

CONTRACT BETWEEN THE TRAKEHNER VERBAND AND THE TBF
25th October 1985, Amended 1996

Notes:

This is a working translation of the text of the contract: the German language version prevails in the event of dispute

Provision is made for review every ten years. The amendments made in 1996 have been incorporated for convenience. Notes are added in italics to indicate where changes have been made.

1. Preamble

1.1 The Trakehner Verband (TV) and the Trakehner Breeders' Fraternity (TBF) pursue the breeding of the Trakehner horse on the principle of pure blood, which is also established in the regulations of both Associations.

1.2 The TV and the TBF wish to give mutual advice and assistance in all matters concerning breeding in order to fulfil the conditions of their commitments in accordance with the regulations and to establish and promote the Trakehner horse throughout the breeding areas of the United Kingdom

1.3 In order to further these common aims and achieve the desired co-operation in breeding the horse of Trakehner origin in the UK, the TV and the TBF make the following agreements:

2. Breeding Areas, Breeding associations, Breeding Aims, Recognised Horses

2.1 The TBF acknowledges the Federal Republic of Germany as the main breeding area of the Trakehner horse and irrevocably acknowledges the TV as the head breeding association.

2.2 The TV irrevocably recognises the United Kingdom (UK) as a breeding area with the TBF as the breeding association for this area. The TV irrevocably recognises the TBF as the only breeding association in the UK and under the provisions of this agreement all matters relating to the breeding of the Trakehner horse in the UK are solely under the control of the TBF. The TV shall not acknowledge any other breeding associations in the UK without the consent of the TBF.

2.3 The TBF and the TV hereby commit themselves to continuing to maintain the principles of pure breeding as presently maintained by the TV and establishes in the TBF regulations. Any deviation from these principles whether actual or in accordance with the regulations may only be made by mutual consent.

2.4 Only horses of proven pure Trakehner origin shall be recognised. These horses must originate from the breeding area of the TV or of the TBF or from another breeding area with which the TV has made a similar agreement

3. Registration of Pure Bred Horses and Stallion Licensing

3.1 The TV and the TBF shall keep their own separate registration offices. The TBF shall commit itself to send the TV a copy of the registration document of all purebred Trakehners and thoroughbred horses which it registers. The TV shall therefore be in a position to obtain information at any time about the state of breeding and progeny in the UK in order to provide assistance and advice on breeding in compliance with the regulations. The TBF and the TV shall allow each other unlimited access at any time to the Studbooks and Registers of both Associations.

3.2 The stallion licensing commission of the TBF, which is responsible for approving stallions for registration in the main studbook of the TBF, shall consist of three Extended National Committee Members who have been appointed by the TBF National Committee and a representative of the TV who is either the breeding manager or his/her official representative. Stallion licensing shall be performed in one or several central places in the UK. The TV shall be informed exactly of the venue and time of the licensing at least two months in advance. 50% of the cost of the TV

representatives participating in stallion licensing shall be paid by each association. Licensing shall take place annually.

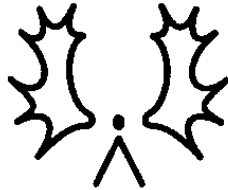
3.3 The breeding manager or other person acting on behalf of the TV has the right to cast two votes when UK stallions are being presented for licensing and registration. While the other members of the licensing commission have only one vote. This measure gives the TBF optimal support when selecting stallions for breeding in compliance with the Trakehner breeding aim. The composition of the licensing commission and the overall rights to vote must be established in the regulations of the TBF.

4. Association Mark and Brand

(Note this paragraph was reworded in 1996 to the following text)

4.1 Brand The Trakehner Verband is the owner of the UK trademarks nos. 1 132 595 and 1 132 596 (pair of elk's antlers) as well as nos.1 132 593 and 1 132 594 (single antler with bow) (Trakehner Brand).

