

Blue Sky Stables:

Thoroughbred Horse Racing Partnership

Everyone may have different reasons to want to participate in the horse racing industry. Blue Sky Stables has been initiated for a single and simple purpose.

The intention of this horse racing partnership is to allow all partners the ability to enjoy and participate in thoroughbred horse racing without the time and expense that sole ownership can entail.

Share price of each horse is predetermined and static. The monthly expense associated with each share is set on an annual basis, paid monthly, no surprises. Your ability to exit the partnership is fully explained and straightforward.

Horse racing is a sport. There is no guarantee of any monetary return based on an individual's level of participation in the sport of horse racing.

The partnership agreement is not to be mistaken for any type of investment. Individuals who are looking for an investment opportunity should consult their own legal and tax advisors for advice on horse racing as an investment. This document does not contain any information that is, or should be construed to be, legal, tax, or investment advice.

Horse's offered as partnership shares in this agreement:

Two horses are being offered as shares, named Tingle and Albedo. The pictures attached show the somewhat different but in many cases the same profiles of these two horses. The horses are different in body markings and colour but generally quite similar in body structure, or confirmation. The reason they look similar is because they are full sisters, same sire (father) and same dam (mother).



Tingle raced as a two year old in 2010. This in itself is worth noting as many two year olds do not participate in an actual race for a variety of reasons, including, colds and flu's they have not been exposed to earlier on, bucked shins, (same as your shins getting sore from standing or walking an extended period) or simply advice from the trainer (the person in charge of your horse while at the racetrack) to let the horse go home and grow up.

Tingle's race record is attached. She performed very well in 2010, a proven winner, with purse earnings exceeding \$11,000.00. She will race as a 3 year old in 2011, initially at Marquis Downs in Saskatoon and based on performance and majority approval by the partners, may race in Manitoba or Alberta later in the year. Tingle is a Saskatchewan bred (born in the province) and is therefore eligible to some races with higher purses

(the money you run for) during the race meet in Saskatoon in 2011.

Albedo will be trained as a 2 year old in 2011, and will race in Marquis Downs, as determined by the trainer based on their expertise and advice. Albedo is also a Saskatchewan bred therefore is eligible to some higher purses as well.

Saskatchewan bred 2 year olds were eligible to approximately \$55,000.00 in restricted purses in 2010. Albedo has been broke to ride and is ready for training. The \$1,200.00 fee has been paid for her to be eligible for the 2011 Prairie Lily Stakes - Purse: \$25,000.00

Tingle and Albedo's dam is Tamorons Blade, she is sired by Saratoga Express, I have owned her since she was a yearling and she is a stakes winner of over \$90,000.00 during her race career. Their sire is Sea Wall. He was a stakes winner of over \$170,000.00 and has sired the winners of more than \$6,000,000.00. The bloodlines of the sire and dam represent a classic breeding niche for the blood of Northern Dancer, the most successful sire and lineage in racing history.



THE PARTNERSHIP

(Sign and return this page only):

1. There are 10 shares available. Each share represents a 5% ownership in both Tingle and Albedo. There is no limit, up to 10, of the number of shares any individual may purchase.
2. Each share price is \$350.00, again, representing ownership of 5% of Albedo and Tingle.
3. This partnership agreement will expire at the end of December, 2012. Monthly maintenance fees are \$100.00 per share, per month, beginning January 1st of 2011 and ending December of 2012.
4. Maintenance fees include all fall/winter expenses including feed, vet, blacksmith, shipping within Saskatchewan and any other miscellaneous expenses incurred. Fees also include all spring training and summer racing expenses including trainer fees, vet fees, blacksmith, and shipping within Saskatchewan.
5. Maintenance fees will not include nomination or entry fees. These fees are due when entering for restricted or stake races and will be deducted from the horse earnings, if any, or will be charged to each partner at value, ie: 5% of a \$200.00 entry fee will cost an extra \$10.00.
6. Maintenance fees will not include other fees charged by Marquis Downs, charges for jockey expense, percentages charged by a trainer or bonuses paid to a trainer or their employees. These fees are generally charged if a horse runs in a race and/or earns money, some of the fees are based on money earned by the horse, if any, and others will be deducted from the horse account by Marquis Downs.
7. This partnership agreement will expire at the end of December, 2012. If at any time during the life of this agreement circumstances do not allow for your further participation in the partnership, you may forfeit your share to the majority owner of the partnership at no cost, obligation or liability to the majority owner, and your obligation under this agreement will end, effective immediately. At the time of expiry of this agreement, a new agreement will be negotiated between the partners or you may sell your shares at market value or withdraw from the partnership by forfeiting your shares to the majority owner at no cost, obligation or liability to the majority owner, and your obligation under this agreement will end, effective immediately.
8. If for any reason, including sickness, injury or death occurs, one or both of the horses included in this agreement are deemed unfit to race again in the future after such circumstance, the majority owner may, based on agreement with each and any individual partner, take ownership and all obligations for care of each animal, at no cost to the majority owner or any partner. In other words, if something happens and one or both horses can no longer race, I will take care of that horse at no further cost or obligation to you.
9. Each partner is responsible for individual licensing requirements as set out by the various racing commissions in each province in order for the horses to participate at racetracks under their jurisdiction. This partnership agreement will be registered with the S.L.G.A., as is required by the Authority in Saskatchewan, and any other provincial racing jurisdiction where the horses may race.
10. It is Bill Houliston's intention to retain 50% ownership and responsibilities of the partnership, at this time. Consideration will be made for future changes to that policy from time to time. As this may represent majority interest in the partnership, Bill Houliston will be the majority owner noted, for the duration of this particular agreement.
11. The trainer for this partnership will be Judy Hunter who is based in Saskatoon at Marquis Downs racetrack. Judy has extensive experience in horseracing and many other aspects of horsemanship. She is a very straightforward person and will be happy to talk to you with respect to your interest in your racehorses.
12. Judy Hunter will send all incurred expenses to Bill Houliston. Bill Houliston will ensure the timely payment of any such expenses. All partners will have access to expense and income statements on demand. Maintenance fees are payable on the first of each month beginning January 1st of 2011.

Partnership Agreement: Blue Sky Stable - Share Price: \$350.00 made payable to Bill Houliston

Print Name: _____ **Signature:** _____

Address: _____

City: _____ **Prov:** _____ **Postal Code:** _____

Email: _____ **Phone:** _____

Return signed agreement to:

Bill Houliston

Box 512, Lumsden, SK S0G 3C0

Ph:(306) 596-4252

Email: houliston@hotmail.com