

OCLC[™]

The world's libraries.
Connected.

Founded in 1967, OCLC is a nonprofit, membership, computer library service and research organization dedicated to the public purposes of furthering access to the world's information and reducing library costs. More than 69,000 libraries in 112 countries have used OCLC services to locate, acquire, catalog, lend, preserve and manage library materials. Researchers, students, faculty, scholars, professional librarians and other information seekers use OCLC services to obtain bibliographic, abstract and full-text information when and where they need it. OCLC and its member libraries cooperatively produce and maintain WorldCat—the OCLC Online Union Catalog.


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Cover Photo

Library staff and aides at Hayden Library, Arizona State University Libraries, Tempe, Arizona, left to right: Kyle Carpenter (student), Library Aide in Stacks and Circulation, majoring in Print Journalism; Nikki Lee (staff), Library Assistant Sr. for Reserve & Media Booking, majoring in Criminal Justice; Christopher Thuenen (staff), Library Assistant Sr. for Stacks; Emerald Moore (student), Library Aide in Stacks and ADA, majoring in Elementary/Special Education; Alvaro Medina (staff), Library Assistant in Circulation/Reserve; and Michael Cook (student), Library Aide in Stacks, majoring in English/Creative Writing.

ASU Libraries has been a member of the OCLC cooperative since 1975, participating through Amigos Library Services. The Libraries serve more than 67,000 students and 2,800 faculty on four campuses in the Phoenix area. ASU Libraries is a member of the Association of Research Libraries and its collections contain 4.3 million volumes and 33,000 periodical subscriptions.



*Connecting
people to knowledge
through library
cooperation*



Bruno Racine, President of the Bibliothèque nationale de France, and I signed a letter of intent to explore cooperation between the French national library and the OCLC cooperative during the 2008 IFLA General Conference and Council in Québec, Canada.

Fiscal 2008 was an exceptional year for the OCLC cooperative!

Participating libraries set new records in online cataloging and resource sharing and contributed more records and holdings to WorldCat than ever before. At the same time, the membership adopted a new, next-generation governance structure as we at OCLC began to introduce new, next-generation services.

Participation

Total participation in the OCLC cooperative at June 30, 2008 involved 69,840 institutions in 112 countries, an increase of 9,369 institutions from the previous year. They used OCLC services to:

- catalog 244.5 million items online and via batchload
- add 22.2 million records to the WorldCat database
- arrange 10 million interlibrary loans
- perform 79.7 million end-user reference searches on the FirstSearch service
- perform 134.5 million click-throughs from partner sites on the Web to the Open WorldCat landing page
- add 112,000 records to WorldCat for digital objects managed by CONTENTdm software.

WorldCat

In fiscal 2008, WorldCat, the OCLC bibliographic database, grew by 22.2 million records and 150 million location listings. This is the fastest rate of growth WorldCat has experienced since its introduction in 1971. Individual catalogers at workstations cataloged 32.4 million items on OCLC during the year. We also batch-processed some 212.1 million records previously cataloged by member institutions around the world, adding their unique records and holdings to WorldCat.

Our new technological platform has Unicode capabilities and supports 12 language scripts, which makes it practicable for an increasing number of international organizations to merge their national union catalogs or other large files with WorldCat via automated, batch processes. The language composition of WorldCat has changed over the past decade. The percentage of records in languages other than English was 38 percent in 1998 and fluctuated at slightly over 50 percent in 2008.

Finances

Libraries' use of OCLC services in fiscal 2008 generated cost-recovery revenues of \$246.4 million. Contribution to equity was \$11.7 million, which included \$6.1 million in realized investment portfolio gains. OCLC provided libraries with \$18.9 million in credits, primarily for cataloging and resource sharing, to encourage the growth and quality of WorldCat. In fiscal 2008, we invested \$20.5 million in capital

expenditures (hardware, software and capitalized development labor) for new or enhanced services.

U.S. Activity (55,213 institutions)

Revenues from U.S. operations were \$190.2 million, or 77.2 percent of total revenues of \$246.4 million. Here are a few highlights of our U.S. activities in fiscal 2008:

- University of Washington Libraries enters 100 millionth bibliographic record in WorldCat on April 1, 2008
- State Library of Ohio begins using WorldCat Local production version
- Mellon Foundation awards OCLC \$145,000 grant to conduct data exchange study with seven RLG Programs art museum partners
- Orbis Cascade Alliance and OCLC are working together to migrate the Alliance's Summit union catalog of 38 libraries to a consortial borrowing solution.

Activity outside the U.S. (14,627 institutions)

Revenues from operations outside the U.S. in fiscal 2008 were \$56.2 million, or 22.8 percent of total revenues. Here are some highlights of our international activities:

OCLC Asia Pacific (5,610 institutions)

- OCLC Beijing Representative Office established on July 25, 2007
- National Library of China to load Chinese records into WorldCat
- National Central Library, Taiwan to load Chinese records into WorldCat
- Completed loading of the National Union Catalog of Australia into WorldCat
- Completed loading of the National Union Catalog of New Zealand into WorldCat.

OCLC Canada (1,393 institutions)

- University of Manitoba to use OCLC Canada LTS for cataloging
- Edmonton Public Library to use OCLC Canada LTS for cataloging of Chinese-language materials
- Twelve new Governing Members to catalog on OCLC
- Six new Canadian publishers to contribute eBooks to the NetLibrary collection.

OCLC Latin American and the Caribbean (884 institutions)

- More than 48,000 records from RedALyC (scientific journals from Latin America, Spain and Portugal) were loaded into WorldCat with access to article-level full text
- The National Library and Information System Authority of Trinidad and Tobago became the first national library in the Americas offering the QuestionPoint service to provide virtual reference services
- The Pedro Henríquez Ureña National Library in the Dominican Republic joined OCLC as a General Member
- More than 470,000 records of scientific material related to agriculture and animal research from Embrapa (Brazil) were loaded into WorldCat
- State of Jalisco Public Library system (Mexico) began using NetLibrary eBooks.

