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LITERARY AGREEMENT (NEPI)

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LITERARY AGREEMENT (NEPI)

THIS LITERARY AGREEMENT (NEPI) ("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 NEW ERA PUBLICATIONS INTERNATIONAL Aps, whose address is Store Kongensgade 55, 1264 Copenhagen K, Denmark ("Publisher"), with reference to the following:

A. L. Ron Hubbard ("LRH") is the author of certain published non-fiction literary works relating to Dianetics spiritual healing technology and Scientology religious philosophy, the titles of which are listed on Schedule 1 attached hereto (sometimes collectively referred to as the "Original Works"). LRH is also the author of certain heretofore unpublished non-fiction literary works relating to Dianetics spiritual healing technology, Scientology religious philosophy, and his life (sometimes collectively referred to as the "Unpublished Works"). The Original Works are the basis of certain derivative works, the titles of which are attached hereto as Schedule 2 (sometimes collectively referred to as the "Derivative Works"). As used herein, the terms "Works" shall be deemed to refer to Original Works, Unpublished Works and Derivative Works.

B. Scientology course packs consist of HCO Bulletins, HCO Policy Letters and other authorized technical issues, together with a matching check sheet, which for the most part have been

copyrighted by LRH, bound together, the titles of which are described on Schedule 3 attached hereto. The course packs are hereinafter referred to as "Packs", and shall include any updates thereof.

C. Scientology codes and charts, which for the most part have been copyrighted by LRH, are described on Schedule 4 attached hereto and are hereinafter collectively referred to as "Charts".

D. For purposes of the Agreement, the term Scientology Scriptures shall mean the written and recorded spoken words of LRH relating to Dianetics spiritual healing technology and Scientology religious philosophy. The intellectual properties to which rights are granted herein are contained within the Scientology Scriptures.

E. 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 LRH, including ownership of the Works, Packs, Charts and Compilations (as hereinafter defined), to the Trustee.

F. Trustee wishes to arrange for publication of at least some of the Unpublished Works by Publisher in a biography of LRH, on terms and conditions contained herein. Trustee desires to have Publisher retain one or more writers to create such a biography using portions of the Works, and Publisher is willing to assume responsibility for the writer or writers and for the writing of the biography.

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. Grant of Publication and Translation Rights. Except as hereinafter reserved, Trustee hereby grants Publisher, for the term of this Agreement, the following rights:

(a) Except as otherwise provided, the exclusive right to translate, print, publish and sell ("Publish") the Works, in hardbound and paperback form, Packs and Charts in all languages and in all countries and territories, except the United States and English speaking Canada ("Territory"). Without in any way limiting the Publisher's exclusive rights hereunder, Trustee reserves the right, with the prior approval of Publisher (but without any compensation to Publisher), to sublicense the rights, granted in this subparagraph (a), in all languages in the Territory, except those countries listed in Exhibit "A", which schedule may be revised by the parties from time to time.

(b) Except as otherwise provided, the exclusive authorization to license, subject to the Trustee's prior written approval, the right to Publish the Works, Packs and Charts, in hardbound and paperback form, in all languages in the Territory. Without in any way limiting the Publisher's exclusive rights hereunder, Trustee reserves the right, with the prior approval of Publisher (but without any compensation to Publisher), to sublicense the rights granted in this subparagraph (b) in all

languages in the Territory, except those countries listed on Exhibit "A".

(c) Except as otherwise provided, the exclusive right, to make and Publish and the exclusive authorization to license, subject to Trustee's prior written approval, the right to make and Publish compilations and derivative works of and from the Original Works in all languages in the Territory. Such compilations and derivative works are hereinafter referred to as "Compilations". Without in any way limiting the Publisher's exclusive rights hereunder, Trustee reserves the right, with the prior approval of Publisher (but without any compensation to Publisher), to sublicense the rights granted in this subparagraph (c) in all languages in the Territory, except those countries listed in Exhibit "A".

(d) Except as otherwise provided, the right to enter into co-publishing agreements with other publishers, subject to the prior written approval of Trustee. A co-publishing agreement is an agreement by which Publisher and one or more publishers jointly agree to publish one of the Works. The co-publishing agreement shall be consistent with and shall incorporate, where applicable, the terms and conditions of this Agreement; however, the other publisher(s) shall acquire no rights under this Agreement. Publisher shall pay such royalties as may be set forth in the co-publishing agreement approved by Trustee.

