

H

H

LICENSE AGREEMENT-RTC/Licensee

THIS LICENSE AGREEMENT, dated this 2 day of June, 1988, by and between RELIGIOUS TECHNOLOGY CENTER, a California non-profit religious corporation (hereinafter referred to as "Licensor"), and CHURCH OF SCIENTOLOGY FLAG SHIP SERVICE ORGANIZATION, a non-profit Netherlands Antilles corporation (hereinafter referred to as "Licensee"), with reference to the following:

A. L. Ron Hubbard was the founder of the religion of Scientology, which is based on a body of truths, and the technology for applying them, that were discovered, described and refined by L. Ron Hubbard through research and study which continued for more than forty years prior to his death, and are contained in the writings and recorded spoken words of L. Ron Hubbard with respect to Scientology and the organizations formed to disseminate the religion of Scientology (hereinafter referred to as the "Scientology Scriptures").

B. LRH published much of the Scientology Scriptures for the use and benefit of mankind through the religion and organizations of Scientology. Included in the Scientology Scriptures is a substantial body of confidential advanced technology that was not published by LRH, but instead has been protected and maintained as confidential property (hereinafter referred to as "the Advanced Technology"), and issued to Advanced Scientology Organizations, for their good usage. The Advanced

Scientology Organizations, have made the Advanced Technology available to those who have attained, through processing, an appropriate level of development in the religion of Scientology to properly grasp and utilize the Advanced Technology, and only upon a confidential basis and with an absolute obligation to protect and maintain its confidentiality.

C. Licensor was formed by Scientologists, with the approval of L. Ron Hubbard, to act as the protector of the religion of Scientology and to own, protect, and control the utilization of the Advanced Technology in the United States of America and its territories and possessions. In addition, Licensor has received authority from Norman F. Starkey, as Executor of the Will of L. Ron Hubbard, to license the ethical use and dissemination of part of the Advanced Technology on the Caribbean Sea and on any island located in the Caribbean Sea (hereinafter referred to as the "Territory").

D. It is the purpose of this License Agreement to authorize Licensee to ethically utilize part of the Advanced Technology, identified in Exhibit "1" attached hereto, (hereinafter "the Licensed Advanced Technology"), in the Territory in accordance with the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

1. Recitals. The Recitals hereinabove set forth in paragraphs A through D are made a part of this License Agreement.

2. Grant of Authority. Licensor hereby grants to Licensee the authority to use the Licensed Advanced Technology in the Territory and to process preclears and pre-OTs in the Licensed Advanced Technology.

3. Limitation. The grant of authority is subject to the following limitations;

(a) Licensee shall use the Licensed Advanced Technology, without alteration, strictly in accordance with the Scientology Scriptures and particularly with the Scientology system of ethics and justice, and its administrative policies;

(b) Except as specifically authorized by this License Agreement, Licensee and its sublicensees shall not authorize any other person or entity to utilize the Licensed Advanced Technology in any way;

(c) Licensee shall not utilize the Licensed Advanced Technology outside the Territory under this License Agreement. Any delivery of the Licensed Advanced Technology outside the Territory will require additional authority;

(d) To maintain physical security and confidentiality, Licensee shall handle the Licensed Advanced Technology materials ("Materials") in a secure manner in accordance with Scientology Scriptures for handling of Advanced Technology in the United States of America;

(e) Licensee shall use its good faith best effort to engage in professional and vigorous promotion of the Licensed Advanced Technology, the image of L. Ron Hubbard, and the religion of Scientology; and

(f) The Advanced Technology developed by L. Ron Hubbard is the only Advanced Technology in Scientology, and in order to maintain the purity of Scientology, Licensee shall not deliver or permit the delivery of any technology not developed by L. Ron Hubbard.

4. Consideration.

(a) In consideration of the grant of authority, Licensee shall pay to Licensor, as royalties, six percent (6%) of the value of services delivered by Licensee with respect to the use of the Licensed Advanced Technology, but not including the value of services delivered for training or processing of Licensee's staff. This royalty shall be payment in full to Licensor under this License Agreement. Licensee makes no representation as to the amount of the royalty that will come due to Licensor under this License Agreement, if any, and there is no minimum payment required from Licensee.

