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16th November 1990

TO: THE INTERESTED UNDERWRITERS

Horse: '75 ch stallion, ALYDAR  
D/D: 15th November 1990

In order to expedite this first report, we are bypassing our usual format. We are representing interests in the approximate total amount of \$28 million dollars.

Photos, 8 x 10 in size, are included with the leads report. We request Hogg Robinson Group share these with all. More prints for individuals will follow.

ASSIGNMENT: We received first notice about ALYDAR's original injury in a telephone call to our residence by Kathy Jones at 10:15p.m. on 13th November 1990. At that time, she reported that ALYDAR had broken a leg and we were requested to go to Calumet Farm where the 15-year old stallion is stabled as soon as possible. Our confirmation fax messages then went forward to the brokers on 14th November, followed by a second fax message on 15th November, advising the stallion had been euthanized for humane reasons.

CLAIM BACKGROUND: We arrived at the Calumet Farm just outside of Lexington within twenty minutes of the phone call from the representative of Equus Unlimited. Calumet Farm president, J.T. Lundy, was present at the time of our arrival, as was the farm resident veterinarian, Dr. Lynda Rhodes. We found ALYDAR to be three legged lame, with an obvious severe fracture of the right hind leg. The lower part of the ankle and foot was dangling from the compound fracture that had occurred approximately one-third of the way up from the bottom in the cannon bone of the right rear leg. According to Mr. Lundy, the horse had been seen at about 9:30p.m. that evening and was showing no problems whatsoever. The adjacent stall contained AFFIRMED and the two stalls just across the aisleway contained SECRETO and CRIMINAL TYPE. Mr. Lundy had already called his regular veterinarian, Dr. William Baker, and he also reported he had a conversation with Dr. Larry Bramlage regarding the injury. In discussing the matter with Mr. Lundy, he reported that Dr. Bramlage had not been optimistic

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about the possibility of surgery or saving of the animal in their telephone conversation, however, Mr. Lundy insisted that Dr. Bramlage come to the farm and examine the horse for any outside possibility.

Dr. Baker arrived within the next moments and placed a protective bandage around the fractured leg to protect it while awaiting the arrival of Dr. Bramlage.

Mr. Lundy reported that about 10p.m. a loud noise was heard from the stall of ALYDAR (the farm office is located in the stallion barn). This was when the stallion was checked and it was found he had kicked the bottom portion of the stall door with his right rear leg and in the process fractured the cannon bone. The kick to the door was sufficient to completely dislodge a metal bracket installed in the concrete floor of the barn. The purpose of the bracket is to guide the door when it is opened and closed and it is attached to the concrete floor with two long concrete bolts. The kick to the door was sufficient to shear both bolts clean off at the floor level (see photo).

VETERINARIAN'S REPORT: After Dr Bramlage's arrival at approximately 11p.m., a full examination of the fractured area was made along with Dr. Baker. It was confirmed by both veterinarians that ALYDAR had suffered a mid-shaft transverse (crossways) fracture of the cannon bone. The veterinarians discussed the possibility of corrective surgery and it was thought to be a probably hopeless case, but in consultation with all involved, it was decided the effort would at least be made. There was also some conversation about the possibility of a prosthesis, but it was pretty well ruled out at this early stage of the injury. A decision was then made to try and maintain the fracture with a splint in order to do a further evaluation early the next morning, specially the surgery procedure that should be done. A temporary splint was constructed using a large piece of lumber covered with a fiberglass temporary cast. The horse was also heavily medicated with pain killers to carry him through the night.

Due to the animal's extreme pain, installation of the splint for Drs. Baker and Bramlage was extremely difficult, however, they were finally successful in its installation. Just after the cast was applied, the horse went down in his stall and remained down throughout the night. Dr Rhodes and another groom from the farm stayed with the horse throughout the night. A decision was made by Drs. Baker and Bramlage to have Dr. Rhodes begin weaning off the pain killers at approximately 4:30a.m. on the early morning of 14th November and it was then agreed that all concerned would return to the farm at 7a.m. that same morning to check on the animal's condition and discuss the further possibility of heroic surgery.

What follows is a chronological report of your adjuster's activities on 14th November 1990:

6:30a.m. - Arrived at Calumet Farm.

