

INSTRUMENT OF TRUST  
CREATING THE  
FLAG SHIP TRUST

1. Parties to this Instrument,

The Parties to this INSTRUMENT OF TRUST CREATING THE FLAG SHIP TRUST (hereinafter, "this Instrument") are the INTERNATIONAL ASSOCIATION OF SCIENTOLOGISTS, an Association represented by Mr. Carl Heldt, a Member of the Board of Directors, (hereinafter, "Settlor"); and Pauleer Chatterton, an individual, residing at Nicosia, Cyprus, Carl Heldt, an individual, residing at Copenhagen, Denmark, and Helen Wehl, an individual, residing at Nicosia, Cyprus (hereinafter, "the TRUSTEES").

<sup>2</sup>« Subject of this Declaration

The Subject of this Instrument is cash in the amount of U.S. Dollars 5,865,281.86, which the Settlor has received in trust to be applied to the purposes of this Trust but subject to the performance of certain conditions and obligations (hereinafter, the "Corpus"). 3. Purpose of this Instrument

The purpose of this Instrument is to memorialise the Parties' intent to form and create and to form and create the FLAG SHIP TRUST containing the terms set forth in this

Instrument and to memorialise the acknowledgement and declaration of the Trustees of the receipt and retention by them of the Corpus IN TRUST, for the uses and purposes hereinafter mentioned, to memorialise the acknowledgement and declaration of the Trustees that they will hold the Corpus and other property that may hereafter be received from time to time by the Trustees by those contributing pursuant to the conditions of Paragraph 15 of this Instrument IN TRUST for the uses and purposes hereinafter mentioned, and to memorialize the Trustees<sup>1</sup> undertakings and covenants to accept, to hold, to administer and to distribute both the Corpus now received by it and all property that may hereafter be received by it from contributors pursuant to Paragraph 15 of this Instrument, in accord with all of the terms, conditions and provisions hereinafter set forth in this Instrument.

4- Date of this Instrument.

The date of this Instrument is the 26th December 1985.

5. Declaration and Covenant of the Trustees.

In consideration of the gift of Corpus hereby made pursuant to this Instrument but subject to the conditions and obligations imposed upon them by the Settlor as hereinafter, set forth, THE TRUSTEES ACKNOWLEDGE AND DECLARE, and each of them does acknowledge and declare, THAT THEY HOLD the Corpus IN TRUST, for the uses and purposes hereinafter set forth in this

Instrument, AND THAT THEY WILL ACCEPT, ACQUIRE AND HOLD all money or other property which may hereafter be received by the Trustees from Contributors pursuant to Paragraph 15 of this Instrument IN TRUST for the uses and purposes hereinafter mentioned in. this Instrument, and that they will hold, administer and distribute all of such money or other property in accord with all of the terms and provisions hereinafter set forth in this Instrument. Moreover, the Trustees do covenant, and each of them does covenant, one with the other and collectively to and with all Contributors to the Trust, both in consideration of future contributions made to the Trust by such Contributors and in consideration of the obligations imposed upon them, as Trustees, by law, that they have accepted and received the Original Corpus, and that they will accept and receive such money and other property as they may receive from Contributors pursuant to Paragraph 15 of this Instrument IN TRUST, and that they will hold, administer and distribute the same, together with all income of the Trust, all as is hereinafter more fully set forth in this Instrument.

6. Name of the Trust.

The name and style of the Trust shall be:

FLAG SHIP TRUST.

The Trustees shall be fully authorized, but not required, to conduct all of the affairs of the Trust under such name and style, specifically including, without limitation and without requirement that they do so, taking title to all property held or acquired by the Trust in respect of such name and style.

7. Purposes of the Trust.

7.1 Purposes. The Corpus received by the Trustees by these presents has been given by its Contributors to be held and used for the specific purposes of acquiring, outfitting, staffing and operating an ocean-going vessel of a size and kind appropriate to the offering to the public and conduct thereon, while at sea, of Scientology religious services of the highest levels, and for the general purposes of the advancement and propagation of the religion of Scientology. Accordingly, the specific purpose of the Trust shall be to enable and to assure the acquisition, outfitting, staffing and operation of such a ship, and the general purpose of the Trust shall be the advancement and propagation of the religion of Scientology.

