

AGREEMENT AND PLAN OF MERGER

030016

THIS AGREEMENT AND PLAN OF MERGER, dated as of Dec 12, 2002 (this "Agreement"), is made and entered into by and among Arabian Horse Registry of America, Inc., a Colorado nonprofit corporation ("AHRA"), International Arabian Horse Association, Inc., a Colorado nonprofit corporation ("IAHA"), and the Arabian Horse Association, a Colorado nonprofit corporation ("Arabian Horse Association").

BACKGROUND

A. On September 18, 2002, Arabian Horse Association was formed as a Colorado nonprofit corporation under the Colorado Revised Nonprofit Corporation Act (the "Colorado Act") for the purposes set forth in the Articles of Incorporation attached hereto as Exhibit A (the "Articles of Incorporation") and the Bylaws attached hereto as Exhibit B (the "Bylaws"). Arabian Horse Association was organized and shall carry out such purposes as an organization described in Section 501(c)(5) of the Internal Revenue Code of 1986 or under the corresponding provisions of any future United States Internal Revenue law (as applicable, the "Code").

B. The boards of directors of each of IAHA, AHRA, and Arabian Horse Association deem it advisable and in their respective best interests to merge AHRA and IAHA with and into Arabian Horse Association (the "Merger") upon the terms and subject to the conditions set forth in this Agreement and in accordance with the applicable provisions of the Colorado Act.

C. On September 17, 2002, The Purebred Arabian Trust (the "Purebred Trust") was formed as a Colorado nonprofit corporation under the Colorado Act for the purpose of aiding, promoting, and fostering the preservation and use of purebred Arabian horses and the Arabian breed and to engage in undertakings incidental to or designed to further promote these objectives as provided in the articles of incorporation of the Purebred Trust and the bylaws of the Purebred Trust (as amended from time to time, the "Trust Bylaws"), a copy of which is attached hereto as Exhibit C. The Purebred Trust was organized and shall carry out such purposes as an organization described in Section 501(c)(5) of the Code.

D. In contemplation of the Merger and as agreed by IAHA and AHRA, prior to the Merger, certain assets of AHRA including a building, land, AHRA's membership interest in the Arabian Jockey Club and the registration database were transferred to the Purebred Trust, as more fully described in the Trust Bylaws and the License and Security Agreement between the Purebred Trust and Arabian Horse Association (as amended from time to time, the "License Agreement").

E. Prior to the Merger, certain of (i) IAHA employees were employed to carry out market development services, registry services, and other services relating to the functions of IAHA (the services and activities being carried on by such employees collectively being called the "IAHA Services"), and (ii) AHRA's employees were employed to carry out market development services, registry services, and services

relating to the Arabian Jockey Club, of which AHRA is the sole member, (the services and activities being carried on by such employees collectively being called the "AHRA Registry Services").

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals (which are incorporated herein by this reference) and the covenants and agreements contained herein, AHRA and IAHA agree as follows:

ARTICLE I. MERGER

Section 1.1 Merger. AHRA and IAHA shall be merged with and into Arabian Horse Association upon the terms and subject to the conditions hereinafter set forth and in accordance with the Colorado Act, and the separate existence of both AHRA and IAHA shall cease. Arabian Horse Association, as the surviving corporation, shall continue to exist under and be governed by the Colorado Act.

Section 1.2 Effective Date of the Merger. Subject to Article V below, the Merger and all other provisions of this Agreement required to occur at or following the Merger shall be effective on the later of (a) January 1, 2003, or (b) within thirty (30) days following the date on which each of Arabian Horse Association and the Purebred Trust shall have received from the Internal Revenue Service documentation evidencing its status as an organization exempt from taxation under Section 501(c)(5) of the Code (the "Effective Date").

Section 1.3 Effect of Merger. On the Effective Date, the following shall occur:

(a) Property. Title to all real estate, intellectual property and other property, tangible and intangible, known and unknown, of both IAHA and AHRA owned immediately prior to the Merger shall be transferred to and vested in Arabian Horse Association without reversion or impairment in such form and with such accounting restrictions as exist thereon immediately prior to the Merger. Such transfer to and vesting in Arabian Horse Association shall be deemed to occur by operation of law under C.R.S. Section 7-131-104, and no consent or approval of any other person shall be required in connection with any such transfer or vesting unless such consent or approval is specifically required in the event of merger by law or by express provision in any contract, agreement, decree, order or other instrument to which AHRA or IAHA is a party or by which they are bound. Each of AHRA and IAHA shall at any time, or from time to time, as and when requested by Arabian Horse Association, or by its successors and assigns, execute and deliver, or cause to be executed and delivered in its name by its last acting officers, or by the corresponding officers of Arabian Horse Association, all such conveyances, assignments, transfers, deeds or other instruments, and shall take or cause to be taken such further or other action as Arabian Horse Association, or its successors or assigns, may deem necessary or desirable in order to evidence the transfer, vesting or devolution of any property, right, privilege or franchise

or to vest or perfect in or confirm to Arabian Horse Association, or its successors or assigns, title to and possession of all the property, rights, privileges, powers, immunities, franchises and interests now vested in AHRA or IAHA or to which any such corporation would have hereafter become entitled if it had not become a party to the Merger and otherwise carry out the intent and purposes hereof.

(b) Rights and Obligations. Arabian Horse Association shall succeed, by operation of law under C.R.S. Section 7-131-104, to all of the rights, obligations, and liabilities, known and unknown, accrued and contingent, of each of AHRA and IAHA.

(c) Proceedings. Any proceeding pending by or against AHRA or IAHA may be continued as if the Merger did not occur, or Arabian Horse Association, as the surviving corporation, may be substituted for IAHA or AHRA, as appropriate, in any proceeding against IAHA or AHRA.

(d) Policies, Procedures and Rules. Arabian Horse Association shall be deemed to have adopted (i) all existing policies, procedures and rules of IAHA, including those contained in the IAHA Handbook & Directory, and (ii) the rules, policies, practices, procedures and contracts of AHRA relating to registration and related matters of purebred Arabian horses; provided, however, that the foregoing is not intended to prohibit Arabian Horse Association management or Board or Directors, consistent with the authority of each, from modifying the general administrative policies such as travel policies or modifying or consolidating member participation programs.

ARTICLE II. ARTICLES OF INCORPORATION AND BYLAWS

The Articles of Incorporation and Arabian Horse Association Bylaws shall be the articles of incorporation and bylaws of Arabian Horse Association, the surviving corporation, after the Effective Date until thereafter amended in accordance with the provisions thereof and the Colorado Act.

ARTICLE III. DIRECTORS AND OFFICERS

The directors and officers of IAHA immediately prior to the Effective Date shall continue to serve in the same capacity with Arabian Horse Association after the Effective Date until such time as their term as an officer or director of IAHA would have expired and until their respective successors have been duly elected. Notwithstanding the foregoing, two At-Large Vice Presidents of Arabian Horse Association shall be appointed by the Trustees of the Purebred Trust for a term of one (1) year until their successors are selected by the Trustees of the Purebred Trust as provided in the Arabian Horse Association Bylaws, and (ii) four At-Large Directors of Arabian Horse Association shall be appointed by the Trustees of the Purebred Trust, with two At-Large Directors serving for a term of one (1) year, and two At-Large Directors serving for a term of two (2) years until their replacements are selected by the Trustees of the Purebred Trust. At-Large Directors shall be limited to two (2)

consecutive two (2) year terms; provided, however, that any At-Large Director who served a one (1) year term, as provided above, may be permitted to serve two (2) additional two (2) year consecutive terms.

ARTICLE IV. MEMBERSHIP

Section 4.1 Membership of Merged Organization. The respective members of AHRA and IAHA as of the Effective Date who have paid all requisite annual membership dues to AHRA and IAHA, as appropriate shall become the membership of Arabian Horse Association on the Effective Date, with such membership continuing through the end of the then-current Arabian Horse Association membership year or other membership period; provided, however, that all members of AHRA and IAHA who have paid their dues for 2003 or have paid all of their dues for a multi-year period in either organization prior to the Effective Date shall not be subject to any increase until the period for which their dues have been paid has expired. Immediately after the Effective Date, Arabian Horse Association shall categorize all members of Arabian Horse Association into membership classes, the details of which are set forth in the Arabian Horse Association Bylaws. (Exhibit B)

Section 4.2 Lifetime Memberships. Arabian Horse Association shall recognize and honor the lifetime memberships granted and recognized by AHRA and IAHA as of the Effective Date. Honorary Directors of AHRA shall be recognized by Arabian Horse Association as Life Members as of the Effective Date.

Section 4.3 Sanctions and Penalties. Arabian Horse Association shall recognize and give full force and effect to any sanctions and penalties that have been imposed on members of IAHA and/or AHRA as of the Effective Date.

ARTICLE V. TERMINATION

This Agreement may be terminated by the board of directors of AHRA, IAHA or Arabian Horse Association at any time prior to December 15, 2002, or by mutual agreement of the boards of directors of AHRA and IAHA at any time prior to the Effective Date. In such event, this Agreement shall become null and void, and there shall be no liability or other obligation between the parties.

ARTICLE VI. EMPLOYEES; EMPLOYEE BENEFITS

Arabian Horse Association shall have exempt and non-exempt staff that may or may not be populated from current IAHA or AHRA employees. The Executive Vice President of Arabian Horse Association shall be Barbara Burck. Arabian Horse Association Executive Vice President shall attend to (i) filling Arabian Horse Association's staffing needs, and (ii) determining the best way to implement the transition of IAHA's and AHRA's software programs into Arabian Horse Association. To the extent that such recommendations affect the staff who would perform services currently constituting the AHRA Registry Services (the "AHA Purebred Registry

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Services”), Arabian Horse Association shall have obtained the approval of the Trustees of the Purebred Trust before implementation thereof, which approval shall not be unreasonably withheld. In determining the reasonableness of withholding such approval, among other things, the Trustees of the Purebred Trust may consider the effect of the recommendations on the quality, information, speed, and integrity of the AHA Purebred Registry Services as they existed prior to the Merger as the AHRA Registry Services. All employees shall be subject to the personnel policies and procedures applied uniformly to employees or classifications of employees of Arabian Horse Association and subject to discipline, including discharge, should they fail to conduct themselves in accordance with such policies and procedures as the same may be modified from time to time. Nothing contained in this Agreement shall restrict the rights of Arabian Horse Association in any manner of “for cause” discharge. Arabian Horse Association shall honor all severance and consulting agreements entered into by either IAHA or AHRA prior to the Merger. All employees of AHRA and IAHA who become employees of Arabian Horse Association on the Effective Date shall be eligible to participate, or shall continue their participation without interruption, in all benefits and retirement plans available to employees of Arabian Horse Association and shall be given credit for all prior service with AHRA or IAHA, as applicable, such that there shall be no gap in coverage for such employees.

ARTICLE VII.
GOVERNANCE AND STRATEGIC PLAN STUDY

Within 60 days after the Effective Date, Arabian Horse Association, through the Governance Committee (as defined below) shall retain one or more firms (as applicable, the “Governance Study Firm”) to conduct an independent governance study and develop a strategic plan (the “Strategic Plan”) in order to determine the best governance structure for Arabian Horse Association.

The mediation teams of IAHA and AHRA who facilitated the Merger consisting of Robert Fauls, Henry J. Metz and Howard Pike from AHRA (the “AHRA Team”) and Van Jacobsen, Tom Connelly, Alan Sankpill, Bill Hughes and Barbara Burck from IAHA (the “IAHA Mediation Team” and collectively with the AHRA Team, the “Governance Committee”) shall serve as a committee of Arabian Horse Association to make any modifications to the Engagement Letter they believe are appropriate and to work directly with the Governance Study Firm to oversee and monitor the Governance Study. The Engagement Letter shall require the Governance Study Firm to make written monthly reports to the Governance Committee and to complete the Governance Study and provide a final written report to the Governance Committee no later than August 1, 2003; provided, however, that the Governance Committee shall have authority to modify the dates for such reports.