OCLC Europe, the Middle East and Africa (6,740 institutions)

- Signed an agreement with the UKB (Association of Dutch University Libraries, the Royal Library and the Library of the Royal Academy of Sciences) in the Netherlands to continue managing the Dutch national information infrastructure
- Loaded into WorldCat bibliographic files from the National Library of Sweden, Swiss National Library, HEBIS and Bavarian State Library
- Migrated LinkUK data to UnityUK, creating a single national union catalogue in the United Kingdom
- Introduced the NetLibrary platform for distribution of Dutch eBooks to Dutch public libraries.

Strategic Directions and Innovation

Our strategic directions are focused on: 1) creating a compelling user environment for our member institutions; 2) creating system-wide efficiencies in library workflow management; 3) making OCLC Web services a valued part of library operations; and 4) increasing OCLC's global relevance and position of trust.

Creating a Compelling User Environment

With WorldCat Local, we are creating a compelling user environment that provides a single interface to the collections of a library. It inter-operates with locally maintained services such as circulation, resource sharing and resolution to full text to create an integrated experience for library users. During fiscal 2008, we moved WorldCat Local from the pilot phase into production. At this writing, we have activated WorldCat Local in 232 institutions.

WorldCat.org is a Web site that offers a search box that people can download for free and use to search all records in WorldCat from anywhere on the Internet. During the year, we enhanced WorldCat.org with the following:

- A Web widget application for the Facebook social networking site that lets users connect to their libraries in a variety of ways
- A link to WorldCat Identities, an OCLC Research prototype that presents a summary page for some 25 million personal and corporate authors mentioned in WorldCat
- WorldCat Lists, which lets people create personal lists of items located in WorldCat that can be shared with others.

Creating System-wide Efficiencies

We continued to pursue our chartered objectives of furthering access to the world's information and reducing the rate of rise of per-unit library costs by creating system-wide efficiencies in library management. During the year we implemented:

- Database synchronization, so that records entered into the Dutch Union Catalogue are automatically added to WorldCat; this capability will make it easier for national libraries to keep their union catalogs in synch with WorldCat
- A digital import capability that lets Connexion catalogers add digital items from CONTENTdm collections to WorldCat during the cataloging process
- A new version of the OCLC Digital Archive based on state-of-the-art technology.

We embarked on the Next Generation Cataloging Pilot, which is exploring the viability of capturing ONIX metadata upstream from publishers and vendors and enhancing that metadata in WorldCat; a variety of academic and public libraries, publishers and vendors are participating.

The start of Next Generation Cataloging pilot coincided with the release of a "Report on the Future of Bibliographic Control" by the Working Group on the Future of Bibliographic Control, which was formed by the Library of Congress to address changes in how libraries must do their work in the digital information era. The ability

to leverage upstream publisher data effectively is central to the Working Group's recommendations, and we are pleased to be moving in the same direction as the Working Group's recommendations.

Making Web Services a Valued Part of Library Operations

Web services enable applications to interconnect over the Web through machine-to-machine interfaces. They cover a wide range of activities that let people tap into computing power on the Web.

During the year, we enhanced QuestionPoint with Qwidget—a chat widget that gives libraries the ability to put their virtual reference service throughout their Web pages and in environments such as Facebook and MySpace.

We invited a small group of developers from OCLC cataloging institutions in North America and Europe to use the WorldCat API, or Applications Programming Interface, to build applications that would guide people from the Web to library services. This shared development will also enhance the creativity and usage of WorldCat.

We are just getting started with our Web services—you will be hearing more about them in the future.

Increasing OCLC's Global Relevance and Position of Trust

Since the merger of RLG and OCLC in 2006, OCLC research scientists and RLG program officers have been working closely together on behalf of the library, archive and museum communities. During fiscal 2008, they published 22 articles and reports, gave 129 presentations about their work to audiences around the world, represented community interests on 20 national and international standards bodies, and shared new ways of thinking about the future in an array of blogs, news feeds, Web sites and e-mail communications.

During the year, five research institutions became RLG Program Partners, bringing the total to 130 partners—primarily research libraries,

archives and museums. Programs and Research opened an office at the University of St Andrews in Scotland and appointed John MacColl as the representative of RLG Programs to better serve the needs of research libraries and other cultural heritage institutions in Europe.

OCLC Research staff engaged in a variety of projects, including studying the information behaviors of college students. They were also closely involved in launching the WorldCat API and Developers Network, creating a WorldCat widget for use in Facebook and other social Web sites and developing a service that makes different metadata standards interoperable. They also contributed to the enhancement of OCLC's terminology-based services, the release of a production version of WorldCat Identities, the testing of the Registry of Copyright Evidence and an examination of circulation data from libraries that are members of the OhioLINK consortium.

The OCLC/ALISE (Association for Library and Information Science Education) Library and Information Science Research Grant Program supported projects by research faculty at the Catholic University of America, University of North Carolina at Chapel Hill and Simmons College.

WebJunction

The WebJunction online community for public librarians celebrated its fifth anniversary in May 2008. The site has more than 32,000 registered members and receives more than 70,000 visitors a month. At this writing, WebJunction had launched a new, dramatically enhanced version of its Web site, which has been well-received in the professional community. The Bill & Melinda Gates Foundation continues to generously fund WebJunction as it moves toward becoming self-sustaining.

Advocacy

We continued to serve as advocates for libraries by developing studies and reports that members can use in their own planning and advocacy activities. In October 2007, we released a membership report, *Sharing, Privacy and Trust in Our Networked World*, which has been well-received by the membership and the library

community. In June 2008, we released another report, *From Awareness to Funding: A Study of library support in America*. Using a \$1.2 million grant from the Bill & Melinda Gates Foundation, OCLC partnered with the Leo Burnett marketing agency to conduct research about library funding, and to evaluate the potential of a large-scale library marketing and advocacy campaign to increase awareness of the library's role in the community.

