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AGREEMENT - BIOGRAPHY (BPI)

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AGREEMENT - BIOGRAPHY (BPI)

THIS AGREEMENT - BIOGRAPHY (BPI) ("Agreement"), is made as of the 1st day of August, 1992, by and between **NORMAN F. STARKEY**, Trustee of Author's Family Trust B, whose address is 6515 Sunset Boulevard, Suite 202, Hollywood, California 90028 ("Trustee") and **BRIDGE PUBLICATIONS, INC.**, whose address is 4751 Fountain Avenue, Los Angeles, California 90029 ("Publisher"), with reference to the following:

A. Trustee is causing the preparation of a biography of L. Ron Hubbard ("Biography") and will be the owner of all rights comprised in the copyright of such literary work.

B. Publisher wishes to publish the Biography in the United States and English speaking Canada ("Territory"), and the Trustee is willing to grant a license to publish on the terms and conditions contained herein.

**NOW, THEREFORE**, in consideration of the foregoing Recitals, which are incorporated by this reference, and of the mutual covenants and conditions contained herein, the parties agree as follows:

1. Delivery of Manuscript. The Trustee shall deliver or cause to be delivered the manuscript for the Biography when it is complete. The date of delivery shall constitute the "Commencement Date" and the parties agree to note such date on Exhibit "A" attached hereto.

2. Grant of Publication Rights. Except as hereafter reserved, Trustee hereby grants to Publisher for the term of this Agreement, the following rights:

(a) The exclusive right to print, publish and sell ("Publish") the Biography in hardbound and paperbound form in the Territory; and

(b) The exclusive right to license book clubs in the Territory, subject to the prior written consent of Trustee.

3. Term. The term of this Agreement shall commence on the Commencement Date and shall continue for a period of four (4) years from such date, unless sooner terminated as hereinafter provided. Thereafter, this Agreement shall be renewed automatically and indefinitely for additional and successive one-year terms; provided that after the initial term, this Agreement may be terminated at any time by either party upon six (6) months' written notice.

4. Changes, Insertions. No one, except with Trustee's prior written approval, may make changes to the text or title of the Biography. Advertising, or material written or prepared by others, may not be inserted or printed in any edition of the Biography, including without limitation the dust jacket or book cover, without the express written consent of Trustee, which consent may be withheld in Trustee's sole discretion. Further, all advertising by the Publisher which promotes the sale by Publisher of the Biography shall be submitted in advance to Trustee for approval.

5. Warranties and Indemnification.

(a) Trustee warrants and represents that:

(1) All rights granted hereunder are free of liens or encumbrances; and Trustee has full power to execute this Agreement;

(2) The Biography does not, to the best of Trustee's knowledge, infringe statutory copyrights or common law literary rights of others, and, to the best of Trustee's knowledge, does not violate the rights of privacy of, or libel, other persons.

(b) (1) Trustee agrees to indemnify and hold harmless the Publisher against any final judgment for damages (after all appeals have been taken) against it in any action arising out of facts which constitute a breach of the foregoing warranties and against reasonable costs and attorneys' fees incurred by it in defending an action in which such judgment is recovered.

(2) The aforesaid indemnity shall not apply to any material which Publisher could have determined, from a reading of the Biography, violated any rights specified in subparagraph (a)(2) above.

(c) (1) Publisher shall give Trustee prompt notice of any suit brought against Publisher alleging facts which, if proven, would constitute a breach of the warranties in subparagraph (a). Trustee may, if Trustee chooses, defend such suit with counsel of his own choosing, at his own

expense, provided that if he does, Publisher may nonetheless participate in the defense with counsel of its choosing and at its own expense. Publisher shall not settle any claim, demand, action or proceeding without Trustee's consent.

(2) If Trustee shall defend such suit, Trustee shall not be responsible for Publisher's attorneys' fees or costs, subparagraph (b) notwithstanding.