As soon as practicable after receipt of the Governance Study Firm’s written report, the Governance Committee shall make recommendations based thereon (the “Governance Study Recommendations”) to the Board of Directors of Arabian Horse Association. In determining the Governance Study Recommendations, Governance Committee members representing IAHA shall have one vote collectively and Governance Committee members representing AHRA shall have one vote collectively. The Arabian Horse Association Board of Directors and convention delegates shall

consider the Governance Study Recommendations as soon as practicable, with the goal of making a final determination regarding the Governance Study Recommendations in 2003 or by the 2004 delegate convention at the latest. To the extent that the Governance Study Recommendations approved by the Arabian Horse Association Board of Directors require a change to the Arabian Horse Association Bylaws, such Arabian Horse Association Bylaws shall be presented for vote to the voting Delegates of Arabian Horse Association and the Arabian Horse Association Board of Directors at the delegate convention in 2004, or earlier if feasible. Upon obtaining proper approvals, the appropriate officers of Arabian Horse Association shall cause the Arabian Horse Association Bylaws to be revised accordingly, and the officers of Arabian Horse Association shall cause Arabian Horse Association to implement the Governance Study Recommendations so approved.

**ARTICLE VIII.
POSITIONS AND SALARIES; EXECUTIVE SEARCH**

Upon receipt of the Governance Study report but in no event later than August 1, 2003 (unless such date is modified by the Governance Committee as provided above), the Governance Committee shall determine whether to engage an executive study and search firm (the "Search Firm") to search for persons to fill some or all of the Senior Positions (the "Executive Search"); provided, however, that if the Governance Committee members cannot agree, a Search Firm shall be engaged if either the AHRA Team or the IAHA Mediation Team so requests; and provided further that the Search Firm may be engaged earlier than above provided if the Governance Committee so advises. The Search Firm selected shall (a) have no prior business or personal relationship with Arabian Horse Association, AHRA or IAHA, (b) be selected by the Governance Committee, and (c) be engaged by means of an engagement letter acceptable to the Governance Committee as the same may be amended or modified by the Governance Committee. One of the Search Firm's significant goals is to determine the job descriptions, qualifications, and compensation of the persons filling the positions in Arabian Horse Association of the Executive Vice President and other management positions reporting directly to the Executive Vice President (the "Senior Positions"). The objective of the search is to obtain the individual most qualified to achieve effective implementation of the Strategic Plan. The Search Firm shall work with the oversight of a Governance Committee subcommittee consisting of Alan Sankpill and Bob Fauls or their designees. Subject to the foregoing, Arabian Horse Association's Executive Committee shall have responsibility with respect to the hiring and termination of Arabian Horse Association's Executive Vice President.

**ARTICLE IX.
PUREBRED TRUST**

Section 9.1 Purebred Trust Assets; License Agreement. As provided above, prior to the Effective Date the assets of AHRA described above and in the Trust Bylaws shall have been transferred to the Purebred Trust. On the Effective Date, the assets of the Purebred Trust consisting of the AHRA registration database, as such database changes from time to time (the "Licensed Rights"), shall be licensed to Arabian Horse Association under the License Agreement. The legal ownership of the Licensed Rights shall remain with the Purebred Trust so that registration and other related activities may

continue should a bankruptcy or dissolution of Arabian Horse Association occur or in the event of failure to pay the Purebred Revenues as provided below; however, subject to the conditions stipulated in the License Agreement, Arabian Horse Association shall have the exclusive right to use the Licensed Rights, in perpetuity without payment of royalty in accordance with the License Agreement, with respect to its activities relating to purebred Arabian horses as well as Half-Arabian/Anglo-Arabian horses as provided therein.

Section 9.2 Trustees. The Purebred Trust shall have a Board of Trustees consisting of up to nine (9) members, with the number of Trustees fixed at eight (8) on the Effective Date. The initial Trustees shall be selected by AHRA and thereafter the Board of Trustees of the Purebred Trust shall be self-perpetuating.

Section 9.3 Duties of Trustees. The Trustees of the Purebred Trust shall perform the following duties:

(a) Appoint persons to fill the following positions of Arabian Horse Association, as such positions are described in the Arabian Horse Association Bylaws, as of the Effective Date, the expiration of their initial terms, and in the event of any vacancy:

- (i) Four (4) At-Large Directors,
- (ii) Two (2) At-Large Vice Presidents,
- (iii) One (1) member of the Ways and Means Committee,
- (iv) Three (3) members of the Market Development and Promotions Committee,
- (v) Three (3) members of the Registration Commission, and
- (vi) The six (6) members of the Racing Committee, which members shall be the Executive Committee of the Arabian Jockey Club;

(b) Oversee the corpus of the Purebred Trust,

(c) Approve or reject recommendations of staff positions to perform the AHA Purebred Registry Services as provided above in Article VI; and

(d) All responsibility relating to Arabian Horse Association's affiliation with the World Arabian Horse Organization and other purebred Arabian registries, and their respective successors and assigns, provided that the Trustees shall solicit input from the Arabian Horse Association Board of Directors.

Section 9.4 Expenses. Expenses related to the activities of the persons appointed by the Purebred Trust to the At-Large positions set forth above in carrying out their responsibilities including airfare, meals, hotels, and other accommodations, shall be paid for by Arabian Horse Association on the same basis, and to the same degree, as if such persons were serving as members of the Executive Committee of

Arabian Horse Association. All other committees and commission members appointed by the Trustees shall be reimbursed in the same manner as other Arabian Horse Association committee and commission members.

**ARTICLE X.
COMMITTEES AND COMMISSIONS**

Section 10.1 Composition of Committees and Commissions. Upon the Effective Date and except as provided above in Section 1.3, Arabian Horse Association shall be deemed to have adopted all of the existing committees and commissions of IAHA as described in the IAHA Handbook & Directory, and any person who is currently serving as committee or commission members of IAHA immediately prior to the Effective Date (except for IAHA's Half-Arabian and Anglo-Arabian registries board) shall remain committee or commission members of Arabian Horse Association until such time that their term as a committee or commission member of IAHA would have expired. The Half-Arabian and Anglo-Arabian registries board shall be modified to reflect this Agreement as it relates to the Registration Commission, as described below. Notwithstanding the foregoing, the members of committees to be designated by the Trustees, as set forth in Article IX, shall become members of such committees that exist in IAHA prior to the Effective Date. Arabian Horse Association shall have such other committees as are designated under the Arabian Horse Association Bylaws and this Agreement and Plan of Merger.

Section 10.2 Registration Commission.

(a) Composition. Arabian Horse Association shall have a Registration Commission whose members shall serve for three (3) year staggered terms. The Registration Commission shall be comprised of three (3) members selected to represent the interest of the purebred Arabian horse (the "Purebred Registry Members"), three (3) members selected to represent the Half-Arabian and Anglo-Arabian horse (the "Half-Arabian/Anglo-Arabian Registry Members"), and three (3) members selected by the above six (6) members (the "Other Members"). Initially, AHRA shall select one Purebred Registry Member to serve for a term of one (1) year, one Purebred Registry Member to serve for a term of two (2) years, and one Purebred Registry Member to serve for a term of three (3) years. Thereafter, the Trustees of the Purebred Trust shall select Purebred Registry Members each year to fill the vacancies created by the expiration of such terms, which successor members shall serve for a term of three (3) years. Initially, the Arabian Horse Association Board of Directors shall select one Half-Arabian/Anglo-Arabian Registry Member to serve for a term of one (1) year, one Half-Arabian/Anglo-Arabian Registry Member to serve for a term of two (2) years, and one Half-Arabian/Anglo-Arabian Registry Member to serve for a term of three (3) years. Thereafter, the Arabian Horse Association Board of Directors shall select Half-Arabian/Anglo-Arabian Registry Members each year to fill the vacancies created by the expiration of such terms, which successor members shall serve for a term of three (3) years. Initially, the Purebred Registry Members and Half-Arabian/Anglo-Arabian Registry Members shall select one Other Member to serve for a term of one (1) year, one Other Member to serve for a term of two (2) years, and one Other Member to serve for a term of three (3) years. Thereafter, the Purebred Registry Members and Half-Arabian/Anglo-Arabian Registry Members shall select Other Members each year to fill

the vacancies created by the expiration of such terms, which successor members shall serve for a term of three (3) years. Each year, the Registration Commission shall elect its own chairperson.

(b) Duties. The Registration Commission shall oversee the rules, policies, practices, and procedures applied to the registration and related matters of purebred Arabian horses (the "Arabian Horse Registry") and the rules, policies, practices, and procedures applied to the registration and related matters of Half-Arabian/Anglo-Arabian horses (the "Half-Arabian/Anglo Horse Registry"). The Registration Commission shall recommend modifications to the fees schedules for registration services carried on by each of the Registries and oversee, maintain, and improve the performance of the essential functions of the Arabian Horse Registry and the Half-Arabian/Anglo-Arabian Horse Registry. Notwithstanding the foregoing, (i) the Purebred Registry Members shall have absolute and final authority to interpret, modify, or amend the rules, policies, practices, and procedures applied to the registration of purebred Arabian horses, any such action requiring the unanimous consent of the Purebred Registry Members, and (ii) the Half-Arabian/Anglo-Arabian Registry Members shall have absolute and final authority to interpret, modify, or amend the rules, policies, practices, and procedures applied to the Half-Arabian/Anglo-Arabian Horse Registry, any such action requiring the unanimous consent of the Half-Arabian/Anglo-Arabian Registry Members. The official Registrar of the Arabian Horse Registry shall be designated by the Purebred Registry Members. The official Registrar of the Half-Arabian/Anglo-Arabian Horse Registry shall be designated by the Half-Arabian/Anglo-Arabian Registry Members. The Registration Commission shall direct the development of techniques and implement improvements required to meet the needs of conducting the Arabian Horse Registry and the Half-Arabian/Anglo-Arabian Horse Registry. The Arabian Horse Association shall develop and maintain customer service, software and other support required to manage Arabian Horse Association's registry functions including data management, retrieval, security, and sale.

(c) Indemnification. To the extent permitted by law, Arabian Horse Association shall indemnify members of the Registration Commission for their actions and omissions occurring while in carrying out the above-described duties to the same extent as indemnification is provided to Directors of Arabian Horse Association under the Articles of Incorporation.

(d) Registry Revenues. One third (1/3) of the gross revenues derived from the Arabian Horse Registry, including registration fees, transfer fees, service fees and administration fees (the "Purebred Revenues"), shall be paid to the Purebred Trust. Arabian Horse Association shall grant a security interest to the Purebred Trust in the Purebred Revenues in accordance with the terms of the License Agreement. One third (1/3) of the gross revenues derived from the Half-Arabian/Anglo-Arabian Horse Registry, including registration fees, transfer fees, service fees and administration fees (the "Designated Revenues"), shall be paid into the designated fund described in Section 10.3(c)(ii) below.

(e) Enforcement of Rules. Arabian Horse Association shall cause the Arabian Horse Registry and Half-Arabian/Anglo-Arabian Registry rules and procedures as set forth above (and as amended from time to time as set forth above, collectively,

the "Registration Rules and Regulations") to be enforced. In the event of legal challenge to the Registration Rules and Regulations or established procedures or in the event of need to take action to enforce the same, Arabian Horse Association shall be liable for the legal expenses of enforcing and/or defending them. In such event, the Purebred Registry Members, or the Half-Arabian/Anglo-Arabian Registry Members, as applicable depending upon the Registry Rules and Regulations at issue, shall be consulted on the selection of counsel and the defense or prosecution of claims. No settlement of any such matter having the effect of changing the Registration Rules and Regulations or established procedures of the purebred Arabian Horse Registration process shall be made without the express consent of the Trustees of the Purebred Trust. No settlement of any such matter having the effect of changing the Registration Rules and Regulations or established procedures of the Half-Arabian/Anglo-Arabian Horse registration process shall be made without the express consent of the Board of Directors of Arabian Horse Association.

