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RECORDING RIGHTS & MERCHANDISING AGREEMENT

AGREEMENT dated as of May 1, 1986 between NORMAN F. STARKEY as Executor of the Estate of L. Ron Hubbard, Suite 202, 6515 Sunset Boulevard, Hollywood, California 90028 (hereafter the "Estate") and BRIDGE PUBLICATIONS, INC., d/b/a BPI RECORDS, 1414 North Catalina Street, Los Angeles, California 90027 ("BPI").

This Agreement is entered into based upon the following facts:

A) L. RON HUBBARD (hereafter "LRH"), who died on January 24, 1986, wrote a ten-book series of science fiction works entitled "MISSION EARTH" (collectively the "Book") which commenced U.S. publication and distribution in October, 1985; and

B) Prior to his passing, LRH composed twenty musical compositions inspired by and based upon the Book (the "Compositions") and caused the Compositions to be embodied in demonstration recordings (the "Demos"); and

C) BPI desires to obtain certain rights with respect to the Compositions and Demos as specified below; and

D) The Estate is the duly appointed successor in interest to LRH pursuant to Letters Testamentary dated February 4, 1986 and is entitled to enter into an agreement relating to the Compositions and the Demos.

In consideration of the mutual benefits and representations specified below, the parties hereto agree as follows:

1) Rights Granted:

In consideration of that payment specified in paragraph 11 below, the Estate hereby agrees to deliver the following items to BPI, receipt of which is hereby acknowledged:

- A) Ten (10) Compositions based upon MISSION EARTH Book 1 events and ten (10) Compositions based upon Book 2 events (hereafter "Album 1 Compositions" and "Album 2 Compositions" respectively); and
- B) Five (5) Demos embodying five (5) Album 1 Compositions and five (5) Demos embodying five (5) Album 2 Compositions (hereafter "Record 1 Demos" and "Record 2 Demos" respectively).

2) Option:

Conditioned upon BPI's full and complete satisfaction of its obligations as specified in paragraphs 3, 4 and 11 below, the Estate hereby grants BPI the following option:

- A) The option to acquire the worldwide license to exclusively manufacture and distribute phonograph records embodying those Album Compositions described in paragraph 1 above as such Compositions are embodied in those record masters produced pursuant to paragraph 4 below (the "Masters"). Said option shall be exercisable by BPI by payment to the Estate as specified in paragraph 11C within one hundred twenty (120) days of the delivery of the Record 1 and Record 2 Demos.

B) BPI shall have a similar option with respect to the the Album 2 Compositions which option is conditioned upon the release of Album 1 in any major territory of the world by February 1, 1987. Said option shall be exercisable by payment to the Estate of that amount specified in paragraph 11D within twelve (12) months of the timely commercial release of Album 1 as specified in the preceding sentence.

3) Reimbursement of Demo Costs:

In partial consideration of LRH's services and the option granted pursuant to paragraph 2 above, BPI hereby agrees to reimburse the Estate for the recording costs incurred in producing the Record 1 Demos and the Record 2 Demos; provided, however, that in no event shall BPI be liable for more than \$7,500 for each set of Demos or a total of \$15,000 pursuant to this paragraph. Of said reimbursement, the Estate acknowledges that \$7,500 has been received and it is agreed that the balance shall be payable upon BPI's exercise of its paragraph 2B option. As used herein, 'recording costs' shall be understood to include studio and equipment rental, musicians' and arrangers' fees and all other costs normally associated with the production of demos.

4) Master Production:

BPI expressly agrees that:

A) If BPI exercises its paragraph 2 option with respect to the Album 1 Compositions, BPI will commence the recording of professional quality masters embodying the MISSION EARTH Album 1 Compositions (the "Album 1 Masters") by no later than July 20, 1985; that the MISSION EARTH Album 1 Masters will be completed by no later than October 20, 1985; and that BPI shall release and distribute phonograph records embodying one or more Album 1 Masters (either

"single", "EP" or "LP") through normal retail distribution channels in any major territory of the world by no later than February 1, 1987;

B) If BPI has exercised its paragraph 2 Album 2 option and has satisfied its obligation pursuant to subparagraph 4A above, BPI will commence the recording of professional quality masters embodying the Album 2 Compositions (the "Album 2 Masters") within eighteen (18) months of the initial release of a record embodying an Album 1 Master and shall conclude recording within sixty (60) days thereafter. BPI further agrees to release and distribute phonograph records embodying one or more Album 2 Masters (either "single", "EP" or "LP") through normal retail channels in any major territory of the world within twenty-four (24) months of the initial release of a record embodying an Album 1 Master absent a mutual agreement to the contrary;

