

This Agreement is a draft and is subject to change until it is fully executed.

- (i) The allocation of the Net Subscription Price depends upon the type of market in which the Recipient that purchases the Subscription to the Bundled Location is located and the identity of the party that sold the Subscription to the Recipient.
- (ii) The portion of the Net Subscription Price that netLibrary and Recorded Books will receive will be calculated by multiplying the Net Subscription Price specified in Table 2.2 times the applicable percentages contained in the following table:

Table 2.3

Type of Market in which Recipient is Located	Recorded Book's portion of the List Price	netLibrary's portion of the List Price
Public	60%	40%
Academic	50%	50%
Primary and Secondary (K-12)	50%	50%
Special and Corporate	50%	50%
Other	50%	50%

(f) Payments by netLibrary to Recorded Books

- (i) netLibrary will remit payments to Recorded Books on a monthly basis within 45 days after the end of each month in which a library or other organization purchases a Subscription to a Bundled Collection. netLibrary's payment will cover the total Monthly Royalty Expense (as described in Section 2.(d) of this Exhibit C), the escrow split for those Subscriptions that expired during the month (as described in Section 2.(d)(v) of this Exhibit C), and Recorded Book's portion of the Net Subscription Price (as described in Section 2.(e) of this Exhibit C)
- (ii) Each party will send payments arising under this Agreement to the address set forth below.

	If to Recorded Books	netLibrary
Name of contact:	Neil Tress	Anne Mueller
Organization:	Recorded Books LLC	netLibrary, a division of OCLC Online Computer Library Center, Inc.
Address:	270 Skipjack Road	4888 Pearl East Circle, Suite 103
Address:	Prince Frederick, MD 20678	Boulder, Colorado 80301
e-mail:	ntress@recordedbooks.com	AMueller@netLibrary.com
Telephone:	(410) 535-5590 ext. 1107 (800) 638-1304	(303) 381-8679
Fax:	(410) 535-2761	(303) 381-8996

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(g) Examples.

Recorded Books Example:	OCLC Example
Recorded Books sells a Subscription to Bundled Collection(s) to a Category 5 Public Library.	OCLC sells a Subscription to Bundled Collection(s) to a Category 3 Academic Library.
Recorded Books sends an Audio Book Library Agreement to the Library.	OCLC sends an Audio Book Library Agreement to the Library.
Library signs the Audio Book Library Agreement and sends it to Recorded Books.	Library signs the Audio Book Library Agreement and sends it to OCLC.
Recorded Books sends a Purchase Order for the Bundled Collection(s) and two executed originals of the Audio Book Library Agreement to netLibrary.	OCLC sends a Purchase Order for the Bundled Collection(s) and two executed originals of the Audio Book Library Agreement to netLibrary.
netLibrary fulfills the Purchase Order by activating the Subscription to the Bundled Collection(s) and bills the Library.	netLibrary fulfills the Purchase Order by activating the Subscription to the Bundled Collection(s) and bills the Library.
Library pays netLibrary \$60,000.	Library pays netLibrary \$12,000.
netLibrary calculates the net Subscription Price (\$35,000) by subtracting the Maximum Royalty Expense (\$25,000) from the Subscription Price (\$60,000).	netLibrary calculates the net Subscription Price (\$8,250) by subtracting the Maximum Royalty Expense (\$3,750) from the Subscription Price (\$12,000).
As specified in Table 2.3 of Section 2 of Exhibit C, netLibrary pays \$21,000 to Recorded Books and keeps \$14,000 for itself. The parties are individually responsible for determining how they recognize this revenue during the Term of the Subscription.	As specified in Table 2.3 of Section 2 of Exhibit C, netLibrary pays \$4,125 to Recorded Books and keeps \$4,125 for itself. The parties are individually responsible for determining how they recognize this revenue during the Term of the Subscription.
On a monthly basis, netLibrary pays Recorded Books .25¢ per check out as Royalty compensation to its Authors for Audio Books Checked Out during the Term of the Subscription. netLibrary subtracts the Monthly Subscription Expense from the Maximum Royalty Expense.	On a monthly basis, netLibrary pays Recorded Books .25¢ per check out as Royalty compensation to its Authors for Audio Books Checked Out during the Term of the Subscription. netLibrary subtracts the Monthly Subscription Expense from the Maximum Royalty Expense.
On a semi-annual basis, Recorded Books pays its Authors the .25¢ per check out received from netLibrary as Royalty compensation for Audio Books Checked Out during the Term of the Subscription.	On a semi-annual basis, Recorded Books pays its Authors the .25¢ per check out received from netLibrary as Royalty compensation for Audio Books Checked Out during the Term of the Subscription.
Assuming Library Patrons checked out 90,000 Audio Books during the term of the Subscription, the difference remaining after the total monthly Royalty Expense(s) that were paid during the Subscription's annual Term are subtracted from the Maximum Royalty Expense would be \$2,500 (\$25,000 - \$22,500). Since the parties have agreed to split equally any remaining difference, netLibrary would pay Recorded Books \$1,250 and would keep \$1,250 for itself.	Assuming Library Patrons checked out 10,000 Audio Books during the term of the Subscription, the difference remaining after the total monthly Royalty Expense(s) that were paid during the Subscription's annual Term are subtracted from the Maximum Royalty Expense would be \$1,250 (\$3,750 - \$2,500). Since the parties have agreed to split equally any remaining difference, netLibrary would pay Recorded Books \$625 and would keep \$625 for itself.

