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CALENDAR LICENSE AGREEMENT - BPI

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CALENDAR LICENSE AGREEMENT - BPI

THIS CALENDAR LICENSE AGREEMENT - BPI ("Agreement"), is made as of the 1st day of October, 1991, 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. L. Ron Hubbard ("LRH"), during his lifetime, acquired and/or took a vast number of photographs portraying various subject matters, including his travels throughout the planet. A list of certain of these photographs is set forth in Exhibit "A" attached hereto and by this reference made a part hereof ("Photos").

B. LRH died on January 24, 1986, and an executor of his Will was appointed by the San Luis Obispo County Superior Court on February 18, 1986. On January 3, 1989, the Superior Court ordered distribution of the estate of L. Ron Hubbard, including ownership of the Photos, to the Trustee.

C. Publisher desires a license to utilize the Photos in a thirteen (13) month calendar (December, 1991 through December, 1992), entitled "Calendar 1992 Photography by L. Ron Hubbard" ("Calendar"). Trustee is willing to grant such a license on the terms and conditions set forth hereinbelow.

NOW, THEREFORE, in 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. Grant of Publication. Trustee hereby grants Publisher, for the term of this Agreement, the exclusive right to use the Photos in the Calendar; provided that the Calendar is only sold within the United States and Canada ("Territory"). Further, Trustee hereby grants Publisher the right to use quotations by LRH in the Calendar, subject to the prior written approval of the quotation. The grant does not include the right to include the Photos or quotations in other publications of Publisher.

2. Term. The term of this Agreement shall commence as of the date hereof and shall continue until the 1st day of October, 1992.

3. Changes, Advertising. No one, except with Trustee's prior written approval, may make changes in any of the Photos. Advertising, or material written or prepared by others, may not be inserted or printed in any edition of the Calendar, without the express written consent of Trustee. Upon request of Trustee, all advertising by the Publisher which promotes the dissemination by Publisher of the Calendar shall be submitted in advance to Trustee, or his designated representative, for approval.

4. Warranties and Indemnification.

(a) Trustee represents and warrants that:

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

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

(b) 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.

(c) 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.

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

5. Proofs. Upon the request of Trustee, Publisher shall furnish Trustee, or his designated representative, prior to publication, with a proof of the Calendar. Publisher shall also supply sufficient details regarding promotion of the Calendar so that Trustee may determine that the intended publication and promotion does not in any way detract from or otherwise diminish the image of LRH.

6. Publisher's Responsibilities. Publisher acknowledges and agrees that, in accepting the grant made by this Agreement to Publish the Calendar containing the Photos, 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 Publish the Calendar in accordance with the Scientology Scriptures, the written and recorded spoken words of LRH with respect to Scientology applied religious philosophy and Dianetics spiritual healing technology, and always in a manner that will enhance the image of LRH.

Without limiting the generality of the foregoing, it is expressly agreed that Publisher shall actively promote and supply the Calendars to further dissemination of the religion of Scientology, which shall include maintenance of adequate personnel to achieve such objective. Moreover, Publisher shall promptly deliver all orders for the Calendars and shall diligently pursue

collection of accounts receivable generated as a result of such orders. Trustee or his designated representative shall have the right, upon ten (10) days' written notice, to terminate the right of Publisher to Publish any Photo in the event that the Calendar is not being actively promoted and supplied or timely delivered, unless during such ten (10)-day period the Calendar is actively promoted and supplied, or timely delivered, or an acceptable plan for such promotion and distribution or delivery is initiated.

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

8. Copyright Administration. Publisher shall, within three (3) months of first publication, cause to be duly registered a claim in the United States Copyright Office for United States Copyright in the Calendar in the name of Publisher and in the Photos in the name of "L. Ron Hubbard Library" (a registered fictitious name of the Trustee), and, if appropriate, shall cause to be filed in a timely fashion applications for renewal thereof. Currently Publisher provides services to others in connection with registration of copyrights. Should provision of the aforementioned services be transferred to another entity, Publisher shall contract with the entity to furnish such services.

9. Royalties. Publisher shall pay Trustee ten percent (10%) of Publisher's suggested retail price on each copy of the Calendar sold by Publisher. For purposes of this Agreement, "Publisher's suggested retail price" shall be deemed to be without discount of any kind.

10. Royalties in General; Payments.

(a) No reduction in royalties shall 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.

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

(i) To Trustee;

(ii) For purposes of copyright registration;

and

(iii) For advertising, public relations or other promotional actions.

(c) 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.

(d) No royalties shall be paid on the sale of copies of the Calendar between Publisher and New Era Publications International ApS and its wholly owned subsidiaries.

11. Reservation of Rights. All rights in the Photos 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.

12. 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 copies of the Calendar 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.

13. Accounting and Quarterly Payments.

(a) Publisher shall maintain accurate books and records pertaining to the sale of the Calendar, in sufficient detail to permit calculation and verification of royalties payable hereunder. Publisher shall prepare statements, in a form

acceptable to Trustee, accounting for all royalties payable 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 the 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 the Trustee during the quarter, the amount of royalties due to the Trustee, but unpaid, the number of copies of the Calendar given away in the period, the number of saleable 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 higher 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 sales of copies of the Calendar. 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.

14. Trustee's Copies. On publication, Publisher will give to Trustee fifteen (15) free copies of the Calendar, and Trustee may purchase additional copies at Publisher's maximum standard distributor discount available at time of transaction.

15. 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, Trustee, or the religion of Scientology, this Agreement shall thereupon terminate and all rights granted to Publisher shall automatically revert to Trustee.

