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AGREEMENT - BIOGRAPHY (NEPI)

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AGREEMENT - BIOGRAPHY (NEPI)

THIS AGREEMENT - BIOGRAPHY (NEPI) ("Agreement"), is made as of the 1st day of August, 1992, by and between NORMAN F. STARKEY, Trustee of Author's Family Trust B, whose address is 6515 Sunset Boulevard, Suite 202, Hollywood, California 90028 ("Trustee") and NEW ERA PUBLICATIONS INTERNATIONAL ApS, whose address is Store Kongensgade 55, 1264 Copenhagen K, Denmark ("Publisher"), with reference to the following:

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

B. Publisher wishes to publish the Biography and the Trustee is willing to grant a license to publish on the terms and conditions contained herein.

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

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

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

(a) The exclusive right to translate, print, publish and sell ("Publish") the Biography in hardbound and paperbound form 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 and in all countries and territories, except those listed on Exhibit "B" attached hereto, which exhibit may be revised by the parties, from time to time.

(b) The exclusive authorization to license, subject to the Trustee's prior written approval, the right to Publish the Biography in hardbound and paperbound form in all languages and in all countries and territories, except the United States and English speaking Canada. Without in any way limiting the Publisher's exclusive rights hereunder, Trustee shall have 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 "B".

(c) Publisher shall provide Trustee with signed copies of any and all licenses granted hereunder. Each license

agreement shall be substantially in the form of Exhibit "C" attached hereto.

(d) Except as otherwise provided, the right to enter into co-publishing agreements with other publishers for publication of the Biography, subject to the prior written approval of Trustee. A co-publishing agreement is an agreement by which two (2) or more publishers jointly agree to publish a literary work. 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.

3. Term. The term of this Agreement shall commence on the Commencement Date and shall continue for a period of three (3) years from such date, unless sooner terminated as hereinafter provided. Thereafter, this Agreement shall be renewed automatically and indefinitely for additional and successive one-year terms; provided that after the initial term, this Agreement may be terminated at any time by either party upon 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 the Biography. Advertising, or material written or prepared by others, may not be inserted or printed in any edition of the Biography, including without limitation the dust jacket or book cover, without the express written consent of Trustee, which

consent may be withheld in Trustee's sole discretion. Further, all advertising by the Publisher which promotes the sale by Publisher of the Biography shall be submitted in advance to Trustee for approval.

5. Warranties and Indemnification.

(a) Trustee warrants and represents that:

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

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

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

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

(c) (1) Publisher shall give Trustee prompt notice of any suit brought against Publisher alleging facts which, if proven, would constitute a breach of the warranties in subparagraph (a). Trustee may, if Trustee chooses, defend such suit with counsel of his own choosing, at his own expense, provided that if he does, Publisher may nonetheless participate in the defense with counsel of its choosing and at its own expense. Publisher shall not settle any claim, demand, action or proceeding without Trustee's consent.

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

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

7. Publisher's Responsibilities.

(a) Publisher acknowledges and agrees that, in accepting the grant made by this Agreement to Publish the Biography, it is undertaking an important responsibility in executing the terms of this Agreement and that it is of the essence

of this Agreement that the Publisher shall use its best efforts, due diligence, and the highest standards of prevailing publishing practices in fulfilling this responsibility.

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

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

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

(3) Trustee shall have the right, upon ten (10) days' written notice, to terminate the right of Publisher to Publish the Biography, if it is not being actively distributed or timely delivered, unless during such ten (10)-day period the Biography is actively distributed, timely delivered or an acceptable plan for distribution and delivery is implemented.

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

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

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

(d) Publisher shall include in any license granted by Publisher pursuant to Paragraph 1 above the provision that licensee must furnish Publisher, prior to publication, with galley and page proofs of the Biography (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, who shall review, revise (if necessary) and return said proofs promptly to Publisher. Trustee shall approve the format and style of each edition of the Biography 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 Biography.

(e) 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.

8. Copyright Notice. Publisher shall print in every copy of the Biography a proper United States copyright notice, satisfactory to the Trustee, sufficient to secure and protect United States copyright and Universal Copyright Convention rights in the Biography for Trustee and sufficient to obtain and protect copyright rights in all jurisdictions in which the Biography is published and/or sold by Publisher or its subsidiaries. Every license granted by Publisher to reprint or reproduce, or otherwise use all or a portion of the Biography 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 of the Biography secured by Publisher. Said assignment shall be sufficient to obtain and protect copyright rights in the jurisdiction in which the Biography 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 a licensee that the copyright in the Biography is to be secured for Trustee, and that the copyright in any translation made of the Biography is to be secured

for the Trustee. Said agreement shall also include a specific provision that in the event a licensee is unable to secure for Trustee a copyright in the translation, neither party will have a right to Publish the translation, which is the subject of the license agreement, after termination of the agreement; however, Publisher and/or the licensee may obtain a new translation of the Biography 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 the Biography 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 copyright. Publisher shall engage the services of Bridge Publications, Inc. ("BPI"), or its successor, to register all claims for copyright of the Biography where applicable and to take such other steps as may be necessary to ensure that the copyright is protected in the jurisdictions in which the Biography is 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 register and/or protect Trustee's rights in the copyright. Publisher shall pay the expenses arising out of the protection and/or registration process necessary to protect and defend the

copyright to the Biography published by Publisher and/or its subsidiaries and shall provide BPI with sufficient copies of each newly published edition of the Biography 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, "Publisher's suggested retail price" shall be deemed to be without discount of any kind.

