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MOTION PICTURE EXHIBITION  
AGREEMENT (CHURCHES)

THIS AGREEMENT, effective this 23 day of October,  
1991, is hereby executed by and between the CHURCH OF  
SCIENTOLOGY INTERNATIONAL (hereinafter referred to as "CSI"),  
a California non-profit religious corporation, having its  
principal office at 6331 Hollywood Boulevard, Los Angeles,  
California, 90028, and CHURCH OF SCIENTOLOGY FLAG SERVICE  
ORGANIZATION, INC. with its principal office at 118 D  
5011 Wilshire Blvd., Beverly Hills, CA 90210  
(hereinafter referred to as "the Church").

RECITALS

A. The Church is one of many churches throughout the world organized for the purpose of practicing and disseminating the religion of Scientology. The churches are bound together as one international and hierarchical church by voluntary and self-determined adherence to the Scriptures (as hereinafter defined) under the ecclesiastical authority of the Church of Scientology International, as the Mother Church.

B. L. Ron Hubbard was the founder of the religion of Scientology, which is based on a body of truths, and the technology for applying them, that was discovered, described, and refined by L. Ron Hubbard through more than forty years of research and study, and is contained in the writings and recorded spoken words of L. Ron Hubbard relating to the religion of Scientology and the organizations formed to disseminate the religion of Scientology. Such writings and recorded spoken words of L. Ron Hubbard constitute the "Scriptures."

C. L. Ron Hubbard authored a body of motion pictures, identified in Exhibits A and B hereto, that incorporate and embody a portion of the Scriptures (hereinafter referred to as the "Films"). The Films identified in Exhibit A attached hereto, entitled "Academy Films," are used to train Church Ministers to minister to the needs of parishioners of the Church. The Films identified in Exhibit B attached hereto, entitled "Public Films," are used to disseminate the religion, to explain it in a fashion which is easily understandable to the man in the street, with the ultimate goal of attracting his interest and participation in the religion.

D. A fundamental tenet of the religion of Scientology is that all of the Scriptures, including the Films, must be used and exhibited in a standard and ethical manner and in strict accordance with Scriptural requirements. CSI has received an exclusive license from the L. Ron Hubbard Library to authorize the standard and ethical exhibition of the Films

throughout the world by Scientology churches in good standing with the Mother Church, and in good standing under the Scriptures.

E. L. Ron Hubbard and CSI have learned through many years of experience that the Films are a powerful and effective tool for disseminating and teaching the religion of Scientology. For this reason, the parties acknowledge that it is imperative that the Films be used and exhibited in a standard and ethical manner as required by the Scriptures and that the Films must not be altered in any way. Accordingly, L. Ron Hubbard and CSI have availed themselves of all laws, such as copyright laws, to assure that the integrity and standard and ethical use of the Films is maintained.

NOW, THEREFORE, in consideration of the recitals which are incorporated by this reference and of the mutual covenants and conditions contained herein, CSI and the Church agree as follows:

1. Definitions.

a. "MPT" shall mean the total contributions received by the Church for student training in certificate courses.

b. "Equipment" shall mean all projectors, speakers, screens, video tape players, and other devices used by the Church to exhibit, perform, or display the Films.

c. "Film" and "Films" shall mean one or more of the motion pictures identified in Exhibits A and B, and associated soundtracks, including copies, prints, stills, leaders, and packaging, and any such newly released films and copies, prints, stills, leaders, and packaging thereof, as may be added to this Agreement from time to time. Such additions shall be made by a writing referring to this agreement signed by the parties.

d. "Format" shall mean the medium in which the Films are reproduced, including but not limited to 8mm cassettes, 16mm reels, 35mm reels, videotape cassettes, video laser discs, and any other medium approved by CSI, whether now known or later developed, on or from which the Films may be stored, recorded, perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.

e. "Manual" shall mean a document issued or approved by CSI describing the manner in which Equipment must be operated and maintained.

f. "Operator" shall mean a person designated by the Church to operate Equipment in exhibiting Films.

g. "Scriptures" shall mean the writings and recorded spoken words of L. Ron Hubbard with respect to Scientology, including Dianetics and Scientology organizations, and including the Films identified in Exhibits A and B attached hereto.

h. "Standard" shall mean the exact level or degree of quality that is proper and adequate for a specific purpose. It is achieved by exact adherence to the Scriptures in an orthodox manner.