7.2 Special Conditions. The Settlor has made the gift of the Corpus subject to the condition and obligation that the Trustees shall cause to be deducted from the Corpus and paid, the costs of passage on the maiden voyage of the ship, the costs of the delivery of Scientology services aboard such ship,

the costs of inscription of names upon plaques and other costs incidental to contributions heretofore made to the Settlor constituting the Corpus, with regard to all persons having heretofore contributed to the Corpus, such sums, but not the entire amount of the Corpus, as shall be necessary to discharge any and all obligations of the Settlor to such persons. Settlor and Trustees agree that the obligations assumed by the Trustees are not in excess of the Corpus and that if such obligations prove to exceed the Corpus, Settlor shall provide additional funds to the Trust in excess of such obligations. Moreover, provided future contributions are made to the Trust subject to similar conditions and obligations but not so that the entire contribution shall be thereby absorbed, the Trustees agree that they shall honour such conditions and obligations of gifts hereafter made if otherwise made pursuant to Paragraph 15 of this Instrument. Contributions not in accord with the foregoing and with Paragraph 15 shall be refused by the Trustees.

7.3 General Purpose. The purposes of the Trust are exclusively charitable, religious and educational. The Trust is organized exclusively for charitable, religious and educational purposes and shall always be operated exclusively for these purposes. More particularly, the purpose of the Trust is to devote and apply Trust property, including both corpus of the Trust and income therefrom, to propagating the doctrines, tenets, practices and beliefs of the religion of Scientology, to the expansion of such religion, and to the

accomplishment of the goals of such religion.

The Trust's purpose is not to assist any specific organization or organizations. Rather, the purpose of the Trust is to assist in the propagation and expansion of the religion of Scientology, and the accomplishment of its goals, throughout the world, and its activities in pursuit of the accomplishment of its purpose may consist of any one or more of the following, as the Trustees may in their discretion determine will best accomplish the Trust's purpose:

7.3.1 Grants to Organizations. The Trustees may make grants or contributions to, or otherwise render financial assistance to, any organization operated for the purposes of the religion of Scientology as founded, and as it may be further developed, by L. Ron Hubbard, provided only that such grants, contributions, or other financial assistance are utilized solely for the purpose of propagating or expanding the religion of Scientology, or the accomplishment of its goals.

7.3.2 Grants to Other Organizations. The Trustees may make grants or contributions, or otherwise render financial assistance, to organizations other than organizations of the kind described in subparagraph 7.3.1 of this Instrument, provided only that such grants, contributions, or other financial assistance are utilized solely for the purpose of propagating or expanding the religion of Scientology, or the accomplishment of its goals, and provided that all requests for funds from such organisations specify the use to which the funds will be put, and provided further that such grantees furnish periodic accountings demonstrating that such funds have

been expended solely and exclusively for accomplishing the Trust's purpose, that such funds have not inured to the benefit of any private individual, and that such funds have not been expended for the private benefit of any person.

7.3.3 Independant Activities and Programs. The Trust may conduct or support such independant activities or programs as will, in the discretion of the Trustees, accomplish the Trust's purpose of propagating and expanding, and accomplishing the goals of, the religion of Scientology.

The Trustees shall have full authority, in their absolute discretion, to refuse to make any grants or contributions or otherwise to render financial assistance to or for the benefit of any particular organisation or for the accomplishment of any particular purpose.

No portion of the Trust, either of the income or of the corpus thereof, shall be distributed to, accumulated for the benefit of, or expended or applied for the benefit of, any person or entity if such distribution, accumulation, expenditure or application would cause this Trust to be taxable in any jurisdiction or would cause the income of this Trust to be taxable by any jurisdiction by virtue of such distribution, accumulation, expenditure or application.

## 8. Limitation Upon Activities of the Trust.

In furtherance of the exclusively charitable, religious and educational purposes of the Trust, and to the end that the Trust may be operated exclusively for charitable, religious and

educational purposes, no part of the net earnings of the Trust shall inure to the benefit of any private individual, either directly or indirectly; no substantial part of the activities of the Trust shall in any way consist in the carrying on of propoganda or. otherwise attempting to influence legislation; and the Trust shall neither directly nor indirectly participate in or intervene in any political campaign on behalf of or in opposition to any candidate for public office, including the publishing and distribution of statements.