Section 10.3 Market Development and Promotion Committee.

(a) Composition. Arabian Horse Association shall have a Market Development and Promotion Committee consisting of seven (7) members of which three (3) members shall be selected to represent the interest of the purebred Arabian horse (the "Purebred Members"), three (3) members shall be selected to represent the interest of the Half-Arabian/Anglo-Arabian horse (the "Half-Arabian/Anglo-Arabian Members") and one (1) member (the "Other Member") selected by the above six (6) members. Initially, the Trustees of the Purebred Trust shall select one Purebred Member to serve for a term of one (1) year, one Purebred Member to serve for a term of two (2) years, and one Purebred Member to serve for a term of three (3) years. Thereafter, the Trustees of the Purebred Trust shall select Purebred Members each year to fill the vacancies created by the expiration of such terms, which successor members shall serve for a term of three (3) years. Initially, the Arabian Horse Association Board of Directors shall select one Half-Arabian/Anglo-Arabian Member to serve for a term of one (1) year, one Half-Arabian/Anglo-Arabian Member to serve for a term of two (2) years, and one Half-Arabian/Anglo-Arabian Member to serve for a term of three (3) years. Thereafter, the Arabian Horse Association Board of Directors shall select Half-Arabian/Anglo-Arabian Members each year to fill the vacancies created by the expiration of such terms, which successor members shall serve for a term of three (3). Once the initial Purebred Members and Half-Arabian/Anglo-Arabian Members are selected, these six (6) persons shall elect by majority vote the initial Other Member to serve for a term of three (3) years and thereafter shall elect persons to fill vacancies create by the expiration of or resignation of the initial Other Member and succeeding Other Members. Each year, the Market Development and Promotion Committee shall elect its own chairperson.

(b) Duties. The Market Development and Promotion Committee shall be responsible for guiding Arabian Horse Association's marketing and promotional activities relating to the promotion of the Arabian horse. The committee shall formulate marketing and promotional plans for Arabian Horse Association and shall develop specific marketing and promotional activities.

(c) Funding. When a majority of the Market Development and Promotion Committee approves a marketing or promotional activity, the committee shall solicit funds from the following sources to fund the implementation of such approved activity:

(i) The Purebred Trust. The Trustees of the Purebred Trust shall determine whether, and to the extent, the specific activity serves the interest of the purebred Arabian horse and determine what portion, if any, of the solicited amount of funding it shall contribute to the activity, which determination shall be in the sole discretion of the Trustees.

(ii) The Designated Fund. Arabian Horse Association shall establish a designated fund (the "Designated Fund") comprised of the Designated Revenues for use by the Market Development and Promotion Committee. The Arabian Horse Association Board of Directors shall determine whether, and to the extent, an activity proposed by the Market Development and Promotion Committee should be supported by the Designated Fund.

(iii) The General Funds of Arabian Horse Association. The Arabian Horse Association Board of Directors shall determine whether, and to the extent, those activities should be supported by the general funds of Arabian Horse Association.

(d) Relationship with Arabian Horse Association Board of Directors, Committees and Commissions. The Market Development and Promotion Committee shall act independently from the Arabian Horse Association Board of Directors. The Arabian Horse Association Board of Directors cannot restrict the Market Development and Promotion Committee from seeking funding to implement its recommendations. However, the Arabian Horse Association Board of Directors may generate its own marketing and promotional activities and shall approach the Market Development and Promotion Committee to solicit funding from the Purebred Trust or the Designated Fund to implement these activities. If the Market Development and Promotion Committee does not endorse the activities proposed by the Arabian Horse Association Board of Directors and refuses to solicit funds from either the Purebred Trust or the Designated Fund, the Arabian Horse Association Board of Directors has the right (as it does with other corporate decisions) to direct funds from Arabian Horse Association's general funds to implement the activities. Arabian Horse Association and its committees and commissions shall make every effort to cooperate with and implement the approved programs of the Market Development and Promotion Committee.

(e) Staffing. Arabian Horse Association shall maintain a promotional staff for the purpose of developing, monitoring, and implementing promotional programs approved by the Market Development and Promotion Committee. The salaries and office related expenses of such promotional staff shall not be charged to the Market Development and Promotion Committee or the Purebred Trust and shall not be taken from the Purebred Revenues or the Designated Revenues but, instead, shall be paid by Arabian Horse Association's general funds within the limits of Arabian Horse Association's annual budget. Any reduction in promotional staffing levels required as a result of Arabian Horse Association having serious financial problems must be part of a

staff reduction applied uniformly throughout the entire staff of Arabian Horse Association.

Section 10.4 Racing Committee. The Racing Committee shall be composed of six (6) members, who shall be the members of the Arabian Jockey Club Executive Committee of the Purebred Trust, which members shall be actively involved in racing, and shall be responsible for the promotion, coordination, and general oversight of Arabian horse racing in the United States. The committee shall advise the Executive Committee of Arabian Horse Association, the Trustees of the Purebred Trust, and the Market Development and Promotion Committee on matters related to Arabian horse racing and shall suggest programs and prioritize and develop and obtain funding for action plans that will improve Arabian horse racing in the United States.

ARTICLE XI. GOVERNANCE COMMITTEE AUTHORITY; DISPUTE RESOLUTION

Section 11.1 Continuance of Authority. The Governance Committee (known as the AHRA Mediation Team and the IAHA Mediation Team prior to the Effective Date) shall continue to oversee matters relating to the matters addressed in this Agreement including the Merger, the Governance Study (including the Strategic Plan), the Governance Study Recommendations approved by the Arabian Horse Association Board of Directors and delegates, and the Executive Search have been concluded and all matters required to be implemented in accordance with the foregoing (the "Merger Matters") have been implemented in their entirety (the "Concluded Date").

Section 11.2 Resolution of Disputes. Any dispute, claim, or controversy (a "Dispute") arising prior to the Concluded Date concerning a Merger Matter shall be presented to the Governance Committee for resolution without prior presentation to the Arabian Horse Association Board of Directors, the Executive Committee of Arabian Horse Association, or any other person or group. If, after reasonable attention to the Dispute, the Governance Committee believes that (a) the members of the Governance Committee will not agree upon a resolution of the Dispute, or (b) the Governance Committee believes that the Dispute can best be resolved without the initiation of dispute resolution through a third party source such as a third party mediator or arbitrator, the Governance Committee shall make a recommendation regarding the resolution of the Dispute to the Executive Committee, which recommendation shall state the basis therefor. In all other cases, the determination of the Governance Committee as to resolution of the Dispute shall be binding upon Arabian Horse Association. With respect to making determinations as provided in this Section, Governance Committee members representing IAHA shall have one vote collectively and Governance Committee members representing AHRA shall have one vote collectively.

ARTICLE XII. MISCELLANEOUS

Section 12.1 Headings. The Article and Section headings used herein shall not be considered in interpreting or construing the provisions of this Agreement or the intent of the parties relating thereto.

Section 12.2 Amendment. This Agreement may be amended, modified or supplemented by written agreement of the parties hereto at any time prior to the Effective Date.

Section 12.3 Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same document.

Section 12.4 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado.

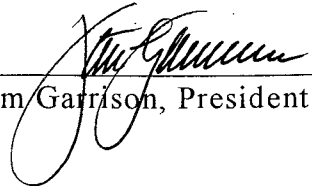
Section 12.5 Entire Agreement; Survival. This Agreement (together with the Exhibits hereto, which are hereby incorporated by this reference) constitutes the entire agreement between the parties relating to the subject matter hereof. The terms and provisions of this Agreement shall survive the Merger.


Section 12.6 Construction. Unless the context of this Agreement clearly requires otherwise: (i) the singular shall include the plural and the plural shall include the singular wherever and as often as may be appropriate, (ii) the words "includes" or "including" shall mean "including without limitation," and (iii) the word "or" is not exclusive.

IN WITNESS WHEREOF, each party has caused this Agreement to be signed in its corporate name by its president and attested by its secretary, as of the date set forth below.

ARABIAN HORSE REGISTRY OF AMERICA, INC.

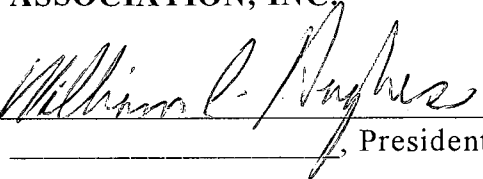
DATE: 12/30/2002

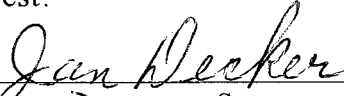
By 
Jim Garrison, President

Attest:
By 
Howard W. Pike, Secretary

INTERNATIONAL ARABIAN HORSE ASSOCIATION, INC.

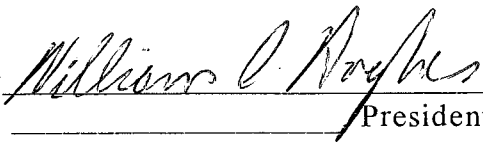
DATE: 01/09/2003

By 
President

Attest:
By 
JAN DECKER Secretary

ARABIAN HORSE ASSOCIATION

DATE: _____

By 
President

030016

FORM AND SUBSTANCE AGREED AND ACCEPTED TO BY:

IAHA MEDIATION TEAM

/s/ Van Jacobsen
Van Jacobsen

/s/ Tom Connelly
Tom Connelly

/s/ William C. Hughes
William C. Hughes

/s/ Alan Sankpill
Alan Sankpill

/s/ Barbara Burck
Barbara Burck

AHRA MEDIATION TEAM

/s/ Robert Fauls
Robert Fauls

/s/ Henry J. Metz
Henry J. Metz

/s/ Howard Pike
Howard Pike

Exhibit A
to
Agreement and Plan of Merger
dated December 12, 2002
by and among
Arabian Horse Registry of America, Inc.,
International Arabian Horse Association, Inc.
and
Arabian Horse Association

ARTICLES OF INCORPORATION
OF
ARABIAN HORSE ASSOCIATION

Attached.

Exhibit B
to
Agreement and Plan of Merger
dated December 12, 2002
by and among
Arabian Horse Registry of America, Inc.,
International Arabian Horse Association, Inc.
and
Arabian Horse Association

BYLAWS
OF
ARABIAN HORSE ASSOCIATION

Attached.

~~CONFIDENTIAL~~

Exhibit C
to
Agreement and Plan of Merger
dated December 12/2002
by and among
Arabian Horse Registry of America, Inc.,
International Arabian Horse Association, Inc.
and
Arabian Horse Association

ARTICLES OF INCORPORATION AND BYLAWS
OF
THE PUREBRED ARABIAN TRUST

Attached.

AMENDMENT

PARTIES: Arabian Horse Registry of America, Inc. ("AHRA"),
International Arabian Horse Association ("IAHA") and
the Arabian Horse Association ("AHA")

SUBJECT AGREEMENT: **AGREEMENT AND PLAN OF MERGER**, dated as
of December 12, 2002 ("Agreement")

As provided by Section 12.2 of the Agreement, the parties hereby agree that Section 1.2
be amended to read:

Section 1.2 Effective Date of the Merger. Subject to Article V below, the
Merger and all other provisions of this Agreement required to occur at or following the
Merger shall be effective on April 1, 2003 ("the Effective Date").

Arabian Horse Registry of America, Inc.