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(h) Monthly Sales and Circulation Report(s)

- (i) netLibrary will make electronic versions of monthly sales by netLibrary available on netLibrary's Publisher Extranet within 10 days after the closing of the month. The Publisher Extranet is available at <http://www.netlibrary.com/extranet/Publisher/>.
- (ii) Recorded Books will email to netLibrary data in a mutually agreeable format and level of detail reflecting monthly sales by Recorded Books within 10 days after the closing of the month.
- (iii) netLibrary will also provide a Circulation Report within 10 days after the closing of the month. The Circulation Report will detail the following information:
 - (1) the total number of checkouts for each active Subscription during the month,
 - (2) the total number of checkouts for all active Subscription(s) during the month,
 - (3) the identity of each book checked out during the month, and
 - (4) the number of times that each book that was checked out during the month was checked out.

(i) Records and Examination

- (i) netLibrary agrees to keep the records that are reasonably required to document payments due to Recorded Books under this Agreement. Recorded Books may have these books and records examined by an independent Certified Public Accountant of its choice at its expense. This right of examination will extend during the term of this Agreement and for ninety (90) days thereafter; provided this examination will be limited to the current and two (2) most recent past calendar years, and will not occur more than once in any twelve (12) month period. This examination will be carried out during normal business hours within a reasonable time after Recorded Books gives netLibrary written notice of its desire to conduct an examination.
- (ii) Recorded Books agrees to keep the records that are reasonably required to document royalty payments due to netLibrary under this Agreement. netLibrary may have these books and records examined by an independent Certified Public Accountant of its choice at its expense. This right of examination will extend during the term of this Agreement and for ninety (90) days thereafter; provided this examination will be limited to the current and two (2) most recent past calendar years, and will not occur more than once in any twelve (12) month period. This examination will be carried out during normal business hours within a reasonable time after netLibrary gives Recorded Books written notice of its desire to conduct an examination.
- (iii) If the independent Certified Public Accountant retained by Recorded Books requires a SAS 70 report on the financial processes and systems that are described in this Exhibit C, then Recorded Books will pay for the cost of preparing this report. netLibrary will use reasonable commercial efforts to facilitate the independent Certified Public Accountant's examination of the financial processes and systems and to cooperate with the independent Certified Public Accountant's preparation of the SAS 70 report.
- (j) Taxes. netLibrary will collect and remit to appropriate authorities all applicable sales, use, excise, withholding and other similar taxes arising from its performance under this Agreement and the sale of Subscriptions to Bundled Collections. Each party will complete and submit all tax forms and other paperwork required by or related to the other party's tax collection and remittance.
- (k) Recorded Books will be solely responsible for (i) all royalty, copyright, commissions, or other compensation payments due to the authors or owners of any right, title, or interest in or to the Publisher Products in connection with netLibrary's use of the same under this Agreement and (ii) any inaccuracies or errors in the Publisher Products delivered to netLibrary.

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3. Promotions.