6. Galley and Page Proofs. Publisher shall furnish Trustee with galley and page proofs (or retyped manuscript where composition is done by computer or similar means), of the manuscript for the Biography, together with all artwork and photographs and captions therefor, if any, and Trustee will review, revise (if necessary) and return said proofs promptly. The format, design, layout, paper, dust jacket, style of composition and price of the Biography shall be determined by Publisher, subject to written approval of Trustee.

7. Publisher's Responsibilities.

(a) Publisher acknowledges and agrees that, in accepting the grant made by this Agreement to Publish the Biography, it is undertaking an important responsibility in executing the terms of this Agreement and that it is of the essence of this Agreement that the Publisher shall use its best efforts, due diligence, and the highest standards of prevailing publishing practices in fulfilling this responsibility.

Without limiting the generality of the foregoing, it is expressly agreed that:



(1) Publisher shall actively promote and market the Biography in accordance with standard publishing procedures. In this regard, Publisher shall periodically submit to the Trustee, upon his request, detailed plans for promoting and marketing the Biography. Included in such plans shall be provisions for pre-release and post release promotion (e.g., copies to reviewers and opinion leaders and in store advertising campaigns). Moreover, Publisher shall solicit all channels for sale of the Biography, including without limitation, book distributors, bookstore chains, book clubs and libraries.

(2) Publisher shall promptly deliver all orders for the Biography and shall diligently pursue collection of all accounts receivable generated by sales of the Biography.

(3) Trustee shall have the right, upon thirty (30) days' written notice, to terminate the right of Publisher to Publish the Biography, if it is not being actively distributed or timely delivered, unless during such thirty (30)-day period the Biography is actively distributed, timely delivered or an acceptable plan for distribution and delivery is implemented.

(4) Publisher shall not employ any persons hostile to L. Ron Hubbard, Trustee, the Biography or the religion of Scientology.

(b) Publisher shall not Publish literary works by other authors that are similar to or competitive with the Biography without the prior written consent of Trustee.

(c) Publisher shall not sell galleys of the Biography. Galleys shall only be used for purposes of quality control or promotion.

8. Copyright Notice. Publisher shall print in every copy of the Biography a proper United States copyright notice, satisfactory to the Trustee, sufficient to secure and protect United States copyright and Universal Copyright Convention rights in the Biography for Trustee and sufficient to obtain and protect copyright rights in all jurisdictions in which the Biography is published and/or sold.

9. Copyright Administration. Publisher shall, within three (3) months of first publication, cause to be duly registered in the United States Copyright Office a claim for United States Copyright in the Biography in the name of "L. Ron Hubbard Library" (a registered fictitious name of Trustee), and, if appropriate, shall cause to be filed in the United States Copyright Office, in a timely fashion, an application for renewal thereof. Currently, Publisher furnishes services to others in connection with the registration of copyrights. Should the provision of the aforementioned services be transferred to another entity, Publisher shall contract with such entity for copyright services and shall pay its share of expenses arising out of the registration process.

10. Royalties - Hardbound Edition. Publisher shall pay Trustee fifteen percent (15%) of Publisher's suggested retail price on each copy of the hardbound edition sold by Publisher, less returns. For purposes of this Agreement, "Publisher's suggested retail price" shall be deemed to be without discount of any kind.

11. Royalties - Trade Paperbound. Publisher shall pay Trustee thirteen percent (13%) of Publisher's suggested retail price on each copy of a trade paperbound edition sold by Publisher, less returns. Trade paperbound is defined as a quality-bound and printed soft cover book, similar in size to a hardbound book.

12. Royalties - Mass Market Paperbound. Publisher shall pay Trustee ten percent (10%) of Publisher's suggested retail price on each copy of a paperbound edition sold by Publisher, less returns. Paperbound is defined as a mass-marketed soft cover book.