China–U.S. Library Conference

OCLC was honored to host the 4th China–U.S. Library Conference in Dublin, Ohio, on October 23–25, 2007. This prestigious scholarly event brought together 60 leaders from research libraries, museums and archives in China and the United States for three days of presentations and meetings regarding cooperation among their institutions. The conference provides an exceptional forum for collaboration between knowledge institutions in the two countries and for China scholars worldwide.

Strategic Alliances

OCLC, the Bibliothèque nationale de France, the Deutsche Nationalbibliothek and the Library of Congress are working together to extend and enhance the Virtual International Authority File (VIAF), a project that virtually combines multiple name authority files into a single name authority service. The long-term goal of the VIAF project is to include authoritative names from many libraries into a global service that will be freely available via the Web to users worldwide.

Google and OCLC have agreed to exchange data that will facilitate the discovery of library collections through Google search services. OCLC member libraries participating in the Google Book Search program, which makes the full text of books searchable, may share their WorldCat-derived MARC records with Google to better facilitate discovery of library collections through Google. Google will link from Google Book Search to WorldCat.org, which will drive traffic to library OPACs and other library services.

At this writing, a new API released by Google provides WorldCat.org users with easy access to the text of works scanned in the Google Book

Search collection. This cooperation between Google and OCLC is an important advance in increasing the presence of libraries and their collections on the Web.

During the year, we worked with U.S. regional service providers to implement a new partnership model to optimize the service and support provided to libraries in the U.S. We will introduce this new model in the coming year.

Acquisitions

On July 1, 2007, OCLC acquired the remaining shares of OCLC PICA Group B.V. to become the sole shareholder of the organization. In addition to OCLC services, OCLC PICA B.V. provides centralized and local systems for libraries and operates an end-user reference system (PiCarta) for European libraries.

On January 11, 2008, OCLC acquired EZproxy authentication and access software from Useful Utilities. EZproxy software allows libraries to manage access and authentication configurations through a proxy server so that library users do not have to make any configuration changes to their personal Web browsers. More than 2,400 institutions in 60 countries use the software.

On September 12, 2008, OCLC acquired the assets of Amlib, a Web-based library management system developed in Australia and implemented in more than 525 libraries worldwide.

Second Data Center

We implemented a second data center in Westerville, Ohio, about 15 miles from our Dublin, Ohio campus. As we launch new services such as WorldCat Local, we must have an IT infrastructure in place so that our library services are always on and always accessible. In addition, we must provide a global development platform that meets the needs of our eight engineering centers in Australia, Germany, the Netherlands, the United Kingdom and the United States. The new data center provides us not only with disaster recovery and business continuity, but also a platform for development and testing of new services. We continue to make our data centers as green as possible through new cooling and conservation techniques.

Workplace

In 2008, for the third consecutive year, OCLC was named one of ComputerWorld's "100 Best Places to Work in Information Technology" in the U.S. We established the OCLC Minority Librarian Fellowship, which will bring a librarian from an historically under-represented group to OCLC for a year's study. In the inaugural year of the program, in honor of Duane Webster, the recently retired Executive Director of the Association of Research Libraries (ARL), we are opening applications first to participants in and alumni of the ARL Scholars Program, which has a strong diversity program for graduate students and librarians. We are committed to making OCLC an ideal place to work for all employees by supporting an inclusive work environment based on diversity, trust and the highest standards of ethical conduct.

I would like to commend and thank the OCLC staff for the teamwork and commitment to OCLC's public purposes that they continue to demonstrate in an organizational structure that now includes 27 offices in 10 countries. They care deeply about libraries and their mission, and it shows.

Governance

Under the leadership of Board Chair Larry Alford and Members Council President Sandy Yee, the membership adopted a new governance structure for the OCLC cooperative on May 20, 2008. The new structure is designed to extend participation in the OCLC cooperative to an increasing number of libraries and cultural heritage institutions around the world. It includes regional councils that will send delegates to a Global Council, which in turn will elect six members of the Board of Trustees. The transition is expected to take 12–18 months and will be coordinated between representatives of the 2008/2009 Members Council and the Board of Trustees.

"Moving Forward with New Understanding: Our OCLC Collaborative, Its Services and Each Other" was the theme of the 2007/2008 OCLC Members Council, which met three times during the year at OCLC in Dublin, Ohio. Delegates elected Sandy Yee, Dean of Libraries, Wayne State University, and Tony Ferguson, University Librarian,

University of Hong Kong Libraries, to six-year terms on the OCLC Board of Trustees.

At the recommendation of the OCLC Members Council, we established a Small Libraries Advisory Committee of librarians from OCLC member institutions to advise OCLC on ways to provide small and rural libraries around the world with improved access to OCLC services.

Going Forward

Throughout its history, OCLC has been fortunate to have people in libraries and other knowledge institutions willing to get involved, not only in governance, but in research, in product development and testing of new services and programs. As OCLC enters its 42nd year, the shared vision of thousands of librarians and knowledge workers in thousands of institutions is manifesting itself in new levels of cooperation and an ongoing commitment to connecting people with information. Thanks to you, the OCLC cooperative is entering an exciting time of transition to a new governance structure and to new, Web-scale services.

On a personal note, 2008 marked my tenth year as President and CEO of OCLC. During that time, with the support of the Board and Members Council, OCLC has made its services available to an increasing number of libraries and cultural heritage institutions around the world. In 1998, there were 30,000 participating institutions, including 3,200 outside the U.S. In 2008, there were 69,840 participating institutions, with 14,627 of them outside the U.S. Clearly, we have done much, but much remains to be done.

With our next-generation global governance structure and our next-generation services, we are well on our way to becoming a truly global cooperative!