#### 9. Ability of the Trustees to Amend this Instrument

The Trustees may by their unanimous action, formally taken and expressed in writing, amend this Instrument in such respects as may be necessary or helpful to enable and to facilitate the greatest realization of the Trust's purposes and its efficient and economic administration, PROVIDED HOWEVER, that:

9.1 No change in purpose of the Trust. No such amendment shall substantially change or modify the purpose of the Trust or the limitations upon activities of the Trust; and

9.2 No change in qualifications of Trustees. No such amendment shall change the provisions of paragraph 14.2 of this Instrument respecting the selection, tenure and qualifications of Trustees of the Trust, without the prior written approval of the Board of Directors of the International Association of Scientologists; and

9.3 No revocability. No such amendment shall in any way make the Trust revocable.

10. Distribution of the Trust Assets Upon Termination.

Upon termination of the Trust, all assets of the Trust, including both undistributed portions of the corpus thereof and all net income therefrom, whether accumulated or otherwise undistributed, shall be distributed among one or more organizations, which are organized and operated exclusively for the purposes of the religion of Scientology as founded, and as it may be further developed, by L.Ron Hubbard, for use in propagating, expanding, and accomplishing the goals of the religion of Scientology.

11. Term of the Trust.

The Trust shall be for a period terminating twenty-one (21) years after the death of the last of the descendants of Queen Victoria who are living as of the date hereof, or until such action, formally taken and expressed in writing, shall determine in their sole discretion to terminate the Trust.

12. Provisions Regarding Accumulation and Distribution.

The Trust is in part an accumulation trust, and in part a trust for the current distribution or expenditure of income and corpus. The Trustees may distribute or expend currently, but are not required to distribute or expend currently all or any

lesser portion of the Trust's net income for the accomplishment of the Trust's purposes; the Trustees may accumulate, but are not required to accumulate, all or any lesser portion of the Trust's net income and add the same to the corpus of the Trust? and the Trustees may distribute, but are not required to distribute, all or any lesser portion of the corpus of the Trust. No current distribution or expenditure of the Trust's net income shall be made except following action of a majority of the Trustees, formally taken and expressed in writing, and all net income of the Trust not so distributed or expended shall be accumulated and added to the corpus of the Trust.

No distribution or expenditure of the Trust corpus shall be made at any time except following unanimous action of the Trustees, formally taken and expressed in writing.

In making distributions and expenditures, both of corpus and of income, the amount to be distributed or expended for the accomplishment of any particular purpose shall be determined by the Trustees in the exercise of their discretion, taking into account the ability profitably to use such distributions and expenditures in propagating the doctrines, tenets, practices and beliefs of the religion of Scientology and the accomplishment of its goals.

13. Loans in Lieu of Distributions or other Support or Benefit.

As a means of accomplishing the Trust's purpose, the Trustees may from time to time make loans from the corpus of

the Trust to any appropriate recipient, including loans for periods in excess of the term of this Trust as expressed in this Instrument of Trust/ with or without security and with or without interest and upon such other terms as the Trustees may in their discretion determine are consonant with the purpose of the Trust. Such loans may be made upon the action of a majority of the Trustees, formally taken and expressed in writing.

14. The Trustees and their Administration of the Trust.

As it is used throughout this Instrument, the term Trustees shall include not only the parties signatory to this Instrument but shall include as well all successor trustees of the Trust.

14.1 Number of Trustees. The number of Trustees of the Trust shall be three (3). The Trustees may at any time, by their unanimous action formally taken and expressed in writing, increase the number of the Trust's Trustees from three (3) up to five (5). Likewise, having increased the number of Trustees up to five (5), the Trustees may thereafter by their unanimous action formally taken and expressed in writing, reduce the number of the Trust's Trustees from as many as five (5) to a lesser number but not less than three (3).

14.2 Selection, Tenure and Qualification of Trustees. Upon the execution of this Instrument, each of the Trustees hereinabove named is a person over the age of twenty-one years, is an ordained minister of Scientology in good standing, and is

a member of the International Association of Scientologists in good standing. Said Trustees are the initial Trustees by virtue of their possessing these criteria, and their respective incumbency as Trustees shall continue only so long as each remains an ordained minister of Scientology in good standing and a member of the International Association of Scientologists in good standing (hereinafter "qualifying criteria\*<sup>1</sup>).

Any Trustee or Trustees, including any successor Trustee or Trustees, may be removed from office at any time by the unanimous action of the Board of Directors of the International Association of Scientologists.

