

LICENSE AGREEMENT
(ABLE/APPLIED SCHOLASTICS--Marks)

THIS AGREEMENT is made this 29 day of December,
1988, by and between:

ASSOCIATION FOR BETTER LIVING AND EDUCATION, a California non-profit corporation having a place of business at 6331 Hollywood Boulevard, Hollywood, California 90028 (hereinafter referred to as "ABLE"); and APPLIED SCHOLASTICS, a California non-profit corporation having a place of business at 3540 Wilshire Boulevard, Los Angeles, California 90010 (hereinafter referred to as "APPLIED SCHOLASTICS").

Recitals

A. Lafayette Ronald Hubbard (hereinafter referred to as "LRH") is the discoverer and the developer of a certain philosophy and techniques for bettering the condition of mankind and establishing a civilization without war, crime or insanity, and has described that philosophy and those techniques (hereinafter referred to as "Hubbard Philosophy and Technology") in numerous written and recorded spoken works (hereinafter referred to as "the Hubbard Writings").

B. ABLE was formed for the purpose of supervising and coordinating the promotion and dissemination of the Hubbard Philosophy and Technology in secular fields by organizations formed to use the Hubbard Philosophy and Technology in those fields, and specifically for the purposes of (1) improving and revitalizing society, especially in the fields of education, drug rehabilitation and the rehabilitation of criminals, by the use and application of methods and information applicable to such purposes, (2) making training available to organizations with like purposes, (3) coordinating the activities of such organizations toward effective actions in such fields, and (4) ensuring that information and materials which are useful to the improvement of society in such fields are broadly disseminated.

C. ABLE is the owner of certain trademarks and service marks, including the mark "Applied Scholastics" (hereinafter "the Marks") for which one or more registrations have been obtained in some countries of the planet or for which applications for registrations have been, or will be, made in other countries of the planet. A list of the Marks and registrations is attached as Exhibit 1.

D. APPLIED SCHOLASTICS is an organization which uses the Hubbard Philosophy and Technology in secular fields, with emphasis on the field of education, and has the responsibility of supervising and coordinating the use, promotion and dissemination

of the Hubbard Philosophy and Technology by organizations in this field.

E. ABLE and APPLIED SCHOLASTICS wish to enter into a formal agreement defining the rights and responsibilities of each of them with respect to use of the Marks by APPLIED SCHOLASTICS and organizations that are sublicensed by APPLIED SCHOLASTICS.

Agreement

1. Recitals

The recitals are hereby made part of this Agreement and are acknowledged to be true.

2. Grant

a. ABLE hereby grants to APPLIED SCHOLASTICS the nonexclusive right and license to use the Marks in connection with services in the field of education, and on and in connection with approved products that are related to these services. APPLIED SCHOLASTICS shall use the Marks exclusively for charitable and educational purposes that are described in Section 501(c)(3) of the Internal Revenue Code of 1986 (hereinafter referred to as "Section 501(c)(3)").

b. This grant includes the right of APPLIED SCHOLASTICS to grant nonexclusive sublicenses to organizations who covenant and agree, in writing, to fulfill all of the obligations of this Agreement with respect to the Marks, including the obligation to use the Marks exclusively for purposes that are described in Section 501(c)(3). APPLIED SCHOLASTICS reserves the right to approve all sublicense agreements before they become effective.

c. This grant does not include any right to use the name of LRH, or any part thereof, in or as a trademark or service mark, and APPLIED SCHOLASTICS expressly agrees not to do so. APPLIED SCHOLASTICS may, however, use the name of LRH, and parts thereof, in accurate factual reference to him and to his works.

3. Consideration

The only consideration required of APPLIED SCHOLASTICS for the grant herein made by ABLE is the acknowledgement, as a condition of this license, of the prior and continuing commitment to the full and faithful performance of the promises made herein, particularly including the promise to actively use the Marks in advancing and disseminating the Hubbard Philosophy and Technology in accordance with the Hubbard Writings in APPLIED SCHOLASTICS's field, and to promote and protect the Hubbard Philosophy and Technology under and in connection with the Marks and the name of LRH.

4. Control and Supervision

a. ABLE shall have the right to disseminate standards, specifications and guidelines for the proper use and display of the Marks, and for the proper non-trademark use of the name of LRH, and APPLIED SCHOLASTICS and all of its staff and employees shall follow and abide by all such standards, specifications and guidelines.

b. APPLIED SCHOLASTICS shall not use or associate any of, or permit the use or association of any of, the Marks with any goods or services, or with any other activity, that is in conflict with or adverse to the Hubbard Philosophy and Technology, or the Hubbard Writings, and shall not use any of the Marks on or in connection with any matter that is not part of, or related to, the Hubbard Philosophy and Technology.

c. ABLE shall have the right to monitor all operations of APPLIED SCHOLASTICS and its sublicensees with respect to use of the Marks, inspect all books, records and facilities pertaining to use of the Marks, and receive sample specimens and summaries of literature, publications and products using the Marks, in reasonable numbers and with reasonable frequency to insure compliance with all standards, specifications and guidelines.

5. General Obligations of APPLIED SCHOLASTICS

APPLIED SCHOLASTICS agrees that:

a. APPLIED SCHOLASTICS shall conduct its activities in accordance with the technical and ethical standards prescribed by the Hubbard Writings and in accordance with all standards, specifications and guidelines of ABLE pursuant to this Agreement.

b. APPLIED SCHOLASTICS shall devote its best efforts and due diligence to the promotion and dissemination of the Hubbard Philosophy and Technology in the field of education under the Marks.

