

April 20, 2009

American Saddlebred Horse Association, Inc.
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Lexington, KY 40511

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900 Vista Oaks Lane
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Mr. William Whitley
Bd. of Dir., ASHA
913 Queensferry Rd.
Cary, NC 27511

American Saddlebred Horse Association, Inc.

Dear ASHA Directors:

We are senior members in good standing of the American Saddlebred Horse Association, Inc. ("ASHA"). We have become increasingly concerned about the decline in popularity of the American Saddlebred horse in recent years. Since 2005, there has been a steady decrease in the total number of registered Saddlebred horses. The erosion of popularity of our breed is further evidenced by steadily declining attendance over the past decade at the World's Championship, our industry's signature event.

As you know, one of the primary purposes of the ASHA is to stimulate and promote interest with respect to the history, breeding, exhibiting, and improvement of the American Saddlebred. As concerned members of the ASHA, we want to be sure that the ASHA is utilizing its assets in a prudent manner, and in furtherance of the purposes of the ASHA.

After request, the ASHA provided copies of tax returns and certain related financial reports of the ASHA for calendar years 2006 and 2007. After our initial review, these reports seem to indicate that the ASHA has expended significant sums on items for which we are unable to determine what benefit, if any, the ASHA received in return. Those expenditures range from a few thousand dollars to more than \$400,000. Furthermore, none of the financial reports identify the recipients of these disbursements. We believe it is important for the members of the ASHA to be provided with more detailed information about the expenditures of the ASHA, and we are therefore enclosing a list of questions related to certain expenses as to which we would appreciate receiving additional information.

Included in the enclosed list is our request for a copy of the "employment agreement and deferred compensation package" for Alan Balch, the Executive Secretary of the ASHA. According to the ASHA Financial Statements prepared by Bennett & Company CPAs for the year ended December 31, 2007 ("2007 Statements"), the ASHA approved "an employment agreement and deferred compensation package" with Alan F. Balch on October 31, 2007. The 2007 Statements indicate that the compensation agreement with Mr. Balch was given retroactive effect beginning November 1, 2006. The IRS Form 990 filed on behalf of the ASHA for the year 2007 indicates that Mr. Balch's base salary increased to \$100,000, but the financial records we received fail to disclose the additional benefits that Mr. Balch is entitled to receive, in addition to his salary, as part of his "deferred compensation package." As members of the ASHA, we respectfully request a copy of Mr. Balch's "employment agreement and deferred compensation package" so that we may determine the total compensation and benefits that Mr. Balch is entitled to receive from the ASHA while key barometers of the Saddlebred industry are falling. We also want to determine if any deferred compensation owed to Mr. Balch poses a substantial off-balance sheet expense which will become due for payment in future years. In today's

challenging economic environment, and in light of the particular decline in our industry, we want to be certain that the ASHA has not entered into any agreements that might not be in the best interest of the ASHA.

We are confident that you respect the fiduciary responsibilities that you, as Directors, have to the ASHA and its members, including your oversight of the budget and expenditures of the ASHA. We look forward to receiving the information we have requested from you at your earliest convenience. Please provide your response to us by delivering the same to Stoll Keenon Ogden, PLLC, c/o Stephen A. Houston, 2000 PNC Plaza, 500 West Jefferson Street, Louisville, KY 40202.

This request is being submitted by the signatories to this letter, indicated below, as well as the individuals listed on the next page who have authorized us to include their names in this request.

Sincerely,

Tom Ferrabee

Case J. Xroschel Jr

Simon Friedrichson Jr

Kris Knight

Lynn H. Via

Enclosure

Additional Individuals Joining In This Request

Moe Anson

Matthew Heiman, Esq.

John Jones

Billy Knight

Betty Moore

Ron Moore

James Nichols

Randy Stoess

Allison Walker

AMERICAN SADDLEBRED HORSE ASSOCIATION, INC.