16. 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 Calendar 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:

(i) Destroy any remaining inventory of copies of the Calendar and certify such destruction to Trustee in writing; or

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

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

(i) Destroy all negatives or any other means used by Publisher to reproduce copies of the Calendar and to certify such destruction in writing; or

(ii) Sell such means of reproduction to Trustee at their scrap value and assign to Trustee the copyright in the Calendar.

(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.

17. 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.

18. Proper Use of Copyrights. Publisher acknowledges its full responsibility for the proper use of the copyrights under this Agreement, and for the copies of the Calendar it sells pursuant to this Agreement; and covenants that neither it nor any of its officers, directors, trustees, employees, representatives, agents or affiliates ("Affiliates") will make any claim against the

Trustee, Trustee's representatives or any person employed by or affiliated with either. 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 Calendar. All such claims and actions shall be defended at the expense of Publisher through legal counsel acceptable to Trustee.

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

20. 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.

21. 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.

22. 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 four (4) days after deposit in the mail, if all of the foregoing conditions of notice shall have been satisfied.

23. 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.

24. 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 the designated representative of Trustee pursuant to this paragraph.

25. 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 and signed by both parties hereto.

26. Arbitration. Any controversy or dispute which arises out of or relates to this Agreement, including, without limitation, the adequacy of performance by 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 ten (10) 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. As used herein, Scientology Scriptures are defined as the written and recorded spoken words of L. Ron Hubbard regarding Scientology applied religious philosophy and Dianetics spiritual healing technology.

27. 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.

28. Option for Future Agreements. Provided Publisher is not otherwise in default under this Agreement, Trustee hereby grants Publisher the option to publish successive annual calendars utilizing photographs taken by LRH. Each annual calendar shall be published in accordance with the terms and conditions of this

Agreement. The option to publish a 1993 calendar may be exercised by written notice to the Trustee at any time prior to the expiration of the term of this Agreement. Each successive option may be exercised by written notice to the Trustee at any time prior to the end of the term of the agreement for the previous year's calendar. Exercise shall be by written notice to Trustee referring to this Agreement and attaching a list of those photographs to be included in the calendar.

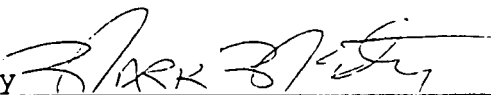
29. Facsimile Transmissions. The parties each agree to accept a signed copy of this Agreement transmitted by facsimile (telecopier) and to rely upon such transmitted copy as if it bore original signatures. If a signed copy of this Agreement is transmitted by facsimile, each party agrees to provide to 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

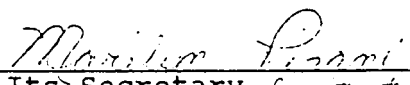
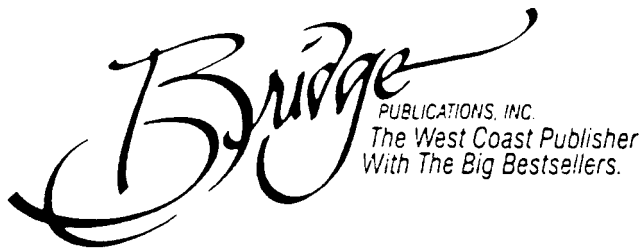
By 
Its Secretary Assistant Secretary
"Publisher"

EXHIBIT "A"

Calendar Photographs

"Photos"

1. December, 1991: Sunset over the Pacific with palm trees by the beach.
2. January, 1992: Overhanging rock formation at the Pacific Coast.
3. February, 1992: Several children in a river with heavy vegetation around it.
4. March, 1992: A village road framed by palm-thatched huts and palm trees.
5. April, 1992: Road lined by palm trees with a farmer on a cart.
6. May, 1992: Three camels walking down a road.
7. June, 1992: The ship "Mariana Maru" off the coast.
8. July, 1992: The Great Wall of China.
9. August, 1992: The "Temple of Heaven Gate".
10. September, 1992: A "stone boat" built in the lake within the Palace ground, which was used as a tea pavilion.
11. October, 1992: A Chinese wood carver.
12. November, 1992: Several junks in the river.
13. December, 1992: Chinese buildings in wooded area with lake in foreground.



September 30, 1992

Norman F. Starkey, Trustee
Author's Family Trust-B
6515 Sunset Boulevard, Suite 202
Hollywood, California 90028

Dear Mr Starkey:


In accordance with the Calendar License Agreement dated 1 October, 1991, the option to publish a 1993 calendar may be exercised by written notice to you at any time prior to the expiration of the term of this Agreement. The term of this Agreement expires on 1 October, 1992.

Bridge Publications would like to publish a calendar for 1993 including photographs of L. Ron Hubbard and/or photographs taken by Mr. Hubbard. A list of those photographs is attached.

Please accept this letter as our notice to exercise this option in accordance with our Agreement.

Very truly yours,

BRIDGE PUBLICATIONS, INC.

BY 
Its President

1993 Calendar Photographs

Cover: Saint Hill Manor in autumn, 1964.
December 1992: South Coast of England, 1964.
January 1993: Winter morning in East Grinstead, 1964.
February 1993: English countryside near East Grinstead, 1964.
March 1993: Spring outing, rider with horse, 1964.
April 1993: Dunning Road leading to Saint Hill, 1964.
May 1993: 11th century castle, Tonbridge, England, 1964.
June 1993: Bovills Hall, Little Clacton, Essex, England, 1964.
July 1993: East Grinstead Parish, 1963.
August 1993: English countryside, cow by pond, 1994.
September 1993: "Autumn Sky", group of large trees, 1964.
October 1993: Saint Hill Manor (duplicate of cover shot)
November 1993: Fox hunt, 1965
December 1993: Christmas at Saint Hill, 1960.
Inside cover: Photograph showing L. Ron Hubbard at the steps of Saint Hill with a camera.