport upon invoice.

SIXTH

TERMS FOR PAYMENT/CREDIT: Purchaser shall make payment to Keeneland in all cases. Unless Keeneland determines to extend credit to a Purchaser, Purchaser shall make payment for the full purchase price (which shall include any sales tax which may be due and owing as

determined by Keeneland or as may be later determined by the Kentucky Revenue Cabinet upon audit) for each horse purchased as may be required by Keeneland and not later than sixty (60) minutes from the fall of the hammer, such payment to be in the form of U.S. currency or approved bank check, certified check, or traveler's check.

Keeneland reserves the right exercisable by Keeneland in its sole and exclusive discretion, which shall

be final and binding upon all parties, to (1) refuse to extend credit to Purchasers who have unpaid accounts for previous Keeneland or other sales, and/or (2) refuse the opportunity to bid or refuse to accept the bid of a Purchaser who has an unpaid account from a previous sale, or who has not established his credit with Keeneland, or established to the reasonable satisfaction of Keeneland that payment will be made as required by Keeneland, and/or (3) require either collected funds be on deposit with Keeneland or, an irrevocable Letter of Credit acceptable to Keeneland, prior to accepting any bid(s). Bidders are cautioned that the fact that they may have been extended credit at a prior sale does not necessarily mean that they automatically have credit at this sale and future sales. Keeneland further retains the right to demand re-establishment of credit for any previous Keeneland Purchaser prior to their bidding in this sale. Keeneland further reserves the right, in its sole and exclusive discretion, at any time and for any reason (except race, sex, color, or creed), to revoke any credit previously established and to therefore refuse to accept the bid(s) of a Purchaser who has not established prior to his bid(s), that payment will be made in full within sixty (60) minutes from fall of the hammer. Purchasers whose credit has been approved shall pay in full for the purchases within (15) fifteen days of the close of sale.

Any Purchaser who has purchased a horse grants to Keeneland a "Security Interest" in all horses purchased and their Jockey Club certificate(s) of registration and in any products and proceeds thereof, to secure payment of any outstanding sums owed to Keeneland on the Purchaser's account. Keeneland may, in its sole and exclusive discretion, elect to make full or partial settlement with Consignor despite a default by Purchaser. **SUCH ELECTION(S) BY KEENELAND TO PAY THE CONSIGNOR SHALL NOT CONSTITUTE A WAIVER, NOR ESTABLISH A CUSTOM AND SHALL NOT ABROGATE KEENELAND'S RIGHT TO WITHHOLD SETTLEMENT FROM CONSIGNOR IN ANY OTHER CASE WHERE THE PURCHASER HAS DEFAULTED.** In no case shall any part of the purchase money be paid directly to the Consignor by the Purchaser unless otherwise agreed to, in writing, by Consignor, Purchaser and Keeneland. Such payment will not be regarded as valid and will not entitle the Purchaser to obtain the horses so purchased in this manner. On final settlement for a horse, or the approval of the Purchaser's credit by Keeneland, Keeneland will issue a "stable release" which must be presented by the Purchaser to the stable manager for delivery of the horse as provided in Condition of Sale FIFTH. Purchasers are cautioned not to lose these "stable releases."

SEVENTH

DEFAULTERS: In the event any Purchaser who does not have prior approval of his credit fails to pay the purchase price within sixty (60) minutes from the fall of the hammer or fails to sign the Acknowledgment of Purchase and Security Agreement, then the Purchaser shall be deemed a defaulter ("Defaulter") and Keeneland shall notify the Consignor of the default upon discovery of the Defaulter. The Consignor of the horse for which the purchase price is not paid has the option of (1) extending credit to the Purchaser and accepting all risk therefor; OR (2) voiding the sale, and requesting the horse be re-offered; OR (3) retaining ownership of the horse. Consignor must decide which of the three foregoing options it elects within thirty (30) minutes of notice to the Consignor by Keeneland. If the Consignor fails to make its election within said thirty (30) minutes, the horse, in Keeneland's sole discretion, may re-enter the auction ring during the same sales session, and then be sold with the prior attempted sale to the Defaulter being voidable by Keeneland, which shall be binding on all parties. In the event Keeneland, in its sole discretion, determines it is not practicable or advisable to resell the horse during the same sales session, then the horse may be resold by Keeneland at public or private sale, including on any subsequent day or sales session of the sale in question, without prior notice,

for the Defaulter's account, costs of such sale and attorneys' fees to be borne by the Defaulter. Any deficiency owed by Defaulter resulting from resale on account of any default which is not collected from the Defaulter shall be borne by the Consignor, and Keeneland shall have no responsibility therefore. Purchasers who have purchased on credit, and who fail in any respect whatsoever to pay for horses within fifteen (15) days after the sale, shall likewise be in default and Keeneland shall have the right to bring suit against the Defaulter and/or to repossess the horse and its registration papers. Any horse purchased by a Defaulter may be resold by Keeneland at public or private sale, without prior notice, for the Defaulter's account, costs of such sale to be borne by the Defaulter. **FURTHER, THE DEFAULTER SHALL BE LIABLE FOR A DELINQUENCY OR LATE**

CHARGE AT THE RATE OF ONE AND ONE-HALF PERCENT (1-1/2%) PER MONTH ON THE UNPAID PURCHASE FROM THE DATE OF SALE UNTIL PAID, COMPOUNDED MONTHLY. Should such resale fail to satisfy the Defaulter's account in full, Defaulter shall be responsible for any such deficiency balance and shall pay Keeneland the amount owing, including late charges, all reasonable attorneys' fees, costs of such litigation and any other damages available to Keeneland by law, including reimbursement for all expenses in caring for and insuring said horse.