2. Grant of Authority. CSI hereby grants to the Church the nonexclusive authority to:

a. exhibit, perform, and display (hereinafter referred to as the right "to exhibit") the Films only on the physical premises of the Church, subject to the limitations and requirements set forth in this Agreement;

b. exhibit at other locations film trailers or other advertisements for the Films supplied to the Church by CSI; and

c. promote and publicize the Films.

3. Term and Termination.

a. The term of this Agreement shall be perpetual, subject to paragraphs 4.b. through 4.d below.

b. CSI retains the right to terminate this Agreement at any time that:

i. CSI's rights in the Films are terminated;

or

ii. The Church is no longer a Church of Scientology in good standing under the Scriptures.

c. CSI also may terminate this Agreement at any time that CSI determines in its sole and absolute discretion that any use of the Films by the Church is not standard and ethical.

d. On termination for any reason of the grant of authority set forth in paragraph 3 of this Agreement, the Church promptly shall account to CSI for each physical copy of the Films and shall dispose of them in accordance with CSI's instructions, at the expense of the Church, including shipping charges and insurance for shipping, and shall thereupon cease all use of the Films. Films returned after

termination shall be in the same condition as when received by the Church, reasonable wear and tear due to proper use excepted.

4. Consideration.

a. In consideration of the grant of authority set forth in paragraph 3 of this Agreement, and as a way to provide financial support for the dissemination and growth of the religion of Scientology, including supporting the production of those films not yet released, the Church shall weekly pay to CSI to support such religious purposes an amount equal to eleven percent (11%) of the MPT received by the Church. Such payments shall be accompanied by a statement of the Church's MPT for the week for which such payments are made.

b. The Church shall keep a log which contains pertinent information regarding the exhibition of each of the Films including the time and place of each exhibition.

c. Any amounts remaining unpaid upon any termination of the grant of authority set forth in paragraph 3 above shall be paid in full immediately after termination.

d. The Church shall bear the cost of any tariffs, duties, taxes, and other governmental charges applicable in any respect to the use of the Films, the grant of authority contained in this Agreement, or the payment to CSI of any amounts due to be paid to CSI under this Agreement. Where applicable, the Church shall comply with all currency and exchange controls and shall bear the cost or enjoy the benefit of exchange rates between foreign and U.S. currency.

5. Delivery of Films. CSI at the expense of Church shall deliver a copy of each Film to the Church in the Format requested by the Church or determined by CSI. CSI shall deliver the copy when it considers the Film ready for exhibition. The physical copies of the Films supplied by CSI to the Church shall be of suitable audio and visual quality for exhibition. No Films will be shipped by CSI to the Church until CSI first has in hand the fully executed original of this Agreement, and all fees required by this Agreement to be paid in advance of shipment have in fact been paid.

6. Damage to Films.

a. CSI at its own expense shall repair or replace any Film that is delivered in a damaged condition (except for shipping damage) and that is reshipped by the Church to CSI, shipping charges prepaid, within seven (7) days after the receipt by the Church of the damaged Film.

b. The Church shall make every reasonable effort to protect the Films from loss, theft, destruction, and damage. The Church assumes and bears all risk of, and agrees to pay to CSI, all damages, costs, and expenses resulting from loss, theft, destruction, or damage to the Films, including such damages, costs, and expenses incurred during or in connection with reshipment of a damaged Film by the Church to CSI. The Church shall provide CSI with a declaration or certificate evidencing and describing any loss, theft, or destruction of any Films.

c. In the case of damaged or destroyed copies of Films, the Church's liability for damages, costs, and expenses under this paragraph shall be limited to CSI's actual cost to replace or repair the copy or copies of any such Film, as CSI determines in its sole and absolute discretion.

d. The parties agree that it would be impractical or extremely difficult to fix actual damages because the loss or theft of Films presents a special risk of unauthorized copying, exhibition, and other nonstandard use of the Films, to the religious detriment and monetary injury of CSI. Therefore the parties agree that the Church shall pay CSI as liquidated damages, not as a penalty, an amount equal to five (5) times the actual cost to CSI of replacing each Film that has been lost or stolen, or for which the Church cannot account.