- (a) Recorded Books grants netLibrary the rights to demonstrate the NL Electronic Version(s) of Publisher Products at conferences, trade shows and prospective customers; to preview up to 5 minutes or one track of the NL Electronic Version(s) of Publisher Products to prospective customers; to use up to three copies of each NL Electronic Version to provide access to prospective customers; and to use the names and logos of Recorded Books and the Publisher Products for promotional purposes. No royalties will be due for copies of the NL Electronic Version(s) used for these purposes.
- (b) netLibrary grants Recorded Books the rights to use the NL System to demonstrate the NL Electronic Version(s) of Publisher Products at conferences, trade shows and prospective customers; and to use the names and logos of netLibrary. No royalties will be due for using the NL System for these purposes.

4. Title Commitment.

- (a) Recorded Books will use its reasonable commercial efforts to submit at least 500 Publisher Products to netLibrary within 30 days of execution of this Agreement.
- (b) Recorded Books will submit at least 500 Publisher Products to netLibrary during each year in which the Exhibit is in effect.
 - (i) Recorded Books will submit at least 250 Publisher Products before December 15th of each year in which the Exhibit is in effect.
 - (ii) Recorded Books will submit at least an additional 250 Publisher Products before June 15th of each year in which the Exhibit is in effect.

Neil Tress

From: Darren Swett [dswett@netlibrary.com]
Sent: Wednesday, September 22, 2004 10:29 AM
To: Neil Tress; Brian Downing
Cc: Marge Gammon; Anne Mueller, Kowaluk, Sondra (OCLC)
Subject: Section 2 (f)(ii) of Exhibit C to the eContent Production and Distribution Agreement

Neil and Brian,

netLibrary recently migrated its email system to a new version of Microsoft Outlook. As a result, the email address for Anne Mueller that I included in Section 2 (f)(ii) of Exhibit C to the eContent Production and Distribution Agreement is incorrect. In addition, Anne has a different phone number than the phone number that was included in the Agreement. According to Section 11(i) of the Agreement, either party can designate a change to Section 11(i) or to Section 2 (f)(ii) of Exhibit C by providing written notice of the change via electronic mail. Please consider this email to be notice that netLibrary would like to replace the contact information contained in Section 2 (f)(ii) of Exhibit C with the following:

netLibrary	
Name of contact:	Anne Mueller
Organization:	netLibrary, a division of OCLC Online Computer Library Center, Inc.
Address:	4888 Pearl East Circle, Suite 103
Address:	Boulder, Colorado 80301
e-mail:	AnneMueller@netLibrary.com
Telephone:	(303) 381-8620
Fax:	(303) 381-8996

I apologize for any confusion associated with this matter. Please let me know if you have any questions or if this notice is not clear.

Thanks,

Darren Swett
 General Counsel
 netLibrary, a division of OCLC
 (303) 381-8613

9/22/2004

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Exhibit D – Library Audio Book Agreement

THIS LIBRARY AUDIO BOOK AGREEMENT (this "Agreement") is by and between _____,

_____ ("Library") and netLibrary, a division of OCLC Online Computer Library Center, Inc., an Ohio nonprofit corporation ("netLibrary").

WHEREAS, netLibrary has acquired certain rights to convert various books and other works to electronic format and to market and distribute the works as converted as Audio Books, and netLibrary operates an electronic library service for hosting and managing Audio Books and other materials over the Internet.

WHEREAS, Library desires to purchase licenses to certain Bundled Collections subject to the terms and conditions described in this Agreement.

IN CONSIDERATION OF THE MUTUAL COVENANTS AND OBLIGATIONS SET FORTH BELOW,

the parties agree as follows.

I. DEFINITIONS: AUDIOBOOK LICENSES

A. Definitions. Terms defined within this Agreement have the respective meanings attributed to them throughout this Agreement or in this Section I.A. Any defined term may be used in the singular and in the plural, as appropriate in the context.

1. "**Bundled Collection(s)**" means a collection of Audio Books that netLibrary and Recorded Books have agreed in writing to group together for Subscription sales.
2. "**Audio Books**" mean netLibrary's electronic versions of certain audiobooks and other works in which netLibrary has acquired certain rights.
3. "**Audio Book Services**" mean netLibrary's services related to Library's ongoing access to and use of Audio Books via the Internet, as further described in Exhibit A.
4. The "**Effective Date**" of this Agreement means the latest execution date set forth on the signature block below or the date on which Library or any Patron may first access Audio Books, whichever date occurs first.
5. "**Library's nL Website**" means the Website operated by netLibrary and open to Library and Patrons in order to access and use Audio Books licensed to Library.
6. A "**MARC Record**" means an electronic record containing metadata and other relevant information about the corresponding Audio Book.
7. "**nl Website**" means the Website operated by netLibrary and open to the general public in order to provide information about netLibrary's products and services.
8. "**Patrons**" mean Library's registered faculty, members, patrons, students, and other authorized users, including both onsite users and remote users.
9. A "**Subscription**" means an annual license for access to the Bundled Collection on the basis described in Exhibit B.
10. "**Subscription Price**" means the price established for the annual license for access to the Bundled Collection.
11. The "**Term**" of this Agreement commences on the Effective Date and continues in effect for one year. The Term will renew on each anniversary of the Effective Date for another year for as long as Library pays the Subscription Fee and netLibrary continues to provide this Service.

