

THE HIRAM ELWIN REED TRUST
DATED: December 21, 1989

ARTICLE I
ESTABLISHMENT OF TRUST

HIRAM ELWIN REED and THOMAS OLIVER BRACE, herein called the "Settlors", declare that they set aside and hold in Trust the property described in Schedule "A" attached to this instrument.

ARTICLE II
TRUST ESTATE

A. Property Considerations

All property transferred to this Trust and its proceeds shall be referred to as the Trust estate and the characterization of the property herein shall not change from its classification as separate property of the joint Settlers.

B. Property to Retain Its Character

All property now or hereafter conveyed or transferred to the Trustee shall, upon termination of the Trust, remain respectively the separate property of the Settlers or the Settlor, as the case may be, transferring such property to the Trustee.

ARTICLE III
DISTRIBUTION OF INCOME AND PRINCIPAL

A. During Joint Lifetimes of Settlers

1. Separate Property

During the joint lifetimes of the Settlor/Beneficiaries, the Trustee shall pay to or apply for the benefit of the Settlor/beneficiaries, the net income of the Trust property in quarter-annual or more frequent installments. Similarly, if the Trustee considers the net income of the Trust property insufficient, the Trustee shall pay to or apply for the benefit of the Settlor/Beneficiaries, as much of the principal of that property as is necessary in the Trustee's discretion for the proper health, education, support and maintenance of the Settlor/Beneficiaries.

2. One Settlor Incapacitated

If at any time, as certified in writing by two licensed physicians, either Settlor/Beneficiary has become physically or mentally incapacitated, whether or not a court of competent jurisdiction has declared him incompetent, mentally ill, or in need of a conservator, the Trustee shall pay to the other Settlor/Beneficiary or apply for the benefit of either Settlor/Beneficiary, the amounts of net income and principal necessary in the Trustee's discretion for the proper health, support, and maintenance of both Settlor/Beneficiaries, until

the incapacitated Settlor/Beneficiary, as certified by two licensed physicians, is again able to manage his own affairs, or until the earlier death of either Settlor/Beneficiary. The non-incapacitated Settlor/Beneficiary may also withdraw from time to time, accumulated Trust income and principal. Income and principal from property so paid or withdrawn shall be held and administered as trust property by the non-incapacitated Settlor/Beneficiary. Any income in excess of the amounts applied for benefit of Settlor/Beneficiaries shall be accumulated and added to principal.

B. After Death of First Settlor

1. Principal

a. The principal of the Trust:

Shall consist of the Surviving Settlor/Beneficiary's interest in the total trust property, including any undistributed or accrued income on it, and;

b. Non-productive Property

During the Surviving Settlor/Beneficiary's lifetime, he shall have the power to require the Trustee to make all or part of the principal of the Trust productive property. This power shall be exercised by the Surviving Settlor/Beneficiary in a written instrument delivered to the Trustee.

2. On the Death of the Surviving Settlor

On the death of the Surviving Settlor, the Trustee shall administer and distribute all of the assets of this trust in accordance with the terms set forth hereafter in **ARTICLE IV**.

ARTICLE IV

A. Distribution After Death of Both Settlor/Beneficiaries

After the death of both Settlor/Beneficiaries, the Trustee shall hold the Trust estate for the benefit of **ESPERANTO LEAGUE FOR NORTH AMERICA, INC.** a Delaware Corporation, to be held and used for the following purposes only:

1. Distribution of Income

a. Primary Purpose of Trust

The primary purpose of this Trust after the death of both Settlers, is to further the teaching and use of the international language known as **ESPERANTO**. The Trustee is to use its discretion to promote the maximum teaching of **ESPERANTO**. The Trustee is directed never to invade the principle of the Trust.

1) Ninety (90%) percent of the income shall be used to fund a scholarship, in the name of **HIRAM ELWIN REED**. The scholarship funds shall be used to assist in payment of tuition for a student or students of **ESPERANTO**. Each recipient will not be required to repay any scholarship assistance. If

in any one year, the Trustee does not find a student, who, in the Trustees sole discretion, is deemed worthy of scholarship assistance, the Trustee shall add all income to principle, for that year.

2) The Trustee may in the exercise of its sole discretion, pay up to ninety (90%) percent of the Trust income to pay for all or part of the cost of a professor's wages, if that professor is teaching ESPERANTO. Said payment to a professor would be called THE HIRAM ELWIN REED CHAIR, for the teaching of ESPERANTO. This use of Trust income would be only if the Trustee decided that the support of the professor would stimulate the teaching of ESPERANTO, more than the granting of scholarships.