C) It is further agreed that in the event BPI fails to perform the above obligations pursuant to the specified schedule, all rights under this Agreement shall automatically terminate and revert automatically to the Estate, who shall have the option, but not the obligation, of purchasing any or all of the unreleased Album 1 and Album 2 Masters (if any) and all rights inherent therein at BPI cost at any time after such termination and reversion; provided, however, that neither the payments made to the Estate pursuant to paragraph 11 below nor the paragraph 3 Demo recording costs shall be returnable to BPI nor be included as a "cost" of the Masters in the event of a Master purchase as contemplated above. In the event of its exercise of the aforesaid option, the Estate agrees to honor any and all third party contractual obligations incurred by BPI in connection with the distribution and exploitation of the Album 1 and Album 2 Masters; provided, that within five (5) days of the termination of this Agreement pursuant to the preceding sentence, BPI shall deliver copies of all contracts

and agreements upon which such obligations are based. It is specifically agreed, however, that if the Estate does not elect to exercise its option to purchase the Masters, BPI shall have no right to use, distribute or otherwise exploit the Masters and shall, at the Estate's election, either destroy the Masters (as evidenced by a Certificate of Destruction) or deliver the Masters to the Estate for storage purposes only, with distribution and exploitation rights conditioned on the above specified purchase payment. Moreover, it is agreed that in the event of a termination pursuant to this paragraph BPI shall retain its right to manufacture and distribute those Masters which have been embodied in records commercially released at the time of the termination, subject to BPI's obligation to account to and pay the Estate royalties thereon as specified in paragraph 12 below.

5) Recording Costs:

The parties agree that any and all costs incurred in the production, recording, distribution and/or promotion of the Demos (except as limited in paragraph 3 above), Masters or resulting phonograph records shall be the sole responsibility of BPI who shall hold the Estate free and harmless from any and all obligations and liability in connection therewith except as provided in paragraph 4 above.

6) Estate's Consultation Rights:

BPI hereby acknowledges and agrees that the Estate shall be accorded consultation rights concerning the following:

- A) All personnel contributing to the production of the Masters including the arrangers, line producers, studio engineers, musicians and vocalists; and

- B) The sequencing and ordering of the Masters in any and all commercially released phonograph records; and
- C) Any and all artwork relating to records embodying any or all of the Masters; and
- D) All credits relating to the phonograph records embodying the Masters.

7) Ownership:

The parties hereto acknowledge and agree that:

A) Except as provided in paragraph 4 above and subparagraph C below, BPI shall retain all right, title and interest in and to the Record 1 and Record 2 Demos and the Masters in perpetuity. Without limitation of the foregoing, BPI and its licensees shall have the exclusive, perpetual and unlimited right to manufacture, sell, license, distribute, advertise, exploit or otherwise use or dispose of or deal in such Demos, Masters and records in all fields or use throughout the world, for any purpose, under any label or labels, trademark, trade name or other identification, and by any means or method, upon such terms as it may desire; and shall further have the perpetual right to permit public performances thereof in any medium and by any means whatsoever, including but not limited to, motion pictures and television, it being agreed, however, that the Estate shall be paid a royalty for such motion picture and/or television use equal to 50% of the net receipts received by BPI in connection with such use, which royalty shall be accounted for and paid pursuant to the terms applicable to record royalties hereunder;

B) The Estate shall retain all right, title and interest

in and to the Compositions;

C) BPI expressly agrees that in the event that BPI fails to exercise its paragraph 2 option with respect to the Album 1 and/or Album 2 Compositions, BPI shall transfer and assign, without cost to the Estate, all right, title and interest in and to the Demos relating to the unexercised option free and clear of any lien or encumbrance whatsoever.

8) Mechanical Licenses:

In the event of BPI's exercise of its paragraph 2 option hereunder, the Estate agrees to use its best efforts to cause the music publishing company with which LRH was affiliated to issue Permissions of First Use and Mechanical Licenses with respect to all original Album 1 and Album 2 Compositions, which licenses shall be at the statutory rate as that rate shall vary from time to time and shall be in the form attached hereto as EXHIBIT A.