4.2 The Trakehner Verband herewith agrees to provide TBF and its members with the exclusive right to use the pair of elk's antlers with an additive designating TBF as its sign and in the form of a brand as a recognised mark of origin of a purely bred Trakehner horse registered with TBF in Great Britain, on all horses registered in the main pedigree register of the TBF in the following form:



4.3 All horses which are registered after this Agreement has come into force must be branded with this brand mark. All foals should be branded on the left hind quarters.. *(Neck branding has been discontinued)*

4.4 Furthermore, the above-mentioned emblem may be used on all documents, papers and letterheads used by TBF.

4.5 TBF commits itself and its members to refrain from using the Trakehner brand except in the way expressly permitted by this Agreement and to support the Trakehner Verband in legal action concerning infringement of these marks also through third parties.

(Paragraph 5 was deleted by the amendments agreed in 1996)

6. Fees

6.1 The TBF shall pay the TV a licence fee of £St20 for each of its members who use the brand stipulated in paragraph 4, including those who join after this contract is signed.

6.2 The TBF shall also commit itself to pay a fee of £St4 for every registration of a Trakehner or of a Thoroughbred horse and a fee of £St8 for every horse which receives the brand stipulated in paragraph 4. Payment shall be made by 31st December each year.

6.3 The associations agree that neither of them should be at an advantage or disadvantage due to any change in the purchasing power of money. In the case of such change the fees due to the TV shall rather be brought into line with the changed

purchasing power of the currency in question on the basis of good faith. Circumstances in the Federal Republic of Germany shall be decisive in this. If the parties to the contract cannot agree about an increase or decrease of the fees due, the final adapted amount shall be conclusively fixed on the request of one partner by the Chamber of Industry and Commerce in Neumünster or by an expert appointed by the latter acting as arbitrator. The arbitrator shall also determine the fees for his/her intervention which shall be borne by the TV.

7. Period of Validity of this Contract, and Termination of Contract

7.1 This contract shall be valid for a period of 30 years. It shall be automatically extended by one year at a time if written notice of termination is not given in German one year before it is due to expire. However, after a period of ten years has passed since the contract was signed, each side shall have the right to request negotiations on any possible modification of the contract.

7.2 **(As amended in 1996)** Each of the parties has the right to terminate this Agreement for cause. Cause is given when major regulations set forth in this Agreement are violated, such as:

- pure-breeding of the Trakehner horse,
- registration with the Trakehner Verband and the payment of the standard fees,
- the use of the brand mark,
- consultation with a representative of the Trakehner Verband with regard to the selection of stallions for breeding.

Before the Agreement can be terminated for cause, the party which has violated the Agreement shall be sent a written warning notice, giving said party the opportunity to correct the violation within 6 months calculated from the date of the warning notice.

7.3 **(as amended in 1996)** Once this Agreement has ended, for whatever reason, TBF may no longer use the brand mark described in § 4 no. 2 nor any other brand mark which contains a pair of elk's antlers or a single elk's antler. For each case of contravention, the TBF shall be obliged to pay a contract penalty to the amount of half the average market price asked in the German Federal republic for pure-bred Trakehners for one weaned colt or filly foal (depending on the sex of the branded horse) In the case of dispute, the amount shall be set conclusively by one of the experts appointed by the Neumunster Chamber of Industry and Commerce under the conditions set out in paragraph 6, and acting as arbitrator.

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8. Court of Jurisdiction and International Jurisdiction

8.1 German law shall be valid. The German copy of this contract shall be the contract valid in law

For disputes about this contract the international jurisdiction of the German Courts and, in the first instance the jurisdiction of the Landgericht Kiel (County Court of Kiel) shall be invoked.

9. Changes or Amendments

9.1 Changes or amendments to this contract must be in writing. Agreements by word of mouth are invalid.

10 Validity Clause

10.1 Should a condition of this contract become inoperable, the validity of the contract shall remain unaffected. Any inoperable conditions arising should be replaced by rulings, which are most likely to realise the intentions of the contract partners profitably.