EIGHTH

WARRANTY DISCLAIMER: OTHER THAN THOSE LIMITED WARRANTIES EXPRESSLY STATED IN THESE CONDITIONS OF SALE OR UNLESS OTHERWISE EXPRESSLY ANNOUNCED AT TIME OF SALE, THERE IS NO WARRANTY OR GUARANTEE OF ANY KIND, EXPRESS OR IMPLIED, BY KEENELAND, SELLER, AND/OR OR CONSIGNOR AS TO THE SOUNDNESS, CONDITION, WIND OR OTHER QUALITY OF ANY HORSE SOLD IN THIS SALE. THERE IS NO WARRANTY, EXPRESS OR IMPLIED, BY KEENELAND, SELLER AND/OR CONSIGNOR, EXCEPT AS SPECIFICALLY SET FORTH HEREIN, AS TO THE MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY HORSE OFFERED IN THIS SALE. SUBJECT TO THE LIMITED WARRANTIES STATED HEREIN, ALL SALES ARE MADE ON AN "AS IS" BASIS, WITH ALL FAULTS AND DEFECTS. OTHER THAN FAILURE TO SATISFY THE EXPRESSLY LIMITED WARRANTED CONDITIONS LISTED BELOW, NO OTHER DEFECTS SHALL CONSTITUTE A NONCONFORMITY, SUBSTANTIAL OR OTHERWISE, WITH THE TERMS OF THE CONDITIONS OF SALE/CONTRACT.

NINTH

Limited Warranties: The following conditions of a horse **must be so announced at time of sale:** (a) any horse that is either a cribber, or (b) any horse that is sold in this sale after July 1 of his yearling year and is a cryptorchid (ridgling) or a gelding. A cryptorchid (ridgling) is defined as a colt which does not have both testes palpable in the entirety below the external inguinal ring, and includes a colt that has had one testicle removed. The following conditions of a horse **must be so disclosed by placing a veterinary certificate in the Repository** (see Condition TWENTY-FIRST) on a timely basis as required by Keeneland, reasonably disclosing that one or more of the following conditions are applicable OR in lieu thereof must be so announced at time of sale: all horses that (i) possess any deviation from the norm in the eyes; (ii) are a "wobbler" (defined as a horse which suffers from a neurological disease caused by compression of the spinal cord and resulting in lack of balance and coordination) and/or have undergone any corrective surgery related thereto; (iii) are two years of age or less and have undergone (a) invasive joint surgery, or (b) surgical intervention of the upper respiratory tract; (iv) have undergone abdominal surgery of any type that occurred in the last two (2) calendar years preceding the day of sale and any resection of an abdominal organ (partial or complete) at any time except to repair a ruptured bladder in a newborn foal; or (v) have been nerved.

Any horse whose condition is as aforesaid and is not so announced or disclosed as required above will be subject to return to Consignor with refund of purchase price, provided that Keeneland is so notified in writing by veterinary certificate, of such condition and the **rejection or revocation of acceptance of the horse ("Rejection") on the above grounds**

shall meet the time requirements hereafter set forth. In addition, any horse which has been subjected to Prohibited Practice(s) (as hereafter defined) shall be subject to Rejection, provided that Keeneland is so notified in writing by veterinary certificate of the Prohibited Practice to which the horse was subjected and such Rejection shall meet the time requirements hereafter set forth.

Consignor shall have the sole responsibility concerning the accuracy of the disclosure/announcements of the condition of any horse as aforesaid and required above, and both Consignor and Purchaser agree that Keeneland is absolved from any liability relating to such announcements/disclosures and both agree to hold Keeneland harmless from any loss incurred relating to such matters. Consignor and Purchaser further agree that Keeneland is absolved from any liability relating to Prohibited Practices (hereafter defined) and both agree to hold Keeneland harmless from any loss incurred with respect to Prohibited Practices (as hereafter defined). **Except as otherwise expressly provided in these Conditions of Sale, in the event of any Rejection under these Conditions of Sale, Consignor shall (i) refund the purchase price to Purchaser together with any proper and reasonable expenses incurred by Keeneland including interest at the rate of 12% per annum, and (ii) pay Keeneland's entry fees and commission as if the sale had been final.**

Prohibited Practices are:

Shockwave Therapy in any form once the horse enters the Keeneland sales grounds.

Acupuncture and/or Electro-Stimulation with the intent of altering laryngeal function once the horse enters the Keeneland sales grounds.

Electrical devices designed or used to increase the speed of a horse once the horse enters the Keeneland sales grounds.

Any invasive practice which intentionally conceals a material defect or chronic lameness. Internal blister or other injections to the knee intended to have the effect of concealing the true conformation of the horse.

Time Requirements: The physical condition of horses is subject to material change on a daily basis. **Time is of the essence. Failure to strictly comply with the notice requirements hereafter set out shall operate to disallow the protection of the applicable limited warranty in favor of Purchasers.** The time requirements for Rejection for each of the limited warranties herein and as set forth in subparagraphs (i) through (v) and Prohibited Practices stated above are:

(A) 48 hours from the end of the session at which the horse in question was sold for cribbers, mis- description as a colt/cryptorchid/gelding, deviation from the norm in the eyes, wobblers, or Prohibited Practices.

(B) 14 days from the day of sale in the case of surgeries as described in paragraphs (iii), (iv) and (v) above.

Notice Requirements for Rejection: Purchaser may avail himself of the remedy of Rejection as a result of the breach of the above limited warranties only upon complying with the following: (i) written statement from Purchaser notifying Keeneland of its intent to elect Rejection must be received by Keeneland within the time period prescribed herein; (ii) delivery of a veterinary certificate stating such veterinarian's opinion that the horse in question has not met one or more of the above limited warranties within the time period prescribed herein. If Consignor disagrees with Purchaser's veterinary certificate, Consignor must, within 24 hours of receiving notice of Purchaser's veterinary certificate, supply a veterinary certificate stating that the horse does comply with the limited warranty in question. In the event of conflicting

certificates, Keeneland shall appoint a third veterinarian whose certificate in these circumstances shall be binding upon Seller, Consignor, Purchaser and all other parties absent fraud or bad faith. The Seller, Consignor and Purchaser acknowledge that having Keeneland appoint the third veterinarian is fair and reasonable to each of them.