(e) Trustee hereby grants Publisher the right to use the Works in creating a biography of LRH subject to the terms

of this Agreement. Publisher shall obtain the prior written consent of Trustee, in the form of a publishing agreement, for the publication of the biography, and for the release of any Unpublished Works. Publisher acknowledges and agrees that such materials have never been published before and therefore must remain confidential until published.

(f) The nonexclusive right to use the likeness of LRH in connection with the exercise of the rights granted hereunder; provided that such use is approved before publication of any of the Works, Packs, Charts and Compilations.

(g) Publisher shall provide Trustee with signed copies of any and all licenses granted hereunder. Each license shall be substantially in the form of Exhibit "B" attached hereto.

(h) The nonexclusive authorization to license in the Territory, subject to Trustee's prior approval, the right to print copies of "The Way to Happiness" in paperbound form for distribution (but not sale) to persons affiliated with the licensee, including without limitation, employees, stockholders, customers, prospective customers, patrons and friends. Each license shall be substantially in the form of Exhibit "C" attached hereto.

2. Right to License WISE and WAHE. Publisher hereby grants to Trustee the right to license World Institute of Scientology Enterprises, Inc. ("WISE") and World Association of Hubbard Enterprises ("WAHE") with the nonexclusive right to make and publish, for sale other than through bookstores operated by

organizations affiliated with the religion of Scientology or Dianetics organizations, quotations from the Scientology Scriptures, and compilations and derivative works of and from the Works. This grant includes the right to translate the Works and portions of the Works into languages other than English and to publish the translations as a part of the compilations. It is understood and agreed that WISE and WAHE shall not offer any compilations or derivative works of and from the Works to regular and established bookstores operated by Churches of Scientology or Dianetics organizations without the written consent of Publisher.

3. Term. The term of this Agreement shall commence as of the date hereof and shall continue until the 1st day of January, 1995. Thereafter, this Agreement shall be renewed automatically and indefinitely for additional and successive one-year terms; provided that after the 1st day of January, 1992, this Agreement may be terminated at any time by either party upon two (2) months' written notice.

4. Changes, Insertions. No one, except with Trustee's prior written approval, may make changes to the text or title of any of the Works, Packs, Charts or Compilations. Advertising, or material written or prepared by others, may not be inserted or printed in any edition of the Works, Packs, Charts or Compilations, including without limitation the dust jacket or book cover, whether issued by Publisher or its Licensees, without the express written consent of Trustee, which consent may be withheld in Trustee's sole discretion. Further, all advertising by the Publisher and its

licensees, which promotes the sale by Publisher of any of the Works, Packs, Charts or Compilations shall be submitted in advance to Trustee for approval.

The rights of approval conferred upon Trustee in this paragraph may, at Trustee's option, be exercised by Trustee's designated representative in accordance with Paragraph 36 of this Agreement.

5. 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) LRH is the sole author of the Original Works, Unpublished Works, Packs and Charts, and they are original with him;

(iii) The Works, Packs, Charts and Compilations do 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, do not violate the rights of privacy of, or libel, other persons.

(b) (i) 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.

(ii) The aforesaid indemnity shall not apply to any material which Publisher could have determined, from a reading of the Works, Packs, Charts or Compilations, violated any rights specified in subparagraph (a)(iii) above.

(c) (i) 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.

(ii) 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 of each of the Works, Packs, Charts or Compilations (or retyped manuscript where composition is done by computer or similar means), together with all artwork and photographs and captions therefor, if any, prior to publication, and Trustee will read, revise (if necessary) and return said proofs promptly. If a Work, Pack, Chart or Compilation is in a foreign language, Publisher shall provide Trustee with a written

certificate from a qualified translator that the translation is a true and correct translation of the original English language version of the Work, Pack, Chart or Compilation. The format, style of composition and price of the Works, Packs, Charts or Compilations shall be determined by Publisher, subject to the written approval of Trustee.

The rights of approval conferred upon Trustee in this paragraph may, at Trustee's option, be exercised by Trustee's designated representative in accordance with Paragraph 36 of this Agreement.

7. Publisher's Responsibilities.

(a) Publisher acknowledges and agrees that, in accepting the grant made by this Agreement to Publish the Works, Packs, Charts and Compilations, it is undertaking an important responsibility in furtherance of the orthodox publication and distribution of the Scientology Scriptures 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:

(i) Publisher shall actively promote and supply copies of the Works, Packs, Charts and Compilations. In this regard, Publisher shall periodically submit to the Trustee, upon his request, detailed plans for promoting and distributing the Works, Packs, Charts and Compilations.

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 distribution of the Works and Compilations, including without limitation, book distributors, bookstore chains, book clubs and libraries.