(b) Licensee shall report to Licensor monthly, within seven (7) days of the end of a month, all its acts and transactions under this License Agreement during the prior month, including the value of services delivered with respect to the Licensed Advanced Technology, and a calculation of the resulting payment due to Licensor. This report shall be in a form acceptable to Licensor, and it shall be accompanied by payment in full of the amount due to Licensor.

(c) Licensee shall keep detailed records and accounts of all transactions pertaining to the use of the Licensed Advanced Technology, in sufficient detail to provide

full information for calculation of payments due hereunder and for verification of such payments. Licensor shall have the right to audit at any time all such records.

5. Term.

(a) The term of this License Agreement shall be one (1) year from the date first above written, and this License Agreement shall be renewed automatically and indefinitely for additional and successive one (1) year terms, unless either party gives the other party written notice of intent not to renew, within ninety (90) days prior to the end of any one (1) year term.

(b) This License Agreement is subject to termination at any time that Licensor's rights in the Licensed Advanced Technology are terminated.

(c) Licensor retains the right to terminate this License at any time that Licensor determines, in Licensor's absolute discretion, that any use or handling of the Licensed Advanced Technology by Licensee is not satisfactory, and that the unsatisfactory use or handling is not subject to correction and that termination is required by ethical precepts or the interests of Scientology.

(d) Licensor also may terminate this License Agreement at any time if he determines, in his absolute discretion that Licensee has fallen under the control of persons hostile to the Licensed Advanced Technology, or to the image of L. Ron Hubbard, or to Scientology.

(e) On termination of this License Agreement for any reason, Licensee promptly shall account to Licensor for each copy of the Materials and shall dispose of them in accordance with Licensor's instructions and shall thereupon cease all use of the Licensed Advanced Technology.

6. Destruction of Materials. In the event that any act or threatened act of any entity or individual, or any other event, endangers the security and confidentiality of the Materials, Licensee shall take whatever action is necessary to assure security and confidentiality. This shall include the destruction or return of the Materials and of all notes or other materials which contain any part of, or may reveal, the Licensed Advanced Technology.

7. Indemnification.

(a) Licensee acknowledges the full responsibility of Licensee for the ethical and proper use and delivery of the Licensed Advanced Technology and the Materials according to the Scientology Scriptures, and agrees that it will make no claim that Licensor is responsible for the content or delivery of the Licensed Advanced Technology. Licensee hereby indemnifies and waives any claim against Licensor and his agents, employees, representatives, successors, assigns and affiliates, and the estate and representatives of L. Ron Hubbard, and agrees to hold them harmless from all costs, liabilities and claims of any kind, including attorneys' fees, which arise from or relate to the use of the Licensed Advanced Technology or the Materials by Licensee, or by the employees, servants, agents, representatives,

directors, parishioners, public or students of either of them, or any other person who may, for whatever reason, gain access to the Licensed Advanced Technology or the Materials through Licensee. All such claims shall be defended at the expense of Licensee through legal counsel acceptable to Licensor.

(b) The writings of L. Ron Hubbard are a record of research and observation by him into the nature of the human mind and spirit. These writings contain a spiritual and religious guide intended to assist persons to become more aware of themselves as spiritual beings, restoring respect for self and others, and not for treating or diagnosing human ailments of body or mind, nor for engaging in teaching or practicing medical arts or sciences. Licensor makes no claim that the nature or purpose of the Advanced Technology exceeds this description of Scientology or that the application of the Advanced Technology will have any particular effect on any particular parishioner. Licensee shall obtain from all to whom the Licensed Advanced Technology is to be delivered under this License Agreement a waiver of any claim inconsistent with this disclaimer before processing them in the Licensed Advanced Technology.

8. Nonexclusivity of Use. Licensee's authorization to use the Licensed Advanced Technology is nonexclusive.

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

10. Resolution of Differences. Any difference between the parties, other than termination of the authority of Licensee' authority with respect to the Licensed Advanced Technology, which arises from or relates to this License Agreement, shall be determined by arbitration. Licensor and Licensee shall attempt to agree on a single arbitrator and, if they are unable to do so, they shall select separate arbitrators who shall choose a third arbitrator. Each arbitrator shall be an ordained minister in good standing of a Scientology Church and shall have attained grade OT III or higher as then known within Scientology. Arbitrators shall act in accordance with the Scientology system of ethics and justice, and their decision shall be a final determination of the issue. The arbitrator(s) may, as a part of any award, impose fines on Licensee for failure to perform in accordance with the standards set forth in this Agreement. The issue of instructions from Licensor to destroy or return the Materials shall not be subject to arbitration. Licensee shall carry out such instructions faithfully and promptly upon receipt.

