

LICENSE AGREEMENT

(APPLIED SCHOLASTICS/LICENSEE--MARKS)

- CHARITABLE COMMUNITY CENTERS -

THIS AGREEMENT is made this _____ day of _____, 20__ by and between,

APPLIED SCHOLASTICS INC. a California non-profit corporation having a place of business at 11755 Riverview Drive, St. Louis, Missouri 63138 (hereinafter referred to as "APPLIED SCHOLASTICS"); and

(Center Name)

(Address)

(hereinafter referred to as "LICENSEE").

RECITALS

A. Lafayette Ronald Hubbard (hereinafter referred to as "LRH") was 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 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. Association For Better Living And Education (hereinafter referred to as "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" and certain design marks (hereinafter "the Marks") for which one or more registrations have been obtained in some countries of the planet, and for which applications for registrations have been, or will be, made in other countries of the planet. A list of the Marks 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 its organizations in this field. APPLIED SCHOLASTICS has been licensed by ABLE to use the Marks and to sublicense the use of the marks to other organizations in the field of education.

E. APPLIED SCHOLASTICS and LICENSEE wish to enter into a formal agreement defining the rights and responsibilities of each of them with respect to use of the Marks by LICENSEE and its staff and employees.

AGREEMENT

1. Recitals

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

2. Grant

a. APPLIED SCHOLASTICS hereby grants to LICENSEE the nonexclusive right and license to use the Marks in connection with LICENSEE's curriculum and services in the field of education, and on and in connection with approved products that are related to these services. LICENSEE 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 does not include the right to grant sublicenses of any kind.

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 LICENSEE expressly agrees not to do so. LICENSEE may, however, use the name of LRH, and parts thereof, in accurate factual reference to him and to his works.

3. Consideration

a. As consideration for the grant herein made, LICENSEE shall use the Hubbard philosophy and technology as related to the field of education in all curriculum and services of LICENSEE.

b. As additional consideration for the grant herein made, and, specifically, as exchange for assistance in technical and trademark matters, LICENSEE shall pay a quarterly fee to APPLIED SCHOLASTICS, equal to Four Percent (4%) of LICENSEE's total revenue, after deduction only of costs for textbooks, refunds and bounced checks. As used

herein, "total revenue" shall not include investment income, donations or grants for the purchase or construction of buildings required for the delivery of services, donations by corporate directors and officers, and Field Representative Commissions received by LICENSEE or LICENSEE's staff.

(Note: If a project operates strictly as a charity organization sponsored by a licensed APPLIED SCHOLASTICS school or center with no annual revenue of its own, no separate fee is paid.)

c. As further consideration for the grant herein, LICENSEE acknowledges, as a condition of this license, LICENSEE's 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 LICENSEE's field in all curriculum and services and to promote and protect the Hubbard Philosophy and Technology under and in connection with the Marks and the name of LRH.

4. Payments and Accountings

a. Payments. License fees shall be due to APPLIED SCHOLASTICS when monies subject to license fees are received by LICENSEE and shall be paid quarterly to APPLIED SCHOLASTICS accompanied by an informal statement indicating the basis of the payment, together with such other information as may be requested by APPLIED SCHOLASTICS. All payments under this Agreement shall be payable in United States currency. LICENSEE shall be responsible for handling all currency and exchange controls.

b. License Fee Statements. LICENSEE shall keep and maintain accurate books and records pertaining to all activities for which LICENSEE is licensed under this Agreement in sufficient detail to permit calculation and verification of license fees payable under this Agreement. LICENSEE shall prepare statements accounting for all license fees due to APPLIED SCHOLASTICS under this Agreement during each of the following periods in every year:

From January 1 to March 31;

From April 1 to June 30;

From July 1 to September 30;

From October 1 to December 31.