13. Royalties - Book Clubs. Publisher shall pay Trustee fifty percent (50%) of the fees for sales by book clubs, which print their own editions, and the balance of fifty percent (50%) will be retained by the Publisher. Such fees shall be paid to Trustee upon receipt by Publisher.

14. Royalties in General Payment.

(a) The Trustee's prior approval is required for sales of copies of hardbound editions, trade paperbound editions, mass market paperbound editions at a discount in excess of sixty percent (60%) of Publisher's suggested retail price. If the Trustee approves such sales, Trustee will receive fifteen percent (15%) of the gross received by Publisher.

(b) No reduction in royalties will be allowed for bad debts or for discounts allowed for payment by Publisher's customers within a specified time limit. For purposes of this Agreement, a "bad debt" is defined as a debt outstanding for more than one hundred fifty (150) days from the date of shipment.

(c) No royalties shall be paid on copies furnished without charge and not for resale:

(1) To Trustee;

(2) For purposes of copyright registration;

and

(3) For review, advertising, public relations or other promotional actions; provided the number of copies furnished for such purposes shall not exceed five hundred (500) per edition; provided, however, that a full royalty shall be paid on each copy of the Biography given without charge for resale (for advertising or promotional allowances or other purposes) in connection with the sales of other works.

(d) No royalties shall be paid on the sale of book blocks (i.e., unbound format) used in the manufacture of Special Properties, as hereinafter defined, or on sale of the Biography between Publisher and New Era Publications International ApS.

(e) All payments under this Agreement shall be payable in U.S. currency. Publisher shall be responsible for handling all currency and exchange controls. No reduction in royalties shall be allowed on account of such controls.

(f) The Trustee's prior approval is required for sale of remainder or damaged books. If such a sale will result in a profit to Publisher, the parties shall agree upon a royalty at the time approval is sought. On the other hand, if such a sale results in a price which is below Publisher's cost to manufacture, then no royalty shall be paid.

15. First Serial Rights.

(a) Trustee reserves and may license First Serial rights in the Biography and all proceeds from each such license will belong to Trustee. "First Serial" right means the right to Publish all or part of the Biography in a periodical, serially or in one issue, prior to its publication in book form.

(b) If Trustee notifies Publisher not less than one hundred eighty (180) days before the scheduled publication date of the Biography that First Serial rights have been licensed with respect to the Biography, Publisher agrees to postpone or cause to be postponed publication of the Biography until completion of the serial publication.

16. Reservation of Rights.

(a) All rights in the Biography not specifically granted herein to Publisher are reserved to Trustee and may be exercised or disposed of by Trustee at any time during the term of this Agreement.

(b) Without limiting the generality of the foregoing, the Trustee reserves the right to license or dispose of, at any time, the rights to make any and all uses of the Biography

and dramatizations and adaptations thereof, in the media described in subparagraphs (1) through (5); and to sell, lease, distribute, exhibit, perform, disseminate and broadcast records, films, television recordings and other recordings, by methods now or hereafter known, or readings, performances and other presentations of the Biography and adaptations and dramatizations thereof:

(1) Records, tapes, compact discs, or other methods of audio reproduction;

(2) Live theatre, motion pictures, free, cable and pay television and radio and other means of disseminating or distributing performances;

(3) Audio/video recordings of the Biography or any dramatic, motion picture or television version of the Biography by any device or system now or hereafter known;

(4) Commercial and/or merchandising and lyric rights; and

(5) Public readings.

(c) Proceeds of any licenses granted pursuant to this Paragraph 16 shall be the sole property of the Trustee.

(d) Where performance rights are licensed or disposed of pursuant to this Paragraph 16, Trustee may grant licensee or purchaser the right to Publish excerpts or summaries of the Biography not to exceed seven thousand five hundred (7,500) words for purposes of advertising and promotion of the derivative work produced pursuant to the license, provided such permission

requires the licensee to take all necessary action to protect the copyright in the Biography.

