

December 27, 2010

BRN4D Incentive Fund

13159 South Leland Road
Oregon City, OR 97045

Re: Incentive Fund Payout

An overview of the program as follows:

Forty-six progeny were eligible for breeder payouts. Thirty-nine progeny earned points between December 1, 2009 and Nov 30, 2010 or were 5 years old or older. Three sale graduates earned points.

There were 10 renewing and 6 new stallions @ \$500 each =	\$8,000
Thirty-eight horses were new grandfathered progeny and paid in \$250 each =	<u>\$9,500</u>
Total income available for distribution in 2010 =	\$17,500
Less Administration takeout of 20% =	<u>{ \$ 3,500 }</u>
Which leaves a distribution amount =	\$ 14,000

1. The Breeders portion 80% (55% plus **25%) of \$ 14,000= \$ 11,200
 - Progeny Owners - 60% of \$ 11,200= \$ 6,720
 - Stallion Owners - 20% of \$ 11,200= \$ 2,240
 - Breeders - 20% of \$ 11,200= \$ 2,240
2. Futurity portion 25% of \$ 14,000 See below**
(* **paid to breeders which included futurity horses) \$ 000
3. Sale Graduates 20% of \$14,000 = \$ 2,800

See spreadsheet for details.