(ii) Publisher shall promptly deliver all orders for the Works, Packs, Charts and Compilations and shall diligently pursue collection of all accounts receivable generated by sales of the Works.

(iii) Trustee or his designated representative shall have the right, upon ten (10) days' written notice, to terminate the right of Publisher to Publish any Work, Pack, Chart or Compilation that is not being actively promoted and distributed or timely delivered, unless during such ten (10)-day period the Work, Pack, Chart or Compilation is actively promoted and distributed, or timely delivered, or an acceptable plan for such promotion and distribution or delivery is initiated.

(iv) Publisher shall establish and/or maintain adequate personnel in those territories and countries in which it is authorized to Publish the Works, Packs, Charts and Compilations in order to carry out its responsibilities hereunder.

(v) Publisher shall not employ any persons hostile to LRH, Trustee, the Works or the religion of Scientology.

(b) Publisher shall not Publish literary works by other authors that are similar to or competitive with the Works, Packs, Charts and Compilations without the prior written consent of Trustee.

(c) Publisher shall include in any license granted by Publisher pursuant to Paragraph 1 above the provision that licensee must furnish Publisher with galley and page proofs of each of the Works, Packs, Charts and Compilations being licensed (or retyped manuscript where composition is done by computer or similar means), together with all artwork and photographs and captions therefor. Publisher shall provide these to Trustee, or his designated representative, who shall read, revise (if necessary) and return said proofs promptly to Publisher. If a Work, Pack, Chart or Compilation is in a foreign language, Publisher shall furnish Trustee with a written certificate from a qualified translator that the translation is a true and correct translation of the English language version. Trustee shall approve the format and style of each edition of each Work, Pack, Chart and Compilation to be published by any licensee, and shall approve the text, graphic material and style of the covers. Publisher shall require each licensee to use its best efforts, in accordance with subparagraph (a) above, to promote the distribution of copies of the Works, Packs, Charts and Compilations.

(d) Publisher shall be entitled to appoint a representative(s) located in the vicinity of any licensee, if Publisher considers it necessary and desirable. Said representative(s) may be empowered to act in Publisher's behalf with regard to matters covered under subparagraph (a) above.

(e) Publisher agrees to liaise with Church of Scientology International, the Mother Church of the Scientology religion, to coordinate Publication of the Works, Packs, Charts and Compilations with the strategies and campaigns of Church of Scientology International in furtherance of the ethical and orthodox publication and distribution of the Scientology Scriptures.

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

8. Copyright Notice. Publisher shall print in every copy of the Work 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 Works, Packs, Charts and Compilations for Trustee and sufficient to obtain and protect copyright rights in all jurisdictions in which the Works, Packs, Charts and Compilations or any of them, are published and/or sold by Publisher or its subsidiaries. Every license granted by Publisher to reprint or reproduce, or otherwise use all or a portion of a Work, Pack, Chart or Compilation shall contain a specific requirement that the

licensee will print a proper copyright notice in each copy, and shall take such action as may be required to preserve Trustee's copyright.

9. Copyright - Translations. Publisher shall obtain an assignment of the copyright and renewal rights therein in favor of Trustee for any translation secured by Publisher. Said assignment shall be sufficient to obtain and protect copyright rights in the jurisdiction in which the Work, Pack, Chart or Compilation is being published and/or sold. In addition, all translations shall be secured by written agreement wherein the parties expressly agree that the translation shall be considered a "work made for hire".

In licensing foreign language rights, Publisher shall provide in each agreement with sublicensees that the copyright in a Work, Pack, Chart or Compilation is to be secured for Trustee, and that the copyright in any translation made of a Work, Pack, Chart and Compilation is to be secured for the Trustee. Said agreement shall also include a specific provision that in the event Publisher is unable to secure for Trustee the copyright in a translation, neither party will have a right to Publish the translation, which is the subject of the agreement, after termination of the agreement; however, Publisher may obtain a new translation of the respective Work, Pack, Chart or Compilation and may Publish the new translation. Nothing contained herein shall be deemed to give Publisher or its licensees the right to Publish a translation except pursuant to the terms of this Agreement.