11. Notices. All notices given under or relating to this License Agreement shall be personally delivered or mailed first class, postage prepaid, and shall be effective upon personal delivery or three (3) days after mailing. Notices shall be given at the following addresses, or other addresses of which notice is given in writing:

LICENSOR: RELIGIOUS TECHNOLOGY CENTER
6331 Hollywood Boulevard
Suite 1100
Hollywood, CA 90028

LICENSEE: FLAG SHIP SERVICE
ORGANIZATION
Abraham de Veerstraat #4
Willemstead, Curacao
Netherland Antilles

12. General Provisions.

(a) Failure of either party to insist in any one or more instances upon strict performance of any one or more of the provisions of this License, or to exercise any right(s) under this License Agreement, shall not be construed as a waiver, and any or all such provisions shall continue and remain in full force and effect.

(b) In the event of litigation or arbitration between the parties, the prevailing party shall be entitled to an award of attorneys' fees and costs, including an award on appeal, in an amount determined by the court or arbitrator(s).

(c) Licensee and its sublicensees may not assign any of their rights or duties under this License Agreement.

(d) If any part of this License Agreement is found to be unenforceable for any reason, the balance nevertheless shall be of full force and effect.

(e) This License Agreement states the entire agreement of the parties concerning the Licensed Advanced Technology in the Territory, and replaces any prior verbal or written discussions, communications, understandings or agreements; it may be modified and amended only by a written instrument signed by both parties.

(f) The parties agree to execute and deliver any documents and to perform any acts that may be necessary or convenient to carry out the terms of this License Agreement.

RELIGIOUS TECHNOLOGY CENTER
a California Non-Profit
Religious Corporation

By Mark Estby (President)

By Wanda Miller (Secretary)

CHURCH OF SCIENTOLOGY,
FLAG SHIP SERVICE ORGANIZATION
a non-profit Netherlands Antilles
organization

By Stice Habibtel (President)

By Greg Riegg (Secretary)

EXHIBIT 1

PRECLEAR/PRE-OT PROCESSING LEVELS

<u>GRADE/LEVEL</u>	<u>MATERIALS/STATE ATTAINED</u>
Grade V and VA Release	The Power and Power Plus Processes (Power Release)
Grade VI Release	R6 End Words (Whole Track Release)
Clear	Clearing Course
OT I	Section One Operating Thetan
OT II	Section Two Operating Thetan
OT III	Section Three Operating Thetan
New OT IV	Operating Thetan Drug Rundown Completion
New OT V	Audited New Era Dianetics For Operating Thetans
New OT VI	Hubbard Solo New Era Dianetics For Operating Thetans Auditing Course
New OT VII	Solo New Era Dianetics for Operating Thetans Completion
New OT VIII	Truth Revealed
L - 10	List 10
L - 11	New Life Rundown
L - 12	Flag OT Executive Rundown
OT Review Auditing	

AUDITOR TRAINING

CLASS/DESCRIPTION

CERTIFICATE/FORMAL NAME

Class VII Auditor	Hubbard Graduate Auditor
Class VII Case Supervisor	Hubbard Graduate Case Supervisor
Class VIII Auditor (Confid. Section)	Hubbard Standard Technical Specialist
Solo Case Supervisor	Hubbard Solo Case Supervisor
Class X Auditor	Class X Auditor
Class X Case Supervisor	Class X Case Supervisor
Class XI Auditor	Class XI Auditor
Class XII Auditor	Class XII Auditor
Class XII Case Supervisor	Class XII Case Supervisor
NED for OT's Auditor	Hubbard Advanced Courses Specialist
NED for OT's Case Supervisor	Hubbard Advanced Courses Specialist Case Supervisor
Confidential Section of the Solo Auditor Course (R6EW Materials)	
Senior NCT's Course	
New Vitality Rundown Auditor's Course	
New Vitality Rundown Case Supervisor Course	