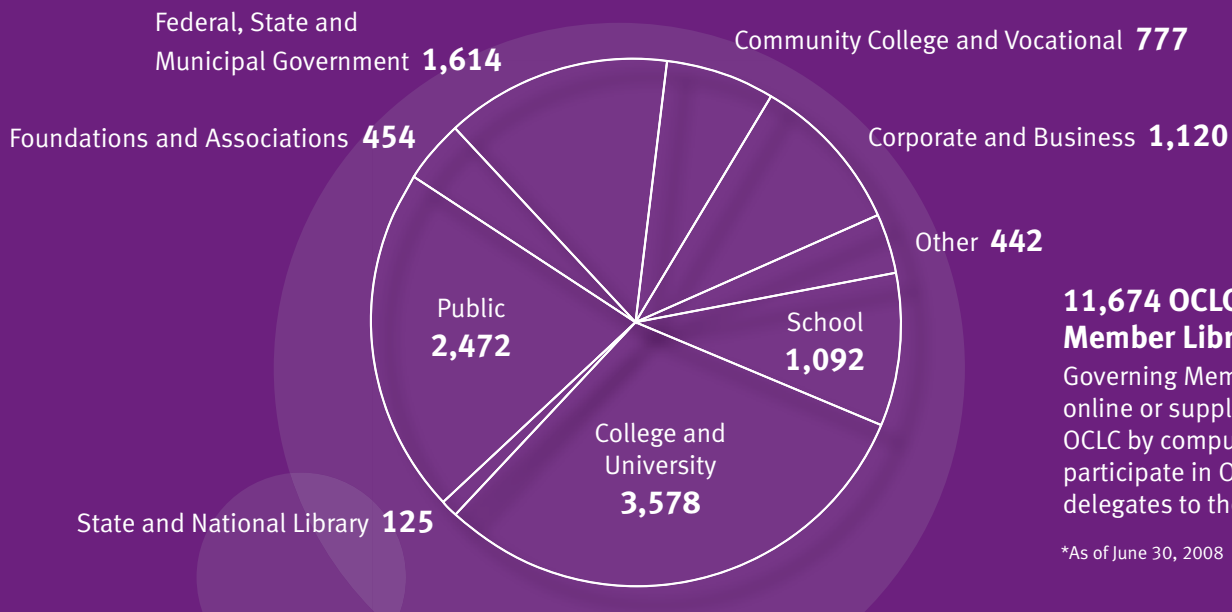
Jay Jordan
President and Chief Executive Officer

November 10, 2008

Year in review

Program Highlights

	2007/08	2006/07		2007/08	2006/07
Participating libraries (includes active and inactive symbols)	69,840	60,457	LTS Library Technical Services—started in 2001	164,389 titles 16 libraries	155,626 titles 16 libraries
Total number of records in WorldCat (after duplicate detection and resolution)	108.2 million	86.0 million	Collection Analysis subscribers	540	602
Books and other materials cataloged online	32.4 million	31.7 million	Analyses/comparisons run	5,317	4,766
Books and other materials cataloged by batchloading processes	212.1 million	139.7 million	OCLC FirstSearch searches	79.7 million	80.0 million
Cataloging records added to WorldCat	22.2 million	18.7 million	Referrals from partner sites to OpenWorldCat landing page	134.5 million	129.4 million
Cataloging records generated on computer tape or by FTP for subscribers	5.2 million	5.1 million	Click-throughs from Open WorldCat to library services	8.9 million	7.6 million
Number of records exported online from WorldCat to local systems	51.6 million	43.1 million	Click-throughs to information from FirstSearch	14.2 million	14.5 million
Custom-printed catalog cards ordered	1.8 million	2.2 million	OCLC FirstSearch Electronic Collections Online	6,761 journals 36 publishers	6,761 journals 39 publishers
Location listings in WorldCat for library materials	1.29 billion	1.14 billion	<i>Dewey Decimal Classification and Relative Index</i> , edition 22—copies sold (published Sept. 2003)	1,538	1,546
Local holdings records	10.8 million	10.2 million	<i>Abridged Dewey Decimal Classification and Relative Index</i> , edition 14—copies sold (published Feb. 2004)	1,496	987
Online interlibrary loans transacted	10.0 million	9.8 million	WebDewey subscriptions	1,150	1,169
OCLC ILL Fee Management service participants	2,938	2,685	Abridged WebDewey subscriptions	517	241
Transactions	966,522	903,435	OCLC CatExpress service subscriptions	2,119	2,240
ILL charges transferred	\$13.9 million	\$13.0 million	QuestionPoint libraries	2,200	2,000
OCLC RetroCon services projects	15 projects	25 projects	Global Knowledge Base	19,000 records	16,362 records
Records converted	64,765 records	461,731 records	Countries	23	26
OCLC Contract Cataloging	121 projects 120,990 titles	154 projects 118,983 titles	Questions asked	559,581	445,117
Collection Development—Language Sets	240 libraries 45,492 records 18 languages	250 libraries 57,325 records 25 languages	Chat sessions	487,723	443,421
			Total questions asked (since June 2002)	3.6 million	1.7 million
			CONTENTdm licenses	456	387
			CONTENTdm records in WorldCat	212,134	100,000
			NetLibrary institutions	16,750 libraries	16,212 libraries
			Average page views per month	7.8 million	7.9 million

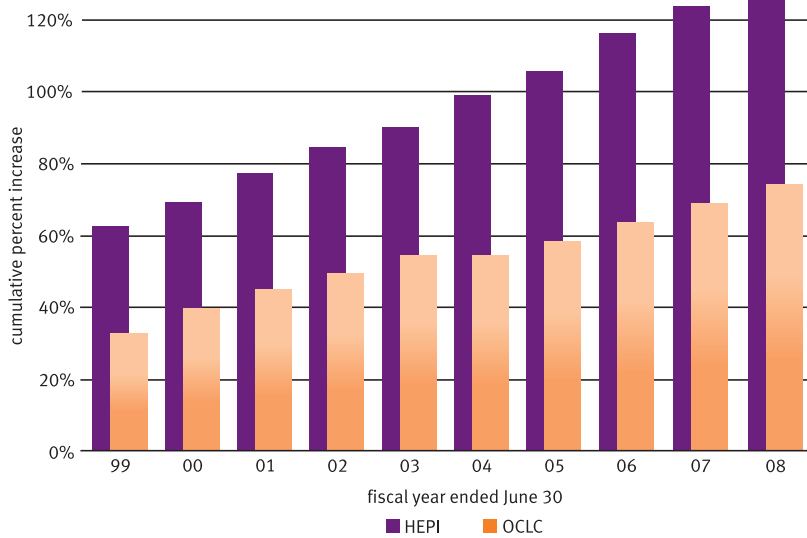


11,674 OCLC Governing Member Libraries*

Governing Members do all of their current cataloging online or supply current cataloging information to OCLC by computer tape or file. Governing Members participate in OCLC's governance by electing delegates to the OCLC Members Council.