ARTICLE V

RIGHTS AND POWERS RESERVED BY SETTLORS

A. Revocation During Settlor's Joint Lifetimes

During the (joint) lifetimes of the Settlor, HIRAM ELWIN REED and THOMAS OLIVER BRACE, this Trust may be revoked in whole or in part with respect to trust property only by an instrument in writing signed by the Settlor who contributed that property to the Trust, delivered to the Trustee. On revocation with respect to separate property, the Trustee shall, within a reasonable period, deliver to the contributing Settlor all or the designated portion of that property. The Trustee shall also account for the Trustee's acts since the preceding accounting. If this instrument is revoked with respect to all or a major portion of the assets subject to it, the Trustee shall be entitled to retain sufficient assets reasonably to secure payment of liabilities lawfully incurred by the Trustee in the administration of the Trust, unless the Settlor shall indemnify the Trustee against loss or expense.

B. Amendment

The Settlor may at any time during their joint lifetimes amend any of the terms of this instrument by an instrument in writing signed by both Settlor and delivered to the Trustee. No amendment shall substantially increase the duties or liabilities of the Trustee without the Trustee's consent, nor shall the Trustee be obligated to act under such an amendment unless the Trustee accepts it. If the Trustee is removed, the Settlor shall indemnify the Trustee against liability lawfully incurred by the Trustee in the administration of the Trusts.

ARTICLE VI

POWERS OF THE TRUSTEE

In order to carry out the provisions of the Trust created by this instrument, the Trustee shall have these powers in addition to those now or hereafter conferred by law:

A. Broad Investment Powers

To invest and reinvest all or any part of the Trust estate in such common or preferred stocks, including the purchase and sale of various listed option, shares of investment Trusts and investments companies, bonds, debentures, mortgages, deeds of Trust, mortgage participation, notes, real estate, or other property as the Trustee in the Trustee's discretion may select; and the Trustee may continue to hold in the form in which received (or the form to which changed by reorganization, split-up, stock dividend or other like occurrence) any securities or other property the Trustee may at any time acquire under this Trust, it being the Settlor's express desire and intention that Trustee shall have full power to invest and reinvest the Trust fund without being restricted to forms of investment that the Trustee may otherwise be permitted to make by law; and the investments need not be diversified provided, however, that the aggregate return of all investments of the Survivor's Trust from time to time shall be reasonable in light of then existing circumstances.

B. Retain Property

To continue to hold any property including any shares of the Trustee's own stock and to operate at the risk of the Trust estate any business that the Trustee receives or acquires under the Trust as long as the Trustee deems advisable.

C. Manage Securities

To have all the rights, powers, and privileges of an owner with respect to the securities held in Trust, including, but not limited to, the powers to vote, give proxies, and pay assessments; to participate in voting Trusts, pooling agreements, foreclosures, reorganizations, consolidations, mergers, and liquidations and incident to such participation to deposit securities with and transfer title to any protective or other committee on such terms as the Trustee may deem advisable; and to exercise or sell stock subscriptions or conversion rights, including the purchase and sale of various listed options.

D. Hold Securities in Nominee's Name

To hold securities or other property in the Trustee's name as Trustee under this Trust, or in the name of a nominee.

E. Sell, Exchange, Repair

To manage, control, grant options on, sell (for cash or on deferred payments) convey, exchange, partition, divide, improve and repair Trust property.

F. Lease

To lease Trust property for terms within or beyond the terms of the Trust for any purpose, including exploration for and

removal of gas, oil, and other minerals; and to enter into community oil leases, pooling, and unitization agreements.

G. Lend to Settlers' Probate Estates

To lend money to any person, including the probate estate of either Settlor, provided that any such loan shall be adequately secured and shall bear a reasonable rate of interest.

H. Purchase Property from Settlers' Probate Estates

To purchase property at its fair market value as determined by the Trustee in the Trustee's discretion from the probate estate of either Settlor.

I. Loan to, Buy from, and Sell to Trust Individually

To loan or advance the Trustee's own funds to the Trust for any Trust purpose, with interest at current rates; to receive security for such loans in the form of mortgage, pledge, deed of Trust, or other encumbrance of any assets of the Trust; to purchase assets of the Trust at their fair market value as determined by an independent appraisal of those assets; and to sell property to the Trust at a price not in excess of its fair market value as determined by an independent appraisal.