If at any time any position as Trustee of the Trust becomes vacant, whether by reason of the death, incapacity or resignation of an incumbent Trustee, by reason of an incumbent Trustee's failing to continue to meet all of the qualifying criteria, by reason of removal of a Trustee by action of the Board of Directors of the International Association of Scientologists, or by reason of an increase in the number of the Trust's Trustees, then the Directors of the International Association of Scientologists, by their unanimous action formally taken and expressed in writing, shall select a successor Trustee or successor Trustees from among that group of persons who meet the qualifying criteria.

The tenure of Trustees shall be indefinite; that is to say that each Trustee, once elected, shall continue to serve as a Trustee of the Trust until such Trustee dies, becomes

incapacitated, resigns, is removed from office, or ceases to meet all of the qualifying criteria. In the event that any Trustee ceases to meet all of the qualifying criteria or becomes incapacitated (i.e. becomes physically or mentally disabled to the point that such physical or mental disability precludes such individual's effective service as a Trustee), then if such person does not promptly resign his position or her position as Trustee of the Trust or if the Board of Directors of the International Association of Scientologists fails to remove such person, the other Trustees of the Trust shall be permitted and required formally to remove such person as a Trustee of the Trust by their unanimous action formally taken and expressed in writing. No Trustee shall be required to provide any bond or other security as a condition of service as a Trustee.

14.3 Right of Trustee to Resign. Any Trustee shall have the right to resign as Trustee at any time, provided, however, that his or her resignation shall not become effective until at least such number of successor Trustees have been selected by the Board of Directors of the International Association of Scientologists and have accepted such selection as shall constitute the minimum number pursuant to Paragraph 14.1 above. Any resigning Trustee shall, at the sole cost and expense of the Trust, execute all instruments and do all such acts as may be necessary or convenient to vest title to all Trust assets in any successor Trustee.

14.4 Compensation of Trustees. Trustees of the Trust shall serve without compensation but shall be entitled to receive from the Trust reimbursement of their out-of-pocket costs reasonably incurred in performing their duties as Trustees of the Trust.

14.5 Means by which Trustees are to Exercise their Authority. To the extent that this Instrument provides that specific actions of the Trustees require unanimous action of the Trustees, such actions shall be taken only upon the affirmative determination of all of the Trustees then incumbent to take such action. To the extent that this Instrument specifies that particular actions of the Trustees may be taken by a majority of the Trustees, such action shall be taken only upon, but may be taken upon, the affirmative determination of a majority of the Trustees then incumbent to take such action. In the event that this Instrument does not specify that action of a particular kind shall be by unanimous action of the Trustees or by action of a majority of the Trustees, then such action shall be required to be taken and may be taken by a majority of the Trustees.

All actions of the Trustees which are required by this Instrument to be unanimous actions of the Trustees shall be taken only upon either the signing by all of the incumbent Trustees of a written resolution, in counterparts or otherwise, by affirmative action of all of the incumbent Trustees, at a meeting attended by all of the incumbent Trustees, or upon

prompt written ratification signed by all of the Trustees following electronic communications whereby all Trustees agreed to take such action. All actions permitted to be taken and taken by a majority of the Trustees, shall be taken only upon either the affirmative vote of a majority of the incumbent Trustees which are cast at a meeting of the Trustees, of which each Trustee has been given at least ten (10) days written notice specifying that such matter is to be considered at such meeting, or by electronic communications among all of the Trustees whereby a majority of them agreed to take such action, promptly followed by written ratification of such action signed by the Trustees casting affirmative votes and upon which the name of the dissenting Trustee is noted or the names of any dissenting Trustees are noted.

14.6 Trustees\* Administrative Powers. The Trustees of this Trust shall have broad administrative powers with respect to the Trust, which may be exercised on such terms and in such manner as they may deem advisable, and the specific powers described below shall be without prejudice to the generality of the Trustees<sup>1</sup> administrative, investment and management powers and discretions otherwise conferred under the terms of this Instrument or by law.

14.6.1 Rights of Persons Dealing with the Trustees. The Trustees may execute and deliver any and all instruments in writing which they may deem advisable to carry out any of the powers granted to them herein. No party to any such instrument

in writing signed by the Trustees shall be obligated to inquire into its validity, or be bound to see to the application by the Trustees of any money or other property paid or delivered to them pursuant to the terms of any such instrument. It is further expressly provided that anyone dealing with the Trustees is not required to inquire into the terms of this Instrument, the authority of the Trustees, or to see to the application which the Trustees make of funds or other property received by them, but shall be entitled to deal with the Trustees as if they are fully authorized to act.