(e) Trustee reserves the right to Publish the Biography as a Special Property. A Special Property is defined as an edition of the Biography which:

(1) Has a unique design substantially different from designs utilized by Publisher;

(2) Is bound in high quality material, such as leather; and

(3) Is sold at a suggested retail price substantially higher than that of Publisher's corresponding edition and hence not competitive therewith. Publisher agrees to sell to Trustee at its cost (which includes overhead, but excludes profit) copies of the Biography in unbound format for conversion to a Special Property.

17. Calculation and Weekly Payments of Royalties.

Royalties due the Trustee hereunder shall be (a) paid weekly, and (b) calculated on Publisher's suggested retail prices (excluding customs, shipping charged directly to customer as a separate item, sales taxes and value added taxes) and on net sales (i.e., gross sales less returns). If Publisher is required by local law to publish an aggregate price which includes the suggested retail price plus one or more of the items excluded in the previous sentence, then royalties will be calculated only on the suggested retail price. Royalties shall be due to the Trustee when monies from sales are received or become bad debts as defined herein;

provided shipment of the Biography has occurred. For purposes of currency exchange, Publisher shall use the rate on the day monies from sales are received or become bad debts. In the event monies are received prior to shipment, royalties shall not be due until shipment. Weekly payments shall be accompanied by an informal statement indicating the basis for the payment.

18. Accounting and Quarterly Payments.

(a) Publisher shall maintain accurate books and records pertaining to the sale of the Biography therefrom in sufficient detail to permit calculations and verification of royalties payable hereunder. Publisher shall prepare statements, in a form acceptable to Trustee, accounting for all royalties due Trustee 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.

Publisher shall mail each such statement to Trustee within thirty (30) days after the close of each period. Each quarterly statement shall report, among other things, the number of copies sold to date (and total sales for the subject period), the Publisher's suggested retail price, the royalty rate, amount of royalties paid to Trustee during the quarter, the amount of royalties due Trustee, but unpaid, the gross amount received pursuant to each book club sale, the number of copies of printed,



bound and given away in the period, the number of damaged copies destroyed (with independent evidence of such number), the number of copies on hand at the end of the period, and such other information as the Trustee may, from time to time, request. Each statement shall be certified as true and correct by an officer of Publisher. 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 first day of the month following the end of the quarter for which it is due until paid at the greater of (1) ten percent (10%), or (2) five percent (5%) plus the Federal Reserve Bank of San Francisco's discount rate on the twenty-fifth (25th) day of the last month of the quarter for which payment is due. Should the quarterly statement show an overpayment to Trustee, such overpayment shall be deducted proportionately from the weekly payments during the quarter following the one in which the overpayment was made.

(b) Upon Trustee's written request, Trustee may examine the books and records of Publisher which relate to sale of copies of the Biography. If such examination discloses an error of five percent (5%) or more with respect to any royalty statement, Publisher shall reimburse Trustee for Trustee's costs of the examination; otherwise such costs shall be borne by Trustee.

(c) Publisher shall be permitted to maintain a reserve for returns equal to twenty percent (20%) of Trustee's quarterly royalties; provided, however, that Publisher shall

liquidate such reserves within two (2) quarters following the quarter in which royalties were withheld.

19. Trustee's Copies. On publication of each new edition of the Biography, Publisher will give to Trustee fifteen (15) free copies in the case of a hardbound edition, and fifty (50) free copies in the case of a paperbound edition; and Trustee may purchase additional copies at Publisher's maximum standard distributor discount available at time of transaction.

20. Out of Print Provision; Termination.

(a) For the purposes of this Agreement, the Biography shall be deemed "in print" only when copies are available and offered for sale, through usual retail channels, in an edition issued by Publisher. Publisher shall notify Trustee at such time as the Biography is not in print.