10. Copyright Administration. Publisher shall cause to be duly registered in the United States Copyright Office a claim for United States Copyright in each of the Works, Packs, Charts and Compilations in the name of "L. Ron Hubbard Library" (a registered fictitious name of Trustee) when such registration is necessary to protect and/or enforce Trustee's rights in the respective copyrights. If appropriate, Compilations shall be registered in the Compiler's name; provided that Compiler executes an unconditional assignment of copyright in favor of Trustee. Publisher shall engage the services of Bridge Publications, Inc. ("BPI), or its successor, to register all claims for copyright of the Works, Packs, Charts and Compilations, where applicable, and to take such other steps as may be necessary to ensure that the copyrights are protected in the jurisdictions in which the Works, Packs, Charts and Compilations are sold by Publisher and/or its subsidiaries. Such services shall include, without limitation, provision of such personnel, professional as well as non-professional, as may be necessary to protect and/or register Trustee's rights in the copyrights. Publisher shall pay the expenses arising out of the protection and/or registration process necessary to protect and defend the copyrights to the Works issued by Publisher and/or its subsidiaries and shall provide BPI with sufficient copies of each newly published Work, Pack, Chart or Compilation for purposes of registration and/or protection.

11. 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, spiral bound books shall be considered a hardbound edition.

12. 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.

13. 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.

14. Royalties - Packs. Publisher shall pay Trustee fifteen percent (15%) of Publisher's suggested retail price on each copy of a Pack sold by Publisher, less returns. For purposes of this Agreement, an Extension Course booklet shall be considered a Pack.

15. Royalties - Charts. Publisher shall pay ten percent (10%) of Publisher's suggested retail price on each copy of a Chart sold by Publisher, less returns.

16. Royalties - Mass Market Paperbound Edition of "The Way to Happiness". The paperback editions of "The Way to Happiness", an Original Work, must be sold in packets of one dozen paperback booklets surrounded with a wide paper band which shall be removable and shall bear the words "sold in packages of a dozen only." The retail price of the paperback edition of this literary

work (packaged as aforesaid) shall be determined by Publisher with the approval of Trustee. Publisher shall pay Trustee a royalty of ten percent (10%) of the Publisher's suggested retail price on each packet sold by Publisher, less returns.

The foregoing only applies to paperback editions. The royalties for sales of hardbound and trade paperbound editions, shall be governed by Paragraphs 11 and 12.

17. Licensing Royalties - "The Way to Happiness". Publisher shall pay to Trustee sixty percent (60%) of the fees received from licensing the right to print copies of "The Way to Happiness" in paperbound form for distribution (but not sale) by the licensee, and the balance of forty percent (40%) shall be retained by the Publisher.

18. Royalties - Sublicensing. Publisher shall pay Trustee sixty percent (60%) of the fees received from sublicensing to other publishers under this Agreement and the balance of forty percent (40%) shall be retained by the Publisher. Publisher shall pay Trustee sixty percent (60%) of the fees for sales by book clubs, which print their own editions, and the balance of forty percent (40%) shall be retained by the Publisher. Nothing contained in the foregoing shall be construed to obviate Trustee's prior written approval of all sublicense agreements covered in Paragraph 1 of this Agreement. Sublicensing fees shall be paid to Trustee upon receipt by Publisher.

19. Royalties in General; Payments.

(a) For purposes of this Agreement, "Publisher's suggested retail price" shall be deemed to be without discount of any kind.

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

(c) On each Compilation from any of the Works, the royalty shall be at the rates set forth in Schedule 5.

(d) 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.

(e) 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 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 Works, Packs, Charts or Compilations given without charge for resale (for advertising or promotional allowances or other purposes) in connection with the sales of other copies of the Works, Packs, Charts or Compilations or the sales of other works.

(f) No royalties shall be paid on the sale of book blocks (i.e., unbound format) used in the manufacture of Special Properties, as defined in Paragraph 21(g); or on sale of Works, Packs, Charts or Compilations between Publisher and its wholly owned subsidiaries, or between Publisher and BPI.

(g) 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.

(h) Publisher may withhold from royalties payable under this Agreement such amounts as may be required to be withheld under local tax law. In the event Publisher withholds, it shall report the amount withheld to Trustee and shall cooperate with Trustee to effect a refund of such amounts withheld, in the event taxation is governed by a tax treaty.

20. Reservation of First Serial Rights.

(a) Trustee reserves and may license First Serial rights in the Works, Packs, Charts and Compilations and all proceeds from each such license shall belong to Trustee. "First Serial" right means the right to Publish all or part of the Works,

Packs, Charts and Compilations in a periodical, serially or in one issue, prior to its publication in book form.

(b) If Trustee notifies Publisher not less than sixty (60) days before the scheduled publication date of any of the Works that First Serial rights have been licensed with respect to that Work, Publisher agrees to postpone or cause to be postponed publication until completion of the serial publication.