9) Name and Likeness:

In consideration of those royalties provided for in paragraph 11 below and subject to the timely exercise by BPI of its paragraph 2 option and the full and complete satisfaction of BPI's obligations pursuant to paragraphs 4 and 11, the Estate grants BPI the perpetual right to use and publish and to permit others to use and publish LRH's name, likeness, voice, sound effects and biographical material, or any reproduction or simulation thereof in connection with the sale, advertising, distribution and exploitation, production and manufacture of phonograph records embodying the Album 1 and/or Album 2 Masters; provided, however, that any such use shall be subject to the Estate's prior approval with respect to content and style. Moreover, the Estate specifically grants BPI and BPI's assignees the right to utilize the aforementioned elements of LRH's personality and identity in addition to

the Book's title and characters, subject to the Estate's prior approval, in connection with the manufacture and sale for profit or otherwise, of any article or items specifically related to records embodying the Album 1 and/or Album 2 Masters; it being agreed by BPI that the Estate shall be paid a royalty equal to 50% of BPI's net receipts from the sale of items utilizing LRH's name and likeness or that of the Book's title and characters, as permitted above, which royalty shall be accounted for and paid pursuant to the terms applicable to record royalties hereunder.

10) Synchronization License:

The Estate hereby grants BPI the non-exclusive license in perpetuity to embody performances of the Album 1 and Album 2 Compositions in audio-visual recordings to be produced, manufactured, promoted and distributed at BPI's sole expense. In consideration of the aforesaid license, BPI agrees to pay the Estate the following royalties:

- A) Five percent (5%) of the retail selling price of any audio-visual recording embodying the subject material. If such recording embodies musical material not subject to this Agreement, the aforesaid royalty shall be prorated on the basis of recorded royalty-bearing musical material;
- B) Thirty-three and one-third percent (33 1/3%) of any rental or license fee received by BPI with respect to a subject audio-visual device.

11) Fees and Advances:

In consideration of the rights granted to and the

services performed for BPI by the Estate hereunder in addition to the warranties and representations tendered by the Estate herein, BPI agrees to pay the Estate as follows:

A) For delivery of those Compositions specified in paragraph 1A the sum of \$25,000 as a non-returnable but fully recoupable advance against master royalties payable to the Estate from Albums 1 and 2 pursuant to paragraph 12, payable 50% upon delivery (acknowledged as received by LRH) and 50% upon the exercise of BPI's Album 2 option pursuant to paragraph 2B; and

B) In consideration of the delivery of those Record 1 Demos specified in paragraph 1B, the non-returnable, non-recoupable sum of \$5,000, which Demos are acknowledged as received by BPI and payment therefor is acknowledged as having been received by LRH.

C) Upon the exercise of BPI's paragraph 2A option with respect to the Album 1 Compositions, the non-returnable sum of \$5,000 as advance against and fully recoupable from master royalties payable to the Estate with respect to Album 1 Masters pursuant to paragraph 12 below, which payment is acknowledged as having been received by LRH; and

D) Upon the exercise of BPI's paragraph 2B option with respect to the Album 2 Compositions, the non-returnable sum of \$5,000 as an advance against and fully recoupable from master royalties payable to the Estate with respect to Album 2 Masters pursuant to paragraph 12 below.

E) In consideration of the delivery of those Record 2 Demos (acknowledged as received) and the paragraph 2B option, the non-returnable, non-recoupable sum of \$5,000 payable upon exercise of BPI's paragraph 2B option.

12) Master Royalties:

In partial consideration of the rights granted to BPI hereunder BPI agrees to pay the Estate a royalty in connection with the sale of phonograph records embodying the Album 1 and/or Album 2 Masters. The royalty shall be as follows:

- A) If BPI enters into a record distribution agreement with a third party distributor, BPI shall pay the Estate a royalty equal to 16 2/3% of the net royalties received by BPI from said distributor and shall account to the Estate as provided in paragraph 13 below;
- B) If BPI itself distributes records embodying the Masters, the Estate will receive a royalty of two percent (2%) of the "suggested retail price" (less container charges and taxes) of phonograph records sold throughout the territory, which records embody one or more Masters; provided, however, that if Masters recorded hereunder are embodied in records with other masters, the Estate shall receive a prorated royalty based upon the total number of masters embodied in the record;
- C) The parties agree that the Estate's royalties payable pursuant to paragraph 12 above shall be computed and paid as provided in paragraph 13 and the EXHIBIT B attached to this Agreement and hereby incorporated by reference.

13) Accounting:

- A) BPI shall maintain accurate books and records

pertaining to the sale of records embodying the Album 1 and/or Album 2 Masters and/or the sale or license of such audio-visual devices as are produced pursuant to paragraph 10 above. BPI shall prepare statements accounting for all payments due the Estate 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.