(b) If Publisher fails to keep any of the Biography in print, Trustee may at any time thereafter serve a written request on Publisher that the Biography be placed in print. Within ten (10) days from receipt of such request, Publisher shall notify Trustee in writing whether it intends to comply with said request. If Publisher fails to give such notice or, having done so, fails to place the Biography in print as specified in subparagraph (a) within ninety (90) days after receipt of said request from Trustee, then, in either event, Publisher's right to Publish the Biography shall automatically terminate and all rights granted to Publisher shall thereupon automatically revert to Trustee.

21. Termination of Rights. If Publisher is adjudicated a bankrupt, makes an assignment for the benefit of creditors, liquidates its operations, comes under the control of persons hostile to L. Ron Hubbard, the Trustee, the Biography, or the religion of Scientology, this Agreement shall thereupon terminate and all rights granted to Publisher shall automatically revert to Trustee. Trustee may terminate this Agreement at any time, upon written notice to Publisher, if Trustee determines, in his sole and absolute discretion, that Publisher has failed to Publish the Biography in accordance with the terms and provisions of this Agreement.

22. Sell Off Rights and Consequences of Termination.

(a) Publisher shall have the right for an additional six (6) month period ("Sell Off Period") after the expiration of the term of this Agreement to sell its existing inventory of copies in the Territory on a non-exclusive basis; provided, however, that Trustee shall have the option, exercisable by written notice, to purchase some or all of Publisher's inventory at Publisher's then current maximum standard wholesale distribution discount in which event Publisher's sell off rights shall be diminished accordingly. Publisher agrees, however, not to print excess copies of the Biography in anticipation of the expiration of this Agreement. Publisher acknowledges that no sell off rights shall exist with respect to a termination of this Agreement for cause. Upon expiration of the Sell Off Period, if any, or within thirty (30) days of the termination of this Agreement, for cause,

Publisher shall, at Trustee's election and upon his written instructions, either:

(1) Destroy any remaining inventory of copies of the Biography and certify such destruction to Trustee in writing; and

(2) Sell to Trustee, at Publisher's then current maximum standard wholesale distribution discount, its remaining inventory of copies of the Biography.

(b) Upon termination of this Agreement, for any reason whatsoever, Trustee may, upon written notice to Publisher, require Publisher to either:

(1) Destroy all plates, offset negatives, computer drive tapes, or any other means used by Publisher to reproduce copies of the Biography and to certify such destruction in writing; and

(2) Sell such means of reproduction to Trustee at their scrap value.

(c) Trustee shall be entitled to retain any sums paid to Trustee under this Agreement. Trustee's right to sums due to Trustee at termination or which accrue to Trustee thereafter shall survive the termination of this Agreement.

23. Suits and Infringement.

(a) If there is an infringement of any rights granted to Publisher, Trustee and Publisher shall have the right to participate jointly in an action for such infringement; and if both participate, they shall share the expenses of the action equally

and shall recoup such expenses from any sums recovered in the action. The balance of the proceeds shall be divided equally between them. Each party will notify the other of infringements coming to its attention. Notwithstanding the foregoing, Publisher shall have the primary responsibility of prosecuting such infringement action.

(b) If either party declines to participate in such action, the other may proceed. The party maintaining the action shall bear all costs and expenses which shall be recouped from any damages recovered from the infringement; the balance of such damages shall be divided equally between them.

24. Proper Use of Copyright. Publisher acknowledges its full responsibility for the proper use of the copyright under this Agreement, and for the copies of the Biography it sells pursuant to this Agreement; and covenants that neither it nor any of its officers, directors, employees, representatives, agents or affiliates ("Affiliates") will make any claim against the Trustee, Trustee's representatives or any person employed by or affiliated with any of the foregoing. Publisher shall indemnify Trustee and his agents, employees, representatives, successors, assigns and affiliates, and hold them harmless from and against all costs, liabilities, claims and actions of any kind, including attorneys' fees and court costs, which arise from or relate to any activity of Publisher under this Agreement, including, without limiting the generality of the foregoing, any and all claims and actions based upon or arising out of advertising statements and claims made by

Publisher or Publisher's Affiliates, or based upon or arising out of any alleged failure by Publisher or any of its Affiliates to perform any of their obligations with respect to the Biography. All such claims and actions shall be defended at the expense of Publisher through legal counsel acceptable to Trustee.