J. Borrow

To borrow money, and to encumber Trust property by mortgage, deed of Trust, pledge, or otherwise.

K. Commence or Defend Litigation and to Compromise

To commence or defend, at the expense of the Trust, such litigation with respect to the Trust or any property of the Trust estate as the Trustee may deem advisable, and to compromise or otherwise adjust any claims or litigation against or in favor of the Trust.

L. Insure

To carry insurance of such kinds and in such amounts as the Trustee deems advisable, at the expense of the Trust, to protect the Trust estate and the Trustee personally against any hazard.

M. Distributions

To partition, allot, and distribute the Trust estate, on any division or partial or final distribution of the Trust estate, in undivided interests or in kind, or partly in money and partly in kind, at valuations determined by the Trustee, and to sell such property as the Trustee may deem necessary to make division or distribution. In making any division or partial or final distribution of the Trust estate, the Trustee shall be under no obligation to make a prorata division, or to distribute the same assets to beneficiaries similarly situated; but rather, the Trustee may, in the Trustee's discretion, make a non prorata distributions to such beneficiaries, as long as

the respective assets allocated to separate Trusts or shares, or distributed to such beneficiaries, have equivalent or proportionate fair market value.

N. Support and Maintenance

The Trustee may pay to or apply for the Settlor/Beneficiaries of this Trust, such part of the principal of such Trust as the Trustee, in its discretion, determines will provide for the beneficiary's health, maintenance and education.

ARTICLE VII

DESIGNATION AND COMPENSATION OF TRUSTEE

A. Designation of Successor Trustee

By this Trust Declaration, H. ELWIN REED and T. OLIVER BRACE, are named and shall act as Trustees hereunder, (except as specifically provided elsewhere herein). Upon the death, resignation or inability to act of either Trustees, or if for any reason he shall cease to serve as Trustees hereunder, the Settlers then nominate the then remaining Trustee to act as Trustee hereunder. Upon the death, resignation or inability to act of the remaining Trustee, or if for any reason he ceases to serve as Trustee, the Settlers nominate THE ESPERANTO LEAGUE OF NORTH AMERICA, a Delaware corporation, as Trustee of this Trust; and it shall have the same rights and duties as the Trustee no longer serving. All named Trustees are to serve without bond.

B. Definition of Inability

The determination of inability of an individual to continue to serve as Trustee shall be made upon a certificate or statement to that effect from two licensed physicians who have examined the individual, and the successor Trustee or Trustees shall assume the trusteeship hereunder at that time.

C. Trustee's Bond

No bond shall be required of any person named in this instrument as Trustee, or of any corporate person appointed as the Trustee in the manner specified herein, either acting individually or jointly, for the faithful performance of his, her or their duties as Trustee or Trustees.

D. Trustee's Compensation

No compensation shall be paid for the service of either Settlor, or any other successor Trustee of the Trust.

E. Successor Trustee Not Liable for Acts of Predecessor

No successor shall be liable for any act, omission, or default of a predecessor Trustee. Unless requested in writing within thirty (30) days of appointment by an adult beneficiary of the Trust, no successor Trustee shall have any duty to

investigate or review any action of a predecessor Trustee and may accept the accounting records of the predecessor Trustee showing assets on hand without further investigation and without incurring any liability to any person claiming or having an interest in the Trust.

F. Resignation of Trustee

Any Trustee from time to time acting may resign as Trustee of any Trust being held under this instrument by an instrument in writing signed and acknowledged by such Trustee and delivered to each adult beneficiary to whom the Trustee is then directed or authorized to pay net income of such Trust. Such successor corporate Trustee shall qualify by filing its written consent to act as Trustee with the Trust records. If a majority of such beneficiaries is unable to agree upon such successor or if there is no adult income beneficiary then living, a corporate successor Trustee shall be appointed in accordance with the provisions of the laws of the State of California then existing.

**ARTICLE VIII
GENERAL PROVISIONS**

A. Additions to Trust

Other property acceptable to the Trustee may be added to these Trusts by any person, by the Will or Codicil of either Settlor, by the proceeds of any life insurance, or otherwise.