BPI shall mail each such statement to the Estate within sixty (60) days after the close of each period. Payment due the Estate from BPI shall be paid weekly and shall be accompanied by an informal statement indicating the basis for the payment, together with such other information as may be requested by the Estate, including charts and graphs. Any payments payable pursuant to a statement rendered quarterly and mailed after said sixty-day period shall include interest computed at ten percent (10%) per annum or the maximum interest rate permitted by law, if higher. Each statement shall report the number of records, or audio-visual devices sold (and total sales to date), the list price, the royalty rate, the amount of royalties and the gross amount received by BPI. With each quarterly royalty statement, BPI shall send the Estate copies of statements received by BPI from its licensees during the accounting period, but not necessarily from its North American regional subdistributors, if any. All royalty statements shall also state the number of records and audio-visual devices manufactured, distributed and/or given away in the period, and the number of saleable records and devices on hand at the end of the period;

B) Upon its written request, the Estate may examine the books and records of BPI which relate to sales of records

and audio-visual devices embodying the Masters. If such examination discloses an error of more than five percent (5%) with respect to any royalty statement, BPI shall reimburse the Estate for its costs of the examination; otherwise such costs shall be borne by the Estate.

14) Representations and Warranties:

The Estate represents, warrants and agrees that:

A) The Estate is free to enter into and perform this Agreement with BPI, and is and will be under no disability, restriction or prohibition, contractual or otherwise, with respect to its right to execute this Agreement, to permit BPI to use LRH's name in connection therewith and to fully perform its terms and conditions. The Estate agrees not to do anything inconsistent with BPI's rights hereunder;

B) The Album 1 and Album 2 Compositions have been written in whole or part by LRH and are original compositions and shall not violate or infringe upon any common law or statutory rights of any party, including without limitation, contractual rights, copyrights and rights of privacy.

15) The Estate's Legal Expenses:

In further consideration of the rights granted by the Estate and services previously rendered by LRH, BPI agrees to reimburse the Estate for such legal fees and expenses as it may have incurred in connection with the negotiation and drafting of this Agreement; provided, however, that BPI's liability in this regard shall not exceed \$5,000. Said reimbursement is hereby acknowledged as having been received by LRH.

16) Assignment:

BPI shall have the right to assign this Agreement to BPI's distributor and to any other person who is affiliated with and/or is a parent or subsidiary of BPI and/or who acquires all or substantially all of BPI's stock or assets and, in the ordinary course of business, the right (without the necessity of written notice to the Estate) to assign, license or otherwise transfer any or all of BPI's rights, powers, privileges and property under this Agreement to any other person.

17) Applicable Law:

This Agreement shall be governed by the laws of the State of California and shall be subject to the jurisdiction of the state and federal courts of the County of Los Angeles, California. In the event either party initiates legal proceedings in connection with this Agreement, the prevailing party shall be entitled to collect, as part of its award for damages, its attorneys' fees and expenses relating to the legal action.

18) Notices:

Notices required to be delivered hereunder shall be sent by first-class mail, postage prepaid, to the Estate or BPI at the addresses given at the head of this Agreement, which addresses may be changed by either of them by written notice to the other.

19) The Estate's Representative:

Any rights or privileges conferred on the Estate hereunder may be exercised by such representatives as the Estate may specify in written notice(s) to BPI. Such notice shall contain the name and address of any designated representative empowered

to act on the Estate's behalf hereunder. Where the Estate has designated a representative, BPI shall furnish both the Estate and such representative with a copy of each notice. Until further notice the Estate's representative shall be deemed to be Author Services, Inc., Suite 900, 6464 Sunset Boulevard, Los Angeles, California 90028, U.S.A.

20) Memorialization of Prior Agreement:

The Estate and BPI hereby acknowledge that this Agreement embodies the terms and conditions negotiated by LRH's representatives and agreed to by LRH prior to his death on January 24, 1986 and acknowledge that prior to that date both LRH and BPI had acted in reliance upon and as evidence of said verbal agreement.

21) Miscellaneous:

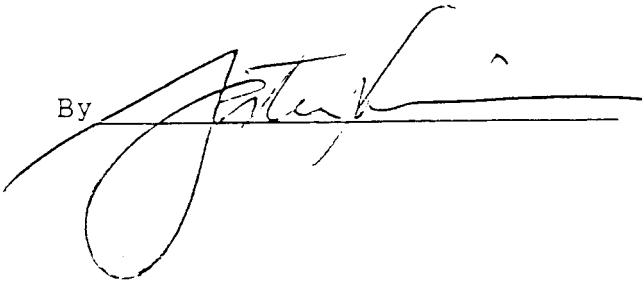
Both parties hereto agree to execute any further documents or amendments which are necessary to effectuate the substance and intent of this Agreement. This Agreement supersedes all prior negotiations, understandings and agreements between the parties hereto, and both parties acknowledge and agree that neither party shall rely on any representations or promises in connection with this Agreement not contained herein. This Agreement cannot be cancelled, modified, amended or waived in part or in full in any way except by an instrument in writing signed by the party to be charged. No waiver by BPI or the Estate, whether expressed or implied, of any provision of this Agreement or any default hereunder shall affect the other's right to thereafter enforce such provision or to exercise any right or remedy in the event of any other default, whether or not similar. All rights and remedies at law or equity, or pursuant to any provision of this Agreement, which BPI or LRH may enjoy as a result of the default in or breach of this Agreement by the other, shall be deemed cumulative and not