*As of June 30, 2008

Percent Change in HEPI and OCLC Cost Sharing



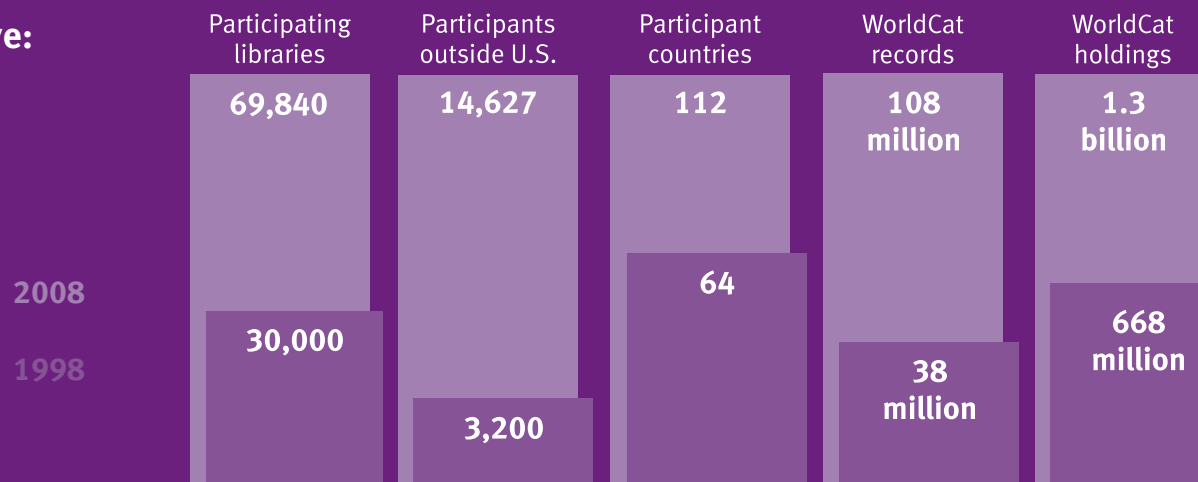
HEPI: Higher Education Price Index Base year 1986

OCLC calculations are based primarily on Online Cataloging and Resource Sharing services

Financial Highlights

	2007/08	2006/07
Revenues	\$ 246,415,700	\$ 234,949,700
Operating Results before Portfolio and Other Gains	\$ 409,900	\$ 715,600
Contribution to Corporate Equity	\$ 11,695,000	\$ 19,523,600
Total Corporate Equity/Net Worth	\$ 211,796,600	\$ 206,420,900
Total Assets	\$ 414,171,200	\$ 405,626,400
Current Ratio	2.2 : 1	2.2 : 1
Long-Term Debt/Corporate Equity	0.30	0.22

The OCLC Cooperative: a decade of growth



July 2007

OCLC acquires the remaining shares of OCLC PICA Group B.V., the European-based library and information systems supplier, to become the sole shareholder of the organization

Ninety-five staff from 21 RLG Programs partners participate in a beta test of WorldCat Identities



OCLC opens representative office in Beijing, China; left to right: Ms. Julie Zhao, Assistant to the Chief Representative; Ms. Helen Luo, Secretary; Mr. Qiu Dongjiang, Chief Representative; and Mr. Yu Chenglong, Assistant to the Chief Representative

August

WorldCat.org adds bookmarking, citation formatting for lists



The National Library and Information System Authority (NALIS) of Trinidad and Tobago became the first national library in the Americas offering the QuestionPoint service to provide virtual reference services

September

NetLibrary reaches 150,000-title milestone on September 20



In October OCLC released *Sharing, Privacy and Trust in Our Networked World*, an international research study on social networking and privacy on the Web.

The 2008 Fellows



The Jay Jordan IFLA/OCLC Early Career Development Fellowship Program provides continuing education for library and information science professionals from countries with developing economies. Jointly sponsored by OCLC, the International Federation of Library Associations and Institutions (IFLA) and the American Theological Association, the program has hosted 38 fellows from 26 countries.

The 2008 Fellows were, seated left to right: Ms. Hanan Erhif, Information Specialist, OCP Group, Morocco; Ms. Sarah Kaddu, Librarian, National Library of Uganda, Uganda; standing, left to right: Mr. Kamal Giri, Library Officer, Ministry of Water Resources, Nepal; Ms. Cyrill Walters, Librarian (Music Specialist), University of Cape Town, South Africa; and Mr. Atanu Garai, Online Networking Specialist, Globethics.net, India.

The Fellows participated in a concentrated program of instruction and library visits. They were at OCLC in Dublin, Ohio, for four weeks in April and May and then spent a week with OCLC EMEA in Leiden, the Netherlands, and visited libraries in Europe.

October

Digital import feature enables OCLC Connexion catalogers to add digital items from CONTENTdm collections to WorldCat

OCLC adopts worldwide brand identity

OCLC Members Council discusses innovation in creation, delivery of library services (October 21–23)

OCLC hosted the 4th China–U.S. Library Conference, which brought together leaders from libraries, museums and archives in China and the U.S. for three days of presentations and meetings.