Any person dealing with this Trust shall be entitled to rely upon a copy or counterpart of the original Instrument, and upon any instruments duly executed in accordance with the provisions thereof, to the same extent as such person might rely upon the original Instrument.

14.6.2 Determination of Principal and Income. The Trustees shall have full power and authority to determine in their absolute discretion, what shall constitute corpus of the Trust, gross income therefrom, and the determination of the Trustees with respect of all such matters shall be conclusive upon all Beneficiaries howsoever interested in this Trust. This specifically includes full power and authority to add any and all amounts of accumulated income of this Trust to the corpus of this Trust to be held, administered and distributed as a part thereof. This shall also include full power and authority to establish such reasonable reserves as may be

reasonable or necessary in their depreciation of tangible property and to amortize such amounts paid for the purchase of securities or other property as authorized herein.

14.6.3 Actions not to require Court Authorization.

The Trustees shall not be required to obtain authority or approval of any court in the exercise of any power conferred hereunder and shall not be required to make current reports or accountings to any court of their duties hereunder except as may be required by any statute or rule of court having jurisdiction over the Trustees and/or the assets of the Trust.

14.6.4 Payment of Taxes and Expenses. Except as

otherwise provided herein, the Trustees shall pay all property taxes, assessments, fees, charges, and other expenses incurred by them in the administration or protection of this Trust, and all such payments shall be a charge against the Trust and shall be paid by the Trustees out of the income therefrom or out of the corpus of the Trust, as they deem fit at any time prior to final distribution of the Trust assets. The determination of the Trustees with respect to all such matters shall be conclusive upon all Beneficiaries howsoever interested in this Trust.

14.6.5 Provisions Protective of Trustee. Once any

distribution of assets or allocation of assets made in accordance with this Instrument has taken place, the Trustees shall have no further responsibility in connection with such assets, except as would a stranger to this Trust.  
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14.6.6 Non-Liability for Acts. The Trustees shall not be liable for any act or omission in connection with the exercise of any administrative powers hereunder, or for any loss of or injury to any properties held in Trust resulting therefrom, and shall be entitled to indemnity out of the Trust assets for any liability, loss or expense incurred hereunder, except for their own actual fraud, intentional wrongdoing, or negligence. The judgment of the Trustees on matters placed by this Instrument within their discretion shall be final and conclusive on all persons having any interest in the Trust. With regard to any contract, agreement, undertaking, covenant or representation, entered into or made by, or on behalf of the Trustees for the benefit of the Trust, any rights, liabilities or obligations created by virtue of such contract, agreement, undertaking, covenant or representation, shall be solely the rights, liabilities and obligations of the Trust, and shall not be the personal rights, liabilities or obligations of the Trustees, and, accordingly, no such liability or obligation shall at any time be asserted or enforceable against the Trustees, but only against the assets of the Trust.

14.6.7 Accounting Period. The Trustees shall have the power to select a calendar year or other annual accounting period.

14.6.8 Employment of Advisors. The Trustees may employ in connection with the establishment, management, execution, and termination of the Trust, and at the expense of

the Trust, such agents, custodians, brokers, investment advisors, valuers, chartered accountants, clerks, depositories, barristers, solicitors, attorneys-at-law, or other legal counsel and advisors as the Trustees may consider necessary or desirable for any proper purpose in the interest of the Trust, specifically including but not limited to the establishment of the Trust. Payments, the amount of which and to whom directed, may be determined by the trustees according to contract, retainer, hourly rates, reimbursement of expenses, or otherwise as the Trustees think fit.

14.6.9 Reliance on Opinion of Counsel. The Trustees may obtain the opinion of reputable legal counsel concerning the interpretation, construction or effect of any provision of this Instrument, or concerning any difference arising in connection with the administration, execution or termination of the Trust, and are authorized, subject to any directions of a court of competent jurisdiction to the contrary, to act with acquittance in accordance with and in reliance upon the opinion of such counsel.

14.6.10 Valuation. When anything is dependent upon the value of any property or the existence of any fact, the Trustees may determine conclusively such value and fact.