By: Robert J. Gauls
Name: Robert Gauls
Title: Chairman

International Arabian Horse Association

By: William C. Hughes
Name: William C. Hughes
Title: President

Arabian Horse Association

By: William C. Hughes
Name: William C. Hughes
Title: President

080018

Board Agenda # 21a

RESOLUTIONS
OF THE
BOARD OF DIRECTORS
OF
INTERNATIONAL ARABIAN HORSE ASSOCIATION, INC.
ADOPTED AT THE BOARD MEETING OF
JANUARY 10, 2003

WHEREAS, Arabian Horse Registry of America, Inc. ("AHRA") and International Arabian Horse Association, Inc. ("IAHA" and collectively with AHRA, the "Merging Companies") have agreed to merge (the "Merger") into Arabian Horse Association ("AHA") in accordance with that certain Agreement and Plan of Merger dated as of December 12, 2002 (the "Merger Agreement"); and

WHEREAS, AHA has not yet obtained obtained tax-exempt status under 501(c)(5) of the Internal Revenue Code of 1986, as amended (the "Tax Determination"); and

WHEREAS, pursuant to the Merger Agreement, the Merger will not be consummated until the Tax Determination has been obtained; and

WHEREAS, the Boards of Directors of AHA and the Merging Companies believe it to be in the best interest of their respective corporations to consolidate some of the business activities of the Merging Companies in anticipation of consummation of the Merger such that (i) each Merging Company will provide its policies, rules, and regulations (collectively, the "Existing Rules") to AHA; (ii) AHA will adopt rules (the "AHA Rules") substantially the same as the Existing Rules; (iii) AHA will manage a substantial portion of the business activities of each Merging Company, including its registration activities; (iv) each Merging Company will loan its employees to AHA to the extent necessary or desirable for AHA carry out its management responsibilities; and (v) AHA will license to the Merging Companies the AHA Rules, the AHA name, and the AHA logos until the earlier of (a) the consummation of the Merger, or (b) termination of the Merger Agreement as provided therein (the foregoing arrangement being referred to as the "Management Arrangement");

NOW, THEREFORE, BE IT RESOLVED, that the officers of IAHA (the "Officers") are authorized and directed to negotiate, execute, and deliver all documents that such Officers deem necessary or desirable to carry out the Management Arrangement, with such changes, modifications, and amendments to the Management Arrangement as the Officers, in their discretion, may approve or deem necessary or desirable, (collectively, the "Management Documents") and to take all action that the Officers may deem reasonably necessary or appropriate to carry out the terms and provisions of the Management Documents and such additional documents related thereto that appear to the Officers, in their reasonable judgment, as necessary or desirable to carry out the purposes hereof.

**RESOLUTIONS
OF THE
BOARD OF DIRECTORS
OF
ARABIAN HORSE ASSOCIATION
ADOPTED AT THE BOARD MEETING OF
JANUARY 10, 2003**

WHEREAS, Arabian Horse Registry of America, Inc. ("AHRA") and International Arabian Horse Association, Inc. ("IAHA" and collectively with AHRA, the "Merging Companies") have agreed to merge (the "Merger") into Arabian Horse Association ("AHA") in accordance with that certain Agreement and Plan of Merger dated as of December 12, 2002 (the "Merger Agreement"); and

WHEREAS, AHA has not yet obtained obtained tax-exempt status under 501(c)(5) of the Internal Revenue Code of 1986, as amended (the "Tax Determination"); and

WHEREAS, pursuant to the Merger Agreement, the Merger will not be consummated until the Tax Determination has been obtained; and

WHEREAS, the Boards of Directors of AHA and the Merging Companies believe it to be in the best interest of their respective corporations to consolidate some of the business activities of the Merging Companies in anticipation of consummation of the Merger such that (i) each Merging Company will provide its policies, rules, and regulations (collectively, the "Existing Rules") to AHA; (ii) AHA will adopt rules (the "AHA Rules") substantially the same as the Existing Rules; (iii) AHA will manage a substantial portion of the business activities of each Merging Company, including its registration activities; (iv) each Merging Company will loan its employees to AHA to the extent necessary or desirable for AHA carry out its management responsibilities; and (v) AHA will license to the Merging Companies the AHA Rules, the AHA name, and the AHA logos until the earlier of (a) the consummation of the Merger, or (b) termination of the Merger Agreement as provided therein (the foregoing arrangement being referred to as the "Management Arrangement");

NOW, THEREFORE, BE IT RESOLVED, that the officers of AHA (the "Officers") are authorized and directed to negotiate, execute, and deliver all documents that such Officers deem necessary or desirable to carry out the Management Arrangement, with such changes, modifications, and amendments to the Management Arrangement as the Officers, in their discretion, may approve or deem necessary or desirable, (collectively, the "Management Documents") and to take all action that the Officers may deem reasonably necessary or appropriate to carry out the terms and provisions of the Management Documents and such additional documents related thereto that appear to the Officers, in their reasonable judgment, as necessary or desirable to carry out the purposes hereof.

RESOLUTIONS
OF THE
BOARD OF DIRECTORS
OF
ARABIAN HORSE ASSOCIATION
ADOPTED AT THE BOARD MEETING OF
JANUARY 10, 2003

WHEREAS, Arabian Horse Registry of America, Inc. ("AHRA") and International Arabian Horse Association, Inc. ("IAHA" and collectively with AHRA, the "Merging Companies") have agreed to merge (the "Merger") into Arabian Horse Association ("AHA") in accordance with that certain Agreement and Plan of Merger dated as of December 12, 2002 (the "Merger Agreement"); and

WHEREAS, AHA has not yet obtained obtained tax-exempt status under 501(c)(5) of the Internal Revenue Code of 1986, as amended (the "Tax Determination"); and

WHEREAS, pursuant to the Merger Agreement, the Merger will not be consummated until the Tax Determination has been obtained; and

WHEREAS, the Boards of Directors of AHA and the Merging Companies believe it to be in the best interest of their respective corporations to consolidate some of the business activities of the Merging Companies in anticipation of consummation of the Merger such that (i) each Merging Company will provide its policies, rules, and regulations (collectively, the "Existing Rules") to AHA; (ii) AHA will adopt rules (the "AHA Rules") substantially the same as the Existing Rules; (iii) AHA will manage a substantial portion of the business activities of each Merging Company, including its registration activities; (iv) each Merging Company will loan its employees to AHA to the extent necessary or desirable for AHA carry out its management responsibilities; and (v) AHA will license to the Merging Companies the AHA Rules, the AHA name, and the AHA logos until the earlier of (a) the consummation of the Merger, or (b) termination of the Merger Agreement as provided therein (the foregoing arrangement being referred to as the "Management Arrangement");

NOW, THEREFORE, BE IT RESOLVED, that the officers of AHA (the "Officers") are authorized and directed to negotiate, execute, and deliver all documents that such Officers deem necessary or desirable to carry out the Management Arrangement, with such changes, modifications, and amendments to the Management Arrangement as the Officers, in their discretion, may approve or deem necessary or desirable, (collectively, the "Management Documents") and to take all action that the Officers may deem reasonably necessary or appropriate to carry out the terms and provisions of the Management Documents and such additional documents related thereto that appear to the Officers, in their reasonable judgment, as necessary or desirable to carry out the purposes hereof.

Whereas the effective date of the planned merger of IAHA and AHRA will be delayed pending receipt of required IRS approval of the Tax Exempt status of the new Arabian Horse Association, and

Whereas the majority of the membership of both organizations believes that the merger took effect on January 1, 2003

Whereas the Board of Directors of IAHA, AHRA and AHA wish to provide (to the extent possible prior to the merger taking effect) the membership of both IAHA and AHRA with the membership classifications and related benefits and programs designed for use in the new Arabian Horse Association

Therefore Be It Resolved that the Board of Directors of each organization (International Arabian Horse Association, Arabian Horse Registry of America, and Arabian Horse Association) do, consistent with the Consent Resolutions adopted by each Board of Directors, jointly and separately unanimously agree to the following effective 1/1/03:

1. IAHA and AHRA each adopt and implement the membership classification and related benefit programs developed for Arabian Horse Association.
2. IAHA and AHRA with authorization from Arabian Horse Association will each adopt and utilize the Logo, letterhead etc in conduct of the operations of both organizations until the effective date of the merger.

- (with written permission)*
4. Use of the name and Logo of Arabian Horse Association by IAHA regions and approved shows and events of IAHA prior to the effective date of the merger. *& subsequent to*
 5. For the calendar year 2003 the membership cards for both IAHA and AHRA will continue to be utilized.
 6. The Rules, policies and procedures of IAHA are adopted as Rules polices and procedures of Arabian Horse Association and authorized by the Arabian Horse Association for use by IAHA until the effective date of the merger.
 7. The Rules, policies and procedures of AHRA are adopted as Rules polices and procedures of Arabian Horse Association and authorized by the Arabian Horse Association for use by AHRA until the effective date of the merger.

LICENSE AND SECURITY AGREEMENT

DATE: April 1, 2003

PARTIES: **The Purebred Arabian Trust**
 c/o Arabian Horse Association
 10805 East Bethany Drive
 Aurora, CO 80014-2605
 Telephone: _____
 Facsimile: _____
 ("Licensor")

Arabian Horse Association
 c/o Arabian Horse Association
 10805 East Bethany Drive
 Aurora, CO 80014-2605
 Telephone: _____
 Facsimile: _____
 ("Licensee")

RECITALS:

A. Arabian Horse Registry of America, Inc., a Colorado non-profit corporation ("AHRA") and International Arabian Horse Association, Inc., a Colorado non-profit corporation ("IAHA") have entered into that certain Agreement and Plan of Merger dated as of December 12, 2002 (the "Merger Agreement"), under which AHRA and IAHA shall merge into Licensee on or about April 1, 2003 (the "Merger Date").

B. Pursuant to Licensee's bylaws (the "Licensee Bylaws") and the Merger Agreement, Licensee is obligated to pay to Licensor the Royalties (as defined below), which Royalties are, in part, payment for the grant of the license provided for in this Agreement, and Licensee has agreed to provide security for such obligation as provided herein.

C. Pursuant to a License Agreement dated May 20, 1993 (the "Prior License Agreement"), AHRA has licensed IAHA access to an electronic database of information pertaining to purebred Arabian horses registered by AHRA or recorded by AHRA from other sources and maintained by AHRA prior to the Merger Date (the "Original Database") and all computer software developed and owned by AHRA and all physical documentation provided by customers to support the data contained in the Original Database.

D. Contained within the Original Database is information regarding racing performance and pedigree information of purebred Arabian racing horses (the "Original Racing Data") that AHRA has provided to the Arabian Jockey Club, Inc., the Arabian Racing Cup, Inc., Equibase Company LLC, and other entities that from time to time

promote, report on, or otherwise sponsor purebred Arabian horse racing (collectively, as such entities exist from time to time, the "Racing Data Recipients").

E. Prior to the Merger Date, the Prior License Agreement is being terminated and the Original Database and all software and documentation related thereto is being conveyed by AHRA to Licensor.

F. Licensee requires use of the Original Database to perform registration and other services relating to Arabian horses and Licensee's other operations, including providing access to individuals and organizations to search Licensee's information and data with respect to registered Arabian horses, and Licensor is willing to grant a license therefor in accordance with the terms of this Agreement.

AGREEMENT:

In consideration of the foregoing Recitals and the mutual covenants contained herein, the parties agree as follows:

1. DEFINITIONS.

A. *Specific Definitions.* In addition to terms defined in the recitals above and elsewhere in this Agreement, unless the context otherwise requires, capitalized terms used in this Agreement shall have the respective meanings set forth below:

"Database" means the Original Database together with all Updates thereto.

"Documentation" means all written materials relating to the Licensed Technology including user and operating manuals, instructions, maintenance and support materials, and specifications and other technical data together with all Updates thereto.

"Hardware" means the computer hardware systems of Licensor on which Licensor stores and operates the Original Database as of the Merger Date.

"Licensed Technology" means the Database and the Software and all information technology, and other items related thereto.

"Purebred Registry Services" means services performed by Licensee with respect to the registration of purebred Arabian horses and activities relating thereto that result in the generation of Purebred Revenues.

"Purebred Revenues" means the gross revenues derived by Licensee from activities of the Arabian Horse Registry (as defined in the Licensee Bylaws) including registration fees, transfer fees, service fees and administration fees relating to purebred Arabian horses, as the same are more particularly described in Exhibit A.