7. Title and Copyrights.

a. The Church acknowledges that all physical copies of the Films are retained and owned exclusively by CSI and all copyright rights covering the Films are retained and owned exclusively by the L. Ron Hubbard Library. The Church further acknowledges that this Agreement does not permit the Church to copy the Films, to distribute the Films to the public, to create derivative works from the Films, or to modify the Films in any way. Furthermore, the Church may exhibit the Films only as set forth in paragraph 3 of this Agreement.

b. CSI shall affix copyright notice to all physical copies of the Films in one of the following forms:

c [year of first publication] L. Ron Hubbard

or

c [year of first publication] L. Ron Hubbard  
Library.

Such copyright notice shall be included in the visual images of each Film and on the containers therefor, substantially in compliance with copyright law.

c. The Church agrees to maintain such copyright notice on all physical copies of the Films within its possession, custody, or control.

8. Standard and Ethical Exhibition of the Films.

a. The Church shall exhibit the Films:

i. in accordance with the Scriptures;

ii. only to those persons designated by CSI as qualified to view each particular Film (such designation includes the following: Films designated as "Academy Only," identified in Exhibit A attached hereto, may be exhibited only to regularly enrolled students and to Church staff who are on two and one-half (2 1/2) year or longer covenants. Films designated as "Public," identified in Exhibit B attached hereto, may be exhibited to any parishioners or prospective parishioners.

b. All Films shall be exhibited only on proper Equipment, which has been authorized by CSI, in suitable quarters (i.e., quarters that are clean and orderly, which are adequate for the size of the audience, and which are free of distractions such as light sources, improper ventilation, heating or cooling, and walk-through traffic).

c. The Church acknowledges and agrees that if any of its supervisors or students is found viewing and/or listening to any Film singly or through the use of headphones, CSI may, in its sole and absolute discretion, terminate all of the Church's rights under this Agreement. The Church shall advise all of its supervisors and students that any supervisor or student who is discovered viewing and/or listening to any Film singly, or using headphones, shall be subject to proceedings in accordance with the doctrines and procedures of the Scientology system of ethics and justice.

d. The Church shall provide a proper exhibition room for students viewing the "Academy Only" Films, identified in Exhibit A attached hereto, and shall exhibit such Films at a specific and appropriate time of the day only to the whole student body, i.e., to all students enrolled in courses that make them eligible to view the particular Films being shown.

e. The Church shall maintain the Equipment and facilities for the exhibition of the Films in a condition acceptable to CSI in its sole and absolute discretion, including maintaining projection and sound equipment in a

fully operational state at all times. The Church agrees that its misuse of the Films, including the use of Equipment or facilities not acceptable to CSI, shall subject the Church to penalties as may be determined through arbitration pursuant to paragraph 11 of this Agreement, and that in the event of repeated or flagrant violations CSI may in its sole and absolute discretion terminate all of the Church's rights under this Agreement.

f. All Operators shall have read all Manuals and must be star-rated, i.e., the Operators' proficiency in operating the Equipment will have been tested by another Operator and graded 100%, all to the end that errors do not occur in the operation of Equipment utilizing the Films.

g. The Church shall not authorize, cause, or permit any copying, duplication, alteration, or modification of all or any part of any Film without the prior written consent of CSI, which may be withheld by CSI in its sole and absolute discretion. The Church acknowledges that any unapproved copying, duplication, alteration, or modifications may subject the Church and its officers and agents to criminal prosecution to the extent permitted by law.