14.6.11 Right to Secure Release. The Trustees are hereby authorized to secure from any Contributor, with respect to property contributed by such Contributor, a full and complete release from any and all liabilities attributable to

any acts by the Trustees, or any decisions by the Trustees to act or refrain from acting in any manner whatsoever, with respect to the investment of the assets of the Trust attributable to such contributions, retention of any or all Trust assets attributable to such contributions, and the sale or disposition of any or all Trust assets attributable to such contributions, and to secure written approval from such Contributor of any account or statement to it. Such release or approval shall be binding and conclusive upon said person or persons and upon all descendants of said person or persons, including then unborn descendants.

14.6.12 Application for Exemption from Exchange Control. The Trustees are hereby authorized to make application for, and take all other steps necessary to obtain, exemption from exchange control for the Trust on a non-resident basis, and the Trustees are further authorized to exclude as a Beneficiary or potential Beneficiary any organization or class of organizations located within any jurisdiction with respect to which it seeks exchange control approval, should such exclusion be a prerequisite to receiving exchange control approval.

14.6.13 Delegation of Authority. The Trustees may, by unanimous action, at any time and from time to time, and subject to revocation at any time, delegate the authorities, discretions and powers, or any of them herein conferred upon the Trustees, to any person or persons as may be necessary to

accomplish the objects and purposes of this Trust. Such delegation and all revocations thereof shall be evidenced by an instrument in writing, signed and delivered to the person or persons to whom the delegation is made.

14.6\*14 Approval of Distributions. The Trustees shall be released from any liability with respect to any distribution of Trust Fund assets if they have done any one of the following:

1. Exercised due diligence in determining both the optimum amount of any distribution to achieve a particular purpose of this Trust and the qualifications, administrative experience, and discretion of any recipient thereof by retaining the services of an appropriately qualified consultant, including any such consultant who shall be in the business of making recommendations to charitable trusts, corporations, foundations or qualified recipients of trust fund distributions, or

2. Made the distribution in accordance with and upon the advice of duly qualified legal counsel that such distribution might properly be made in pursuance of the purposes of this Trust.

The Trustees, however, shall not be obligated either to employ any consultant or counsel or to follow the recommendations made by any consultant or counsel from whom advice is sought under the terms of paragraph 1 above.

14.6.15 Duty of the Trustees to Account. The Trustees shall make a written accounting concerning the Trust and its administration not less often than annually.

14.7 Trustees' Management Powers. The Trustees of this Trust shall have broad investment and management powers with respect to the acquisition, holding and disposition of all assets comprising the Trust Fund or any part thereof, which powers may be exercised on such terms and in such manner as they may deem advisable.

14.7.1 Litigation. The Trustees may commence or defend litigation with respect to the Trust, or any assets of the Trust, as they may deem advisable, at the expense of the Trust. The Trustees may litigate, compromise, compound, adjust, submit to arbitration and be bound thereby, release or otherwise settle or dispose of any claim or demands of the Trust against others, or of others against the Trust, in such manner and upon such terms as are deemed proper by the Trustees, and this shall include extending the time for payment of or abandoning claims or demands in favor of or against the Trust.

14.8 Formation of Companies. The Trustees may form, or procure the formation of one or more corporations or companies for any and all purposes calculated to accomplish the specific purpose of the Trust or otherwise consistent with the powers

, granted to Trustees under this Instrument. The Trustees may exercise all of their powers under this Instrument in dealings with corporations or companies so formed by the Trust.

14.9 Bank Accounts. The Trustees may open and maintain one or more savings accounts, checking accounts, term accounts, or current accounts with any bank, savings and loan, or building and loan associations, wherever located, and may deposit to the credit of such account or accounts all or any part of the funds belonging to the Trust that may at any time be in the possession of the said Trustees as Trustees whether or not such funds may earn interest, and may authorize withdrawal therefrom by cheque or other instrument by such person or persons as the Trustees may from time to time authorize, by unanimous action. Any such bank or such association is hereby authorized to pay such cheque or other instrument of withdrawal and also to receive the same for deposit to the credit of any holder thereof when so signed and properly endorsed, without inquiry of any kind. Payments so made by such bank or association shall not be subject to objection by any person concerned or interested in any way in the Trust. The Trustees may delegate any of the foregoing powers to open and administer bank accounts to any other person or enterprise acting without bond or surety, as agent for the Trust, disclosed or undisclosed, at the election of the Trustees. The Trustees may authorize such agent to commingle trust assets only to the extent that assets are contributed to the Trust in a commingled

fashion and subject to the segregation of such assets as soon as is feasible as to those donated to the Trust and those to be applied to other purposes.