TENTH

UPPER RESPIRATORY LARYNGOSCOPIC EVALUATIONS (EXCLUSIVE OF THE TRACHEA):

Post Sale Endoscopic Examination

Notwithstanding any prior custom and usage of the trade, horses which have not raced and which are sold as racing prospects in this sale after July 1 of his/her yearling year, at the election of Purchaser, shall be subject to a post-sale upper respiratory laryngoscopic evaluation (excluding the trachea) through a veterinarian specializing in equine practice of Purchaser's choosing within twenty-four (24) hours from the end of the session in which the horse in question was auctioned and prior to the horse leaving Keeneland sales grounds.

Negative/Positive Certificate

If the Purchaser's veterinarian is of the opinion that the horse has: (i) laryngeal hemiplegia (consistent immobility or inability to fully abduct the arytenoid cartilage), (ii) rostral displacement of the palatopharyngeal arch, (iii) epiglottic entrapment, (iv) permanent dorsal displacement of the soft palate, (v) chondroma or severe arytenoid chondritis, (vi) subepiglottic cyst(s) or (vii) cleft palate ("Negative Certificate"), then Purchaser shall so notify Keeneland, in writing, within twenty-four (24) hours from end of the session in which the horse in question was auctioned and prior to the horse leaving Keeneland sales grounds, and shall further furnish Keeneland within that time period with a copy of the Negative Certificate. Keeneland shall, as soon as practicable thereafter, notify Consignor. Consignor shall either accept Rejection of the sale or deliver to Keeneland his veterinarian's certificate contrary to that of Purchaser ("Positive Certificate"). Upon receipt of a Positive Certificate, which must be received by Keeneland within twenty-four (24) hours of Consignor's receipt of the Negative Certificate, Consignor and Purchaser or their representatives shall meet, for purposes of selecting a Panel of three veterinarians. The Panel shall be determined as set out in Condition TWELFTH. The Panel shall determine whether the horse has one or more of the conditions set forth herein, and in that event 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.

ELEVENTH

ANABOLIC ANDROGENIC STEROIDS IN YEARLINGS, WEANLINGS AND TWO-YEAR- OLDS; BRITISH HORSERACING AUTHORITY

Limited Warranties: Consignor warrants that any weanling, yearling or two-year-old entered in this sale shall not have been administered any anabolic androgenic steroids ("AS") within 45 days of the date of sale. In order for Purchaser to avail himself of this limited warranty he must check the appropriate box on the Acknowledgment of Purchase and Security Agreement for the horse at the time of sale directing Keeneland to have a blood sample taken. Purchaser agrees to pay \$500.00 to Keeneland to cover direct costs and administrative expenses in regard to testing the blood sample. Keeneland will then arrange for a blood sample to be taken by a veterinarian selected by Keeneland prior to the horse leaving the Keeneland sales grounds, which sample shall be sent to a laboratory selected by Keeneland for testing for AS. Consignor hereby consents to a blood sample being taken. Should the post-sale test reveal the presence of AS at such level as is deemed by the testing laboratory to show that AS has/have entered the system of the horse within 45 days prior to sale of the horse ("Positive Test"), Purchaser shall have the right of Rejection, which right must be exercised by Purchaser giving notice to Keeneland in writing within 24 hours of Purchaser's receipt of the results indicating a Positive Test. In the event Purchaser elects Rejection, Consignor shall refund any sales proceeds paid to Consignor by Keeneland and pay Purchaser and Keeneland 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, such items as the \$500 testing fee, veterinarian charges, vanning, insurance and boarding. Purchaser shall be required to exercise due care during the Rejection period in maintaining and boarding the horse. In the event of a Positive Test, risk of loss shall remain with Purchaser from the fall of the hammer until Consignor has been notified of Purchaser's election of Rejection, at which time risk of loss passes back to the prior owner, notwithstanding any other provision of these Conditions of Sale. Further, Purchaser shall not cause the horse to be materially altered during the Rejection period. Keeneland will give notice of the results of such tests to Consignor and Purchaser as soon as practicable after receipt of the results from the testing laboratory which is anticipated to be within 10 days from date of sale. No other testing by Purchaser shall be allowed to support any claim by Purchaser concerning the presence of AS. In addition, neither Purchaser nor Consignor shall have the right nor shall Keeneland have any obligation to conduct testing of a split sample. Keeneland's decision concerning whether there is a Positive Test, as long as same is supported by the testing laboratory selected by Keeneland, shall, absent fraud or bad faith, be fully binding upon Consignor, Purchaser and all other interested parties. In the event that any party challenges Keeneland's exercise of discretion, such party shall be liable for all of Keeneland's reasonable expenses, including, without limitation, its attorneys' fees incurred in defending the challenge, unless fraud or bad faith on the part of Keeneland is finally determined by a court of competent jurisdiction from which no further appeal can or will be taken.

Great Britain. The British Horseracing Authority ("BHA") has promulgated the BHA Equine Anti-Doping Rules in Manual (G) of the Rules of Racing ("BHA Rules") to which horses that are imported into Great Britain for training and racing purposes are subject. The BHA Rules prohibit the presence of certain Prohibited Substances and Prohibited Methods at all times, as listed and described in Schedule 1 of the BHA Rules as published and in force at the date of the Sale ("the Prohibited List") and a metabolite, an isomer, an isomer of a metabolite or a pro-drug of any such substance (collectively referred to as "Substances and Methods Prohibited at All Times"). Where the Prohibited List specifically identifies a quantitative threshold for a substance, the presence of that substance is only prohibited at a concentration equal to or greater than that threshold; where no quantitative threshold is identified, that substance is prohibited at any quantity. These include but are not limited to anabolic androgenic steroids.