exclusive of one another. The headings of the paragraphs here-
of are for convenience only and shall not be deemed to limit or
in any way affect the scope, meaning or intent of this Agreement
or any portion thereof. Should any paragraph or provision of
this Agreement be held to be void, invalid or inoperative, such
decision shall not affect any other paragraph or provision hereof,
and the remainder of this Agreement shall be effective as though
such void, invalid or inoperative paragraph or provision had not
been contained herein.

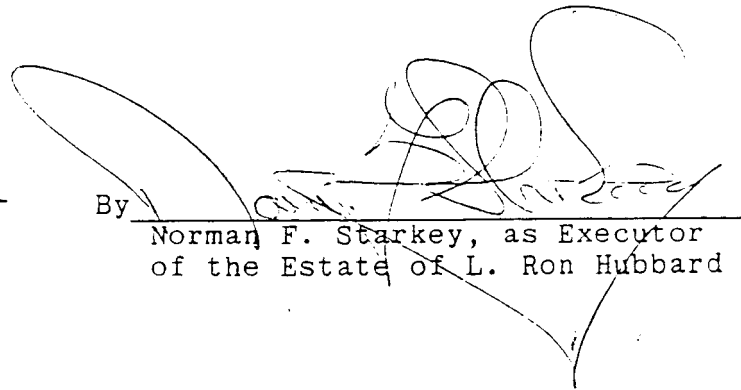
IN WITNESS WHEREOF, the parties hereto have executed this Agreement
as of the 29th day of August, 1986 in Los Angeles, California.

BRIDGE PUBLICATIONS, INC.
d/b/a BPI RECORDS

By



By



Norman F. Starkey, as Executor
of the Estate of L. Ron Hubbard

EXHIBIT A

GALAXY PRODUCTIONS, INC. dba
REVENIMUS MUSIC PUBLISHING CO. (ASCAP)
6464 Sunset Boulevard, Suite 900
Hollywood, California 90028

Dated as of May 1, 1986

Bridge Publications, Inc.
d/b/a BPI Records
1414 North Catalina Street
Los Angeles, California 90027

Re: Mechanical Licenses

Gentlemen:

We own the copyright and the mechanical recording rights to the composition listed below:

TITLE:

WRITER(S):

You have advised us that you wish to use said copyrighted work under the compulsory license provision of Section 115 of the Copyright Act of 1976 by making and distributing phonorecords of the copyrighted work.

Upon your doing so, you shall have the rights which are granted to, and all the obligations which are imposed upon, the users of said copyrighted work under the compulsory license provision of the Copyright Act, after phonorecords of the copyrighted work have been distributed to the public in the United States under the authority of the copyright owner, except that with respect to the phonorecords to be distributed to the public in the United States by you:

1. You shall pay royalties and account to us quarterly on the basis of records and/or tapes distributed to the public (i.e.: manufactured and sold).
2. For such records and/or tapes so distributed, you shall pay us the statutory royalty rate.

EXHIBIT A - contd.

3. This license covers and is limited to the use by the recording artist listed below whether by phonograph records and/or tapes of the musical composition set forth above.
4. In the event you fail to account and pay royalties as herein provided for, we shall have the right to repudiate and revoke this license by giving you written notice to such effect.
5. You need not serve or file notices required by the Copyright Act.
6. This license is limited to records and/or tapes manufactured in the United States, its territories and possessions.

Very truly yours,

GALAXY PRODUCTIONS, INC. dba
REVENIMUS MUSIC PUBLISHING CO. (ASCAP)

By 

ARTIST:

DISC NUMBER

TAPE NUMBER:

TIME:

AGREED AND ACCEPTED:

BRIDGE PUBLICATIONS, INC.
d/b/a BPI RECORDS

By 

EXHIBIT B

ROYALTY PROVISIONS

The following provisions constitute an integral part of the agreement between BRIDGE PUBLICATIONS, INC. d/b/a BPI RECORDS ("Company") and NORMAN F. STARKEY as Executor of the Estate of L. RON HUBBARD (the "Estate"), dated as of May 1, 1986, ("Agreement").