"Racing Data" means that portion of the Database consisting of the Original Racing Data and all Updates thereto.

"Racing Purpose" means the promotion of, or reporting on, horse racing.

"Royalties" means one-third of the Purebred Revenues excluding (i) credits for amounts refunded to third parties by Licensee, and (ii) one-third of the applicable taxes or other government-imposed charges incurred by Licensee (other than those imposed on Licensee's income or real property) as a result of collecting the Purebred Revenues that give rise to the Royalties or paying the Royalties to Licensor.

"Software" means all technology and software (in object and source code form) used with, supporting, or otherwise related to, the Database from time to time together with all Updates thereto.

"Updates" means all replacements, additions, deletions, enhancements, and modifications to, or derivative works of, the Database (including the Racing Data), the Documentation, and the Software developed by or for either party.

B. *Usage and Interpretation.* In this Agreement, unless a clear contrary intention appears, (i) the singular number includes the plural and *vice versa*, (ii) reference to this Agreement and to any other agreement, document, or instrument means this Agreement and each such agreement, document, and instrument as the same is amended or modified from time to time, (iii) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term, (iv) the term "or" is not exclusive, and (v) references to any person or entity shall be deemed to include the successors and assigns of such person or entity.

2. GRANT OF LICENSE.

A. *Exclusive License.* Except as provided in subsection B of this Section, and subject to payment of Royalties (as provided in Section 6A) and the other terms of this Agreement, Licensor grants to Licensee an exclusive, perpetual license to reproduce, perform, display, modify, create derivative works of, distribute, provide access to (including the ability to search, query, tabulate and generate reports from), transmit, publish and, except as prohibited by this Agreement, otherwise exploit the Licensed Technology and Documentation (in whole or in part) in connection with the legitimate business purposes of Licensee. Without Licensor's prior written consent, Licensee shall not assign or sublicense the license granted to Licensee herein; provided, however, that such consent is deemed given so long as (i) the Trust is given notice of the sublicenses, (ii) the sublicenses granted are no broader than the license granted herein, and (iii) the sublicenses, by their terms, are terminable by Licensee or Licensor if the license granted under this Agreement is terminated.

B. *Limited Retained Right.* Without limiting Licensee's rights as set forth in Section 2.A above and as an exception only to the exclusive nature of such rights, Licensor shall retain a non-exclusive right to use and to provide the Racing Data

to Racing Data Recipients solely for the Racing Purpose. Licensee shall make available to Licensor, or a Racing Data Recipient if so directed by Licensor, solely for the Racing Purpose, the Racing Data requested from time to time.

3. OWNERSHIP.

A. **Software.** Licensor is and shall remain the exclusive owner of the Licensed Technology and the Documentation and all Updates thereto, regardless of which party generated the Updates, subject to (i) the license granted to Licensee in this Agreement, and (ii) the rights of third parties to Software transferred or licensed to Licensee by Licensor that is subject to a license agreement between Licensor or Licensee, as applicable, and such third party (each, a "Third Party Software Agreement").

B. **Hardware.** Licensor hereby sells, assigns, and transfers to Licensee all right, title, and interest in and to the Hardware, including the right to further license, sell, encumber, or otherwise exploit or dispose of such Hardware without further authorization from Licensor.

4. MAINTENANCE INSURANCE; BACK-UP; POTENTIAL LITIGATION.

A. **Maintenance and Updates.** At its own expense, Licensee shall (i) maintain the Licensed Technology and Documentation, and (ii) make all Updates necessary or desirable to make the Licensed Technology and the Documentation sufficient to relate solely to purebred Arabian horses and to carry out the Purebred Registry Services; provided, however, that at Licensee's request, to the extent permissible pursuant to the applicable Third Party Software Agreement, Licensor shall cause any maintenance or support services to be provided pursuant to such Third Party Software Agreement to be assigned or transferred to Licensee. Licensor shall have no obligation to modify, update, maintain, or support the Licensed Technology or the Documentation; however, Licensor shall deliver to Licensee all Updates, if any, to the Original Database, the Licensed Technology, or Documentation created, developed, or authored by or for Licensor after the date hereof within 30 days after receipt thereof by Licensor. Licensor shall have the right, during normal business hours and upon reasonable advance notice, to review and make copies of the Licensed Technology and Documentation.

B. **Insurance.** At its expense, Licensee shall at all times carry insurance covering Licensee's obligations under this Agreement, including insurance covering the costs of restoring lost or damaged Licensed Technology and Documentation and business interruption insurance to cover lost business income during the period of restoration. All such insurance shall name Licensor as an additional insured with losses, if any, payable to Licensor as its interests appear. Licensee shall cause each insurer to agree by endorsement upon each such policy, or by independent instrument furnished with such policy to Licensor, that the insurer shall give Licensor no less than 30 days' written notice before any such policy shall be materially altered or cancelled. At Licensor's request, Licensee shall deliver to

Licensor the policies of insurance or other evidence reasonably satisfactory to Licensor that such insurance coverage is in effect.

C. **Database Back-Up and Off-Site Storage.** Consistent with past practices of AHRA, Licensee shall back-up the Licensed Technology on a daily basis, and no less often than weekly, store the then-current Database at a minimum of one off-site location.

D. **Potential Litigation.**

(i) **Third Party Infringement.** Each party shall inform the other within 30 days after obtaining knowledge of an infringement or other violation of any worldwide existing and future intellectual property rights contained in the Licensed Technology or Documentation, including any applications, renewals or extensions thereof, and including any rights as established in the future under the laws of the United States or any other countries with respect to databases or otherwise (collectively, the "Protected Rights"). Licensor shall have the right to institute legal proceedings against any third party that Licensee or Licensor reasonably believes to be infringing or otherwise violating the Protected Rights in order to eliminate such infringement or violation (as applicable, an "Infringement Action"), which costs of such Infringement Action, including attorneys fees and costs related to the investigation thereof (collectively, the "Costs") shall be borne equally by the parties. Licensee shall join as a party plaintiff in the Infringement Action at the request of Licensor and the costs of Licensee as such party plaintiff shall be part of the Costs. If Licensor elects not to institute an Infringement Action, Licensee may institute and maintain an Infringement Action and Licensor shall join as a party plaintiff in the Infringement Action at the request of Licensee and the costs of Licensor as such party plaintiff shall be part of the Costs. Regardless of which party initiates the Infringement Action, after the Costs have been recovered, the parties shall share equally in any and all settlement amounts, damages, and costs recovered in connection therewith. The parties shall cooperate fully in the enforcement of rights contained in this Section, including releasing information and documents relevant thereto, participation in any litigation or investigation brought hereunder, or appearance as witnesses therein.

(ii) **Claims Against Licensee or Licensor.** The parties recognize that notwithstanding their diligence regarding the accuracy of the Database prior to and following the Merger Date, there is always a possibility of error or that a third party may bring a lawsuit or administrative action (an "Action") against one of both of the parties (as applicable, the "Defendant") based on claimed inaccuracies in registration information, claimed incorrect determinations regarding registration, or some other matter relating to registration of purebred Arabian horses that involves the Licensed Technology or Documentation. The Defendant shall have the right to defend any Action, and the costs of such Action, including attorneys fees and costs related to the investigation thereof shall be borne equally by the parties. If either party is not named as a defendant in the Action, the party not named shall cooperate fully with the Defendant in the defense of the Action, including releasing information and documents rele-

vant thereto, participation in the Action or investigation related thereto, or appearance as witnesses therein.

5. LIMITED WARRANTY AND DISCLAIMER.

A. *Licensor.* Licensor warrants that (a) the Original Database (including the related software and documentation) is all of the data, software, and documentation that AHRA has used in its registry services prior to the Merger Date and is sufficient to maintain the Original Database provided to Licensee under this Agreement, (b) Licensor owns the Hardware and the right to transfer the Hardware to Licensee as provided in this Agreement, (c) the Hardware is sufficient to operate the software containing the Original Database, (d) Licensor's knowledge, the Original Database and related software and documentation do not infringe the rights of third parties, (e) Licensor shall cause the Updates provided by Licensor, if any, not to infringe the rights of any third parties, and (f) the execution and delivery of this Agreement does not violate any agreement by which Licensor or the Original Database and related software and documentation is bound. Except as provided in the forgoing warranty, the Licensed Technology and Documentation are licensed to Licensee "AS IS."

B. *Licensee.* Licensee warrants that (a) Licensee shall cause the Updates provided by Licensee not to infringe the rights of any third parties, and (b) the execution and delivery of this Agreement does not violate any agreement by which Licensee is bound. Except as provided in the forgoing warranty, the Updates provided by Licensee shall be "AS IS."

6. ROYALTIES; GRANT OF SECURITY INTEREST.

A. *Payment of Royalties; Records.* Licensee shall pay Licensor the Royalties within 30 days following the end of the calendar quarter in which the Royalties are received by Licensee. Licensee shall keep records showing the calculation and amounts of the Royalties in sufficient detail to enable the Royalties to be determined. Concurrently with each Royalty Payment, Licensee shall furnish Licensor a written calculation of the determination of the Royalties payable for the prior quarter including the Purebred Revenues received by Licensee on which the Royalties are based. Licensee shall permit its books and records to be examined from time to time for the purpose only and to the extent necessary to verify the reports provided for in this Section, such examination to be made at the expense of Licensor, by an auditor appointed by Licensor who shall be reasonably acceptable to Licensee, or by a Certified Public Accountant appointed by Licensor who shall report to Licensor only the amount of Royalties due and payable for the period under audit and who shall otherwise maintain confidentiality of the information contained in the examined books and records; provided, however, that if such audit shows an underpayment of Royalties of 5% or more for the period audited, in addition to paying the shortfall, Licensee shall reimburse Licensor for the cost of the audit.

B. *Grant of Security Interest.* Licensee grants to Licensor a security interest in the Royalties together with all documentation evidencing Licensee's rights

thereto (the "Accounts") and all of Licensee's rights, if any, in and to the Licensed Technology and Documentation (collectively with the Accounts, the "Collateral") as security for Licensee's obligation to pay the Royalties and comply with the other terms of this Agreement. Licensee authorizes and directs Licensor to execute on behalf of Licensor, if required, and file any and all documentation Licensor deems to be necessary or desirable to perfect and maintain Licensor's security interest in the Collateral, Uniform Commercial Code financing statements and all continuations and amendments thereto.

C. **Covenants.** Licensee shall (i) collect the Accounts in the ordinary course of its business; (ii) keep accurate and complete records of the Collateral; (ii) keep the Licensed Technology and Documentation free from liens and encumbrances at all times; and (iii) not create or permit the creation of any other liens or security interests, superior to the security interest of Licensor, to attach to all or any portion of the Accounts.

D. **Default.** Licensee shall be in default under this Agreement if any of the following events occur:

(i) failure to pay the Royalties when due and payable hereunder unless such failure is cured within ten days after notice thereof is given to Licensee (a "Payment Default");

(ii) a default in the performance of Licensee's material obligations relating to the Licensed Technology and Documentation as provided in Section 4.A., B., and C., that is not cured to the reasonable satisfaction of Licensor within 30 days after notice thereof is given to Licensee;

(iii) any of the following events occur with respect to Licensee: liquidation or dissolution; termination of existence; or cessation of the conduct of Licensee's business in the ordinary course; or

(iv) Licensee shall be the subject of any action seeking to adjudicate Licensee as bankrupt under any law relating to bankruptcy.