All Consignors and Purchasers with an intent for the horse to ultimately train and race in Great Britain are advised to read the BHA Rules before purchasing or entering a horse for sale.

Pursuant to paragraph 4.1 of Schedule 2 of the BHA Rules, any horse being permanently imported to Great Britain to be trained in Great Britain must be accompanied by a certificate of analysis from a BHA-approved laboratory reporting no evidence of the presence or use of a Substance or Method Prohibited at All Times ("the Import Requirement"). This clause relates only to where a Purchaser purchases a horse which is a yearling or horse in training (including two-year-olds in training) that he intends to immediately export for training and racing purposes to Great Britain, or that he intends to send to Great Britain only via one or more countries the BHA has exempted from the Import Requirement as of the date of the Sale. For purposes of this condition, the intent to immediately export such horse applies if the horse is to arrive in Great Britain (or a country the BHA has exempted from the Import Requirement) within sixty (60) days of the date of sale. Such a Purchaser may elect to have BHA testing performed on the horse to satisfy the Import Requirement and confirm the horse is eligible to be trained and raced in Great Britain. In order for Purchaser to avail himself of this testing, Purchaser must check the appropriate box on the Acknowledgment of Purchase and Security Agreement for the horse at the time of sale directing that blood and/or hair sample be taken from the horse, as may be required by the BHA at their sole discretion. Purchaser then agrees to pay \$750 to Keeneland to cover direct costs and administrative expenses in regard to the collection and analysis of the sample(s). Keeneland will then coordinate with the BHA to

arrange for the sample(s) to be taken by a veterinarian prior to the horse leaving the Keeneland sales grounds, which sample shall be sent to a laboratory approved by the BHA for analysis for Substances or Methods Prohibited at All Times under the sole and absolute authority of the BHA. Should the BHA post-sale test reveal the presence of a Substance or Method Prohibited at All Times such that the horse is not eligible to immediately race in Great Britain under the BHA Rules ("BHA Positive Test"), Purchaser shall have the right of Rejection, which right must be exercised by Purchaser giving notice to Keeneland in writing within 24 hours of Purchaser's receipt of the results indicating a BHA Positive Test. In the event Purchaser elects Rejection, Consignor shall refund any sales proceeds paid to Consignor by Keeneland and pay Purchaser and Keeneland 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 Consignor. Proper expenses include but are not limited to such items as the \$750 testing fee, veterinarian charges, vanning, insurance and boarding. Purchaser shall be required to exercise due care during the Rejection period in maintaining and boarding the horse. In the event of a BHA Positive Test, risk of loss shall remain with Purchaser from the fall of the hammer until Consignor has been notified of Purchaser's election of Rejection, at which time risk of loss passes back to the prior owner notwithstanding any other provision of these Conditions of Sale. Further, Purchaser shall not cause the horse to be materially altered during the Rejection period. Keeneland will give notice of the results of such tests to Consignor and Purchaser as soon as practicable after receipt of the results from the BHA-approved laboratory. No other testing laboratory by Purchaser shall be allowed to support any claim by Purchaser concerning the presence of Substances or Methods Prohibited at All Times. In addition, neither Purchaser nor Consignor shall have the right nor shall Keeneland have any obligation to conduct testing of a split sample. If split sample testing is performed, the BHA's results from testing the "A" sample of blood taken from the horse in accordance with this Condition shall be conclusive and fully binding upon Consignor, Purchaser and all other interested parties. Keeneland shall have no responsibility whatsoever regarding the methodology, process, results or conclusions of the BHA. Consignor and Purchaser hereby acknowledge that save for disclosing the certificate of analysis and accompanying documentation pack from the BHA-approved laboratory in relation to a BHA Positive Test, BHA shall have no obligation, nor can it be compelled, to disclose any information relating to the analysis, including but not limited to the detection methodology, analytical capabilities or any information obtained from the analysis that does not result in a BHA Positive Test. Consignor and Purchaser hereby acknowledge and understand and accept that the BHA may use any information obtained in connection with their analysis of the sample only for the purposes of exercising its powers under the BHA Rules as published by the BHA and as amended by the BHA from time to time.

TWELFTH

UPPER RESPIRATORY AND TWO-YEAR-OLDS IN TRAINING DISPUTE RESOLUTION: For purposes of resolving issues arising out of Conditions TENTH and THIRTEENTH, a Panel of three (3) veterinarians shall be selected. Keeneland shall provide Consignor and Purchaser (or their representatives) with a list of not less than five (5) veterinarians. Consignor shall have the first strike of the veterinarian deemed most unacceptable to him, and Purchaser shall have the second strike, and they shall alternate thereafter until three (3) veterinarians remain on the list. Keeneland shall then determine if all three veterinarians can serve on the Veterinary Arbitration Panel (the "Panel") and if not, Keeneland shall canvas the other veterinarians struck in reverse order until three are found who will serve. If three are not found, Consignor and Purchaser shall repeat the process under such conditions as Keeneland shall determine until three veterinarians are found who will serve. The Consignor and Purchaser acknowledge that the selection process set out herein is fair and reasonable to each of them.

THIRTEENTH

SPECIAL PROVISIONS FOR TWO-YEAR-OLDS IN TRAINING: A two-year-old in training is defined as a two-year-old which, at the time of sale, shall have been in a training program for not less

than ninety (90) consecutive days prior to sale. Any such horse (1) which has been nerved; (2) is currently on the Starter's, Steward's or veterinarian's list at a licensed racecourse; (3) is officially designated as a "bleeder"; or (4) which has an injury to or disease of the bone structure which, in the opinion of a veterinarian, would more likely than not, materially and adversely affect its suitability for training and racing, must be so announced at the time of sale OR in lieu of announcement at the time of sale, must be so disclosed by placing radiographs and/or a veterinary certificate in the Repository (see Condition TWENTY-FIRST) on a timely basis as required by Keeneland reasonably disclosing that one or more of the conditions are applicable.