November

WorldCat.org adds links to WorldCat Identities, British Library Direct document service

Bibliothèque nationale de France, Deutsche Nationalbibliothek, Library of Congress and OCLC enhance Virtual International Authority File (VIAF) project

WorldCat Collection Analysis service adds circulation analysis

Waterland Public Library in the Netherlands fields 3 millionth virtual reference question on QuestionPoint

December

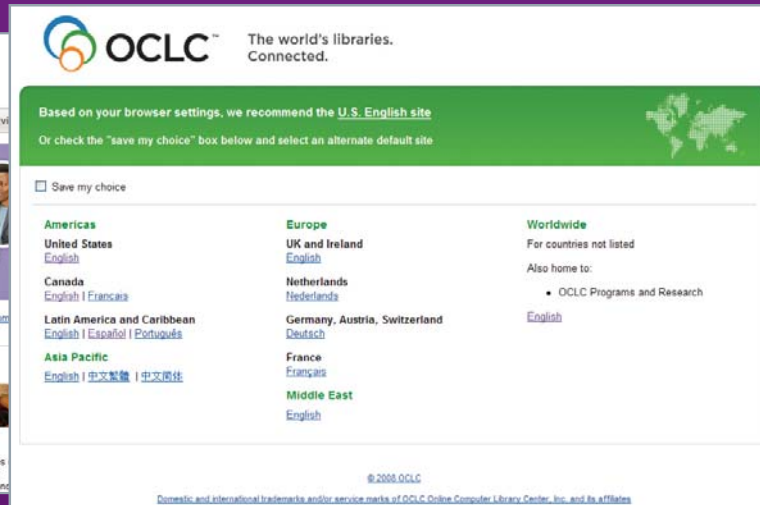
Larry Alford, Dean of University Libraries, Temple University, is named Chair of the OCLC Board of Trustees

Latin American RedAlyC eJournal collection of 350 scholarly titles from Latin America, the Caribbean, Portugal and Spain becomes available in WorldCat



In November, OCLC Programs and Research opens an office at the University of St Andrews in Scotland, and appoints John MacColl as European Director, RLG Programs, OCLC Programs and Research

In February
OCLC unveils new
global Web site



January 2008

OCLC begins Next Generation Cataloging Pilot to explore viability of capturing metadata from publishers and vendors and enhancing it in WorldCat

OCLC acquires EZproxy authentication and access software

WorldCat.org adds Facebook application

February

OCLC Members Council discusses innovation in libraries, governance of the worldwide cooperative (February 10–12)

Mellon Foundation awards OCLC \$145,000 grant to conduct data exchange study with seven RLG Programs art museum partners

National Library of China to add some 1.5 million records to WorldCat in 2008

March

NetLibrary introduces eAudiobook Blackstone Collection of more than 1,800 titles

OCLC releases a new version of EZproxy software for serving library users remotely



On October 31, 2007, OCLC hosted librarians participating in the 2007–2008 Association of Research Libraries (ARL) Library Leadership Fellows Program, which is helping to prepare the next generation of deans and directors of ARL research libraries.



Sandy Yee

Tony Ferguson

Sandy Yee and Tony Ferguson elected to OCLC Board of Trustees

OCLC Members Council elected two delegates to six-year terms on the OCLC Board of Trustees: Tony Ferguson, University Librarian, University of Hong Kong Libraries; and Sandy Yee, Dean of Libraries, Wayne State University, and outgoing OCLC Members Council President.

April

University of Washington Libraries enters 100 millionth bibliographic record into WorldCat on April 1

20 million article-level records from the British Library Inside Serials service are loaded into WorldCat

Orbis Cascade Alliance and OCLC announce plans to develop new consortial borrowing solution

OCLC launches Digital Archive service

OCLC sponsored the JISC (Joint Information Systems Committee) Conference 2008, “Enabling Innovation,” in Birmingham, England, at which Lord David Puttnam, film director and Chancellor of the Open University, delivered the keynote address.

May

On May 20, OCLC Members Council ratifies changes to governance structure proposed by Board of Trustees

State Library of Ohio begins using WorldCat Local, enabling users to search and place requests for library materials owned by the State Library, OhioLINK and other libraries worldwide

WebJunction marks its fifth anniversary with more than 32,000 registered members

Google and OCLC agree to exchange data, link digitized books to WorldCat



June

Ratings and reviews become available on WorldCat.org

H.W. Wilson and Modern Language Association agree to make article-level records available in WorldCat.org

OCLC was awarded a grant from the Bill & Melinda Gates Foundation to explore attitudes and perceptions about library funding and to evaluate the potential of a large-scale marketing and advocacy campaign to increase public awareness of the value of libraries. In June, the findings of this research became available in the OCLC report, *From Awareness to Funding: A study of library support in America*





WorldCat is a database of bibliographic information built continuously by libraries around the world since 1971. Each record in WorldCat contains a bibliographic description of a single item or work and a list of institutions that hold the item. The institutions share these records, using them to create local catalogs, arrange interlibrary loans and conduct reference work. Libraries contribute records for items not found in WorldCat using the OCLC shared cataloging system.

As of June 30, 2008, more than 108 million records had been added to WorldCat, spanning five millennia of recorded knowledge, from approximately 4800 B.C. to the present. This unique store of

information encompasses records in eight formats—books, serials, sound recordings, musical scores, maps, visual materials, mixed materials and computer files. Like the knowledge it describes, WorldCat grows steadily. Every second, library members add seven records to WorldCat.

In fiscal 2008, WorldCat grew by 22.2 million records. Libraries used WorldCat to catalog and set holdings for 244.5 million items and arrange 10 million interlibrary loan transactions. OCLC FirstSearch service users accessed WorldCat to conduct 38.9 million reference searches.