E. **Remedies Upon Default.** If a default of Licensee shall occur and be continuing, Licensor may exercise any and all remedies available to Licensor at law or in equity including rights to foreclose upon the Collateral and all proceeds and products therefrom in accordance with revised Article 9 of the Uniform Commercial Code as adopted in Colorado. Without the limiting the generality of the foregoing, Licensor may (i) give notice to the account debtors of assignment to Licensor of the Accounts; (ii) collect the Accounts directly; (ii) settle disputes and claims directly with the account debtors for amounts and upon terms which Licensor considers advisable and thereafter credit Licensee with the net amounts received in payment; and (iii) in Licensee's name or otherwise, demand, sue for, collect and give remittance for any and all monies due or to become due on the Accounts, and (iv) upon notice to Licensee, terminate the license granted to Licensee under this Agreement ; provided, however, that in

the case of such termination, Licensee shall have the continued right to use the Licensed Technology and Documentation for the sole purpose of carrying on the activities of the Half-Arabian/Anglo Horse Registry of the Registration Commission of Licensee. Licensee shall pay Licensor for all costs and expenses incurred by Licensor in connection with collection of the Accounts, enforcement of Licensee's obligations to pay the Royalties, and in foreclosing on the Collateral, including Licensor's reasonable attorneys' fees and legal expenses, all of which shall be part of the obligations secured hereby. After sale or other disposition of the Collateral, Licensee shall be liable to Licensor for any deficiency.

7. **MISCELLANEOUS.**

A. **Delivery.** On or prior to the Merger Date, Licensor shall deliver to Licensee the Hardware, Licensed Technology and Documentation and cause all of Licensor's Third Party Software Agreements that are assignable to be assigned to Licensee.

B. **Notices.** All notices communications required or permitted to be given to the parties under this Agreement shall be sufficient in all respects if given in writing and delivered in person, by electronic mail, by telecopy, by overnight courier, or by certified mail, postage prepaid, return receipt requested, to the receiving party at the address shown on the first page of this Agreement or to such other address as such party may have given to the other by notice pursuant to this Section. Notice shall be deemed given on the date of delivery, in the case of personal delivery, electronic mail, or telecopy, or on the delivery or refusal date, as specified on the return receipt in the case of certified mail or on the tracking report in the case of overnight courier.

C. **Assignment.** Neither party may assign, delegate or transfer (in whole or part) this Agreement including by operation of law, change of ownership or control, in connection with a sale or transfer of all or substantially all of the assets of that party or in connection with a merger, reformation, reorganization, or other similar corporate action without the prior written consent of the other party. Any attempted or purported assignment, delegation or transfer in violation of the foregoing shall be null and void and without effect.

D. **Attorneys' Fees.** If a party shall commence any action or proceeding against another party in order to enforce the provisions of this Agreement or to recover damages as a result of the alleged breach of any of the provisions of this Agreement, the prevailing party shall be entitled to recover all reasonable costs in connection therewith, including reasonable attorneys' fees.

E. **Further Assurances.** The parties shall cooperate fully with each other and execute such further instruments, documents, and agreements, and shall give such further written assurances, as may be reasonably requested by another party to better evidence and reflect the transactions described herein and contemplated hereby, and to carry into effect the intent and purposes of this Agreement.

F. **Entire Agreement; Amendments.** This Agreement (together with the Merger Agreement and the Licensee Bylaws) constitutes the entire agreement between the parties relating to the subject matter hereof. All prior or contemporaneous agreements, whether written or oral, among themselves or their agents and representatives relating to the subject hereof are merged into this Agreement. This Agreement may be altered, amended, or revoked only by an instrument in writing signed by all the parties hereto. If a conflict, ambiguity, or inconsistency exists between the terms of this Agreement and the Merger Agreement or the Licensee Bylaws, the terms of this Agreement shall control.

G. **Severability.** If any term or provision of this Agreement shall, to any extent, be determined to be invalid or unenforceable by a court or body of competent jurisdiction, the remainder of this Agreement shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

H. **Applicable Law; Arbitration.** This Agreement shall be governed by and construed according to the internal laws of the State of Colorado. By execution of this Agreement, each party submits and irrevocably waives any objection to *in personam* jurisdiction in the State of Colorado and the forum and convenience of the state and federal courts thereof. Any controversy, claim, or dispute arising under or related to this Agreement shall be finally resolved by arbitration in accordance with the then-effective rules of the American Arbitration Association ("AAA") and limited discovery shall be permitted; provided, however, that there is no requirement that the arbitration proceed through or under the auspices of the AAA. Such Arbitration shall take place in the State of Colorado. Judgment upon the award rendered by the arbitrators may be entered in any court having appropriate jurisdiction.

I. **Waiver.** The failure of one of the parties to insist upon the strict performance of any provision of this Agreement or to exercise any right, power, or remedy upon a breach thereof shall not constitute a waiver of that or any other provision of this Agreement or limit that party's right thereafter to enforce any provision or exercise any right.

J. **Survival of Terms and Conditions.** The terms and condition of this Agreement shall survive the expiration or termination of this Agreement to the full extent necessary for their enforcement and for the protection of the party in whose favor they operate.

K. **Parties Bound by Agreement.** This Agreement is binding upon the parties hereto and upon their respective heirs, legal representatives, successors and permitted assigns.

L. **Counterparts and Facsimile Signatures.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one agreement. A facsimile signature to this

Agreement shall be deemed an original and binding upon the party against whom enforcement is sought.

The parties have executed this Agreement as of the date first set forth above.

Licensors:

The Purebred Arabian Trust

By: Robert J. Faulstich Jr.
Name: Robert J. Faulstich Jr.
Title: Chairman

Licensee:

Arabian Horse Association

By: William C. Hughes
Name: William C. Hughes
Title: President

EXHIBIT A
To
License and Security Agreement
dated as of _____, 2003
between
The Purebred Arabian Trust
and
Arabian Horse Association

GROSS PUREBRED REVENUES FROM WHICH ROYALTIES ARE DERIVED

- (1) Registration Fees.
- (2) Ownership Transfer Fees.
- (3) Service Fees including (a) DNA test and blood type test fees, (b) semen transportation fees, and (c) racing certificates fees.
- (4) Administration Fees including (a) transaction processing fees, (b) certificate fees, (c) name change fees, and (d) other miscellaneous fees.

**AMENDMENT #1 TO
LICENSE AND SECURITY AGREEMENT
BY AND BETWEEN
THE PUREBRED ARABIAN TRUST
AND
ARABIAN HORSE ASSOCIATION**

This AMENDMENT #1 is entered on this 26 day of June, 2020, (“Amendment Execution Date”) yet effective as of the 1st day of May, 2020, (“Amendment Effective Date”) by and between **The Purebred Arabian Trust** (“Licensor”) and **Arabian Horse Association** (“Licensee”).

A. Licensor and Licensee entered into that certain License and Security Agreement dated April 1, 2003 (as amended by this Amendment #1, the “Agreement”).

B. Arising from disputes between Licensee and Licensor relating to the Agreement, Licensor and Licensee became parties to that litigation in the District Court of Arapahoe County, State of Colorado, Case Number 2016CV31911 (the “Litigation” and the rulings of such District Court in such Litigation, the “Court Rulings”).

C. In order to comply with the Court Rulings and further clarify the Agreement, Licensor and Licensee desire to amend the terms and conditions of the Agreement as set forth herein, while leaving all other aspects of the Agreement unchanged.

NOW THEREFORE, for mutual consideration, the receipt and sufficiency of which are hereby acknowledged, Licensor and Licensee, intending to be legally bound, agree as follows:

1. **Definitions.** Capitalized terms used and not defined in this Amendment #1 have the respective meanings ascribed to them elsewhere in the Agreement. In addition to definitions elsewhere, the following capitalize terms when used shall have the meaning ascribed below:

“Business Day” means any day except Saturday, Sunday, or a U.S. federal or Colorado holiday.

“Business Hours” means the hours from 8 a.m. to 5 p.m. Mountain Time on any Business Day.

“Components” means any and all hardware, firmware, communication and printing devices, software, operating systems, equipment and other technology and data, along with operating manuals, documentation and instructions to the foregoing, in any form or media, together with any intellectual property rights in any of the foregoing.

“Critical Impact Error” means an Error to the Licensed Technology which is reasonably likely to impact the ability to timely obtain or provide current and accurate data from the Database, including any Racing Data.

“Insourcing Event” means Licensor’s election to take over the operation, hosting, support and maintenance of the Licensed Technology following one of the events identified in Section 9.a.i. through Section 9.a.ix. of this Amendment #1.

“Error” any failure of the Licensed Software or any Components relating thereto to conform with the Specifications.

“Material Environment Change” means (i) any replacement or removal of any Component within the Production Environment which could impair the Licensed Technology’s ability to perform in accordance with the Specifications; or (ii) with respect to any Component which is software within the Production Environment, any upgrade or version change of such software; or (iii) any change of location of the Production Environment.

“Obsolete” means a Component which is any one or more of the following: (i) commercially unavailable; (ii) no longer supported or maintained; (iii) beyond its reasonable useful life; or (iv) commercially undesirable by a large majority of technology users either because of (A) high cost of procurement or high cost of support, (B) lack of reliability or lack of quality maintenance and support, or (C) newer technologies accomplishing the same objectives are available at lower operational costs.

“Production Environment” means the Licensed Technology together with all Components which are necessary for Licensor to access and use the Licensed Technology, including the Database and Software, in accordance with the Specifications.

“Scripts” means any Software necessary or useful to keep the Database complete, accurate, exhaustive and current, and independent of any other data of Licensee.

“Specifications” means, collectively, (i) the Court Rulings, (ii) the terms and conditions of the Agreement, (iii) all applicable laws, and (iv) causing the Licensed Technology to function as set forth in the then-current Documentation and in such a manner reasonably designed to result in the least disruption to the availability of the Licensed Technology to Licensor and its customers.

“Term” means any period in which Licensee is bound by the terms and conditions of the Agreement, notwithstanding the ongoing and non-expiring nature of the Agreement.

“Transition Environment” means the Licensed Technology together with all Components which are necessary for Licensor to access, operate and use the Licensed Technology, including the Database and Software, to transfer the responsibility and operation of Purebred Registration activities in a smooth and seamless manner and without any loss of functionality to any aspect of the foregoing, immediately following an Insourcing Event.

“Updated Hardware” means any and all hardware necessary for Licensee and Licensor to access and operate the Licensed Technology in accordance with the Specifications both within the Production Environment and in the Transition Environment, but excluding the Trust Purchased Components.

“Virus” means a set of computer instructions which are self-replicating or self-propagating and whose purpose or effect is to contaminate software, consume computer resources, or modify, destroy, record or transmit data or programming without the intent or permission of the user, including Trojan horses, worms or like destructive code.

“Workaround” means a feasible change in the operating procedures relating to the Licensed Technology whereby the effects of the Error are reasonably minimized so as not to affect the timeliness, accuracy or quality of information in the Database provided, or to be provided to, Licensor or its customers.

2. **Licensed Technology Environment(s).** Without limiting any of Licensee’s obligations pursuant to the Court Rulings or elsewhere in the Agreement, Licensee shall:

a. at its own cost and expense, continuously maintain, update and operate the Production Environment in accordance with the Specifications; and

b. subject to the terms and conditions of this Amendment #1, prepare, maintain and continually have ready the Transition Environment for the benefit of Licensor until Licensor takes over the operation of the Transition Environment following an Insourcing Event. Except as set forth in Section 8.h. of this Amendment #1, Licensee shall at all times keep the Transition Environment current with (i) the Licensed Technology, including the Software, in source and object code form, together with all human-readable documentation or machine readable code that is necessary to enable an information technology professional having ordinary skills and experience in computer programming to understand, maintain, modify and compile (or otherwise derive) the Software from the source materials, (ii) copies of all current, accurate and complete Scripts and SOPs, and (iii) separate, but corresponding Components to all of the Components used within the Production Environment for the operation, maintenance and hosting of the Licensed Technology.