Notice Requirements

With regard to item (4) above, Purchaser may elect Rejection only upon complying with the following: (i) written statement from Purchaser requesting Rejection must be received by Keeneland within twenty-four (24) hours after the session in which the horse is sold and before the horse leaves Keeneland sales grounds, (ii) radiographs of the subject horse must be taken within twenty-four (24) hours after the session in which the horse is sold and before the horse leaves Keeneland sales grounds, and (iii) copies of the radiographs together with Purchaser's veterinary certificate ("Negative Certificate") containing the opinion of Purchaser's veterinarian describing in detail the specific defect on which the claim is based and that such defect, in the opinion of the certifying veterinarian will, more likely than not, materially and adversely affect the horse's suitability for training and racing.

In the event radiographs placed in the Repository do not reasonably reveal the defect described in the Negative Certificate, Consignor shall either accept Rejection or deliver to Keeneland Consignor's veterinary certificate contrary to that of Purchaser ("Positive Certificate"). The Positive Certificate must be received by Keeneland within twenty-four (24) hours of Consignor's receipt of the Negative Certificate.

In the event of a receipt by Keeneland of a Negative and Positive Certificate, Keeneland 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 TWELFTH. The Seller, Consignor and Purchaser acknowledge that the selection process is fair and reasonable to each of them.

The Panel shall determine, based upon such examination(s) that each Panel member determines appropriate to support their respective decisions, whether the horse has an injury to or disease of the bone structure which will, more likely than not, materially and adversely affect its suitability for training and racing, which was not reasonably revealed on the Repository radiographs, and in that event 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.

The limited right of Rejection contained in this Condition shall terminate regardless of whether twenty- four (24) hours have elapsed, immediately upon the removal of the horse from Keeneland 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 Keeneland is absolved from any liability relating to such announcements/disclosures and all agree to hold Keeneland harmless from any loss incurred by either of them relating to such announcement/disclosures.

If Rejection is requested by Purchaser on the basis of noncompliance with items (1), (2), or (3) of this Condition THIRTEENTH, Purchaser must give written notice to Keeneland within fourteen (14) days of the sale of the horse and Keeneland shall conduct such investigation as it deems appropriate and determine whether either items (1), (2), or (3) is applicable, and if so,

the sale shall be cancelled, the horse returned and payment refunded. Keeneland's decision shall be determinative and binding upon Seller, Consignor and Purchaser.

MEDICATION CONDITIONS: Consignor for himself and all Sellers and others interested in any horse being sold at Keeneland's Two-Year-Olds In Training Sale agrees and acknowledges that Keeneland has the right, in its sole discretion, to conduct random drug tests upon any horse entered by Consignor in this sale and Consignor hereby gives Keeneland's representative(s) access to the horse necessary to obtain samples (including, without limitation, urine, blood or other samples) for testing as said representative(s) deems appropriate, in his sole discretion. In addition to testing elected by Purchaser pursuant to Condition ELEVENTH, Keeneland shall have the sole discretion as to when and from which horse said random samples shall be collected, the selection of the methodology of the testing as well as the classifications of drugs to be tested and shall further have the sole discretion as to the selection of the veterinarian(s), laboratory(ies) and other expert(s) who will conduct the testing and interpret the results.

Further Consignor agrees to place in the Repository contemporaneously with the arrival of the horse on Keeneland sales grounds a disclosure statement, which shall be updated daily, signed by a duly licensed veterinarian which provides a listing of all medications, including dosage, administered to each horse in Consignor's consignment within fourteen (14) days of sale. Except as may be otherwise provided hereafter, Consignor agrees that Consignor will not administer nor allow to be administered any medication to a horse entered in this sale which is prohibited under the rules of racing as adopted in the Commonwealth of Kentucky by the Kentucky Racing Commission. Except as may be otherwise provided hereafter, in the event a horse tests positive for any drug that would cause disqualification of the horse under Kentucky's Rules of Racing ("Positive Test"), the horse shall be withdrawn from the sale with no return of entry fees to the Consignor. Should a Positive Test be found subsequent to sale, Keeneland shall inform the Purchaser who shall have the right, within 24 hours of being so notified, to elect Rejection and in that event Consignor shall take possession of the horse, with all reasonable costs directly associated with the horse incurred after its purchase to be the responsibility of Consignor. Purchaser shall have the same rights and duties regarding Rejection as provided in the Rejection section found in Condition Ninth; provided, further, any use of any horse subject to this condition "under tack" shall void all right of return/Rejection and terminate any warranties which might otherwise exist. In addition, Keeneland will give notice of the Positive Test to Consignor and Purchaser as soon as practicable after its receipt from the testing laboratory which is anticipated to be within seven (7) days from date of sale.

Neither Purchaser nor Consignor shall have the right nor shall Keeneland have any obligation to conduct testing on a split sample. Keeneland's decision concerning whether there is a Positive Test shall, absent fraud or bad faith, be fully binding upon Consignor, Purchaser and all other interested parties. In the event that any party challenges Keeneland's exercise of discretion, such party shall be liable for all of Keeneland's reasonable expenses, including, without limitation, its attorneys' fees which are incurred in defending the challenge, unless fraud or bad faith on the part of Keeneland is legally determined.