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 - Sublicensing. Publisher shall pay Trustee sixty percent (60%) of the fees received from sublicensing by Publisher 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.

15. Royalties in General Payment.

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

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

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

(1) To Trustee;

(2) For purposes of copyright registration;

and

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

or other purposes) in connection with the sales of other works.

(d) No royalties shall be paid on the sale of book blocks (i.e., unbound format) used in the manufacture of Special Properties, as hereinafter defined, or on sale of the Biography between Publisher and its wholly owned subsidiaries and between Publisher and BPI.

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

(f) 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.

16. First Serial Rights.

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

(b) If Trustee notifies Publisher not less than sixty (60) days before the scheduled publication date of the Biography that First Serial rights have been licensed with respect

to the Biography, Publisher agrees to postpone or cause to be postponed publication of the Biography until completion of the serial publication.

17. Reservation of Rights.

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

(b) Without limiting the generality of the foregoing, the Trustee reserves the right to license or dispose of, at any time, the rights to make any and all uses of the Biography and dramatizations and adaptations thereof, in the media described in subparagraphs (1) through (5); and to sell, lease, distribute, exhibit, perform, disseminate and broadcast records, films, television recordings and other recordings, by methods now or hereafter known, or readings, performances and other presentations of the Biography and adaptations and dramatizations thereof:

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

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

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

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

(5) Public readings.

(c) Proceeds of any licenses granted pursuant to this Paragraph 17 shall be the sole property of the Trustee.

(d) Where performance rights are licensed or disposed of pursuant to this Paragraph 17, Trustee may grant licensee or purchaser the right to Publish excerpts or summaries of the Biography not to exceed seven thousand five hundred (7,500) words for purposes of advertising and promotion of the derivative work produced pursuant to the license, provided such permission requires the licensee to take all necessary action to protect the copyright in the Biography.

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

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

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

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

18. Calculation and Weekly Payments of Royalties.

Royalties due the Trustee hereunder shall be (a) paid weekly, and (b) calculated on Publisher's suggested retail prices (excluding customs, shipping charged directly to customer as a separate item, sales taxes and value added taxes) and on net sales (i.e., gross sales less returns). If Publisher is required by local law to publish an aggregate price which includes the suggested retail price plus one or more of the items excluded in the previous sentence, then royalties will be calculated only on the suggested retail price. Royalties shall be due to the Trustee when monies from sales are received or become bad debts as defined herein; provided shipment of the Biography has occurred. For purposes of currency exchange, Publisher shall use the rate on the day monies from sales are received or become bad debts. In the event monies are received prior to shipment, royalties shall not be due until shipment. Weekly payments shall be accompanied by an informal statement indicating the basis for the payment.

19. Accounting and Quarterly Payments.

(a) Publisher shall maintain accurate books and records pertaining to the sale of the Biography therefrom in sufficient detail to permit calculations and verification of royalties payable hereunder. Publisher shall prepare statements, in a form acceptable to Trustee, accounting for all royalties due Trustee under this Agreement during each of the following periods in every year:

From January 1 to March 31;

From April 1 to June 30;

From July 1 to September 30;

From October 1 to December 31.

Publisher shall mail each such statement to Trustee within thirty (30) days after the close of each period. Each quarterly statement shall report, among other things, the number of copies sold to date (and total sales for the subject period), 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 book club sale, the number of copies of printed, bound and given away in the period, the number of damaged copies destroyed (with independent evidence of such number), the number of copies on hand at the end of the period, and such other information as the Trustee may, from time to time, request. Each statement shall be certified as true and correct by an officer of Publisher. Any amounts shown to be due on the statement shall be paid with the statement. Should such payment not be made within thirty (30) days following the close of the quarter, the amount due shall bear interest from the first day of the month following the end of the quarter for which it is due until paid at the greater of (1) ten percent (10%), or (2) five percent (5%) plus the Federal Reserve Bank of San Francisco's discount rate on the twenty-fifth (25th) day of the last month of the quarter for which payment is due. Should the quarterly statement show an overpayment to Trustee, such overpayment shall be

deducted proportionately from the weekly payments during the quarter following the one in which the overpayment was made.

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

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

21. Out of Print Provision; Termination.

(a) For the purposes of this Agreement, the Biography shall be deemed "in print" only when copies are available and offered for sale, through usual retail channels, in an edition issued by Publisher. Publisher shall notify Trustee at such time as the Biography is not in print. The provisions of this Paragraph 21 shall only apply to those countries listed on Exhibit "B" and such other countries as may be added, from time to time, to Exhibit "B" by means of an addendum signed by the parties.