3. **Data Facility for Transition Environment.**

a. Licensor shall use commercially reasonable efforts to secure space (“Initial Data Center Space”) for the Trust Hardware in an initial Data Center on or before May 1, 2020. Thereafter, Licensor shall enter and maintain agreements with one or more third party data facility provider(s) for sufficient rights of access to, and storage space for, the Trust Hardware (each, a “Data Center”).

b. Licensor may select or change the Data Center at any time in its sole discretion and Licensee shall assist with moving the Licensed Technology to each Data Center as reasonably requested by Licensor (“Data Center Transition Services”). Licensee shall perform the Data Center Transition Services in a safe, diligent and professional manner consistent with industry practices, to assure a smooth transition to each subsequent Data Center without any loss or compromise of the Database or the functionality of the Licensed Technology. To the extent possible, Licensor shall provide Licensee with reasonable advance notice to Licensee in order to facilitate such Data Center Transition Services by Licensee and the parties will work together in good faith to agree upon the specific details necessary to accomplish each Data Center transition in a manner consistent with the Specifications.

c. Licensor shall reimburse Licensee for any costs and expenses directly and reasonably incurred by Licensee to move the physical presence of the Trust Hardware within a Data Center or between Data Centers; *provided, however*, Licensee alone shall bear its own costs and expenses for installing the Trust Hardware and Licensed Technology into the Initial Data Center Space.

4. **Procurement of Updated Hardware.**

a. On or before May 12, 2020, Licensee shall procure a server capable of operating the Licensed Technology consistent with the Specifications for a minimum of five (5) years from the Amendment Effective Date (“Initial Server”), together with any other hardware necessary for operation of the Licensed Technology consistent with the Specifications (collectively, including the Initial Server, the “Initial Trust Hardware”) upon and to facilitate and support an Insourcing Event.

b. Licensee shall at all times, at its sole cost and expense, procure for Licensor’s benefit any and all replacement and subsequent hardware necessary for assuring the Licensed Technology perform in accordance with the Specifications within the Transition Environment (together with the Initial Trust Hardware, the “Trust Hardware”). Upon obtaining any rights to Trust Hardware, Licensee shall immediately assign and transfer all of its rights in the Trust Hardware, including title and ownership thereof, to Licensor. Without limiting the foregoing, Licensee shall pass through to Licensor all available warranties provided by third party providers in connection with the procurement of the Trust Hardware.

c. Licensor shall procure and pay for the special printer(s) and digitizing tablet(s) expressly identified as Licensor’s responsibility on Exhibit B (such identified Components, the “Trust Purchased

Components”). Except for the Trust Purchased Components, Licensee shall at all times, at its sole cost and expense, procure for Licensor’s benefit any and all Updated Hardware.

d. Without limiting Licensee’s other obligations under the Agreement and the Court Rulings, Licensee shall replace, restore, and implement any and all Updated Hardware in order to continuously provide the Licensed Technology consistent with the Specifications. Until an Insourcing Event, Licensee shall be responsible for the subsequent maintenance of the Updated Hardware, the Licensed Technology and any necessary Components for the Production Environment and the Transition Environment. Unless otherwise agreed in writing between Licensor and Licensee, Licensee shall at all times, at its sole cost and expense, (i) obtain, procure and enforce any available warranties, extended warranties, maintenance and support programs offered by the manufacturers and providers of any and all Updated Hardware (the “Hardware Warranty Plans”), and (ii) ensure that Licensor is an express third party beneficiary of any and all such Hardware Warranty Plans (even if such plans extend beyond the Term).

e. To extend the utility of each component of Updated Hardware, Licensee shall access, transport, store, use and maintain the Updated Hardware consistent with all recommendations and requirements thereof and shall notify Licensor immediately if Licensee becomes aware of any access, use, transport, storage or maintenance inconsistent with any third party recommendation or requirement for extending the life of such hardware.

5. **Licensed Technology and Other Components.**

a. Licensee represents, warrants and covenants that (i) Exhibit B (attached to this Amendment #1) shall at all times represent a complete, accurate and exhaustive list of all Components necessary for the Licensed Technology to operate consistent with the Specifications, (ii) except as identified on Exhibit B, no third party or Licensee-owned Components are necessary to use, maintain, operate or access the Licensed Technology or are necessary to cause the Licensed Technology to operate in accordance with the Specifications, (iii) as of the Amendment Effective Date, each of the Components identified on Exhibit B are commercially available and, to the best of Licensee’s knowledge, none are likely to become Obsolete within five (5) years from the Amendment Effective Date, and (iv) Licensee shall promptly provide written notice to Licensor if Licensee learns or believes that any Component on Exhibit B will or is likely to become Obsolete within the subsequent three (3) years.

b. Licensee may update Exhibit B (i) solely with respect to a Component which becomes Obsolete (the “Obsolete Component”) by providing a non-Obsolete replacement Component for such Obsolete Component consistent with the Specifications, and promptly notifying Licensor of the change to be made to Exhibit B and thereafter complying with its obligations under Section 8.d. of this Amendment #1; (ii) upon requesting a modification to Exhibit B to maintain consistency with Licensee production components and obtaining the written consent of Licensor to such modifications pursuant to such request, such written consent by Licensor not to be unreasonably withheld or delayed; or (iii) by an amendment to the Agreement in accordance with Section 7.F. of the Agreement. Any changes to Exhibit B consistent with the foregoing shall thereafter supersede any prior versions of Exhibit B; any changes or attempted changes made inconsistent with the foregoing shall have no effect on the Agreement.

c. Except as expressly set forth in the Agreement to the contrary or otherwise agreed in writing by Licensee and Licensor, Licensee shall at all times, at its sole cost and expense, procure for Licensor’s benefit any all rights necessary for Licensee and Licensor to access and use the Components identified on Exhibit B for the maintenance and operation of the Licensed Technology in accordance with the Specifications in both the Production Environment and the Transition Environment.

d. Without limiting the foregoing, so long as any Components are to be obtained from Oracle Corporation or any of its affiliated entities, or with respect to any Components offered by any of the foregoing entities (the “Oracle Components”), Licensee shall, at its sole cost and expense, pay for the Licensor’s purchase of an Oracle License and ongoing support and maintenance of such Oracle Components for Licensee and Licensor

to access and use the Oracle Components for the maintenance and operation of the Licensed Technology in accordance with the Specifications in both the Production Environment and the Transition Environment.

e. Licensee shall observe all terms and conditions, including any restrictions, of any agreements relating to the Components and shall exercise its rights under such agreements in the best interest of Licensor.

6. **Connectivity to Transition Environment.**

a. Notwithstanding Section 4 and Section 5 of this Amendment #1, Licensor shall at all times, at its sole cost and expense, procure any internet or other telecommunications services necessary or desired for Licensee (until an Insourcing Event), Licensor and any Database Administrator to access the Transition Environment. Until an Insourcing Event, Licensor and Licensee shall consult together to determine what connectivity is prudent in order for Licensee to fulfill its obligations under the Agreement with respect to the Transition Environment.

b. Except as provided in the foregoing Section 6.a. of this Amendment #1, Licensee shall at all times, at its sole cost and expense, procure any internet or other telecommunications services necessary for it to perform its obligations under the Agreement and to otherwise permit access to, and use of the Licensed Technology, in accordance with the Specifications.

7. **Preparation and Certification of Transition Environment.**

a. Licensee represents and warrants that (i) as of the Amendment Effective Date it has created and logically separated a complete, accurate, exhaustive and current version of the Database (including all Updates thereto) and that such Database is independent of any other data of Licensee, (ii) such logically-separated Database is capable of, and will, transition to the Updated Hardware, including the Trust Hardware, so that the Licensed Technology shall continuously perform in accordance with the Specifications both before and after an Insourcing Event, and (iii) as of the Amendment Effective Date, or not later than the third day following the Amendment Effective Date, Licensee shall deliver to Licensor a flat file of a full, complete, accurate, exhaustive and then-current version of the Database on computer-readable, USB-accessible storage device. Following the Amendment Effective Date, Licensee shall keep the Database updates accurate, current and complete and logically separated from any other data, including the development of Scripts as required. Licensee shall ensure such Database resides in full within the Transition Environment on Updated Hardware entirely owned by Licensor and located within the Data Center selected by Licensor.

b. On or before May 31, 2020, Licensee shall, at its own cost and expense, (i) install and maintain the Licensed Technology, including the Database, on the Initial Server, (ii) subject to Licensor securing rights for Licensee to access the Initial Data Center Space, install the Initial Trust Hardware, including the Initial Server, into the Initial Data Center Space such that the Transition Environment is capable of performance fully in accordance with the Specifications, (iii) provide to Licensor a written certification of the Licensed Technology in accordance with the Court Orders ("Licensed Technology Certification"), and (iv) written certification and such other reasonable assurances that the Transition Environment will perform in accordance with the Specifications upon an Insourcing Event and thereafter (the written certification and assurances under this Section 7.b.(iv), together with the Licensed Technology Certification, the "Certifications").

c. Upon completion by Licensee of all of its obligations in Section 7.b. of this Amendment #1, Licensor shall notify Licensee, and the parties shall conduct testing, within the next three (3) Business Days, as may be necessary to reasonably confirm that the Licensed Technology will function in accordance with the Specifications within the Transition Environment. If a party determines, in its reasonable discretion, that the Licensed Technology as set-up in the Initial Data Center Space will not perform in accordance with the Specifications, such party shall promptly notify the other party and shall specify with as much detail as practicable in which respects the Licensed Technology fails to function in accordance with the Specifications. Licensee shall as soon as reasonably possible, but within three (3) Business Days following such notice, remedy the deficiencies

and resubmit the Transition Environment for an additional period of testing (not to exceed three (3) Business Days). This process shall be repeated as necessary until all deficiencies are remedied, at which point Licensee shall again provide the Certifications. Commencing in the 2021 calendar year, Licensee shall provide the Certifications, together with the SOP and Error Logs Certification as set forth in Section 8.b. of this Amendment #1, annually on or within one week of May 15th each year.

8. **Support.** In addition to and without limiting Section 4.A of the Agreement or any other provision of the Agreement or the Court Rulings:

a. At all times, Licensee shall adhere to good industry practices in the safeguarding and protection of the accuracy and integrity of the Database and the other Licensed Technology in both the Licensee's Production Environment and the Transition Environment, including (i) through efforts consistent with good industry practices to detect and screen out any Virus from the Licensed Technology and Components via the use of one or more current virus detection programs, (ii) by maintaining and keeping current a separate development environment of all software with the Licensed Technology, in source and object code form, together with all human-readable documentation or machine readable code that is necessary to enable an information technology professional having ordinary skills and experience in computer programming to understand, maintain, modify and compile (or otherwise derive) such software from the source materials (the "Development Server"), and (iii) performing nightly back-ups of the Licensee's production server and the Development Server on separate servers, which back-up servers shall be located at a data center facility separate from the Licensee's Production Environment. Licensee shall promptly access and use the information contained on a back-up server as necessary for Licensee to comply with the Specifications.

b. Each Business Day (or on the evening or night thereof) throughout the Term, Licensee shall upload a full, complete and accurate copy of the Database updates into the Transition Environment and Production Environment. Licensee shall, at its own cost and expense, maintain and update the Scripts in the Transition Environment so that, upon an Insourcing Event, the Licensor may use a Database Administrator to update the production database so the Licensed Technology continuously performs in accordance with the Specifications.

c. Licensee shall (i) use commercially reasonable efforts to keep the Production Environment of the Licensed Technology continuously available and operational during Business Hours, (ii) continuously maintain and keep current accurate and complete Error logs and other events relating to the operation and performance of the Licensed Technology, including server logs relating to the provision of the Production Environment ("Error Logs"), and (iii) continuously maintain and keep current Documentation and standard operating procedures sufficient to allow a professional having ordinary skills and experience to properly access, use, maintain, and keep current the Licensed Technology (collectively, including the Documentation, "SOPs"). Licensee shall prepare, store and maintain the Error Logs and SOPs consistent with good industry practices and acknowledges that such are all part of the Licensed Technology. Each calendar year, Licensee shall deliver a current, accurate and complete copy of the SOPs to Licensor by mailing the same, together with a certification such are current, accurate and complete, to Licensor's notice address (as such address is amended by this Amendment #1) and by providing such other reasonable assurances as to the accuracy and completeness of the SOPs and Error Logs as Licensor may reasonably require (each, an "SOP Certification"). Licensee shall provide the Licensor with error logs upon request. Licensee shall provide the first SOP Certification not later than August 31, 2020, and each calendar year thereafter, shall provide an SOP Certification as provided in Section 7.c. of this Amendment #1.