Records by Format

Format	Total LC Records	Total Participant-input	Total LC-created Participant-input	Total Records
Books	7,174,988	81,633,366	1,774,796	90,583,150
Serials	632,354	3,892,448	37,558	4,562,360
Visual Materials	180,293	3,369,556	18,239	3,568,088
Maps	264,449	1,343,184	8,348	1,615,981
Mixed Materials	49,403	807,437	4,255	861,095
Sound Recordings	303,023	3,393,161	64,197	3,760,381
Scores	88,063	2,255,404	57,603	2,401,070
Computer Files	10,383	828,018	424	838,825
Totals	8,702,956	97,522,574	1,965,420	*108,190,950

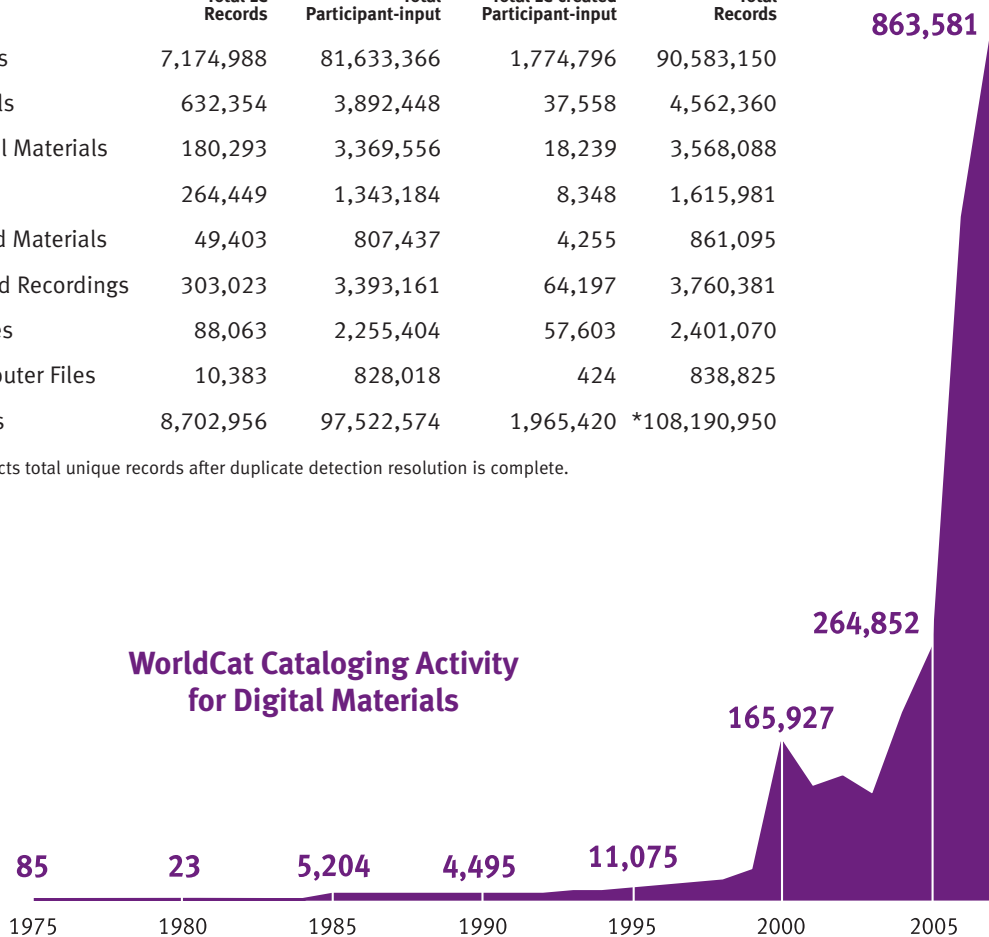
* Reflects total unique records after duplicate detection resolution is complete.

WorldCat Statistics

Languages	474
eBooks	843,932
Digital items	3,634,660
Works	84,096,107
Manifestations (records)	108,190,150
Total holdings	1,290,771,834

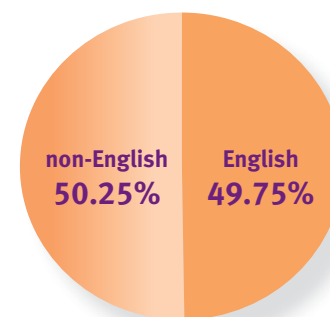
As of June 30, 2008

WorldCat Cataloging Activity for Digital Materials



Language Composition of WorldCat

April 30, 2008



Top 50 Languages Distribution June 30, 2008

	Records
English	55,192,687
German	12,311,742
French	6,248,331
Spanish	3,602,529
Dutch	2,681,470
Japanese	2,540,136
Chinese	2,362,795
Russian	1,781,390
Italian	1,693,616
Swedish	1,384,137
Latin	1,229,283
Portuguese	926,634
Polish	867,239
Czech	789,714
Hebrew	717,175
Finnish	636,746
Arabic	558,093

	Records
Danish	379,336
Korean	327,062
Indonesian	314,026
Turkish	232,740
Greek (modern)	216,947
Hungarian	191,379
Norwegian	159,409
Persian	158,090
Vietnamese	150,363
Ukrainian	146,195
Thai	133,112
Bulgarian	127,333
Hindi	120,681
Croatian	112,199
Yiddish	111,726
Urdu	107,135
Tamil	105,031

	Records
Afrikaans	104,066
Romanian	101,340
Catalan	73,678
Serbian	71,726
Bengali	65,133
Telugu	54,575
Welsh	53,085
Slovak	52,581
Greek (ancient)	50,289
Gujarati	47,301
Armenian	41,267
Malay	38,910
Lithuanian	35,397
Latvian	34,965
Sanskrit	34,836
Slovenian	34,444