25. Governing Law. This Agreement shall be interpreted under the internal laws and judicial decisions of the State of California, U.S.A.

26. Binding on Successors. This Agreement shall be binding on the parties and upon their respective heirs, administrators, successors and assigns. This Agreement may not be assigned by either party without written notice sent to the other.

27. No Waiver. This Agreement constitutes the complete understanding of the parties and no waiver or modification of any provisions shall be valid unless in writing, signed by Trustee and Publisher. The waiver of a breach or of a default under any provision hereof shall not be deemed a waiver of any subsequent breach or default.

28. Notice. Any notice required to be sent hereunder shall be sent by first-class mail, postage prepaid, return receipt requested, to the Trustee or Publisher at the addresses given in the Preamble of this Agreement, which addresses may be changed by either of them by written notice to the other. Any such notice deposited in the mail shall be conclusively deemed delivered to and received by the addressee seven (7) days after deposit in the mail,

if all of the foregoing conditions of notice shall have been satisfied.

29. Headings. The headings and captions of the various paragraphs are for convenience only, and they shall not limit, expand or otherwise affect the construction or interpretation of this Agreement.

30. Trustee's Representatives. Any rights or privileges conferred on Trustee hereunder may be exercised by one or more of Trustee's representatives as Trustee may specify in written notice(s) to Publisher. Such notice shall contain the name and address of any designated representative empowered to act on Trustee's behalf hereunder. Where the Trustee has designated a representative, Publisher shall furnish both Trustee and such representative with a copy of each notice required to be given under this Agreement.

At present, Author Services, Inc., whose address is 7051 Hollywood Boulevard, Suite 400, Hollywood, California 90028, is a designated representative of Trustee pursuant to this paragraph.

31. Entire Agreement. This Agreement supersedes and replaces all previous agreements between the parties hereto regarding the subject matter of this Agreement and may not be amended except in writing signed by both parties hereto.

32. Arbitration. Any controversy or dispute which arises out of or relates to this Agreement, including, without limitation, the adequacy of performance by the Publisher and of any

demands made by Trustee, which cannot be settled by informal means or through the aid of a third party arbitrator mutually acceptable to the parties and through procedures mutually acceptable to the parties, shall be settled through arbitration held in Los Angeles or at such other location as the Trustee may choose. If the parties are unable to settle the matter through informal means, then either party may demand arbitration by serving upon the other party a written demand for arbitration containing the name of an arbitrator to participate in the proceedings. Within thirty (30) days after receipt of such notice, the party upon whom demand was served shall select an arbitrator. The two arbitrators shall select a third arbitrator. The decision in writing of the arbitrator or a majority of the arbitrators appointed by the parties shall be final and conclusive as to all parties to the dispute. Should any party fail or refuse to appear or participate in an arbitration proceeding, the arbitrator or arbitrators so appointed may decide the dispute on the evidence presented in the arbitration proceeding by the other party or parties to this dispute. The arbitrator or arbitrators shall have the power to award to any party or parties to the dispute any sums for costs, expenses, and attorneys' fees that the arbitrator or arbitrators may deem proper. Judgment may be entered on the award in any court of competent jurisdiction. Arbitration shall not be required with respect to any matter in connection with which injunctive relief or specific performance is sought by all or any of the parties hereto.




Each arbitrator shall be a member in good standing under the Scientology Scriptures, a minister of the Religion of Scientology, a member of the Sea Org, and well versed in the Scientology Scriptures, in particular those Scientology Scriptures pertaining to Scientology ethics and justice.