(b) If Publisher fails to keep any of the Biography in print, Trustee may at any time thereafter serve a written request on Publisher that the Biography be placed in print. Within

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

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

23. Sell Off Rights and Consequences of Termination.

(a) Publisher shall have the right for an additional six (6) month period ("Sell Off Period") after the expiration of the term of this Agreement to sell its existing inventory of copies in the Territory on a non-exclusive basis; provided, however, that Trustee shall have the option, exercisable by written notice, to purchase some or all of Publisher's inventory

at Publisher's then current maximum standard wholesale distribution discount in which event Publisher's sell off rights shall be diminished accordingly. Publisher agrees, however, not to print excess copies of the Biography in anticipation of the expiration of this Agreement. Publisher acknowledges that no sell off rights shall exist with respect to a termination of this Agreement for cause. Upon expiration of the Sell Off Period, if any, or within thirty (30) days of the termination of this Agreement, for cause, Publisher shall, at Trustee's election and upon his written instructions, either:

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

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

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

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

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

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

24. Suits and Infringement.

(a) If there is an infringement of any rights granted to Publisher, Trustee and Publisher shall have the right to participate jointly in an action for such infringement; and if both participate, they shall share the expenses of the action equally and shall recoup such expenses from any sums recovered in the action. The balance of the proceeds shall be divided equally between them. Each party will notify the other of infringements coming to its attention. Notwithstanding the foregoing, Publisher shall have the primary responsibility of prosecuting such infringement action.

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

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

Trustee, Trustee's representatives or any person employed by or affiliated with any of the foregoing. Publisher shall indemnify Trustee and his agents, employees, representatives, successors, assigns and affiliates, and hold them harmless from and against all costs, liabilities, claims and actions of any kind, including attorneys' fees and court costs, which arise from or relate to any activity of Publisher under this Agreement, including, without limiting the generality of the foregoing, any and all claims and actions based upon or arising out of advertising statements and claims made by Publisher or Publisher's Affiliates, or based upon or arising out of any alleged failure by Publisher or any of its Affiliates to perform any of their obligations with respect to the Biography. All such claims and actions shall be defended at the expense of Publisher through legal counsel acceptable to Trustee.

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

27. 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.

28. 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.

29. Notice. Any notice required to be sent hereunder shall be sent by first-class mail, postage prepaid, return receipt requested, to the Trustee or Publisher at the addresses given in the Preamble of this Agreement, which addresses may be changed by either of them by written notice to the other. Any such notice deposited in the mail shall be conclusively deemed delivered to and received by the addressee four (4) days after deposit in the mail, if all of the foregoing conditions of notice shall have been satisfied.

30. 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.

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

At present, Author Services, Inc., whose address is 7051 Hollywood Boulevard, Suite 400, Hollywood, California 90028,

is a designated representative of Trustee pursuant to this paragraph.

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

33. 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

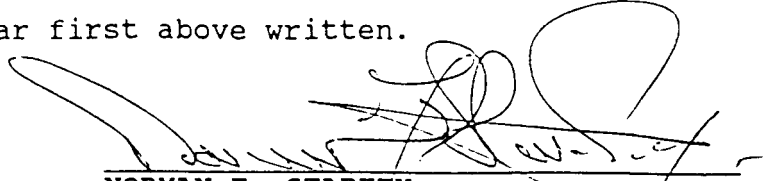
by the other party or parties to this dispute. The arbitrator or arbitrators shall have the power to award to any party or parties to the dispute any sums for costs, expenses, and attorneys' fees that the arbitrator or arbitrators may deem proper. Judgment may be entered on the award in any court of 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.

34. 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.

35. 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  _____

"NEPI"

STARKNEPI.BI2
January 17, 1980

EXHIBIT "A"

Commencement Date

_____ day of _____, 1992

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

NEW ERA PUBLICATIONS
INTERNATIONAL Aps

By _____

By _____

EXHIBIT "B"

Attachment to New Era Publications Agreement -
Biography (NEPI)

Countries and Territories Excluded From
Reservation of Right to Sublicense

1. Argentina
2. Australia
3. Austria
4. Belgium
5. Brazil
6. Bulgaria
7. Canada (French language)
8. China
9. Colombia
10. Czechoslovakia
11. Denmark
12. Finland
13. France
14. Germany
15. Greece
16. Hungary
17. India
18. Indonesia
19. Israel
20. Italy
21. Japan
22. Kenya
23. Korea
24. Malaysia
25. Mexico
26. Netherlands
27. New Zealand
28. Norway
29. Pakistan
30. Poland
31. Portugal
32. Singapore
33. South Africa
34. Spain
35. Sweden
36. Switzerland
37. Rumania
38. Taiwan
39. United Kingdom
40. Commonwealth of Independent States
41. Yugoslavia