

S TACHOWSKI FARM INC.

BREEDING CONTRACT

1. BREEDING FEE:

The undersigned, Owner ("Mare Owner") of the Mare (Name) _____
Registration# _____ and Breed _____ hereby agrees to breed to the
Arabian Stallion Baske Afire ("Stallion") AHRA# 0564547 standing at Stachowski Farms, Inc. (hereafter
"SF") or its custodian, and to pay a booking fee of \$1,500.00 and a breeding fee of \$3,000.00 covering the
2007 breeding season which are due and payable prior to the semen shipment or breeding of the Mare.
**(NAME OF MARE, REGISTRATION# AND BREED ARE REQUIRED TO COMPLETE THIS
CONTRACT.)**

2. OTHER SERVICES AND EXPENSES:

2.1 FOR MARE CARE AT SF

It is understood that in addition to the above stated fee, the Mare Owner shall pay board expenses at the rate of \$14.00 per day for an open mare and \$18.00 per day for a mare with foal, plus Veterinarian's services and expenses including drugs, medications, and supplies required, farrier services and expenses and all other services and expenses reasonable and necessary to insure the well-being and breeding of the Mare. SF or its custodian shall render monthly detailed statements of all such charges and payments therefore shall be made promptly and within the terms set forth in #9 and must be paid in full before the departure of the mare.

2.2 FOR TRANSPORTED (COOLED) SEMEN

Prior to the transportation of a Stallion's semen all fees in connection with shipping must be paid in full. The semen collection and transportation fee shall be \$295.00 for next day delivery (Federal Express) and \$420.00 for same day delivery (Courier service to the Airport). Purchaser shall pay additional charges for Saturday delivery, in addition to the charges set forth above. Shipment container must be returned via Federal Express Overnight service within 72 hours of receipt. In the event of a container not being returned on time there is a \$25.00 per day late charge. All fees, deposits and late charges must be paid in full prior to each shipment.

3. CONDITIONS FOR ACCEPTANCE FOR MARES TO BE BREED AT SF:

Prior to or at the time of arrival of the Mare, SF or its custodian shall be furnished with a copy of Mare's Registration Papers and a Veterinarian's certificate certifying:

- 1) That the Mare has been examined prior to her shipment date and is in good health and condition to be bred.
- 2) That the Mare has received a current negative Coggins test.
- 3) That the Mare has been inoculated against EW tetanus infection within the past 6 months.
- 4) That the Mare has had Flu-Vac, within the past 6 months.
- 5) That the Mare has had Rhino, within the past 6 months.
- 6) That the Mare has a negative uterine culture within 90 days.

SF or its custodian, reserve the right to refuse acceptance of the Mare under this agreement, if in the event major medical problems arise or develop which, in the opinion of SF or its custodian, would preclude the breeding of the said Mare, upon notification, this Contract shall terminate and the parties shall be relieved of any further obligation or liability hereunder, except Mare Owner's obligation to remove the Mare from SF or its custodian, at Mare Owner's expense, at which time all outstanding bills and Mare Owner's obligations under termination, to substitute another Mare to complete the contract.

4. CONDITIONS FOR ACCEPTANCE FOR MARES TO BE BRED BY TRANSPORTED SEMEN:

Prior to the semen shipment to the Mare owner, SF or its custodian shall be furnished with a copy of the Mare's Registration papers. The mare must also have a negative uterine culture (90 days) prior to semen shipment.

5. TRANSPORTED SEMEN AGREEMENT

- 5.1 COLLECTION SCHEDULE - Collection of semen for shipment will occur at 11:00 A.M. Eastern Time on Mondays, Wednesday's, and Friday's throughout the designated breeding season. Shipment will be by priority overnight FedEx unless otherwise designated.
- 5.2 NOTIFICATION FOR SHIPMENT- Mare owners must notify SF or Custodian 24 hours in advance or up to 11 A.M. eastern time on the day of a scheduled collection for overnight FedEx. If airline shipment is requested, notifications MUST be 24 hours in advance for proper scheduling. Semen availability will be on a first come first served basis. Purchaser expressly acknowledges that all orders for semen are subject to availability.
- 5.3 SEASONAL LIMITATIONS- A mare owner may not receive more than six (6) semen shipments during a regular breeding season. With proper notice another mare may be substituted or the original mare may be sent to SF or its affiliates for on the farm insemination.
- 5.4 DESIGNATED BREEDING SEASON- Breeding season is from February 15 through August 31. The Stallion Owner reserves the right to exhibit Stallion at certain horse shows during breeding season. Semen will not be available at these times. The Stallions show schedule is available by calling SF at (330-274-2494).