With respect to the computation of royalties pursuant to paragraph 12 of the Agreement, the parties agree as follows:

1. In computing the number of records sold by Company or its licensees, only records for which Company has been paid shall be deemed sold, and Company shall have the right to deduct returns, credits and exchanges of any nature and to withhold reasonable reserves therefor from royalty payments otherwise due the Estate hereunder. Foreign royalties shall be computed in the currency of the country involved and shall be paid only after receipt by Company in the United States of United States currency (less cost of conversion), at the same rate of exchange as Company is paid. If the laws of any jurisdiction require that taxes on such foreign royalty payments be withheld at the source, then the Estate's royalties hereunder shall be reduced in the same proportion as royalties received by Company are reduced. If Company does not receive payment in the United States in United States currency due to a blocked currency situation, Company may deposit to the Estate's credit (and at the Estate's expense) sums payable to the Estate hereunder with respect to such sales, in such currency and in a depository selected by the Estate, and Company will promptly notify the Estate thereof. Deposit in accordance with the foregoing provisions shall fulfill Company's obligations hereunder as to such foreign record sales.

2. As to records sold to or through a club operation, it is agreed that:

a) The royalty shall be either at the rate of (i) one-half (1/2) the rate otherwise applicable and the royalty base shall be the actual selling price (less container charges and any taxes) of Company's Distributor, or (ii) one-half (1/2) of the royalty which Company shall receive from any such record club operation licensee less any royalty payable to any other producer, whichever shall be less. As used herein, "club operation" shall mean a record club or any other direct-to-consumer mail-fulfillment sales operation, as well as any sales operation of the type commonly known as "TV Key Outlet Merchandising" (except that in any case where Company's Distributor

is a licensor and not a manufacturer, the royalty base shall be the actual selling price to the consumer (less container charges and any taxes)).

b) "Records sold to or through a club operation" shall not include, and no royalty shall be payable on, "free" club records (which term, as used herein, shall mean (i) records received by members of a club operation as part of an introductory offer in connection with joining such club operation or upon recommending that another person join such club operation, (ii) records distributed to members of a club operation as a result of the purchase of a required number of records, and (iii) records distributed as "free", "bonus" or "dividend" records), unless Company is paid thereon.

3. With respect to records sold on any lower-than-top-priced label, the royalty shall be at one-third (1/3) the rate otherwise applicable.

4. With respect to records sold to or for resale to any government or its subdivisions, departments or agencies, or military exchanges, or educational institutions or libraries, the royalty shall be at two-thirds (2/3) the rate otherwise applicable.

5. With respect to any records sold to a commercial purchaser for use as a premium promotional item, sales incentive or for a similar purpose, the royalty shall be at one-half (1/2) the rate otherwise applicable and the royalty base shall be the actual selling price (less container charges and any taxes) of such records charged by Company's Distributor.