FOURTEENTH

SPECIAL PROVISIONS FOR BROODMARES: Each broodmare in this sale shall be offered with veterinary certificate provided by the Consignor in conformity with standards established by the American Association of Equine Practitioners (A.A.E.P.), showing her to be either (1) pregnant, in the opinion of the examining veterinarian, based on appropriate examination within ten (10) days prior to the date of sale, or (2) not pregnant, but suitable for mating in the opinion of the examining veterinarian based upon appropriate examination within ten (10) days prior to the date of sale. It is further agreed that the Purchaser may have any broodmare examined by a veterinarian before the broodmare is removed from the Keeneland sales grounds and within twenty-four (24) hours after the end of the session in which the broodmare was

sold. If the Purchaser's veterinarian finds the broodmare not to be as certified and if the Consignor's veterinarian continues to disagree, then Keeneland will appoint a third veterinarian to arbitrate the parties' dispute (the "Third Party Veterinarian"). The certificate of Third Party Veterinarian **shall be final, binding and conclusive** upon Consignor, Purchaser and all other parties absent fraud or bad faith. The Seller, Consignor and Purchaser acknowledge that having Keeneland appoint the Third Party Veterinarian is fair and reasonable to each of them.

If the broodmare is found to be not as certified, pursuant to the above procedures, the Purchaser may elect Rejection and the broodmare may be returned to the Consignor as unsold. If she is found to be pregnant, when sold as not pregnant, the Purchaser may, as stated above, elect Rejection or may accept the sale, but in that event should the Purchaser choose to register the resulting foal with The Jockey Club, the Purchaser shall pay the applicable stud fee, plus Kentucky sales tax, prior to having any rights to the Stallion Service Certificate relating to the resulting foal. If she is found to be as certified, the Purchaser shall be required to complete the purchase. In all of the above events, the Consignor shall be liable for the commission as if sold.

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) an 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** (Condition TWENTY-FIRST) on a timely basis as required by Keeneland, 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 Purchaser agree that Keeneland is absolved from any liability relating to such announcements/disclosures and both agree to hold Keeneland 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 Rejection and return to Consignor with refund of purchase price, and all proper expenses, fees and interest as provided in Condition NINTH, provided that Keeneland is so notified in writing by a veterinary certificate of such condition, and the Rejection on the above grounds shall be within fourteen (14) days from the day of sale. Purchaser shall have the same rights and duties regarding Rejection as provided in the right of Rejection section found in Condition NINTH.

For purposes of Condition FOURTEENTH, Keeneland has adopted the following terms and standards recommended by the A.A.E.P.:

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 pregnancy 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 but 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.

TERMINATION OF RIGHTS: Any contractual agreements between the Seller of broodmares listed herein for sale and the owner of a stallion at time of breeding do not follow the sale of the broodmare unless otherwise announced at time of sale. The contractual right or option to any stallion to which a broodmare has been bred does not go with the broodmare nor does any possible refund of any stallion service fees accompany the broodmare unless otherwise announced at time of sale.

FIFTEENTH

PAYMENT OF EXPENSES; RESOLUTION OF DISPUTES; WAIVER OF HEARING PROCEDURE; HOLD KEENELAND HARMLESS:

For all dispute resolutions as provided in these Conditions of Sale, expenses of the Panel, arbitrator or

Third Party Veterinarian, as applicable, and Keeneland shall be the responsibility of the non-prevailing party. Consignor shall be solely responsible for expenses incurred by him, including his veterinarian, and Purchaser shall be solely responsible for expenses incurred by him, including his veterinarian. During the period of determining whether the sale shall be Rejected, the horse shall be at the risk of the party who does not prevail. Boarding of the horse during this period shall be arranged by Keeneland with the cost of same to be borne by the nonprevailing party.

All dispute resolutions shall be conducted in Lexington, Kentucky, and the final determination of the Panel, arbitrator or Third Party Veterinarian, as applicable, shall be in writing and signed by the Panel members, arbitrator, or Third Party Veterinarian making or joining in the determination, as applicable.

The parties acknowledge that they expressly waive any requirement that the Panel or the Third Party Veterinarian, as applicable, conduct a hearing and the parties further waive any right they may have to participate in any dispute resolution procedure other than as provided in these Conditions of Sale. All parties further acknowledge the Panel may be conducted, if deemed feasible in Keeneland's discretion, in a manner which does not reveal the identity of the parties involved and/or the identity of the horse(s) at issue.

Time is of the essence for all matters as set forth in this and all other Conditions of Sale.

All parties acknowledge that only the conditions set forth in these Conditions of Sale will allow Rejection and that Rejection hereunder **shall be Purchaser's sole and exclusive remedy**. In all other respects the **AS IS** nature of this sale remains in full force and effect.

Other than those disputes which are subject to binding resolution as set forth in these Conditions of Sale, for all such other disputes among Seller, Consignor, Purchaser and/or Keeneland arising out of this sale, including but not limited to, any dispute arising under these Conditions of Sale regarding any alleged defect or nonconformity or breach of warranty of fitness, as may be provided herein, of any horse sold, all interested parties agree that Keeneland may seek judicial resolution of such dispute and shall be reimbursed for its reasonable costs and expenses, including interest and attorneys' fees, pending determination thereof.

In addition, if no party is willing to take possession of the horse which is the subject matter of the controversy, all interested parties agree that Keeneland may take all such steps as it deems advisable in the maintenance and care of such horse, including, without limitation, board, veterinary care, and any other reasonable expenditures such as insurance coverage. Furthermore, Keeneland shall have the sole discretionary right, but shall be under no obligation, to sell the horse in controversy at any sale, public or private, and upon such terms and conditions as Keeneland may deem appropriate. Keeneland has the sole discretion as to making any Announcements concerning the condition of the horse prior to such sale. Such sale may be made, within the sole and exclusive discretion of Keeneland, with or without notice to the Seller, Consignor or Purchaser. All such costs and expenses shall bear interest at the rate of 12% per annum, and Keeneland shall be reimbursed for same, costs and expenses plus interest thereon, by the party ultimately determined to be the owner of the horse in controversy. In the event the subject horse should be resold, all parties agree that Keeneland shall be reimbursed first for any expenses it has incurred in the care of such horse and for its legal expenses with the balance, if any, to be paid to the Consignor.