LICENSEE shall mail each such statement to APPLIED SCHOLASTICS within thirty (30) days after the close of each period. Each quarterly statement shall report the total revenue received by LICENSEE during the calendar quarter, and all amounts deducted for textbooks, refunds and bounced checks, the amount of license fees paid to APPLIED SCHOLASTICS for the quarter, the amount of license fees due to APPLIED SCHOLASTICS but unpaid, and such other information as may, from time to time, be requested. In addition, each quarterly statement shall report all investment income, donations or grants for the purchase or construction of buildings required for the delivery of services, donations by corporate directors and officers, and Field Representative Commissions received by LICENSEE or LICENSEE's staff, that were received by LICENSEE during the calendar quarter and not reported as part of LICENSEE'S total revenue. Each statement shall be certified as true and correct by an officer of the corporation. Any amounts shown to be due on the statement shall be paid with the statement. Should such payment not

be made within thirty (30) days following the close of the quarter, the amount due shall bear interest from the last day of the quarter for which it shall bear interest from the last day of the quarter for which it is due until paid at the rate of ten percent (10%) per annum. Should the quarterly statement show an overpayment to APPLIED SCHOLASTICS, such overpayment shall be deducted from the next quarterly payment following the one in which the overpayment was made.

c. Right to Audit Books and Records. Upon the written request of APPLIED SCHOLASTICS, APPLIED SCHOLASTICS may examine the books and records of LICENSEE which relate to the license fees due hereunder. If such examination discloses an error of five percent (5%) or more with respect to any license fee statement, LICENSEE shall reimburse APPLIED SCHOLASTICS for all costs of examination.

5. Control and Supervision

a. APPLIED SCHOLASTICS 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 LICENSEE and all of its staff and employees shall follow and abide by all such standards, specifications and guidelines.

b. LICENSEE 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 hostile 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. APPLIED SCHOLASTICS and ABLE shall have the right to monitor all operations of LICENSEE 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.

d. APPLIED SCHOLASTICS and ABLE may, if APPLIED SCHOLASTICS or ABLE ever deems it necessary or advisable, send a corrective mission to LICENSEE to correct any deviation from the standards, specifications or guidelines of APPLIED SCHOLASTICS.

6. General Obligations of LICENSEE

LICENSEE agrees that:

a. LICENSEE 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 APPLIED SCHOLASTICS pursuant to this Agreement.

b. LICENSEE shall devote its best efforts and due diligence to the promotion and dissemination of the Hubbard Philosophy and Technology in all curriculum and services of

LICENSEE in the field of education.

c. LICENSEE shall not engage in any activity that is in conflict with or hostile to the Hubbard Writings, or hostile to or derogatory to the image of LRH.

7. Enforcement

a. APPLIED SCHOLASTICS and ABLE are 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. LICENSEE shall report to APPLIED SCHOLASTICS all unauthorized or improper use that comes to its attention, and shall render all assistance to APPLIED SCHOLASTICS and ABLE that may be required in correcting or terminating such use.

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

8. Indemnity

LICENSEE 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 APPLIED SCHOLASTICS, ABLE, the successors of LRH, or any person associated with APPLIED SCHOLASTICS or ABLE. LICENSEE shall indemnify and hold harmless APPLIED SCHOLASTICS, ABLE, the successors of LRH, and all of APPLIED SCHOLASTICS' and 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, or relate to or arise from any of the services or products associated with the Marks.

9. Names And Ownership

LICENSEE acknowledges and agrees that:

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

b. The Marks shall not become part of the assets of LICENSEE, and all use by LICENSEE 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, LICENSEE 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.

10. Term and Termination

a. The first term of this Agreement shall extend from the date in the introductory paragraphs hereof until December 31, 2004, 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 LICENSEE to perform any of its obligations under this Agreement, APPLIED SCHOLASTICS may, in addition to any other remedy it may have, terminate this Agreement by giving LICENSEE thirty (30) days written notice specifying the nature of the failure to perform, 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, APPLIED SCHOLASTICS may immediately suspend the right of LICENSEE to use any of the Marks if LICENSEE (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 immediately if LICENSEE 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 APPLIED SCHOLASTICS 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.

11. 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.

12. Governing Law

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

13. Assignability and Binding Effect

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

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

Signed in triplicate at St. Louis, Missouri on the date first above written.

APPLIED SCHOLASTICS INC.
("APPLIED SCHOLASTICS")

(Signature of Corporate Officer)

Corporate Title

"CENTER" (Center Name)

(Signature of Corporate Officer)

Corporate Title