6. REBREEDING PRIVILEGE:

SF and its custodian anticipate a live foal from this mating. A live foal is defined for the purposes hereof as one, which stands and nurses for at least 24 hours. Should the Mare abort at any time after being confirmed in foal to the Stallion, or should her foal be born dead, the Mare Owner is guaranteed a return privilege for the same Mare or a substitute Mare, during the same or next season free of any additional fees except for any unpaid services, expenses, or fees under numbers 1 and 2. If a return privilege is exercised after the same or next season a fee of \$750.00 shall be charged and paid plus any unpaid services, expenses, or fees under numbers 1 and 2. The return breeding privilege can only be exercised for the two (2) breeding seasons following the initial breeding season.

This privilege shall not apply unless, SF or its custodian is notified by registered or certified mail, return receipt requested, within ninety-six (96) hours of delivery of the aborting foal's death and a statement by a licensed Veterinarian follows within twenty (20) business days setting forth the details thereof and certifying that such abortion or death did not result from any act or omission of the Mare Owner, or any other party subsequent to the Mare being confirmed in foal, and that all due care had been exercised and that said Mare has been afforded all reasonable protection.

7. CONTRACT NULLIFICATION:

It is understood that should the Stallion die or become unfit for service and the Mare does not produce a foal, this contract shall become null and void, in which case, money paid as breeding fees only, shall be refunded as per #10 to the Mare Owner while monies paid for services under #2 shall not be refunded. Furthermore, in the event the Stallion dies or becomes unfit for service; frozen semen will not be made available to fulfill this contract.

8. REPRESENTATION:

SF hereby represents to the Mare Owner that any semen transported will be from the Stallion indicated on the Semen Collection Report, and that any other information on the Report shall be accurate. SF DISCLAIMS ALL OTHER REPRESENTATIONS AND WARRANTIES CONCERNING OR RELATED TO THE TRANSPORTED SEMEN, INCLUDING WITHOUT LIMITATION ALL REPRESENTATIONS AND WARRANTIES OF MERCHANTABILITY AND/OR FITNESS FOR A PARTICULAR PURPOSE.

SF hereby represents to that all applicable Mare and personal information is true, complete and correct.

9. WAIVER OF LIABILITY:

Except in the event of gross negligence, recklessness, or willful misconduct by SF, its agents, servants or employees (the "Parties"), shall not be liable for any sickness, disease, estray, death or injury which may suffer by the Mare, or any foal of the Mare, or for any other cause of action whatsoever arising out of or in any way connected with the breeding or provision of any service to the Mare. Mare Owner understands that SF does not provide any public liability, accidental injury, theft or equine mortality insurance on the Mare or any foal that may be born to the Mare as a consequence of breeding the Mare to the Stallion, and that all risks connected with connected with breeding or provision of any service to the Mare and such foal shall be born solely by the Mare Owner. MARE OWNER HEREBY AGREES THAT SF PARTIES SHALL NOT BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING FROM THE TRANSACTIONS COVERED BY THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY DAMAGES ARISING FROM THE NON-PERFORMANCE OF OBLIGATIONS WHICH MARE OWNER MAY HAVE UNDERTAKEN TO ANY THIRD PARTY IN RELIANCE UPON ANY PROMISES IN REPRESENTATIONS MADE IN THIS AGREEMENT, IN NO EVENT SHALL SF BE LIABLE FOR ANY ACTION OR CAUSE OF ACTION ARISING UNDER THIS AGREEMENT EXCEED THE AMOUNT OF THE FEES PAID BY MARE OWNER HEREUNDER.