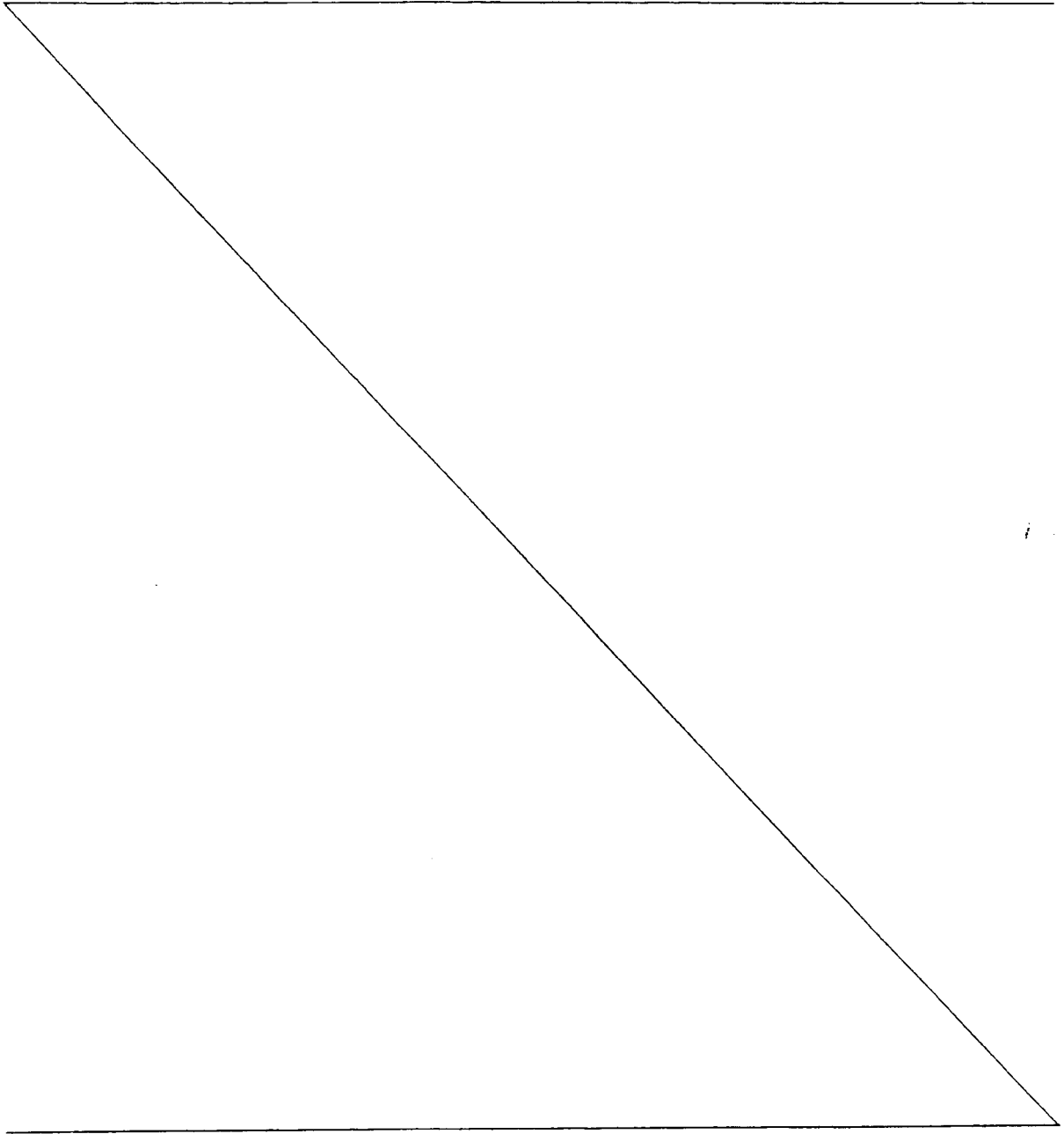
6. No royalty shall be payable with respect to (i) records cut out of Company's catalogue and sold as discontinued merchandise, (ii) records distributed to any person primarily for purposes of promotion or critique and not for resale, (iii) records sold for scrap or at less than fifty percent (50%) of regular wholesale price, (iv) so-called "sampler" records, (v) records shipped on a "free", "no charge" or "bonus" basis, and (vi) records for use on transportation carriers and facilities.

7. The otherwise applicable royalty rate on records sold through special merchandising plans and on records sold at a discount to distributors, sub-distributors or customers shall be reduced in the same proportion as the regular wholesale price on such records is reduced.

8. As used herein, "container charges" shall mean (i) fifteen percent (15%) of the "suggested retail price" or "list category" (or of the actual selling price, as the case may be) of

records in disc form, and (ii) twenty-five percent (25%) of the "suggested retail price" or "list category" (or of the actual selling price, as the case may be) of records in tape form.

9. As used herein, "taxes" shall mean use, excise, VAT, ad valorem and all other similar taxes.



*Norman F. Starkey, Trustee
Author's Family Trust
6515 Sunset Boulevard, Suite 202
Hollywood, California 90028
(213) 856-4591*

May 18, 1989

Bridge Publications, Inc.
dba BPI Records
4751 Fountain Avenue
Los Angeles, California 90027

Re: Recording Rights and Mechandising Agreement

Gentleman:

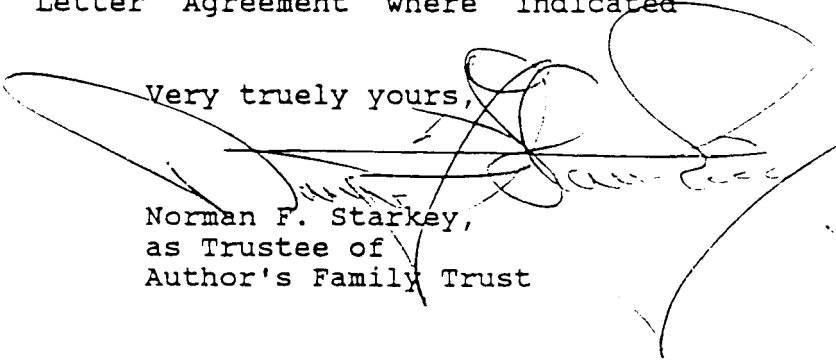
Pursuant to the terms of the above-referenced Agreement, as amended by the letter agreement dated December 29, 1988, the rights of Bridge Publications, Inc., dba BPI Records ("BPI"), to release and distribute phonograph records is due to expire on May 31, 1989. The following will constitute our agreement with respect to such rights:

1. BPI shall have until July 31, 1989 within which to release and distribute phonograph records embodying one (1) or more Mission Earth Album 1 compositions through normal channels in the United States.

