

EXHIBIT H

GOODWIN | PROCTER

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April 20, 2007

By Facsimile and Registered Mail

Rick Schwieterman
Vice President, Chief Financial Officer
NetLibrary, Inc.
4888 Pearl East Circle, Suite 103
Boulder, CO 80301

Re: Termination of eContent Production and Distribution Agreement

Dear Mr. Schwieterman:

This firm represents Recorded Books, LLC ("Recorded Books"). This letter is intended to notify you that Recorded Books is terminating its eContent Production and Distribution Agreement (the "Agreement") with netLibrary, a division of OCLC Online Computer Library Center, Inc. ("netLibrary"). This termination is both for cause under Section 4(b)(ii) of the Agreement, and also of right under Section 1(a) of Exhibit C to the Agreement.

NetLibrary has failed to satisfy its obligations under Sections 1(d)(i), (ii), (iii), and (v) of Exhibit B, as well as Section 3 (b) of Schedule B-1 to the Agreement. These failures, which both individually and in the aggregate constitute material breaches of the Agreement, include but are not limited to the following:

- NetLibrary has repeatedly failed to appropriately index and/or allow Recipients access to selected titles reliably or with reasonable stability. Complaints regarding these failures have been received from libraries in Thompson, CT; Scoville, CT; Seneca Falls, NY; Avon Lake, OH; the state of Wyoming; CLAMS Consortia; as well as from individual customers. Recorded Books first notified netLibrary of these deficiencies in November of 2006, but the causes of these failures have not been corrected, and complaints were still being received in March.
- NetLibrary has repeatedly failed to make MARC records—both initial batches and monthly updates—available to subscribers and recipients for downloading reliably or with reasonable stability in a timely fashion. Complaints have been received from libraries in Mohawk Valley, New York; Fulton County and Atlanta, GA; Capital Area, PA; Morris County New

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Jersey; Henderson, KY; Beamis, CO; Jackson County, IN; and CLAMS Consortia. Recorded Books notified netLibrary of these violations of the Agreement beginning in December of 2006, but netLibrary has failed to implement a system that achieves stable delivery, and complaints were still being received in April.

- NetLibrary has failed to implement a streamlined authentication process in connection with its netLibrary system in response to complaints from library subscribers. Moreover, in the course of attempting to address this issue, netLibrary caused a week-long shutdown of the netLibrary system in the Iowa City Public Library in January of 2007, that resulted in specific complaints of sub par customer support. The experience for the library has been onerous and word has spread throughout the state, damaging Recorded Books' business prospects in Iowa.
- NetLibrary has failed to address customer concerns and complaints regarding the size of the files transmitted by the netLibrary system, which results in inadequate bookmarking and failure of compatibility with otherwise suitable players. Recorded Books specifically notified netLibrary of the need to address this issue during meetings in March [April] of 2006, and conveyed the importance of the issue to subscribers at that time. NetLibrary has failed to correct the problem.
- NetLibrary has failed to implement a system that restricts a Checkout period for a recipient on a portable device to 21 days in violation of Sections 1(a)(1), 4(a)(i), and 4(b)(ii) of Exhibit B-1 of the Agreement. NetLibrary has been aware of this failure since the effective date of the Agreement, but has failed to address this breach.

These failures not only constitute material breaches of the Agreement, but they have resulted in ongoing customer complaints and subscriber dissatisfaction with the netLibrary system and have caused significant harm to Recorded Books. Recorded Books has repeatedly notified netLibrary of the problems its failures to live up to its obligations under the Agreement, but these notifications have gone largely unaddressed. As a result, Recorded Books hereby terminates the Agreement for cause under Section 4(b)(ii).

Recorded Books also hereby terminates the Agreement in accordance with Section 1(a) of Exhibit C, as is its right in light of netLibrary's decision to forego the exclusivity provisions of that exhibit.

Recorded Books will honor its post-termination obligations under the Agreement, including continuing to provide content for those netLibrary subscriptions now in effect. Recorded Books will notify its sales representatives and customers, however, that it will no longer be offering

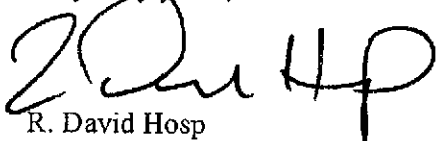
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new subscriptions to the netLibrary product effective immediately, nor will we seek or honor renewals of present contracts. Recorded Books expects that NetLibrary will not enter into any new agreements with customers that call for Recorded Books' content.

Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. David Hosp". The signature is written in a cursive style with a large initial "R" and "H".

R. David Hosp

cc: Brian Downing, Recorded Books, LLC
General Counsel, OCLC Online Computer Library Center, Inc.

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