h. At least once each year, or more frequently if requested by CSI, the Church shall return all physical copies of the Films to CSI for maintenance and repair, and the Church shall pay all related shipping and insurance costs. If CSI determines that the usage of any Film has exceeded the useful life of such Film and its replacement is deemed necessary by CSI to maintain the quality of presentation, the Church shall pay all replacement costs.

i. The Church shall not graduate students from any course unless it has exhibited to such students in accordance with this Agreement all Films then in its possession that are applicable to their level of training.

j. The Church shall provide a proper exhibition room for individuals to view the "Public" Films identified in Exhibit B attached to this Agreement. The exhibition room shall comply with guidelines published by CSI, from time to time.

9. Quality Control and Inspections. To assure the standard and ethical use of the Films, CSI shall have the right to prescribe and control the quality of the Films, Equipment, Operators, facilities, location, and exhibition of or relating to the Films, and may enter the Church's premises at any time to review the Church's compliance with this Agreement.

10. Arbitration. CSI and Church agree that any



controversy or dispute which arises out of or relates to this Agreement, including, without limitation, the adequacy or performance by Church and of any demands made by CSI, 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, California or at such other location as CSI 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.

11. Indemnification and Hold Harmless. The Church acknowledges its full responsibility for the ethical and proper use and delivery of the Films and all other elements of the Scientology Scriptures, and it will make no claim that CSI, the L. Ron Hubbard Library or any other person or entity controls or is responsible for the use and delivery of the Films or the Scientology Scriptures. The Church hereby indemnifies, defends, and waives any claim against CSI, the L. Ron Hubbard Library and any of their successors, assigns, affiliates, officers, employees, agents and representatives, and agrees to hold them harmless from all claims, costs, and liabilities of any kind (including, without limitation, attorney's fees) that arise from or relate to any breach of this Agreement by the Church. All such claims shall be defended at the expense of the Church through legal counsel acceptable to CSI.

12. Protection and Enforcement of Rights.

a. If during the term of this Agreement the Church becomes aware of any use by a third party of the Films, or of films, videotapes, or other media similar to the Films, the Church shall immediately notify CSI in writing of such third party use.

b. CSI may initiate lawsuits against any and all third parties who infringe CSI's copyrights or other rights covering the Films. The conduct of such lawsuits shall be within the sole control of CSI. The Church shall render all reasonable assistance to CSI in connection with the conduct of any such suit, including joining as a party if requested by CSI, but shall not initiate any such legal action. Unless otherwise agreed in writing, CSI and the Church shall bear their own legal expenses in any such lawsuits, and any recovery of damages shall be retained by CSI.

13. Notice.

Any notice required to be sent hereunder shall be sent by first-class mail, postage prepaid, return receipt requested, to CSI or Church 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.

14. General Provisions.

a. Failure of either party to exercise any right(s) under this Agreement or to insist in any one or more instances upon strict performance of or compliance with any one or more provisions, obligations, or requirements of this Agreement shall not be construed as a waiver thereof, and any and all such provisions, obligations, and requirements shall continue and remain in full force and effect.

b. CSI and the Church agree that this Agreement and the legal relationship between the parties shall be governed by and interpreted in accordance with the laws of the State of California and the applicable federal laws of the United States.

c. This Agreement shall be considered personal to both CSI and the Church, and therefore neither CSI nor the Church may assign any of its rights or duties under this Agreement.

d. 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.

e. The section headings contained in this Agreement are for reference purposes only and shall not be considered in interpreting this Agreement.

f. This Agreement states the entire agreement between the parties concerning the Films and replaces and supersedes any prior verbal or written discussions, communications, understandings, or agreements. It may be modified, amended, terminated, or discharged only by a written instrument signed by both parties.

g. The parties agree to execute and deliver any documents and to perform any acts that may be necessary or convenient to carry out the terms of this Agreement.

h. Neither party shall be deemed to be the employer, agent, joint venturer, or partner of the other, and neither party shall have the authority to act on behalf of the other in any manner, including acceptance of service of process.