6:50a.m. - Drs. Baker and Bramlage arrived

7:10a.m. - Horse had been down throughout the night and was down upon my arrival this morning. After strong efforts by a number of people, the horse got to his feet. Preparations were then made to walk the horse to the end of the barn aisleway where an equine ambulance awaited. ALYDAR walked, three legged lame, fairly well to the ambulance, but it was very difficult for him to climb the ramp. Once again, after a lot of effort, the horse was loaded onto the ambulance and taken to the surgery unit, located on another part of the farm.

7:25a.m. - X-rays were taken and the mid-shaft transverse fracture of the cannon bone in the right rear leg was confirmed (see photos). A decision was made to try and correct the fracture surgically. This was a compound fracture and in addition to the usual problems with infection, dislocation, etc. there was also a very major problem in the probability that the blood supply had been lost to the lower part of the ankle and foot. It was well understood by all that corrective surgery might be successful, but at that point in time the most immediate concern was the possibility of the loss of blood supply in the foot which would probably result in it simply sloughing off.

8:55a.m. - ALYDAR was placed under general anesthesia and was placed on the operating table.

9:35a.m. - After scrubbing and preparation, the surgery began. In order to stabilize the fracture, Drs. Baker and Bramlage installed a plate approximately six inches long and it was secured with six surgical screws. After this was done, Dr. Baker began cleaning out bone debris, but a relatively small part of bone was missing after the two ends were matched. In order to take care of the empty bone space, Dr. Bramlage did a bone graft on the left side of the hip and used that debris to fill in the bone of the cannon. During this period of time, it was noticed the horse was not pumping out a lot of blood and as had been mentioned the previous evening, this was not a good sign as it was the indication of the possible loss of blood supply to the area.

11a.m. - A total of five pins (see photos) were placed in the cannon bone beginning on one side and then going completely through the cannon bone and coming out on the back side. The surgeons put four of the pins above the fracture line and one below the fracture line and then cut off the excess amount outside of the bone.

11:40a.m. - A fiberglass cast was placed upon the entire

leg, including the area above the hock joint. It was estimated by Dr. Bramlage that if all went well the cast could remain for four to six weeks.

11:50a.m. - Surgery was concluded. Dr Bramlage then reported that in order to keep up with the possibility of infection and problems with the loss of blood supply to the foot, complete blood counts would have to be done at least twice daily and he also mentioned that during this period of time, x-rays would be done and if the foot was dying off it could be seen in the x-rays in the form of air pockets.

11:55a.m. - ALYDAR was placed in a padded recovery room.

12:30p.m. - A decision was made to recover the stallion in a sling as he would only come to a sternal position and would make no efforts on his own to stand, apparently become of the heavy cast on the right rear leg.

1:15p.m. - Sling installed

1:25p.m. - ALYDAR came to his feet for the first time while located in the sling and he fought it all of the way. The 15-year old stallion was having obvious difficulty adjusting to the sling and could not figure the proper positioning of either his front or rear legs. On at least two separate occasions, he made a sudden lunge forward, striking the recovery room door.

1:30p.m. - A decision was made to lower ALYDAR back to the recovery pad in order that he might have some rest and be easier to handle on a second try.

1:50p.m. - After additional efforts by a lot of people, he was back on his feet and in the recovery sling. He was finally able to place his front feet forward and his rear legs backwards and he seemed to quickly adjust to standing in the sling at that point in time.

2:30p.m. - ALYDAR was moved just the few feet required to the recovery stall which by now had been equipped with wood chip bedding for better footing.

3p.m. - Left Calumet Farm as the animal seemed to be in good hands and tolerating the sling without difficulty.

7:20p.m. - Returned to Calumet Farm to check on the animal's progress the last four hours. Found him to be bright, and alert, eating hay and already beginning to weight bear on the fractured right rear leg. He still appeared to be in some pain as he was pawing at the ground, but otherwise seemed to be in good shape following his ordeal 21 hours earlier.