14.10 Location of Assets. The Trustees may keep the whole **or** any part of the assets of the Trust in any country or countries, and in such places and in such manner as the Trustees may deem desirable under the circumstances.

15. Additions to the Trust.

Any and all persons, whether individuals or organizations, shall have the right to contribute money or other property of any character to the Trust provided only that such other property is acceptable to the Trustees and that such money or other property is unqualifiedly and unconditionally contributed to the Trust (or is contributed subject only to conditions which are acceptable to the Trustees), without retention by the Contributor of any right, authority or other power to reacquire such property, or otherwise to administer or participate in or direct the administration of the Trust. The Trustees shall have full authority to accept or to reject, in their sole and absolute discretion, any contribution to the Trust.

16. Discretionary Nature of the Trust and Restraints upon Alienation.

In keeping with the wholly discretionary nature of this

Trust, no person or organization shall have any ascertainable, definable or other fixed right to any interest in all or any portion of the Trust. No person or organization shall have or acquire any right to receive any distribution, either of corpus or of income of the Trust, until such time as the Trustees have, in the exercise of their discretion by formal action expressed in writing, determined to distribute a specific amount, either of income or of corpus, to such person or organization. Moreover, any right to receive a distribution from the Trust, either of income or of corpus of the Trust, following the Trustees<sup>1</sup> determination, after formal action expressed in writing, shall not be alienable, either by assignment, anticipation, hypothecation or by any other method, and shall not be subject to be taken by creditors by any process whatsoever. No Contributor to the Trust shall, by reason of such contribution, be entitled to receive from the Trust any distribution, either of income or of corpus of the Trust.

17. Construction of this Declaration.

In interpreting and construing the provisions of this Instrument, general common law principles, in such variation as is most liberal and meets with the approval of the forum having jurisdiction, shall be utilized, subject to the following constraints:

17.1 Severability. If any provision of this Instrument should be judicially determined to be invalid or unenforceable, then the remaining provisions hereof shall continue to be fully effective and the remainder of the provisions of this Instrument shall be fully effective.

17.2 Number and Gender. Unless the context in which they are used in this Instrument clearly appears to require otherwise, all terms denoting gender shall include both the masculine and the feminine and all terms denoting number shall include both the singular and the plural.

17.3 Notices. All notices required or authorized by this Instrument to be given shall be deemed to have been duly given upon proof of their receipt by the particular Trustee, if addressed to a Trustee, and upon proof of having posted in a postage prepaid registered airmail letter addressed to the person to be served by name at such person's last known place of abode or business address, and such service shall be deemed to have been made at the time such letter would in the ordinary course of post be delivered.

18. Execution of the Declaration.

This Instrument is executed in quadruplicate and may be executed in one or more counterpart copies. The counterparts of this Instrument, each bearing the signature of one or more of the Trustees shall together be deemed to constitute one and the same instrument. By signing four (4) copies of this Instrument, each of the Trustees acknowledges that he has

thoroughly examined a true and correct copy of this Instrument, that he understands the contents thereof, and that he will truly and faithfully administer the Trust in conformity with all of the terms and conditions of this Instrument.

IN WITNESS WHEREOF each of the Trustees and the Settlor have caused their respective signatures to be affixed to this Instrument on the date hereof.

DATE OF EXECUTION:

December 26, 1985



December 26, 1985

TRUSTEE

December 26, 1985



TRUSTEE

December 26, 1985



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SETTLOR

AMENDMENT OF INSTRUMENT OF TRUST  
CREATING THE  
FLAG SHIP TRUST

The undersigned, being all of the trustees of the FLAG SHIP TRUST, hereby adopt the following resolutions and take the following actions:

WHEREAS, the Flag Ship Trust was created by Instrument dated 26 December 1985, by and among Carl Heldt, Pauline Chatterton and Helen Wehl, as trustees, and the International Association of Scientologists, as Settlor, said Instrument being hereinafter called the "Trust Instrument";

WHEREAS, the trust was created and has operated for the specific purpose of assuring the acquisition, outfitting and staffing of an ocean-going vessel appropriate to the conduct thereon of Scientology religious services of the highest levels;

WHEREAS, said specific purpose has been accomplished by the acquisition, outfitting and staffing of the Sea Org Motor Vessel "Freewinds";

WHEREAS, the general purpose of the trust is the advancement and propagation of the religion of Scientology;