B. Audio Book Licenses.

1. **Purchase of Licenses.**
 - a. **Audio Books.** During the Term of the Agreement, Library may select and purchase Subscriptions to Bundled Collection(s) in accordance with netLibrary's then current ordering practices. Each final order of Subscriptions to Bundled Collection(s) is incorporated in this Agreement by reference.
 - b. **MARC Records.** netLibrary and Library agree that all MARC Records are the property of OCLC. Library may use MARC Records, if any, only for its own internal purposes as further described in Exhibit C.

2. **Copyrighted Works.** Library acknowledges and agrees that the copyright to each Audio Book is owned by or licensed to netLibrary, Recorded Books, and/or the respective publisher thereof. All Rights Reserved. By purchasing a Subscription to a Bundled Collection, Library obtains certain rights to access and use a copy of the Audio Book under this Agreement, but Library does not obtain or own any rights in the copyrights or any other intellectual property rights that may be associated with the Audio Book. Library agrees that any use of Audio Books by Library and its Patrons is governed by and will comply with applicable laws, including without limit U.S. copyright laws. Library acknowledges that it and its Patrons have no right to make copies of any Audio Book, or any portions thereof, except to the extent permitted by applicable copyright laws.

II. AUDIOBOOK SERVICES

A. Provision of Audio Book Services. During the Term, netLibrary will establish, host, and administer Library's nL Website using netLibrary's existing electronic bookshelf technology and nL Website. Library and Patrons will access Library's Bundled Collection through Library's nL Website, and Library will receive Audio Book Services for Audio Books in the Bundled Collection. Library and Patrons will access Library's Audio Book collection and Audio Book Services via Library's Internet connection, which will be Library's expense and responsibility.

B. Library and Patron Users.

1. **Limiting Access Measures.** Library will be solely responsible for determining which Patrons will have access to Library's nL Website under this Agreement. Library agrees to implement appropriate measures to limit the use of Audio Books through access by Patrons ("**Limiting Access Measures**") within a reasonable time frame. Limiting Access Measures may change from time to time and include, but are not limited to, remove patron authentication applications, authentication through protected IP addresses, a patterned identification check and privileged user accounts. netLibrary, in its sole discretion, may discontinue Library's access to Library's nL Website if Library fails to implement Limiting Access Measures within a reasonable timeframe. Except for standard fees charged by Library to Patrons, Library will not charge any Patron for use of Library's nL Website.
2. **Terms of Use.** The use of Library's nL Website by Library and Patrons will be governed by the "**Terms of Use**" currently available at <http://www.netlibrary.com/TermsOfUse.aspx>, as they may be amended from time to time, which are incorporated in this Agreement by reference. If a Library or a Patron violates the Terms of Use, netLibrary reserves the right, in its sole discretion, to suspend Library's or the Patron's access to and use of Library's nL Website. Library acknowledges and agrees that, in the case of repeated or persistent violations, netLibrary may terminate this Agreement.
3. **Tools.** Library will not use, implement or authorize use of any computerized or automated tool or application to search, index, test or otherwise obtain information from Library's nL Website.

III. GENERAL PROVISIONS

A. Termination.

1. **Termination Without Cause.** Either party may terminate this Agreement without cause effective upon the conclusion of the then current Term, by giving the other party at least 60 days prior written notice of its intent to do so.
2. **Termination for Cause.** Either party may terminate this Agreement for cause at any time by providing the other party with prior written notice of the occurrence of any of the following events:
 - a. a party fails to timely pay any amounts due and payable, provided that the nonpayment is not cured within 10 days of the notice; or
 - b. a party breaches any material provision of this Agreement provided that the breach cannot be, or is not, cured within 60 days of the notice.

