



PUREBRED
ARABIAN TRUST

Robert J. Fauls, Jr., Chairman
Purebred Arabian Trust
9714 Niblick Lane
Naples, Florida 34108-1924
bob@fauls.com
www.PurebredArabianTrust.org

May 14, 2021

Re: Notice of Insourcing Event

Dear Deborah,

This letter follows up on our recent discussions regarding the ongoing technical and software problems that have rendered the purebred Arabian Registration System inoperable for several weeks. Given the severity and duration of this situation, in addition to being a "Critical Impact Error" as that term is defined in the June 26, 2020, Amendment #1 to License and Security Agreement (the "Amendment"). AHA has breached its obligations regarding the operation, maintenance, support or modification of the Licensed Technology under the License and Security Agreement (the "LSA"). Thus, I write to provide AHA with notice of this Insourcing Event, under Sections 9(a), (a)(vii) and/or (a)(ix) of the Amendment. In addition, AHA is also in default under Section 6(D) of the LSA for failure to pay Royalties when due and payable.

Based on this, the PAT hereby notifies AHA, pursuant to Sections 9(a) and (b) of the Amendment, that it will undertake operation of the Licensed Technology to perform purebred Arabian horse registrations through it designees. We therefore request that AHA immediately begin producing the necessary Transition Assistance, as required by the Amendment, to facilitate this task. To that end, please let us know when Jim Lawless can be available by videoconference or telephone to discuss the necessary next steps with Bruce Johnson to facilitate this transition.

We look forward to working with you on this transition. Please let me know if you have any questions regarding this matter. Meanwhile, please advise as soon as possible regarding Jim Lawless' availability for a call in the next few days.

Regards,

Bob Fauls,
Chairman
Purebred Arabian Trust

Cc:

Lee Gray
Trustees, Purebred Arabian Trust