21. Reservation of Additional Rights.

(a) All rights in the Works, Packs, Charts and Compilations 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 Works, Packs, Charts and Compilations and dramatizations and adaptations thereof, in the media described in subparagraphs (i) through (v); 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 Works, Packs, Charts and Compilations and adaptations and dramatizations thereof:

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

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

(iii) Audio/video recordings of the Works, Packs, Charts or Compilations or any dramatic, motion picture or television version of the Works, Packs, Charts or Compilations by any device or system now or hereafter known;

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

(v) Public readings.

(c) Proceeds of any licenses granted pursuant to this Paragraph 21 shall be the sole property of the Trustee.

(d) Where performance rights are licensed or disposed of pursuant to this Paragraph 21, Trustee may grant licensee or purchaser the right to Publish excerpts or summaries of the Works, Packs, Charts or Compilations 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 Work, Pack, Chart or Compilation.

(e) Trustee reserves the right to reproduce, publish and sell individual copies of the likeness of LRH. In addition, Trustee reserves the right to permit others to use the likeness of LRH for purposes of: (i) fostering social reform, including, without limitation, drug rehabilitation, education

reform, criminal rehabilitation and moral code reform;
(ii) promoting and disseminating the secular administrative
technology as researched and developed by LRH; (iii) promoting,
advancing and disseminating the religion of Scientology; and
(iv) maintaining the purity and ethical use of the philosophy and
technology of the religion of Scientology.

(f) Trustee reserves the right to permit others to
use articles, essays, quotations and excerpts from the Scientology
Scriptures for purposes of: (i) fostering social reform,
including, without limitation, drug rehabilitation, education
reform, criminal rehabilitation and moral code reform;
(ii) promoting and disseminating the secular administrative
technology as researched and developed by LRH; (iii) promoting,
advancing and disseminating the religion of Scientology; and
(iv) maintaining the purity and ethical use of the philosophy and
technology of the religion of Scientology.

(g) Trustee reserves the right to "publish" (i.e.,
print, publish and sell) the Works, Packs, Charts or Compilations
as Special Properties. A Special Property is defined as an edition
of the Works, Packs, Charts or Compilations which:

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

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

(iii) 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 Works, Packs, Charts and Compilations in unbound format for conversion to Special Properties.

22. 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 Works, Packs, Charts and/or Compilations 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.

23. Accounting and Quarterly Payments.

(a) Publisher shall maintain accurate books and records pertaining to the sale of each of the Works, Packs, Charts and Compilations 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, for each Work set forth in Schedules 1 and 2, for each Pack set forth in Schedule 3, for each Chart set forth in Schedule 4, and for each Compilation, among other things, the number of copies sold to date (and total sales for the subject period), broken down on a country by country basis, 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 license granted by Publisher, the number of copies of each Work, Pack, Chart and Compilation 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 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 sale of copies or licenses of the Works, Packs, Charts and Compilations. 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.

24. Trustee's Copies. On publication of each edition of each of the Works, Packs, Charts and Compilations, Publisher will give to Trustee fifteen (15) free copies in the case of a hardbound edition, fifteen (15) free copies in the case of a Pack, fifteen

(15) free copies in the case of a Chart, and fifty (50) free copies in the case of a softcover edition; and Trustee may purchase additional copies at Publisher's maximum standard distributor discount available at time of transaction.

25. Out of Print Provision; Termination.

(a) For the purposes of this Agreement, the Works, Packs, Charts and Compilations 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 a Work, Pack and Compilation is not in print. The provisions of this Paragraph 25 shall only apply to those countries listed on Exhibit "A" and such other countries as may be added, from time to time, to Exhibit "A" by means of an addendum signed by the parties.

(b) If Publisher fails to keep any of the Works, Packs, Charts or Compilations in print, Trustee may at any time thereafter serve a written request on Publisher that such Work, Pack, Chart or Compilation 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 such Work, Pack, Chart or Compilation 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 such Work, Pack, Chart or Compilation shall automatically

terminate and all rights granted to Publisher shall thereupon automatically revert to Trustee.

26. 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 LRH, the Trustee, the Works, Packs, Charts or Compilations, 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 Works, Packs, Charts and Compilations in accordance with the terms and provisions of this Agreement.

27. 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 Works, Packs, Charts and Compilations 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 Works, Packs, Charts and/or Compilations, 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 Works, Packs, Charts, and/or Compilations.

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

(i) Destroy all plates, offset negatives, computer drive tapes, or any other means used by Publisher to reproduce the Works, Packs, Charts and Compilations licensed hereunder and to certify such destruction in writing; or

(ii) 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.