10. PAYMENT OF FEES:

Mare owner hereby agrees to pay SF all applicable charges, fees. Services and expenses identified on the agreement. Except for those which require payment in advance, the charges, fees and expenses shall be due and payable within 15 days of any invoice rendered by SF. Mare owner will pay a late charge of one and one-half percent per month or the greatest charge allowed by law on all past due moneys. All payments shall be paid in lawful money of the United States at the office of SF. Mantua Ohio.

11. REFUND OF FEES:

The only fees that are refundable under this agreement are the breeding fees and the container fee. The breeding fees are only refundable should the stallion die or be unfit to breed for any reason.

The fees are refundable only as follows:

- 1) Fully refunded if no semen has been shipped or breeding attempted.
- 2) Fifty percent (50%) of the breeding fee will be refunded if semen has been shipped for the first year of breeding or at least one breeding attempt.
- 3) No refund will be made if semen has been shipped or breeding attempted in two or more years.
- 4) The container deposit is refundable when mare is checked in foal, or when the container is no longer needed for more shipments of semen to mare Owner.

12. TRANSFERS OR SALE OF BREEDING:

This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors. The breeding or re-breed right may only be transferred with the sale of the above Mare. Only if the breeding has been completely paid for, the new Mare Owner executes a new service contract, and pays 20% of the breeding fee, as a transfer fee, within 30 days of the sale or the breeding becomes nullified. There are no other provisions for the transfer or sale of these rights.

13. MISCELLANEOUS PROVISIONS:

Mare owner hereby agrees to indemnify and hold harmless the SF parties harmless from and against any and all claims, demands, causes of action, damage, costs, and expenses. Losses or liabilities, at law or in equity, of every kind and nature know or unknown arising out of or in any manner connected with any injury to any third party person or persons or the property of any third party or persons caused by the Mare, or any foal resulting from any breeding of the Mare to the Stallion, and any and all claims, demands, causes of action, damages, costs, expenses, losses or liabilities, at law or in equity, of every kind and nature know or unknown arising out of or in any manner connected with any injury to Mare or any foal of the Mare while they are in custody of SF parties.

This agreement herein constitutes the entire agreement between the parties and supersedes all prior oral and written negotiations and understandings with respect to the subject matter hereof. Except as otherwise provided herein, this Agreement may be amended or modified only in writing, with 30 days notice, signed by both parties.

Any communication or notice made in connection with this Agreement shall be made in writing only. Any notice or communication shall become effective when deposited in the United States mail properly addressed to the addresses at the end of the Agreement with proper for first-class mail.

Mare Owner shall reimburse SF for all costs, fees and expenses, including reasonable attorney s fees incurred by rights under this Agreement, and for all federal, state, and local sales or use tax liabilities, if any, connected with however, taxes based on the net income of SF.

In the event of the dispute between the parties concerning this Agreement, the prevailing party, whether or not a suit, action or arbitration is instituted, shall be entitled to recover reasonable attorney s fees, costs, and disbursements arising from any such dispute including without limitation, at trial, on appeal, in connection with the enforcement of any judgment or in the interest of any voluntary or involuntary bankruptcy proceedings.

This agreement may be executed in counterparts. Any lawful or unenforceable provisions of this agreement shall be severable without affecting the validity of the balance of the agreement.

This agreement shall be governed by construed in accordance with the laws of the state of Ohio. Any dispute related to this agreement shall be resolved by binding arbitration through the American Arbitration Association in Portage county, Ohio before a single neutral arbitrator who shall be familiar with the equine industry, and who shall award costs and attorneys fees to the prevailing party.

MARE OWNER HAS READ AND ACCEPTS ALL OF THE TERMS ON EACH PAGE OF THIS AGREEMENT.

Mare Owner

Date

Address

Semen Shipping Address if Different

City, State, Zip code

City, State, Zip Code

Mare Owner, Signature

PHONE NUMBER (IMPORTANT)

STACHOWSKI FARM INC.

DATE