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3. Survival: All terms of this Agreement that are intended to survive termination for any reason of this Agreement will so survive, including without limit Section I, Paragraph B 2, Section II, Paragraph B and Section III, Paragraphs A.3, C, D, E, F, G, H, I, J and L.

B. Limited Warranty: netLibrary warrants that netLibrary has the necessary authority to license the Audio Books to Library and, if applicable, to provide Audio Book Services to Library. netLibrary warrants that it will use its commercially reasonable efforts to provide Audio Book Services as described in this Agreement.

C. Warranty Disclaimer: EXCEPT AS EXPRESSLY PROVIDED IN SECTION III C ABOVE, LIBRARY'S NL WEBSITE, AUDIOBOOK SERVICES, AND AUDIOBOOKS LICENSED UNDER THIS AGREEMENT ARE PROVIDED "AS IS" WITHOUT ANY WARRANTY OF ANY KIND AND NL AND ITS CONTENT PROVIDERS EXPRESSLY DISCLAIM ALL IMPLIED WARRANTIES, INCLUDING WITHOUT LIMIT THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. NEITHER NL NOR ITS CONTENT PROVIDERS WARRANTS, GUARANTEES OR MAKES ANY REPRESENTATIONS REGARDING THE USE, OR THE RESULTS OF THE USE, OF LIBRARY'S NL WEBSITE OR AUDIOBOOKS. NO ORAL OR WRITTEN INFORMATION OR ADVICE GIVEN BY NL OR ITS EMPLOYEES WILL CREATE A REPRESENTATION OR WARRANTY OR IN ANY WAY INCREASE THE SCOPE OF NL'S OBLIGATIONS, AND LIBRARY MAY NOT RELY ON ANY SUCH INFORMATION OR ADVICE.

D. Limitation on Liability: Neither party will claim special, incidental, indirect, or consequential damages, including without limit lost profits, for breach of this Agreement. This limitation will also apply to any claims brought against netLibrary's content providers. Remedies are limited to claims for amounts due, for injunctive relief only as provided, or for direct damages. A party's aggregate liability for any and all claims, losses, liabilities, and demands arising, whether for breach of contract, in tort or otherwise, are limited to the total amount of Audio Book License Fees paid by Library to netLibrary, during the 12 month period immediately preceding the date on which the claim first arose.

E. Payment Terms: All fees and charges are due and payable 30 days from the date of the related invoice. netLibrary may deny Library and Patron's access to Library's nl Website until the unpaid invoice is paid in full.

F. Other Provisions:

1. Entire Agreement: All exhibits referred to in this Agreement are incorporated in this Agreement by reference. This Agreement sets forth the entire agreement between the parties with respect to the subject matter of the Agreement. This Agreement governs all orders for Audio Books and Audio Book Services placed by Library during the Term.

2. Modification or Amendment: Any modification or amendment of this Agreement must be in writing and signed by a duly authorized representative of each party. For clarification, no term contained in a purchase order or other similar document submitted to netLibrary by Library will be binding on the parties.

3. Assignment: Neither party may sell, assign, transfer or convey this Agreement or any rights and obligations without the prior written consent of the other party, which will not be unreasonably withheld. But netLibrary may assign or transfer this Agreement to an affiliated company or to a third party that acquires substantially all of its assets upon written notice to the Library.

4. Successors and Assigns: This Agreement will be binding upon and inure to the benefit of the parties and their respective permitted successors and assigns.

5. Governing Law, Jurisdiction and Venue: (Deleted by Agreement of the Parties.)

6. Severability: If any provision of this Agreement proves to be illegal, invalid or unenforceable, the remainder of this Agreement will not be affected thereby, and in lieu of any provision of this Agreement that is illegal, invalid or unenforceable, there will be added as a part of this Agreement a provision as similar in terms to the illegal, invalid or unenforceable provision as may be possible to be legal, valid and enforceable.

7. Further Assurances: Library and netLibrary agree to take the further actions and to execute the further documents as may be

necessary or appropriate to effectuate this Agreement and the transactions contemplated in this Agreement.

8. Force Majeure: Neither party will be liable for, or have the right to terminate this Agreement as a result of, any delays or failures to perform any of its obligations under the Agreement to the extent that the delays or failures are due to circumstances beyond its reasonable control, including without limit acts of God; strikes; riots; acts of war; power failures; and functions or malfunctions of the Internet, telecommunications services, firewalls, encryption systems, and security devices, or governmental regulations imposed after the Effective Date.