6. Enforcement

a. ABLE is responsible for protection of the Marks and the name of LRH against any unauthorized or improper use, and shall have the final authority for such enforcement. APPLIED SCHOLASTICS shall report to ABLE all unauthorized or improper use that comes to its attention, and shall render all assistance to ABLE that may be required in correcting or terminating such use.

b. APPLIED SCHOLASTICS shall have direct responsibility for monitoring the use of the Marks and the name of LRH in APPLIED SCHOLASTICS's field, and for determining whether any unauthorized or improper use is occurring in such field, but shall not initiate any enforcement action regarding the Marks or the name of LRH without the express written approval of ABLE.

c. If directed by ABLE, APPLIED SCHOLASTICS shall take all necessary and proper action, including legal action, to protect the Marks against unauthorized or improper use in APPLIED SCHOLASTICS' field. ABLE will join with APPLIED SCHOLASTICS in such legal action, when necessary or appropriate. Costs of such legal action will be allocated between the parties in a reasonable manner to be agreed upon in view of the circumstances.

7. Indemnity

APPLIED SCHOLASTICS acknowledges its full responsibility for the ethical and proper use of the Marks and the Hubbard Philosophy and Technology according to the Hubbard Writings, and covenants that neither it nor any of its staff, or employees will make any claim against ABLE, the successors of LRH, or any person associated with ABLE. APPLIED SCHOLASTICS shall indemnify and hold harmless ABLE and the successors of LRH, and all of ABLE's agents, employees, representatives, successors and assigns, from and against all liabilities, claims and actions of any kind, and costs, including attorneys' fees, which arise from or relate to the use of the Marks by APPLIED SCHOLASTICS, or relate to or arise from any of the services or products associated with the Marks by APPLIED SCHOLASTICS.

8. Names And Ownership

APPLIED SCHOLASTICS acknowledges and agrees that:

a. This Agreement replaces and supersedes all previous agreements with APPLIED SCHOLASTICS with respect to the Marks, and that APPLIED SCHOLASTICS has no rights of any kind with respect to any of the Marks except the rights that are granted by this Agreement;

b. The Marks shall not become part of the assets of APPLIED SCHOLASTICS, and all use by APPLIED SCHOLASTICS of any of the Marks, in its name and otherwise, is and shall be pursuant to this Agreement alone, and shall support the ownership of the Marks by ABLE with the same effect as if ABLE had itself made that use; and

c. If this Agreement ever is terminated for any reason, APPLIED SCHOLASTICS shall immediately cease all use of each of the Marks, in its name and otherwise, and shall forever refrain from further use of any of the Marks, unless and until formally reinstated hereunder.

9. Term and Termination

a. The first term of this Agreement shall extend from the date in the introductory paragraph hereof until December 31, 1992, and this Agreement shall be renewed automatically at the expiration of the first term and each additional term for

successive additional five (5) year terms unless and until one of the parties gives notice of non-renewal within the ninety (90) days next preceding the expiration of any term, or unless sooner terminated in a manner provided herein.

b. In the event of failure by APPLIED SCHOLASTICS (or any sublicensee of APPLIED SCHOLASTICS) to perform any of its obligations under this Agreement, ABLE may, in addition to any other remedy it may have, terminate this Agreement as to the party that has failed to perform its obligations, by giving that party thirty (30) days written notice specifying the nature of the failure to perform, the identity of the party to be terminated, and the intended effective date of termination, at least thirty (30) days later. The termination notice will be effective on the stated effective date unless, prior to that date, the failure to perform has been corrected.

c. At its discretion, ABLE may immediately suspend the right of APPLIED SCHOLASTICS, or any sublicensee of APPLIED SCHOLASTICS, to use any of the Marks if APPLIED SCHOLASTICS or the sublicensee (1) has ceased using the Marks or (2) is misusing any of the Marks in a manner that places the validity or enforceability of any of the Marks in danger under applicable laws.

d. This Agreement shall terminate automatically as to APPLIED SCHOLASTICS or any sublicensee of APPLIED SCHOLASTICS which becomes bankrupt or insolvent or is liquidated or dissolved, or becomes controlled, directly or indirectly, by any individual or entity which, in the judgment of ABLE, is likely to compromise the charitable and equitable purposes of ABLE or the technical and ethical standards established by ABLE for use of the Marks.

e. If this Agreement ever is terminated as to APPLIED SCHOLASTICS, ABLE may assume all of APPLIED SCHOLASTICS's rights and responsibilities under sublicense agreements with sublicensees of APPLIED SCHOLASTICS, or may terminate those sublicense agreements.

10. Lack of Agency

Neither party shall be deemed to be the agent, joint venturer, or partner of the other, and neither shall have the authority to act in behalf of the other in any matter, including acceptance of service of process.

11. Governing Law

This Agreement shall be interpreted according to the laws of the State of California, United States of America.

12. Assignability and Binding Effect

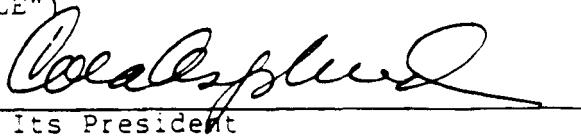
a. This Agreement is personal to APPLIED SCHOLASTICS, and the rights and obligations hereunder shall not be assignable or otherwise transferrable by APPLIED SCHOLASTICS, in whole or in part, without the prior written approval of ABLE. In the event of any attempted assignment or transfer by APPLIED SCHOLASTICS of its rights under this Agreement, whether voluntary or involuntary, all rights of APPLIED SCHOLASTICS with respect to the Marks shall immediately terminate.

b. This Agreement shall be binding upon and for the benefit of the successors, assigns and legal representatives of ABLE.

c. Each reference to LRH shall be deemed to include all successors in interest of LRH.

Signed in duplicate at Los Angeles, California on the date first above written.

ASSOCIATION FOR BETTER LIVING
AND EDUCATION
("ABLE")



Its President



Its Secretary