2. In all other respects the aforementioned Agreement is hereby confirmed.

If the foregoing clearly states our understanding, would you kindly sign this Letter Agreement where indicated below.

Very truly yours,


Norman F. Starkey,
as Trustee of
Author's Family Trust

AGREED:

BRIDGE PUBLICATIONS, INC.,
dba BPI Records

By: 

*Norman F. Starkey, Executor
L. Ron Hubbard's Estate*

*6515 Sunset Boulevard, Suite 202
Hollywood, California 90028
(213) 856-7591*

December 29, 1988

Bridge Publications, Inc.
dba BPI Records
4751 Fountain Avenue
Los Angeles, California 90027

Re: Recording Rights and Mechandising Agreement

Gentleman:

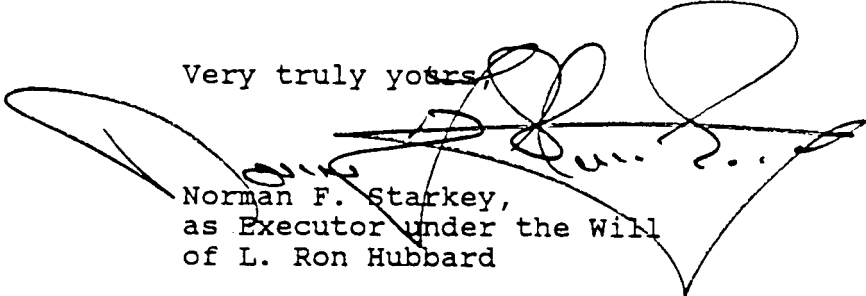
Pursuant to the terms of the above-referenced Agreement, as amended by the letter agreement dated July 12, 1988, the rights of Bridge Publications, Inc., dba BPI Records ("BPI"), to release and distribute phonograph records is due to expire on December 31, 1988. The following will constitute our agreement with respect to such rights:

1. BPI shall have until May 31, 1989 within which to release and distribute phonograph records embodying one (1) or more Mission Earth Album 1 compositions through normal channels in the United States.

2. In all other respects the aforementioned Agreement is hereby confirmed.

If the foregoing clearly states our understanding, would you kindly sign this Letter Agreement where indicated below.

Very truly yours,


Norman F. Starkey,
as Executor under the Will
of L. Ron Hubbard

AGREED:

BRIDGE PUBLICATIONS, INC.,
dba BPI Records

By: 

PRESIDENT BRIDGE

*Norman F. Starkey, Executor
L. Ron Hubbard's Estate
6515 Sunset Boulevard, Suite 202
Hollywood, California 90028
(213) 856-7591*

July 12, 1988

Bridge Publications, Inc.,
dba BPI Records
4751 Fountain Avenue
Los Angeles, California 90027

Re: Recording Rights and Mechandising Agreement

Gentleman:

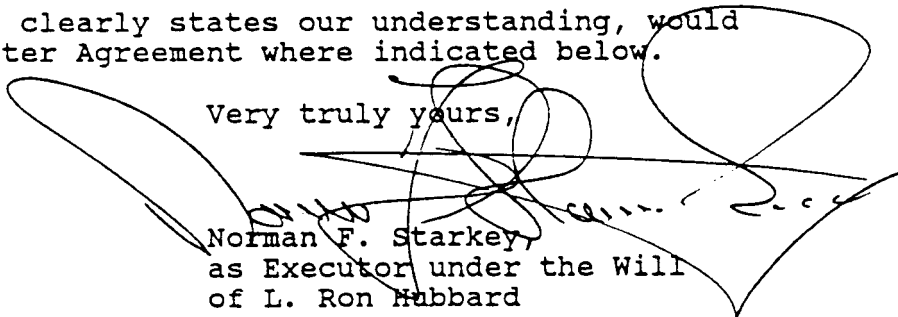
Pursuant to the terms of the above-referenced Agreement, the rights of Bridge Publications, Inc., dba BPI Records ("BPI") expired on February 1, 1987, in that BPI failed to release and distribute phonograph records embodying the Mission Earth Compositions prior to such time. Subsequently it was orally agreed that the time for performance would be extended. The following will constitute our agreement with respect to such extension:

1. BPI shall have until December 31, 1988 within which to release and distribute phonograph records embodying one (1) or more Mission Earth Album 1 compositions through normal channels in any major territory of the world.

2. In all other respects the aforementioned Agreement is hereby confirmed.

If the foregoing clearly states our understanding, would you kindly sign this Letter Agreement where indicated below.

Very truly yours,


Norman F. Starkey,
as Executor under the Will
of L. Ron Hubbard

AGREED:

BRIDGE PUBLICATIONS, INC.,
dba BPI Records

By: 