9. Waiver: The waiver by either party of any right granted under this Agreement will not be deemed a waiver of any other right granted under this Agreement, or a precedent for any subsequent waiver.

10. No Partnership: As to one another the parties are considered independent contractors. This Agreement is not intended to create and will not be construed to create a partnership, joint venture, agency relationship, or other association.

11. No Third Party Beneficiaries: This Agreement is not intended to confer any benefit on any person or entity not a party to this Agreement.

12. Notices: Any notice, demand, request, consent, approval or other communication (collectively, "Notices") required or permitted to be given under this Agreement will be in writing and sent by hand delivery, special courier capable of confirming receipt, United States Mail (certified mail, return receipt requested), or facsimile or e-mail to a non-individual-specific e-mail address if receipt is confirmed. The parties acknowledge and agree that a Notice might not be deemed effective if receipt is not confirmed. Notices will be sent to the following addresses:

	if to nL	if to Library
Address:	netLibrary, a division of OCLC Online Computer Library Center, Inc.	
Address:	4608 Pearl East Circle, Suite 103	
Address:	Boulder, Colorado 80301	
Attention:	Sales Management	
Telephone:	(303) 415-2645	
Facsimile:	(303) 381-8600	
e-mail address:	sales@netlibrary.com	

13. Facsimile Copies: A copy of the signed original of this Agreement transmitted by facsimile machine will be binding on both parties and have the same force and effect as the signed original.

In witness whereof, the parties have caused this Agreement to be executed by their duly authorized representatives, to be effective as of the Effective Date, as set forth below:

netLibrary: netLibrary, a division of OCLC Online Computer Library Center, Inc.
 By: _____
 Name: Richard L. Reay
 Title: OCLC Vice President, netLibrary
 Date: _____
 Library: _____
 By: _____
 Name: _____
 Title: _____

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Date _____

EXHIBIT A TO LIBRARY AUDIO BOOK AGREEMENT
Audio Book Services

- Existing Platforms.** At the time this Agreement is executed, the nL Website and Library's nL Website are supported by netLibrary's existing electronic bookshelf technology, which includes a third party operating system, third party database management software, and proprietary netLibrary software.
- Delivery of Audio Book Services.** Payment of the Subscription Fee allows Library to access the Bundled Collection on Library's nL Website and receive Audio Book Services for such Audio Books for 1 year.
- Accessing Audio Books.** Subject to the terms of this Agreement, netLibrary will allow Library to access the Bundled Collection.
- Hosting of Audio Books.** netLibrary will host the Bundled Collection on Library's nL Website for as long as Library pays the Subscription Fee and netLibrary continues to provide this Service.
- Patron Access.** Library will implement and maintain Limiting Access Measures, based on netLibrary's standard systems, which will control Patrons' access to Library's nL Website.
- Reports.** Payment of the Subscription Fee entitles Library to the standard reports offered by netLibrary.

EXHIBIT B TO LIBRARY AUDIO BOOK AGREEMENT
Audio Book License Fees and Discounts

- Libraries are classified into 1 of 5 groups based on their circulation - netLibrary will charge Library a yearly institutional license fee based on this classification. The List Prices for a Subscription to the Bundled Collection for the first year of this Agreement are as follows:

Category 1	\$5,000 per year	(up to 3,500 check-outs)
Category 2	\$6,000 per year	(up to 7,500 check-outs)
Category 3	\$12,000 per year	(up to 15,000 check-outs)
Category 4	\$30,000 per year	(up to 50,000 check-outs)
Category 5	\$60,000 per year	(up to 100,000 check-outs)
- The nL System will cap the maximum number of check-outs for a Library. The Patrons of a Library that purchases a Subscription to a Bundled Collection may check-out up to the number of Audio Books specified in the previous table for the Category of access purchased by the Library, but the nL System will not allow Patrons to check-out more than the applicable number of Audio Books specified in the previous table for the Category of access purchased by the Library.
- If the Patrons of a Library that purchases a Subscription to a Bundled Collection check out the maximum number of Audio Books specified in the table above for the Category of access purchased by the Library, then the Library can upgrade its access by paying the incremental difference between 2 levels of access and receiving the incremental difference between the number of permitted check-outs for each level of access.