(d) Upon termination of this Agreement and reversion of rights, for any reason whatsoever, each license

agreement entered into by Publisher, whether before the date hereof or during the term of this Agreement, which was approved by Trustee or his predecessor in interest, shall remain in full force and effect, unless specifically terminated by Trustee. In such event, the licensee shall be directed to pay directly to Trustee the entire amount of the royalties due under the license agreement.

28. Suits and Infringement.

(a) If there is an infringement of any rights granted to Publisher or which Publisher is authorized to license, 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.

29. Proper Use of Copyrights.

(a) Publisher acknowledges its full responsibility for the proper use of the copyrights under this Agreement, and for the copies of the Works, Packs, Charts and Compilations it sells

pursuant to this Agreement; and covenants that neither it nor any of its officers, directors, employees, agents, representatives, 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 its 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 Works, Packs, Charts and Compilations. All such claims and actions shall be defended at the expense of Publisher through legal counsel acceptable to Trustee.

(b) Publisher shall include in all Published Works, Packs, Charts and Compilations an appropriate disclaimer, in a form approved by Trustee unless use of a disclaimer for a particular Work, Pack, Chart or Compilation is expressly waived by Trustee.

30. Confidentiality. Publisher acknowledges that some of the literary properties (i.e., Works, Packs, Charts and Compilations) for which rights are granted herein contain confidential material, i.e., material which is restricted to

persons meeting certain requirements, including, without limitation, good standing under the Scientology Scriptures. Publisher agrees to hold the literary properties in trust in accordance with the terms of this Agreement and to maintain the confidentiality of the literary properties in accordance with present guidelines, instructions from the Trustee and/or the Scientology Scriptures.

31. Trademarks. Certain of the Works, Packs, Charts and Compilations contain trademarks which are included for other purposes. Publisher is permitted to use the trademarks only when used as a part of the title of the Work, Pack, Chart or Compilation. This Agreement does not grant to Publisher a license to use any of the trademarks that appear on the Works, Packs, Charts and Compilations for any other purpose. If Publisher wishes to use any of the trademarks for a purpose other than inclusion in a title, Publisher may request permission from Trustee, but shall not use any such trademarks until permission has been granted in writing by Trustee or the owner of the trademarks. All such use of any trademark by Publisher shall be subject to the supervision and control of Trustee or the owner or owners of the trademarks, and shall inure to the benefit of the owner. Publisher shall cooperate with Trustee or the owner or owners of the trademarks in taking all action required by applicable laws and regulations to record or register any license that may be granted pursuant to this paragraph. Publisher shall include a similar provision in each of its license agreements.

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

33. 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.

34. 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.

35. 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 ten (10) days after deposit in the mail, if all of the foregoing conditions of notice shall have been satisfied.

36. 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.

37. 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 one of the designated representatives of Trustee pursuant to this paragraph.

38. Entire Agreement. This Agreement supersedes and replaces all previous agreements between the parties hereto regarding the Works, Packs, Charts and Compilations and may not be amended except in writing signed by both parties hereto.

39. Future Agreements. The parties contemplate that they will enter into agreements in the future relating to publication of the literary works of LRH not otherwise listed on the attached schedules. It is agreed that such literary works shall not be the subject of a separate agreement but shall be governed by the terms and conditions of this Agreement at such time as the parties hereto sign a writing referring to the literary work and this Agreement.

40. 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 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

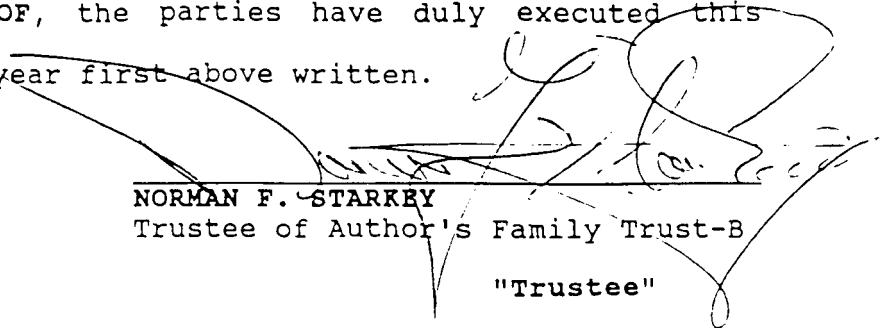
connection with which injunctive relief or specific performance is sought by all or any of the parties hereto.

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.

41. 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.