B. Rule Against Perpetuities

Unless sooner terminated in accordance with other provisions of this instrument, all Trusts created under this instrument shall terminate twenty-one (21) years after the death of the last survivor of the Settlers or of the Settlor's issue living on the date of the first Settlor to die. The principal and undistributed income of a terminated Trust shall be distributed to the then income beneficiaries of that Trust in the same proportion that the beneficiaries are entitled to receive income when the Trust terminates. If at the time of such termination the rights to income are not fixed by the terms of the Trust, distribution under this clause shall be made, by right of representation, to the persons who are entitled or authorized in the Trustee's discretion, to receive Trust payments. Or at such other date as the Legislature of the State of California may determine. Except, this Trust shall continue for the period of time permitted for Charities in the State of California.

C. Restriction Against Alienation

No interest in the principal or income of any Trust under this instrument shall be anticipated, assigned, encumbered, or

subjected to the creditor's claim or legal process before actual receipt by the beneficiary.

D. Choice of Law

The validity of this Trust and the construction of its beneficial provisions shall be governed by the laws of the State of California in force on the date of execution of this instrument. This section shall apply regardless of any change of residence of the Trustee or any beneficiary, or the appointment or substitution of a Trustee residing or doing business in another state.

E. Conferring Jurisdiction

The appropriate Superior Court of the State of California shall have jurisdiction for all the purposes set forth in Section 17000 etc. of the California Probate code.

F. Definition of Education

Whenever provision is made to pay for the education of a student of **ESPERANTO**, the term "education" shall include college and postgraduate study as long as in the Trustee's discretion it is pursued to advantage by the student at an institution which has a qualified course of study in **ESPERANTO**. In determining payments to be made to the student for such education, the Trustee shall consider the student's reasonably related living and traveling expenses.

G. Definition of Issue and children

In this instrument, the term "issue" shall refer to lawful linear descendants of all degrees, and the terms "child", "children", and "issue" shall include persons adopted into the class if the adopted person lived for a significant period during minority as a member of the household of the adoptive parent. Whether a person has "lived for a substantial period during minority as a member of the household" of an adoptive parent shall be determined in the discretion of the Trustee. Settlor **HIRAM ELWIN REED**, has no living children. Settlor **THOMAS OLIVER BRACE**, has three (3) children, **CONSTANCE BRACE**, **BARBARA BRACE** and **BARRY BRACE**, all of whom are now living. I, Settlor **THOMAS OLIVER BRACE**, have intentionally failed to provide for any of my children in this trust.

H. Gender and Number

As used in this instrument, the masculine, feminine, or neuter gender, and the singular or plural number, shall each include the other whenever the context so indicates.

I. Severability

If any provision of this Trust instrument is unenforceable, the remaining provisions shall nevertheless be carried into effect.

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ARTICLE IX
NAME OF TRUST

The Trust created in this instrument may be referred to as
the HIRAM ELWIN REED TRUST, Dated December 21, 1989.
Executed on December 21, 1989, at Camarillo, California.

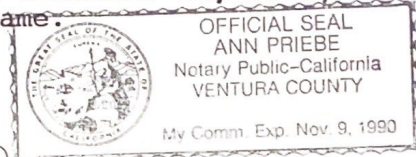
H. Elwin Reed
H. ELWIN REED

T. Oliver Brace
T. OLIVER BRACE

State of California)
) SS.
County of Ventura)

On December 21, 1989, before me, the undersigned, a Notary Public in and for said State, personally appeared H. ELWIN REED and T. OLIVER BRACE, proved to me on the basis of satisfactory evidence, to be the persons whose names are subscribed to the within HIRAM ELWIN REED TRUST, Dated December 21, 1989, and acknowledged that they executed the same.
WITNESS my hand and official seal.

Ann Priebel
Notary Public in and for said State



WE THE UNDERSIGNED, DO HEREBY AGREE TO ACT AS TRUSTEES
UNDER THIS DECLARATION OF TRUST, THE HIRAM ELWIN REED TRUST
DATED: December 21, 1989.

T. Oliver Brace
T. OLIVER BRACE

H. Elwin Reed
H. ELWIN REED

THE HIRAM ELWIN REED TRUST
DATED: December 21, 1989

SCHEDULE "A"

1. The residences at 5968 Joshua Trail, Camarillo, California;
2. All Security Instruments of every description, other stocks, bonds, notes, mortgages or any other instrument;
3. All bank accounts;
4. All furniture and furnishings in the above residence;
- 5 All jewelry of the Settlers;
6. Any other item which may from time to time be added to the Trust;
7. All other real property, wherever situated.