EXHIBIT C TO LIBRARY AUDIO BOOK AGREEMENT

Guidelines for the Use and Transfer of OCLC-Derived Records
Revision of November 16, 1987

1. GUIDELINES

(See Definitions in Part II below)

- Each member and nonmember library may use records without restriction, and may transfer records of its own holdings without restriction to other libraries.
- In addition to transfers to libraries, each member and nonmember library may transfer records of its own holdings without restriction, to (a) member networks, (b) state and multi-state library agencies and (c) all other noncommercial firms.
- Member networks may produce and transfer to any member library, copies on magnetic tape of records used or intended into the OCLC database by the library. Each member network also may process records of the holdings of any member or nonmember library which has employed and agreed to pay for a

that service, provided the member network has first signed either an individual agreement with the library, or a general agreement with OCLC, containing measures agreed upon by OCLC and the member network for protection of the records it has been employed to process. Any other use and transfer of records by member networks will be as provided in separate understandings with OCLC.

b. The use and transfer of records by library systems or projects operated by or under the aegis of one or more state or national library agencies will be as provided in separate understandings with OCLC. Such understandings may include (i) arrangements to incorporate state or national bibliographic databases into the OCLC system, (ii) paid-up licenses to use records in state or national programs (e.g., by means of payments for OCLC multi-institution tapes) and/or (iii) any other understandings that will facilitate state or national programs as well as the maintenance and enhancement of the OCLC database.

c. The use and transfer of records by any other organizations to which transfers are made under this Guideline 2 will be as provided in separate understandings with OCLC.

3. In addition, each member and nonmember library may transfer records of its own holdings to commercial firms which the library has employed and agreed to pay to process such records, provided that each commercial firm has first signed an individual agreement with the library, or OCLC has advised the library that the commercial firm has signed a general agreement with OCLC, in either case containing measures agreed upon by OCLC and the commercial firm for protection of the records it has been employed to process. In addition, each member and nonmember library may make any other transfers of records to commercial firms, subject to prior written agreements with OCLC. However, there is no requirement for prior written agreements (a) for transfers made under Guideline 1 above to libraries operated by commercial firms or (b) for transfers to commercial firms by former OCLC member libraries of records of their holdings, so long as the libraries maintain no continuing user status with OCLC.

4. When a nonmember organization makes bibliographic information available to OCLC which is subject to usage or transfer restrictions imposed by such nonmember organization, and OCLC nevertheless elects to accept the information for addition to the OCLC database, OCLC will notify libraries to which it makes the information available, and rights to use and transfer records based on such information will be subject to the same restrictions.

5. When transfers under Guideline 1 above are made to machine-readable union catalogs accessible by nonmember libraries, it is requested that machine-readable copies of the records of such union catalogs be submitted to OCLC. OCLC, at its own expense, will have the right to add such records to its database for all uses consistent with its chartered purposes.

6. The Guidelines above apply to all uses and transfers of records except where a mutually acceptable agreement establishing broader or narrower rights is made with OCLC relating to a specific product or service.

II. DEFINITIONS

- The term "member library" means a general member of OCLC as defined in its Code of Regulations.
- The term "nonmember library" means any library other than a member library.
- A "member network" is an OCLC-affiliated regional, state or multi-state library network organization which is in contract with OCLC to provide OCLC services and products, or to assist OCLC to provide such services and products, to general members of OCLC.
- A "commercial firm" is any organization permitted, under applicable law, to operate on a for-profit basis.
- The term "records" means bibliographic records and holdings data (including copies thereof) derived from the OCLC database, including derivative works made from such records, and other received in machine-readable form or converted by the transferee into machine-readable form. The term also includes such records when held only in eye-readable form. In the case of proposed transfers to commercial firms, however, records do not include, as to any member or nonmember library (a) bibliographic records designated in the OCLC database as original cataloging by such member or nonmember library and (b) bibliographic records derived by such member or nonmember library from sources other than the OCLC database and to copies of which in the OCLC database its holdings symbol has been attached by keylinking. Such excluded records are freely

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transferable and are not dealt with in these Guidelines. OCLC-derived records held only in eye-readable form are freely transferable except to commercial firms.

exchanges, gifts, sharing and other transfers, and all online access except online access provided to end-user patrons of a library in authorized possession of the record.

6. The terms "transfer" and "transfer of records" refer to all sales,