42. 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"

NEW ERA PUBLICATIONS
INTERNATIONAL Aps

By  _____

By  _____

"Publisher"

FUTURE AGREEMENTS ADDENDUM

Paragraph 39 of the Literary Agreement (NEPI) by and between **NORMAN F. STARKEY**, Trustee of Author's Family Trust-B, and **NEW ERA PUBLICATIONS INTERNATIONAL Aps**, dated October 1, 1991 ("Agreement"), provides that literary works of L. Ron Hubbard not otherwise governed by the terms and conditions of the Agreement may be made subject to the terms and conditions at such time as the parties sign a writing referring to the literary works and the Agreement.

Accordingly, it is agreed that the following titles shall be added to Schedule 2 of the Agreement, entitled Derivative Works:

Learning How to Learn
Study Skills for Life
Grammar and Communication
How to Use a Dictionary

DATED: 9th day of December, 1991.



NORMAN F. STARKEY, Trustee of
Author's Family Trust

NEW ERA PUBLICATIONS INTERNATIONAL Aps

By 

By 

FIRST ADDENDUM TO LITERARY AGREEMENT (NEPI)

The promises, covenants, agreements and declarations made and set forth herein are intended to and shall have the same force and effect as if set forth at length in the body of the Literary Agreement (NEPI), by and between **NORMAN F. STARKEY**, Trustee of Author's Family Trust-B, and **NEW ERA PUBLICATIONS INTERNATIONAL** ApS, dated the first day of October, 1991 ("Agreement"). To the extent that the provisions of this Addendum are inconsistent with the terms and conditions of the Agreement, the terms of this Addendum shall control. For purposes of this Addendum, the capitalized terms, unless defined herein, shall have the same meanings as the terms defined in the Agreement.

1. Paragraph 11 of the Agreement is modified by adding the following new, unnumbered paragraph:

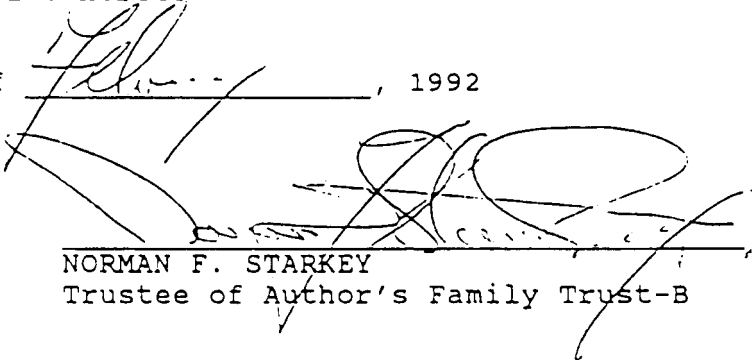
"Publisher shall pay Trustee fifteen percent (15%) of Publisher's suggested retail price on each copy of a leatherbound edition sold by Publisher, less returns. Leatherbound refers to leather-covered, hardbound books, excluding numbered editions."

2. Paragraph 19 of the Agreement is modified by adding the following new subparagraph (i):

"(i) Where individual Works, Packs, Charts, or Compilations are sold in packages, sets or libraries, the royalties due hereunder shall be computed on the Publisher's suggested retail price for the package, set or library."

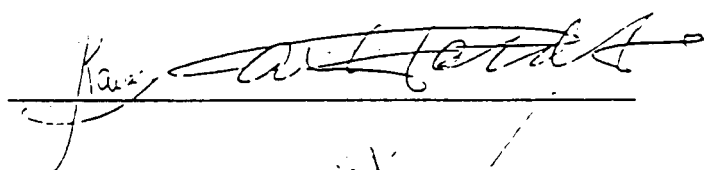
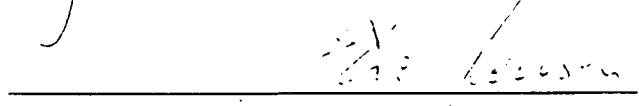
In all other respects, the Agreement, dated the first day of October, 1991, is hereby ratified, republished and reconfirmed by the parties hereto.

