



Robert J. Fauls, Jr., Chairman
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June 11, 2021

**Deborah Johnson, President
Arabian Horse Association**

Re: Notice of Insourcing Event

References:

**License and Security Agreement (LSA), April 1, 2003
Amendment #1 to LSA, June 26, 2020
Notice of Insourcing Event Letter, May 14, 2021
PAT letter AHA, clarification and follow up, May 18, 2021
AHA letter to PAT, "Amicable Divorce", June 3, 2021
PAT letter to AHA, "Transition", June 3, 2021
Phone calls and emails between AHA and PAT, June 5-10, 2021**

Dear Deborah,

I spoke with Peter yesterday and understand that AHA's Board of Directors will be meeting in the next few business days to consider whether and perhaps how to proceed with a "divorce" from the PAT. We now understand that meeting is scheduled to occur on Monday, June 14th. While the PAT is certainly willing to evaluate and discuss such a "divorce", we need to make it clear to you and the AHA Board that promptly transitioning the Purebred Registration System to the PAT is separate from a "divorce", which relates to corporate governance issues. If the transition is to be done cooperatively, then it must begin immediately following this meeting and not as part of some ongoing governance restructuring.

It has been nearly a month since the PAT's May 14, 2021, notice of Insourcing Event and AHA still has provided no indication whether or not it will begin cooperating with the PAT to transition registration services. The AHA Board should know that further delay in answering the straightforward question of whether or not AHA will cooperate with transitioning the registration system will itself be an answer (that it will not). Again, the PAT looks forward to working together to cooperatively transition the system pursuant to the amended LSA. But, if

not, the PAT remains ready to pursue legal remedies to obtain that result if necessary. I look forward to hearing AHA's answer on Monday after your Board meeting. Thank you.

Regards,

Bob Fauls,
Chairman
Purebred Arabian Trust

cc:
Peter Conway