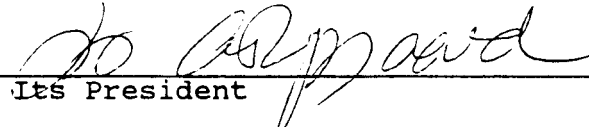
33. Severability. Each and every provision of this Agreement is severable from any and all other provisions of this Agreement. Should any provision or provisions of this Agreement be for any reason unenforceable, the balance shall nonetheless be of full force and effect.

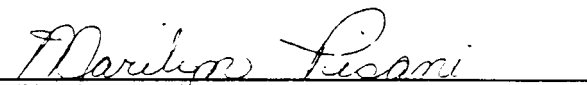
34. Facsimile Transmissions. The parties each agree to accept a signed copy of this Agreement transmitted by facsimile (telecopier) and to rely upon such transmitted copy as if it bore original signatures. If a signed copy of this Agreement is transmitted by facsimile, each party agrees to provide to each other party, within a reasonable time after transmission, the Agreement bearing the original signatures.

IN WITNESS WHEREOF, the parties have duly executed this Agreement the day and year first above written.

  
\_\_\_\_\_  
NORMAN F. STARKEY  
Trustee of Author's Family Trust-B  
"Trustee"

BRIDGE PUBLICATIONS, INC.

By   
\_\_\_\_\_  
Its President

By   
\_\_\_\_\_  
Its Secretary

"BPI"

EXHIBIT "A"

Commencement Date

\_\_\_\_\_ day of \_\_\_\_\_, 199\_\_

\_\_\_\_\_  
NORMAN F. STARKEY  
Trustee of Author's Family Trust-B

BRIDGE PUBLICATIONS, INC.

By \_\_\_\_\_

By \_\_\_\_\_

AGREEMENT

**THIS AGREEMENT** ("Agreement") is made as of the 1st day of August, 1992, by and between, on the one hand, **NEW ERA PUBLICATIONS INTERNATIONAL ApS**, whose address is Store Kongensgade 55, 1264 Copenhagen K, Denmark, and **BRIDGE PUBLICATIONS, INC.**, whose address is 4751 Fountain Avenue, Los Angeles, California 90029 (collectively "Joint Venturers"), and, on the other hand, **CHURCH OF SCIENTOLOGY INTERNATIONAL**, whose address is 6331 Hollywood Boulevard, Hollywood, California 90028 ("CSI"), with reference to the following:

A. Pursuant to that certain Exclusive License Agreement by and between New Era Publications International ApS and Norman F. Starkey, Trustee of Author's Family Trust-B, and Executor of the Will of L. Ron Hubbard, which was replaced by the Literary Agreement (NEPI) dated October 1, 1991 ("License Agreement"), New Era Publications International ApS was granted the exclusive right to retain one or more writers to create a biography of L. Ron Hubbard, using portions of published and unpublished works by L. Ron Hubbard and others;

B. On or about September 24, 1990, New Era Publications International ApS entered into an Employment Agreement with Daniel M. Sherman ("Employment Agreement"), wherein Daniel M. Sherman was employed to write a biography of L. Ron Hubbard;

C. On or about January 4, 1991, New Era Publications International ApS and Bridge Publications, Inc. entered into a joint venture agreement ("Joint Venture Agreement"), wherein the

Joint Venturers formed a joint venture for the purpose of obtaining the exclusive rights to publish the biography of L. Ron Hubbard in all countries and in all languages;

D. The biography of L. Ron Hubbard is not complete, and the Joint Venturers have exceeded their budgets for creation and publication of such a biography; and

E. CSI is willing to undertake the completion of the biography project because it believes that an authorized biography of the founder of the Scientology religion will greatly contribute to the expansion of the religion. Further, CSI is willing to reimburse to the Joint Venturers their out-of-pocket expenses incurred to date in connection with the biography project in exchange for an assignment of such rights as are necessary to complete the project.