WHEREAS, the undersigned have determined that

administrative matters respecting the qualification, selection, tenure and removal of trustees, and respecting amendments to the Trust Instrument, should in the future not be subject to the approval of the International Association of Scientologists;

WHEREAS, Church of Scientology International is the Mother Church;

NOW, THEREFORE, IT IS

RESOLVED by the Trustees of the Flag Ship Trust that Section 9.2 of the Instrument of Trust titled "No change in Qualifications of Trustees" be amended by deleting the words "without the prior written approval of the Board of Directors of the International Association of Scientologists";

RESOLVED by the Trustees of the Flag Ship Trust that Section 10 of the Instrument of Trust titled "Distribution of the Trust Assets upon Termination", be amended to read as follows:

"Upon termination of the Trust all assets of the Trust, including both undistributed portions of the corpus thereof and all net income therefrom whether accumulated or otherwise undistributed, shall be distributed among one or more organizations which are described in Section 501(c)(3) of the United States Internal Revenue Code of 1954 and which are organized and operated exclusively for the purposes of the religion of Scientology as founded by L. Ron Hubbard for use in propagating, expanding and accomplishing the goals of the religion of Scientology.";

RESOLVED by the Trustees of the Flag Ship Trust that Sections 14.2 and 14.3 of the Instrument of Trust titled respectively, "Selection, Tenure and Qualification of Trustees" and "Right of Trustees to Resign" be amended, to read as follows:

"14.2 Selection, Tenure and Qualification of Trustees. Upon the execution of this Instrument, each of the Trustees hereinabove named is a person over the age of twenty-one years, is an ordained minister of Scientology in good standing with

Church of Scientology International, and the incumbency of each shall continue so long as he or she continues to meet these criteria (hereinafter "qualifying criteria").

If at any time any position as Trustee of the trust becomes vacant, whether by reason of the death, incapacity or resignation of the incumbent Trustee, by reason of the incumbent Trustee's failing to continue to meet all of the qualifying criteria, by reason of an increase in the number of the Trust's Trustees, then the remaining Trustees, by their unanimous action formally taken and expressed in writing, shall select a successor Trustee or successor Trustees from among that group of persons who meet the qualifying criteria.

If at any time the trust should have no Trustees meeting all of the qualifying criteria then successor Trustees shall be elected from among that group of persons who meet all of the qualifying criteria by all of the Class IV Scientology Churches which are then in existence and in good standing with the Mother Church, Church of Scientology International, with each such Church entitled to cast one vote. Thereafter, any vacancy in the position of Trustee shall again be filled by unanimous action of the remaining incumbent Trustees as provided above.

The tenure of Trustees shall be indefinite; that is to say that each Trustee, once elected shall continue to serve as a Trustee of the Trust until such Trustee dies, becomes incapacitated, resigns, is removed from office, or ceases to meet all of the qualifying criteria. In the event that any Trustee ceases to meet all of the qualifying criteria or becomes incapacitated (i.e. becomes physically or mentally disabled to the point that such physical or mental disability precludes such individual's effective service as a Trustee), then if such person does not promptly resign his position or her position as Trustee of the Trust, the other Trustees of the Trust shall be permitted and required formally to remove such person as a Trustee of the Trust by their unanimous action formally taken and expressed in writing. No Trustee shall be required to provide any bond or other security as a condition of service as a Trustee.

14.3 Right of Trustee to Resign. Any Trustee shall have the right to resign as Trustee at any time, provided, however, that his or her resignation shall not become effective until at least such

number of successor Trustees have been selected pursuant to Paragraph 14.2 above and have accepted such selection as shall constitute the minimum number pursuant to Paragraph 14.1 above. Any resigning Trustee shall, at the sole cost and expense of the trust, execute all instruments and do all such acts as may be necessary or convenient to vest title to all Trust assets in any successor Trustee.";


RESOLVED by the Trustees of the Flag Ship Trust that the foregoing amendments to the Instrument of Trust shall . be and become effective for all purposes, without further act by the undersigned, upon approval thereof by the Board of Directors of International Association of Scientologists.

IN WITNESS WHEREOF, each of the undersigned has signed this Instrument in his or her capacity as a trustee of the Flag Ship Trust, on the date set forth before his or her name below.

Date: 26 OCTOBER 1958

  
Trustee

Date: 23 October 1958

  
Trustee

Date: 23 October 1958

  
Trustee