Seller, Consignor and Purchaser agree to hold Keeneland harmless for any deficiency or loss the Seller, Consignor and/or Purchaser may incur upon the resale of such horse in the event Keeneland is unable to resell the horse for an amount equal to or greater than the original purchase price.

SIXTEENTH

REGISTRATION CERTIFICATES: The Registration Certificate for each horse sold must be furnished by the Consignor prior to the sale. Keeneland will withhold settlement for all sales, until all Registration

Certificates have been delivered to the sales company. Keeneland will also withhold settlement of broodmares until the Consignor delivers to Keeneland the stallion service certificate required by The Jockey Club in registering foals.

Keeneland reserves the right to withhold delivery of all registration papers for all horses either bought by a Purchaser **OR** returned to Consignor (in the event of either a withdrawal fee or a chargeback commission) until such time as the Purchaser's or Consignor's account with Keeneland shall have been paid in full. In order to secure payment of the purchase price or sales commission, Seller, Purchaser and Consignor hereby grant Keeneland a security interest and lien upon the subject horse or horses (and proceeds and progeny thereof), together with all registration certificates and stallion service certificates relating thereto.

SEVENTEENTH

CATALOGUE; RESERVES; ANNOUNCEMENTS: The accuracy of all information on the catalogue page(s) is the sole responsibility of the Consignor. Consignor shall have the affirmative duty to examine the catalogue page(s), on which horses consigned by him appear, prior to sale and report any inaccuracies to Keeneland so that it may make an appropriate announcement prior to sale. All such announcements must be provided to Keeneland at the reserves and updates desk, in writing, upon the earlier of **(a) thirty minutes prior to sale of the horse, or (b) at least ten (10) hip numbers** prior to sale of the horse. Keeneland has the sole discretion as to whether to make any such announcements if received after such deadline, or to scratch the horse from the sale. While certain information may have been procured by Keeneland from third parties on behalf of Consignor, it is nonetheless solely the responsibility of Consignor to verify the accuracy of such information and to notify Keeneland of any corrections prior to sale. Stakes engagements, pregnancy status and all other information so listed are as represented by the Consignor, to whom only the Purchaser shall look for redress in case of errors or omissions. Information contained in this catalogue concerning foaling place (by state or county) **does not** insure eligibility to races restricted to horses bred and/or foaled in that particular state nor does it insure the eligibility of any horse for any awards program sponsored by any state or other entity. **Notwithstanding any remedies the Purchaser may have as against the Consignor, in the event of an inaccuracy or mis-description of any horse listed in this catalogue (including, without limitation, the wrong identity), the Purchaser's sole remedy as against Keeneland, if Purchaser has any remedy against Keeneland, shall be a refund of the commission earned by Keeneland, which shall only be applicable upon return of the subject horse. In the event Keeneland is nevertheless required to refund the purchase price to Purchaser, Keeneland may recover said purchase price from Consignor, if same has been paid by Keeneland to Consignor.**

Consignor and Purchaser agree to hold Keeneland harmless for any loss incurred by either Consignor, Purchaser or any third party as a result of (a) Keeneland's failure to make such announcement or (b) incorrect announcements made.

EIGHTEENTH

RIGHT OF EXCLUSION/BID REFUSAL: Keeneland specifically reserves its common law right to exclude any persons whomsoever from the auction area and all lands owned or controlled by Keeneland. Notwithstanding any contrary provision(s) of these Conditions of Sale, if any, Keeneland further reserves the right to refuse to accept and/or reject and/or ignore any bid(s) from any persons(s) whomsoever, even if credit has been approved or even if payment is tendered or believed to be forthcoming. Provided, however, such exclusion and such refusal to bid(s) shall not be made on the basis of race, creed, color, national origin, sex, political affiliation or beliefs. By accepting the license granted to the public by Keeneland to attend the sales, each individual likewise agrees to be bound by this Condition of Sale.

NINETEENTH

AGENTS: Persons acting as Agents for Principals, irrespective of whether the Principal is in attendance at the sale, must file notarized letters of authorization from the Principal(s) stating that the Agent is acting on their behalf and that said Principal will be responsible for Agent sales or purchases. Failure to comply with this Condition of Sale will result in the Agent being deemed to be a co-obligor with the Principal with respect to all matters in connection with or arising out of the sale and impose joint and several personal liability upon such Agent for any breach of contract. Keeneland may, in its sole and exclusive direction, elect to accept a non-notarized authorization. In the event Keeneland accepts such non-notarized authorization which later is shown to be invalid, such acceptance by Keeneland shall in no way relieve such Agent of personal liability with respect to matters arising out of the sale.

All persons acting as Agents for Principal(s) also are responsible for ensuring that the Principal either has approved credit or makes settlement for the full purchase price for each horse purchased not later than sixty (60) minutes from the fall of the hammer. By signing the sales ticket, regardless of the form of the signature, a person acting as Agent agrees to be personally liable with the Principal, for the full purchase price of the horse purchased if the Principal does not either have approved credit or make settlement for the full purchase price within sixty (60) minutes of the fall of the hammer.

TWENTIETH

DISCLAIMER OF IMPLIED DUTIES: Keeneland shall endeavor to protect the interests of both Consignor and Purchaser, but the duties and obligations of Keeneland to such persons shall be strictly limited to those expressly imposed upon Keeneland by these Conditions of Sale. **All other duties and obligations, including fiduciary and other duties which might otherwise be imposed upon Keeneland by operation of law, are hereby expressly disclaimed, except that Keeneland shall be required to exercise that standard of care generally exercised by other comparable horse auction companies.**

TWENTY-FIRST

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 Keeneland'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 all 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. Veterinary Radiographic Reports, as addressed in this Condition, shall exclude any upper respiratory laryngoscopic evaluation or analysis of said evaluation.

Repository. Keeneland 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 Keeneland.