**NOW, THEREFORE,** consideration of the foregoing Recitals, which are incorporated herein by this reference, and of the mutual covenants and conditions contained herein, the parties agree as follows:

1. Reimbursement of Expenses. The Joint Venturers have paid out a considerable amount of money in salaries to Daniel M. Sherman and to other professionals in furtherance of the biography project. The exact amount of expenses incurred in the project is the subject of an audit, the results of which will not be known until after this Agreement is executed. Accordingly, CSI agrees to pay to the Joint Venturers, as reimbursement for

all out-of-pocket expenses connected with the biography project, the sum as determined by the audit, subject to the approval by CSI of the audit and the procedures by which the audit was performed. It is understood and agreed that the audit will be concluded as soon as practical following the date hereof.

2. Assignment of Interest. In consideration of CSI's agreement to reimburse the Joint Venturers, New Era Publications International ApS agrees to assign all of its rights under the Employment Agreement and to waive and forever release the rights relating to the biography under the License Agreement. Further, the Joint Venturers agree to terminate the Joint Venture Agreement. CSI hereby assumes and agrees, on behalf of New Era Publications International ApS, to perform the obligations imposed on New Era Publications International ApS under the Employment Agreement. Included within the rights assigned pursuant to this Paragraph 2 are all right, title and interest, in, and to, the work product of Daniel M. Sherman under the Employment Agreement.

3. Indemnification. The Joint Venturers shall indemnify, defend, and hold harmless CSI, its trustees, directors, officers, employees, agents, successors and assigns, from and against any and all claims, damages, losses, and expenses, including, without limitation, reasonable attorneys' fees and court costs, arising out of or resulting from the Joint Venturers', and each of their, performance prior to the date hereof under the Joint Venture Agreement, License Agreement and Employment Agreement.

CSI shall indemnify, defend, and hold harmless the Joint Venturers, their respective shareholders, directors, officers, employees, agents, successors and assigns from and against any and all claims, damages, losses, and expenses, including, without limitation, reasonable attorneys' fees and court costs, arising out of or resulting from CSI's assumption of obligations and CSI's performance under the Employment Agreement.

4. Notice. Any notice required to be given hereunder shall be delivered personally, shall be sent by first class mail, postage prepaid, return receipt requested, or shall be by facsimile, to the respective parties at the addresses given in the Preamble of this Agreement, which addresses may be changed by the parties by notice conforming to the requirements of this Agreement. Any such notice deposited in the mail shall be conclusively deemed delivered to and received by the addressee four (4) days after deposit in the mail, if all of the foregoing conditions of notice shall have been satisfied. Any facsimile communications shall be deemed delivered and received on the date of the facsimile, if (a) the transmittal form is retained by the sender, and (b) the facsimile communication is followed by mailing a copy thereof to the addressee of the facsimile in accordance with this paragraph.

5. General Provisions. In the event of any action at law or in equity between the parties hereto to enforce and/or interpret any provision hereof, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees. The headings in this Agreement are inserted for convenience only

and are in no way intended to describe, define or limit the scope, intent or interpretation of this Agreement. Every provision of this Agreement is intended to be several. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter of this Agreement. This Agreement contains the entire understanding of the parties relating to such subject matter. As used in this Agreement, the masculine, feminine or neuter gender and the singular or plural number shall be deemed to include the other whenever the context so indicates.

6. Further Assurances. Each of the parties hereto agrees that it shall execute such further agreements, documents or instruments as may be necessary or appropriate in order to more effectively carry out the intent and purpose of this Agreement.

7. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which counterparts together shall constitute one and the same instrument.



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

**NEW ERA PUBLICATIONS INTERNATIONAL Aps**

By *Ronita Green The Green*

By *[Signature]*

**BRIDGE PUBLICATIONS, INC.**

By *[Signature]*  
Its President

By *[Signature]*  
Its Secretary

**"Joint Venturers"**

**CHURCH OF SCIENTOLOGY INTERNATIONAL**

By *[Signature]*  
Its President

By *[Signature]*  
Its Secretary

**"CSI"**