DATED: 7th day of July, 1992



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

NEW ERA PUBLICATIONS
INTERNATIONAL Aps

By 
By 

SECOND ADDENDUM TO LITERARY AGREEMENT (NEPI)

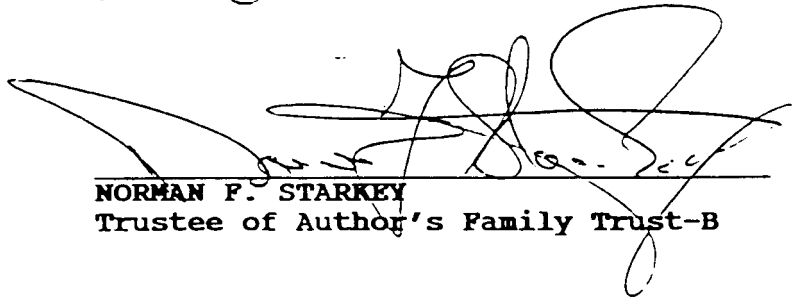
The promises, covenants, agreements and declarations made and set forth herein are intended to and shall have the same force and effect as if set forth at length in the body of the Literary Agreement (NEPI), by and between **NORMAN F. STARKEY**, Trustee of Author's Family Trust-B, and **NEW ERA PUBLICATIONS INTERNATIONAL ApS**, dated the first day of October, 1991 ("Agreement"). To the extent that the provisions of this Addendum are inconsistent with the terms and conditions of the Agreement, the terms of this Addendum shall control. For purposes of this Addendum, the capitalized terms, unless defined herein, shall have the same meanings as the terms defined in the Agreement.

1. Paragraph 1 of the Agreement is amended in respect to subparagraph (b), which shall hereafter read as follows:

"(b) Except as otherwise provided, the exclusive authorization, subject to Trustee's prior written approval, to license the right to Publish the Works, Packs and Charts, or enter into co-publishing agreements with other publishers for the publication of the Works, Packs and Charts, in hardbound and paperback form in all languages and in all countries and territories, except in the English language in the United States and Canada ("Territory"). Without in any way limiting the Publisher's exclusive rights hereunder, Trustee reserves the right, with the prior approval of Publisher (but without any compensation to Publisher), to sublicense the rights granted in this subparagraph (b) in all languages and in all countries and territories, except those listed on Exhibit "A" attached hereto, which exhibit may be revised by the parties from time to time."

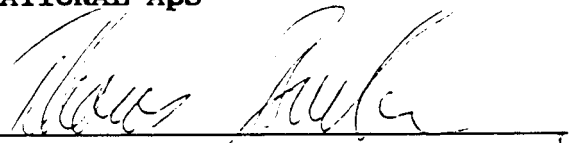
In all other respects, the Agreement, dated the first day of October, 1991, is hereby ratified, republished and reconfirmed by the parties hereto.

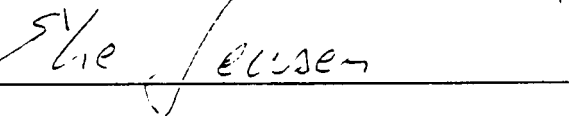
DATED: 4TH day of JUNE, 1992



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

NEW ERA PUBLICATIONS
INTERNATIONAL ApS

By 

By 

FUTURE AGREEMENTS ADDENDUM

Paragraph 39 of the Literary Agreement (NEPI) by and between **NORMAN F. STARKEY**, Trustee of Author's Family Trust-B, and **NEW ERA PUBLICATIONS INTERNATIONAL ApS**, dated October 1, 1991 ("Agreement"), provides that literary works of L. Ron Hubbard not otherwise governed by the terms and conditions of the Agreement may be made subject to the terms and conditions at such time as the parties sign a writing referring to the literary works and the Agreement.

Accordingly, it is agreed that the following title shall be added to Schedule 1 of the Agreement, entitled Original Works: Art Book.

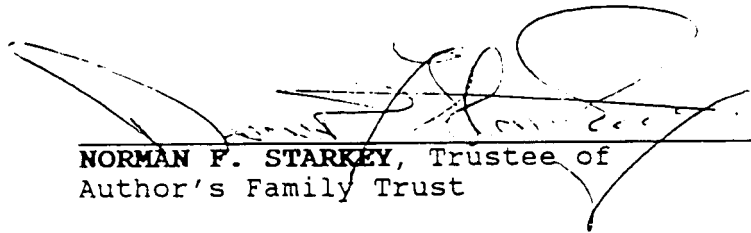
Further, it is agreed that the following titles shall be added to Schedule 2 of the Agreement, entitled Derivative Works:

Children's Communications Course
Children's The Way to Happiness booklet
Children's The Way to Happiness Course Pack
Communication is Fun
How to Use the Dictionary Picture Book
for Children
Grammar and Communication for Children

Further, it is agreed that the following titles shall be added to Schedule 3 of the Agreement, entitled Packs:

Hubbard Art Course Pack
Art Book Extension Course

DATED: 26th day of July, 1992.



NORMAN F. STARKEY, Trustee of
Author's Family Trust

NEW ERA PUBLICATIONS INTERNATIONAL ApS

BY 

BY 