1. Provide a copy of the employment agreement and deferred compensation package entered on October 31, 2007 between ASHA, Inc. and Alan F. Balch, as identified in the Financial Statements prepared by Bennett & Company CPAs for the year ended December 31, 2007 (“2007 Financial Statements”).
2. Identify the individuals who voted to approve the agreement and deferred compensation package described in number 1 above.
3. Identify the individuals who voted against the agreement and deferred compensation package described in number 1 above.
4. Identify each individual and entity who received any portion of the “professional fees” totaling \$16,400 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
5. Identify each individual and entity who received any portion of the “professional fees” totaling \$15,650 in 2006 listed in the Financial Statements prepared by Bennett & Company CPAs for the year ended December 31, 2006 (“2006 Financial Statements”), and identify the specific purpose for those expenditures.
6. Identify each individual and entity who received any portion of the expenditures for “meetings/conferences” totaling \$222,166 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
7. Identify each individual and entity who received any portion of the expenditures for “meetings/conferences” totaling \$159,865 in 2006 listed in the 2006 Financial Statements, and identify the specific purpose for those expenditures.
8. Identify each individual and entity who received any portion of the expenditures for “printing” totaling \$200,796 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
9. Identify each individual and entity who received any portion of the expenditures for “printing” totaling \$180,497 in 2006 listed in the 2006 Financial Statements, and identify the specific purpose for those expenditures.
10. Identify each individual and entity who received any portion of the expenditures for “commissions” totaling \$29,369 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
11. Identify each individual and entity who received any portion of the expenditures for “commissions” totaling \$26,105 in 2006 listed in the 2006 Financial Statements, and identify the specific purpose for those expenditures.

12. Identify each individual and entity who received any portion of the expenditures for “contract fee” totaling \$9,600 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
13. Identify each individual and entity who received any portion of the expenditures for “contract fee” totaling \$78,443 in 2006 listed in the 2006 Financial Statements, and identify the specific purpose for those expenditures.
14. Identify each individual and entity who received any portion of the expenditures for “advertising/promotion” totaling \$13,523 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
15. Identify each individual and entity who received any portion of the expenditures for “advertising/promotion” totaling \$63,287 in 2006 listed in the 2006 Financial Statements, and identify the specific purpose for those expenditures.
16. Identify each individual and entity who received any portion of the expenditures for “bank fees” totaling \$19,442 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
17. Identify each individual and entity who received any portion of the expenditures for “bank fees” totaling \$13,214 in 2006 listed in the 2006 Financial Statements, and identify the specific purpose for those expenditures.
18. Identify each individual and entity who received any portion of the expenditures for “interest expense” totaling \$26,179 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
19. Identify each individual and entity who received any portion of the expenditures for “interest expense” totaling \$32,949 in 2006 listed in the 2006 Financial Statements, and identify the specific purpose for those expenditures.
20. Identify each individual and entity who received any portion of the expenditures for “Market Research” performed in 2007 for a total cost of \$12,796 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures. Provide a copy of any document indicating the results of that research.
21. Identify each individual and entity who received any portion of the expenditures for “Market Research” performed in 2006 for a total cost of \$38,721 listed in the 2006 Financial Statements, and identify the specific purpose for those expenditures. Provide a copy of any document indicating the results of that research.
22. Identify each individual and entity who received any portion of the expenditures for “web page/email” totaling \$20,136 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.

23. Identify each individual and entity who received any portion of the expenditures for “web page/email” totaling \$4,267 in 2006 listed in the 2006 Financial Statements, and identify the specific purpose for those expenditures.
24. Identify each individual and entity who received any portion of the expenditures for the “Comm. and Publications” portion of “salaries” in 2007 totaling \$90,157 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
25. Identify each individual and entity who received any portion of the expenditures for the “advancement” portion of the “salaries” totaling \$77,428 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
26. Identify each individual and entity who received any portion of the expenditures for the “administration” portion of the “salaries” totaling \$413,691 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
27. Identify each individual and entity who received any portion of the expenditures for the “Comm. and Publications” portion of “benefits” in 2007 totaling \$12,530 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
28. Identify each individual and entity who received any portion of the expenditures for the “advancement” portion of the “benefits” totaling \$9,758 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.
29. Identify each individual and entity who received any portion of the expenditures for the “administration” portion of the “benefits” totaling \$66,990 in 2007 listed in the 2007 Financial Statements, and identify the specific purpose for those expenditures.