What now follows is the chronological happenings of 15th November 1990:

7:30a.m. - Returned to Calumet Farm and viewed ALYDAR with attending veterinarian Rhodes. She reported he was well hydrated, but bright and alert with good gut movement. She also reported he was fully weight bearing on the right rear leg and the wood chips had been used for bedding as they helped movement of the horse about the stall. She also reported they would be doing complete blood counts twice daily and she had also oiled the horse, but he continued to have normal bowel movements. Dr. Rhodes also mentioned the horse appeared to be tired and she also mentioned he was on antibiotics and being watched around the clock. We returned to the office.

8:05a.m. - A representative of Calumet Farm called the office and reported there was an emergency and we should return to the farm immediately.

8:15a.m. - Arrived back at the farm and met Dr Baker at the door of the surgery barn. He reported that both he and Dr. Bramlage had arrived just after I had left the farm and the two veterinarians had made a decision to take the sling off of the horse and when they did so, he stumbled on the casted right rear leg, fell forward on his nose and then made a hard fall to the ground. In the process, a loud snap was heard and Dr. Baker knew the horse had fractured his femur bone. This is the large weight bearing bone running from the stifle joint up into the hip area. Both Drs. Baker and Bramlage were present when this occurred and both agreed this created a situation beyond control and Drs. Baker and Bramlage both recommended euthanasia for humane reasons. According to Dr Bramlage, it was impossible to catch the 1200 pound horse as he went into the fall and the fact that two of his major joints were immobilized made maneuvering of the leg difficult, if not impossible. Dr. Baker had already received authority from Mr. Lundy to euthanize ALYDAR for humane reasons and following our agreement also, ALYDAR was euthanized.

8:20a.m. - Euthanized for humane reasons by Dr Baker, followed by tattoo identification (E21991). Both veterinarians confirmed the fracture, both by sight and palpation and no gross post mortem examination was done. ALYDAR was buried near the Kentucky Derby Monument in the Calumet Farm cemetery.

VALUE REMARKS: ALYDAR was the only horse to finish second in all three of the Triple Crown Races, always being a bridesmaid to his stablemate, AFFIRMED. He retired as a 4-year old in 1979 with earnings of \$957,195, as a result of fourteen wins in twenty-six starts and ten places. ALYDAR is short for Aly Darling which was the nickname Mrs. Gene Markey had for the Aly Khan. He stood for a 1990 private fee which has been estimated at \$250,000 or \$175,000

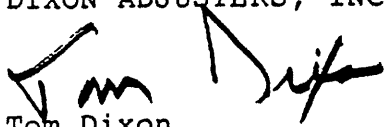
(no guarantee). In 1988, he covered 97 mares, with 77 live foals in 1989 for 79% live foals. He covered a similar amount of mares in 1990. His 32 yearlings, sold at public auction up to September 1990, averaged \$472,188. At the time of his death, ALYDAR was number one on the leading active sires-lifetime list and he was number two on the list of leading sires by 1990 earnings, surpassed only by FAPPIANO whose colt, UNBRIDLED, won the recent Breeders' Cup Classic race. At the Matchmakers Sales on 11th November 1990, a no guarantee season to ALYDAR sold for \$126,000. Another no guarantee season was sold for \$119,000, but did not pass because the reserve was not obtained. There was another selected season and share auction held at Fasig-Tipton on 14th November 1990 and they were to offer a no guarantee nomination, along with a live foal season and a combination season at that sale. At the time of this dictation, we do not have the results of those sales. In his first crop, ALYDAR sired two winners of one million dollars, including the champion filly, ALTHEA. He has sired four champions and forty-five stakes winners in ten foal crops and his foals have earned almost 35 million dollars. He is also the sire of ALYSHEBA, who leads the list of leading money winners with \$6.7 million dollars. His stablemate/son, CRIMINAL TYPE, is one of the leading contenders for horse of the year.

FUTURE ACTIVITY: We are in the process of preparing Proof of Loss Forms and we will also be obtaining the reports of Drs. Baker and Bramlage. We will also be awaiting prints of photos to be furnished in another report.

ENCLOSURES: Stallion Register page  
 Leading sires list (2)  
 Calumet Farm news release (14th November 1990)  
 Newsclippings (2)

Very truly yours,

DIXON ADJUSTERS, INC.

  
 Tom Dixon

TD/ca