IN WITNESS WHEREOF, and intending to be legally bound, duly authorized representatives of CSI and the Church have executed this Agreement below.

Church of Scientology  
International

Date: 25 November 1991

By [Signature]  
Name: Dyan R. Barry  
Title: Secretary  
(for CSI)

Church of Scientology  
Flag Service Organization, Inc.

Date: 23 OCTOBER 1991

By [Signature]  
Name: MARSHA LOVERING  
Title: Secretary  
(for Church)

EXHIBIT A TO AGREEMENT ENTITLED

MOTION PICTURE

EXHIBITION AGREEMENT (CHURCHES)

1. The Tone Scale ("EM 2")
2. The Tone Scale Drill Film ("EM 2A")
3. How the E-Meter Works ("EM 4")
4. How to set up the Session and the E-Meter ("EM 5")
5. False TA ("EM 6")
6. Body Motion Reads ("EM 7")
7. Estimating Case Conditions by Tests and the E-Meter ("EM 8")
8. E-Meter Reads ("EM 9")
9. Recognition and Identification of E-Meter Reads ("EM 9A")
10. PC Indicators ("EM 10")
11. PC Indicators Drill Film ("EM 10A")
12. History of the E-Meter ("EM 3")
13. The Cycle of Communication ("TR 2")
14. The Art of Communication ("TR 3")
15. The Professional TR Course ("TR 4")
16. Why TRs ("TR 5")
17. Use of a Doll in Auditing and TRs ("TR 6")
18. Upper Indoc TRs ("TR 7")
19. Start, Change and Stop ("TR 8")
20. The Auditor's Code ("TR 9")
21. Assists ("TR 10")
22. Tone 40 Assessment ("TR 26")
23. The Solo Auditor ("TR 12")
24. The Session ("TR 13")

- 25. Confessional TRs ("TR 14")
- 26. The Different TR Courses and their Criticism ("TR 15")
- 27. The Ultimate TRs: Beingness ("TR 16")

EXHIBIT B TO AGREEMENT ENTITLED  
MOTION PICTURE  
EXHIBITION AGREEMENT (CHURCHES)

1. The Case He Couldn't Crack ("CHCC")
2. The Problems of Life ("POL")
3. Man the Unfathomable ("EM 1")
4. TRs in Life ("TR 1")
5. General Trailer No. 1 ("GT 1")
6. General Trailer No. 2 ("GT 2")
7. The Secret of Flag Results ("SFR")
8. Introduction to Scientology ("HITCHMAN")
9. Afternoon at Saint Hill ("ASH")
10. The Classification, Gradation and Awareness Chart
11. What Happened to These Civilizations?
12. Freedom
13. Dianetics: The Dynamics of Life
14. The Summit
15. Birth
16. Raising the Baby
17. Evolution of a Science
18. The Original Thesis
19. The Story of Book One
20. How the Organizations Came About
21. The Way to Happiness
22. Radiation
23. Brainwashing
24. Drugs and the Mind

25. Clear Defined and Described
26. The Story of Study Technology
27. Dualism
28. Exteriorization
29. Flag and Exteriorization (Flag Service Org only)
30. The Bridge and Orgs
31. The Married Couple
32. The Child
33. Why Finding
34. Work
35. Organizing
36. Where the Information Is
37. Flag Executive Briefing Course
38. Advice to Persons Being Audited
39. The First of Dianetics and Scientology
40. Influencing the Planet
41. The Data Series Course
42. Introductory Auditing
43. Assists
44. Accident Proneness
45. Survival Rundown
46. Scientology Drug Rundown
47. Expanded ARC Straightwire
48. Expanded Lower Grades
49. Resistive Cases
50. Method One Word Clearing
51. PTS Rundown

52. Interiorization Rundown
53. New Era Dianetics Drug Rundown
54. New Era Dianetics
55. Clear Certainty Rundown
56. What is Auditing?
57. Courses
58. Staff Recruitment
59. Operating Thetan
60. Solo Auditor's Course (only for anyone Clear)