d. At Licensor's option, and at its sole cost and expense, Licensor may contract with one or more individual(s) or entity(ies) capable of performing administration services relating to the database (each, a "Database Administrator"). Licensee agrees that, notwithstanding any language to the contrary elsewhere in the Agreement, (i) any rights of Licensee to the Licensed Technology extend to each Database Administrator, solely to the extent such Database Administrator is performing services on behalf of Licensor, (ii) any license rights which Licensee is to secure for Licensor shall also be secured on behalf of each Database Administrator, solely

to the extent such Database Administrator is performing services on behalf of Licensor, and (iii) Licensee shall promptly cooperate with all reasonable requests from Licensor relating to the Database Administrators' operation, function, use, transition or changes to the Licensed Technology or any Components relating thereto.

e. Due to the extended Term of the Agreement, the parties anticipate technology advancements relating to Licensed Technology and Components relating thereto will occur, and certain Components relating to the Licensed Technology may become Obsolete and other improvements or configurations may become desirable. The parties will work in good faith to keep the Licensed Technology at all times current with technology advancements and each party agrees to undertake discussions and seek to reach agreement on a plan to limit or eliminate the dependency on the Oracle Components; *provided*, neither party shall be required to participate in any such plan that will reasonably jeopardize the ability for the Licensed Technology to be continuously operated and maintained in accordance with the Specifications. Licensee shall use commercially reasonable efforts to prevent Components relating to the Licensed Technology from becoming Obsolete, and shall at its own cost and expense, promptly modify the Licensed Technology and provide replacement for any Obsolete Components relating thereto, such that License Technology does not require or rely upon any Obsolete technology or component.

f. Upon receipt of telephone or email notice(s) from Licensor specifying Errors, Licensee will cure such Errors prudently and expeditiously, at its own cost and expense, so that the Licensed Technology operates in accordance with the Specifications as soon as practical thereafter. Licensor shall inform Licensee if it believes an Error to be a Critical Impact Error. After acknowledgment of the Error, Licensee and Licensor may mutually agree to assign a different severity level, but if such agreement cannot be reached after a brief, good faith discussion, then the Licensor's classification of the Error shall govern. For each Critical Impact Error reported by Licensor: (i) Licensee will respond with confirmation of its receipt of Licensor's notice within three (3) Business Hours of such notice; and (ii) Licensee will resolve the Critical Impact Error or provide an acceptable Workaround within one (1) Business Day of such notice. Until a Workaround has been provided for a Critical Impact Error, or such Critical Impact Error has been resolved, Licensee shall provide Licensor with reasonably detailed reports regarding its progress in diagnosing and fixing such Critical Impact Error at least every four (4) Business Hours. For any Error which is not a Critical Impact Error, Licensee shall provide reasonably detailed reports to Licensor within three (3) Business Days of Licensor's request.

g. Licensee shall, at all times and at its own cost and expense, establish and maintain the organization, staff, contractors and processes to comply with the Specifications. Without limiting the foregoing, Licensee shall maintain and have available during all Business Hours at least one person for Licensor to speak with so as to report any Errors.

h. Without limiting the foregoing and in addition to Licensee's other obligations in the Agreement, if Licensee makes improvements, system upgrades, functionality additions, or other technology advancements relating to any database owned or operated by Licensee ("Association Database Advancements"), Licensee agrees that following Licensor's request, Licensee shall, at its own cost and expense and in accordance with Section 8.i. of this Amendment #1, make any corresponding Association Database Advancements within the Production Environment and the Transition Environment.

i. Licensee shall not make any Material Environment Change without (i) providing written notice to Licensor of the rationale for the Material Environment Change, (ii) assuring the Material Environment Change shall not adversely affect the Licensed Technology or Licensee's ability to perform its obligations in accordance with the Specifications, and (iii) providing Licensor with a reasonable opportunity to object to the Material Environment Change. If Licensor objects to any Material Environment Change, Licensee shall take all reasonable measures to address, mitigate and assuage such objection, to Licensor's reasonable satisfaction prior to affecting such Material Environment Change. Notwithstanding Licensee's obligation to keep the Transition Environment current at all times, Licensee shall not make any change to the Transition Environment if there is not an Insourcing

Event. If an insourcing event occurs, Licensee shall promptly update the Transition Environment but only after receiving Licensor's prior written consent, which shall not be unreasonably withheld.

9. **Option to Insource.**

a. In addition to, and without limitation of, any rights to the Licensed Technology as set forth elsewhere in the Agreement, including under Section 2.B. of the Agreement, Licensor may elect by providing notice to Licensee thereof to take on, or permit a third party to undertake, the operation, maintenance and support of the Licensed Technology and any Components relating thereto within the Transition Environment, upon any of the following events:

i. A receiver, trustee or similar officer is appointed for the business or property of Licensee;

or

ii. Licensee files a petition in bankruptcy, files a petition seeking any reorganization, makes an arrangement, composition, or similar relief under any law regarding insolvency or relief for debtors, or makes an assignment for the benefit of creditors; or

iii. Any involuntary petition or proceeding under bankruptcy or insolvency laws is instituted against Licensee and not stayed, enjoined, or discharged within thirty (30) days; or

iv. Licensee takes any action authorizing any of the activities set forth in Sections 9.a.i., 9.a.ii, or 9.a.iii.; or

v. Licensee becomes insolvent or otherwise unable to pay its bills as they become due; or

vi. Licensee ceases to carry on all or any significant part of its business; or

vii. Licensee is in breach of its obligations as to the operation, maintenance, support or modification of the Licensed Technology under the Agreement or any maintenance agreement entered into in connection with the Licensed Technology (or there is anticipatory repudiation by Licensee of any material obligation); or

viii. Licensee states, either in general to the public, or in writing to Licensor, that Licensee does not intend to comply with its obligations under the Agreement; or

ix. The occurrence of a force majeure event (as such term is generally understood) that reasonably appears probable to prevent Licensor from being able to perform its maintenance and support obligations with respect to all or any portion of the Licensed Technology for a period more than five (5) Business Days.

b. Following any Insourcing Event, (i) all of Licensee's rights under Section 2.A. of the Agreement become non-exclusive notwithstanding any language in Section 2.A. of the Agreement to the contrary, (ii) Licensee shall not be entitled to any revenues or fee splits attributable to the Licensed Technology after the Insourcing Event, (iii) Licensee shall reasonably cooperate with Licensor and its designee(s) to facilitate a smooth transition of the operation, maintenance and support of the Licensed Technology consistent with the Specifications ("Transition Assistance") for the period of time requested by Licensor, not to exceed twelve (12) months from such Insourcing Event ("Transition Assistance Period"); and (iv) continue to observe its obligations in accordance with the terms of the Agreement until such transition has been completed (as reasonably determined by the Licensee) or the expiration of the Transition Assistance Period, whichever occurs first.

c. Following completion of the Transition Assistance, (i) Licensee shall be entitled to reimbursement of its actual and direct out-of-pocket expenses incurred as a result of performing the Transition Assistance requested by Licensor, and (ii) all of Licensee's rights to use the Licensed Technology shall immediately terminate notwithstanding any language in Section 2.A. of the Agreement to the contrary.

10. **Other Terms.**

a. Except as expressly set forth in this Amendment #1 to the contrary, the Agreement shall in all other respects remain unchanged and in full force and effect.

b. This Amendment #1 is not intended to limit the rights and obligations of Licensor and Licensee pursuant to the Court Rulings or as such rights and obligations are set forth in the Agreement prior to entering into this Amendment #1; rather, this Amendment #1 is intended to further extend the rights and obligations of the Licensor and Licensee. Any conflict between the Agreement and any of the Court Rulings shall be read in favor of the Court Rulings. Any ambiguity arising as a result of this Amendment #1 and the terms and conditions of the Agreement as such were in effect prior to the Amendment Effective Date (the "Original Terms") shall be read in favor of the Original Terms.

c. Licensee shall perform its obligations under the Agreement in a manner to guard against performance failures resulting from force majeure events (as such term is generally understood) and other reasonably anticipated natural disasters, fire, acts of God, terrorism, criminal activity, civil disturbances, and other deleterious activity, and shall not be excused for nonperformance as a result of events outside of its reasonable control, except for such nonperformance proximately caused by the breach or negligence of Licensor.

d. The last sentence of Section 5.B. of the Agreement is deleted in its entirety.

e. Section 7.H. of the Agreement is deleted in its entirety and replaced with the following:

Applicable Law; Exclusive Venue. This Agreement shall be governed by and construed in accordance to the internal laws of the State of Colorado. Each party hereby irrevocably agrees that the District Court of Colorado for Arapahoe County shall be the exclusive venue for hearing any disputes arising out of or relating to this Agreement, and each party irrevocably submits to *in personam* jurisdiction in such District Court.

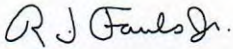
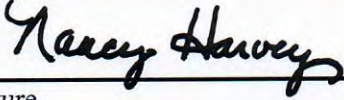
f. Any cost or expense incurred by a party for which such party is entitled to reimbursement by the other party (the "Reimbursing Party") shall first be invoiced by the party only after incurring the expense ("Invoicing Party"). The Reimbursing Party shall pay all such undisputed invoiced amounts within thirty (30) days from its receipt of the invoice and all reasonably required supporting documentation for such expenses.

g. Notices sent to Licensor pursuant to Section 7.B. of the Agreement shall be sent to The Purebred Arabian Trust, Attn: Mr. Robert J. Fauls, Jr., at his then-current home address, or to such other address as Licensor may communicate in writing.

h. No approval or consent by a party shall be unreasonably withheld, conditioned or delayed.

[Signatures on following page.]

The parties hereto have caused this Amendment #1 to be signed by duly authorized officers or representatives on the Amendment Execution Date to be effective as of the Amendment Effective Date.

The Purebred Arabian Trust	Arabian Horse Association
	
Signature	Signature
Robert J Fauls Jr.	Nancy Harvey
Name	Name
The Purebred Arabian Trust	President, Arabian Horse Association
Title	Title
6/27/2020	6/26/2020
Date	Date

Exhibits

Exhibit A – This exhibit remains unchanged and is attached to the Original Terms.

Exhibit B – Attached as the subsequent pages to this Amendment #1

[Signatures page to Amendment #1 to License and Security Agreement.]

Exhibit B

Components Used in Connection with Licensed Technology

The following Components are necessary for the operation, maintenance and use of the Licensed Technology in accordance with the Specifications:

- Dell PE 740 Linux Server
 - CentOS Operating System
 - Installed Tomcat 9 Web Server
 - Deployed executables
 - PARS Web Application
 - PARS Web Services
 - ParsAccountingWS
 - ParsCompetitionWS
 - ParsCustomerWS
 - ParsDocumentImageWS
 - ParsHorseWS
 - ParsLabWS
 - ParsMarkingWS
 - RacingReportsWS
 - PARS Java Applications (Agents)
 - ParsJadeAgent
 - Print Agent (Windows application used by AHA to print fulfillments)
 - Third Party Libraries
 - jPDFPimt (used by PARS to create PDF fulfillments)
 - Annual Maintenance (\$112./yr)
 - Various Open Source Java libraries
 - Included in deployed executables.
 - Installed Oracle 11g Database
 - PARS database
 - Database recovery scripts with documentation
 - Production HRS backup files.
 - PARS File System
 - PARS Scanned Documents
 - Image Files
 - Envelope/Image File cross reference csv file
 - PARS Source Code