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 NINTH (cribbers and ridglings only) and Condition TENTH (upper respiratory, laryngoscopic evaluation). Those limited warranties remain effective as more fully provided for and stated in Conditions NINTH and TENTH, unless Announcement is made by the auctioneer in conjunction with the sale of the horse in question. With respect to Condition THIRTEENTH (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 Keeneland 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 THIRTEENTH 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 Keeneland, Consignor warrants that Consignor has deposited in the Repository all of the required views mandated by Keeneland and a Veterinary Radiographic Report describing/summarizing the views. Consignor further warrants the authenticity and validity of the views. Consignor agrees not to use or distribute any Veterinary Radiographic Report other than that on file in the Repository.

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 and Consignor. In that event, Consignor shall (i) refund the purchase price to Purchaser together with any proper and reasonable expenses incurred by Keeneland including interest at the rate of 12% per annum, and (ii) pay Keeneland'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 Rejection only upon complying with the following: (i) written statement from Purchaser requesting Rejection must be received by Keeneland within twenty-four (24) hours after the session in which the horse is sold and before the horse leaves Keeneland 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 Keeneland within twenty-four (24) hours after the session in which the horse is sold and before the horse leaves Keeneland sales grounds.

In the event of a Negative Certificate, Consignor shall either accept Rejection or deliver to Keeneland Consignor's veterinary certificate contrary to that of Purchaser ("Positive Certificate"). The Positive Certificate must be received by Keeneland within twenty-four (24) hours of Consignor's receipt of the Negative Certificate.

In the event of a receipt by Keeneland of a Negative and Positive Certificate, Keeneland 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 TWELFTH. 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. Keeneland 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 Keeneland's entry fees and commission as if the sale had been final**. Further, if Keeneland 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**, Keeneland may elect, in its sole discretion, to impose sanctions against Consignor which may include, without limitation, prohibiting Consignor from selling horses at future sales.

The limited right of Rejection contained in this Condition shall terminate regardless of whether twenty- four (24) hours have elapsed, immediately upon the removal of the horse from Keeneland 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 Keeneland is absolved from any liability relating to such announcements/disclosures and all agree to hold Keeneland 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, Keeneland 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, Keeneland 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, Keeneland may elect to notify the Consignor (and/or the Consignor's veterinarian, if known) of Keeneland's intent to destroy or otherwise dispose of said Repository information 10 days after notice from Keeneland of its intent to take such action and Keeneland shall be held harmless by Consignor for any losses or

expenses incurred as a result of Keeneland's disposition of the items contained in the Repository.

TWENTY-SECOND

OWNERSHIP DISCLOSURE. The accurate ownership of horses in this sale is encouraged, but not required, to be disclosed by Consignors and/or Sellers. Keeneland 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 Keeneland, 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 Keeneland, in its sole discretion, which sanctions may include, without limitation, exclusion from use of the Ownership Registry. Further, if Keeneland 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, Keeneland 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 Keeneland 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 Keeneland 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 Keeneland in writing that a change in ownership has occurred, and an announcement disclosing that a change of ownership has occurred shall be made by the 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 Keeneland 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 Keeneland, 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 Keeneland 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 sales 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 Keeneland, 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 the Purchaser seeks liquidated damages had actual knowledge at the time of the sale of such material inaccuracy in the Ownership Registry or sales 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 the 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 Seller. Any indemnity as between the Seller and Consignor for liability hereunder shall be as agreed between the Seller and Consignor. Keeneland shall have no obligation regarding collection of liquidated damages hereunder, which shall be handled under 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 non-prevailing 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, Keeneland's costs and reasonable attorney's fees.

TWENTY-THIRD

MERGER OF AGREEMENT: The Consignor, Seller or Keeneland may have made oral statements or published advertisements concerning the physical condition or the racing abilities of the horses described in this catalogue or this sale generally. Such statements or advertisements do not constitute warranties, shall not be relied upon by the Purchasers and are not part of the contract for sale. The entire contract of sale is embodied in these Conditions of Sale, the Acknowledgement of Purchase and the Security Agreement, and the Authorization to Bid request (if any). These aforementioned documents constitute the final expression of the parties' agreement, and are a complete and exclusive statement of that agreement. Any attempt on the part of the Purchaser to unilaterally alter or modify these Conditions of Sale by making changes on the Acknowledgment of Purchase and Security Agreement is prohibited and shall be invalid and unenforceable. Notwithstanding the above, the Seller, Consignor and Purchaser may enter into an agreement which modifies the limited warranties as provided herein; however, any such action by the Seller, Consignor and Purchaser cannot and shall not modify or alter the duties, responsibilities and rights of Keeneland as provided in these Conditions of Sale and the Consignor's Contract.

TWENTY-FOURTH

LIMITATIONS OF ACTION: Any cause of action arising out of the purchase and sale of any horse, or interest therein at this sale, whether it is based in contract or tort, shall be commenced in **not more than one year after the sale. Provided, however,** this limitation of action shall not apply to an action for the recovery from the Purchaser of the purchase price, plus interest and expenses, and including repossession of any horses purchased at this sale.

TWENTY-FIFTH

GOVERNING LAWS; VENUE AND JURISDICTION; WAIVER OF JURY TRIAL: The laws of the Commonwealth of Kentucky shall govern the construction of these Conditions of Sale and the rights, remedies and duties of the parties hereto. **In the event of any litigation arising out of these Conditions of Sale or the transactions contemplated hereby, the parties agree that any action or suit shall be brought in a court of record in the County of Fayette, Commonwealth of Kentucky, or in the United States District Court for the Eastern District of Kentucky, and the parties hereby consent to the venue and jurisdiction of such courts.** The Seller, Consignor, Purchaser, Seller and Keeneland and their respective Agents, voluntarily and intentionally **waive any right that they may have to a trial by jury** in respect to any litigation arising from or connected with this Sale.