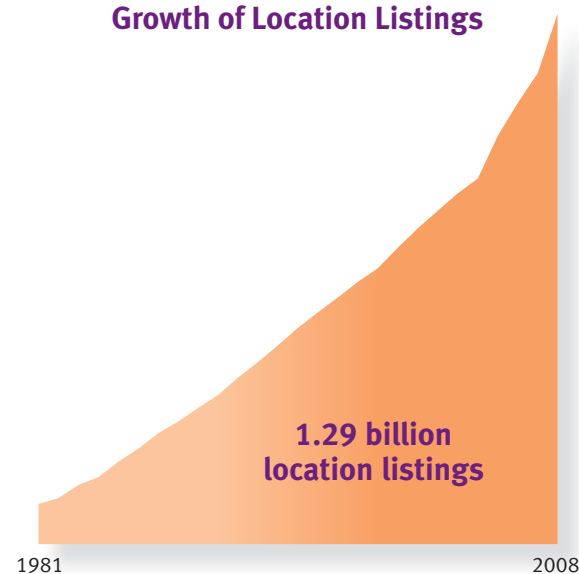
Date Ranges of Records

4800 B.C.–1 B.C.	11,606
1 A.D.–1449	49,585
1450–1499	43,438
1500–1599	508,687
1600–1699	1,235,050
1700–1799	2,366,988
1800–1899	8,361,981
1900–1909	2,211,624
1910–1919	2,350,089
1920–1929	2,944,024
1930–1939	3,329,286
1940–1949	3,043,048
1950–1959	4,598,333
1960–1969	7,804,786
1970–1979	11,328,350
1980–1989	14,790,521
1990–1999	17,652,360
2000–	15,392,711

Top 10 Original Catalogers

Organization	Records Added
Fiscal 2008	
Godfrey Memorial Library	118,276
University of Hong Kong	85,347
South Asia	
Union Catalog Project	38,281
Center for Research Libraries	25,177
Heritage Quest Online	22,181
Florence Griswold Museum	17,528
University of California, Berkeley	17,002
University of Wisconsin–Madison	14,866
The Ohio State University	14,282
University of Washington	14,278

Growth of Location Listings



Location listings are attached to each record to identify libraries holding the item.

WorldCat Growth 1971–2008

On April 1, 2008, the number of bibliographic records in WorldCat surpassed 100 million. While it took the OCLC cooperative 31 years, from 1971 to 2002, to add the first 50 million records, it took just six years to add another 50 million.

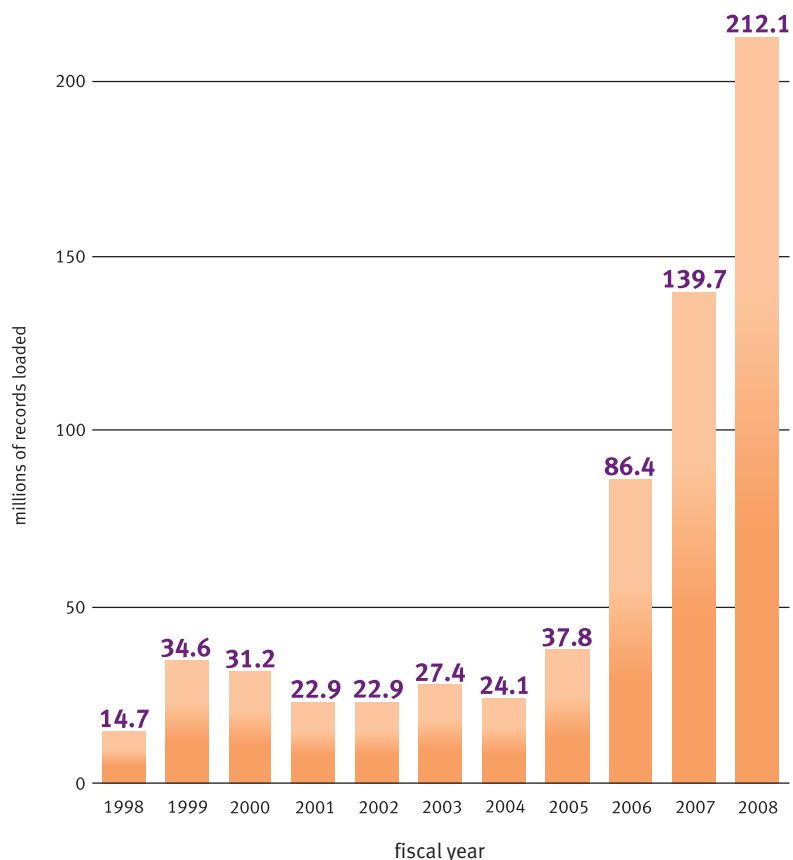
1971–2002
50 million records

2002–2008
50 million records

Major Batchloads in Fiscal 2008

Institution	Records processed	Holdings set	Records added
Bavarian State Library	11,043,448	8,511,210	4,316,151
National Library of Australia	22,617,313	41,404,542	4,085,801
National Library of Sweden	2,131,097	2,033,396	1,926,700
HEBIS (Germany)	7,840,014	11,442,064	1,806,285
National Library of New Zealand	7,395,497	16,186,678	924,394
Defense Technical Information Center	668,706	668,631	631,597
Toshokan Ryutsu Center (Japan)	732,484	695,782	572,559
Baker & Taylor	1,535,577	1,146,435	514,133
University of Toronto	5,365,115	5,596,509	456,740
German National Library	507,642	475,212	410,617
GGC Dutch Union Catalogue	498,079	554,871	240,084
University of Pennsylvania	6,777,334	6,175,610	211,077
National Library of Israel	211,490	205,457	205,348
Glasgow University	463,592	227,143	172,712
Library of Congress	2,046,988	1,756,006	158,217
University of Calgary	257,529	175,252	149,977
American Antiquarian Society	1,077,399	706,048	140,898
University of California, Berkeley	6,140,703	5,810,597	137,194
University of Manitoba	605,232	397,762	126,532
NUKAT National Union Catalog of Poland	125,999	125,267	123,346
University of California, Santa Barbara	2,357,410	2,204,831	113,571
Huntington Art Library and Botanical Garden	571,065	570,464	106,474
Museum of Natural History (London)	440,831	226,135	103,628

Batchloading/Processing

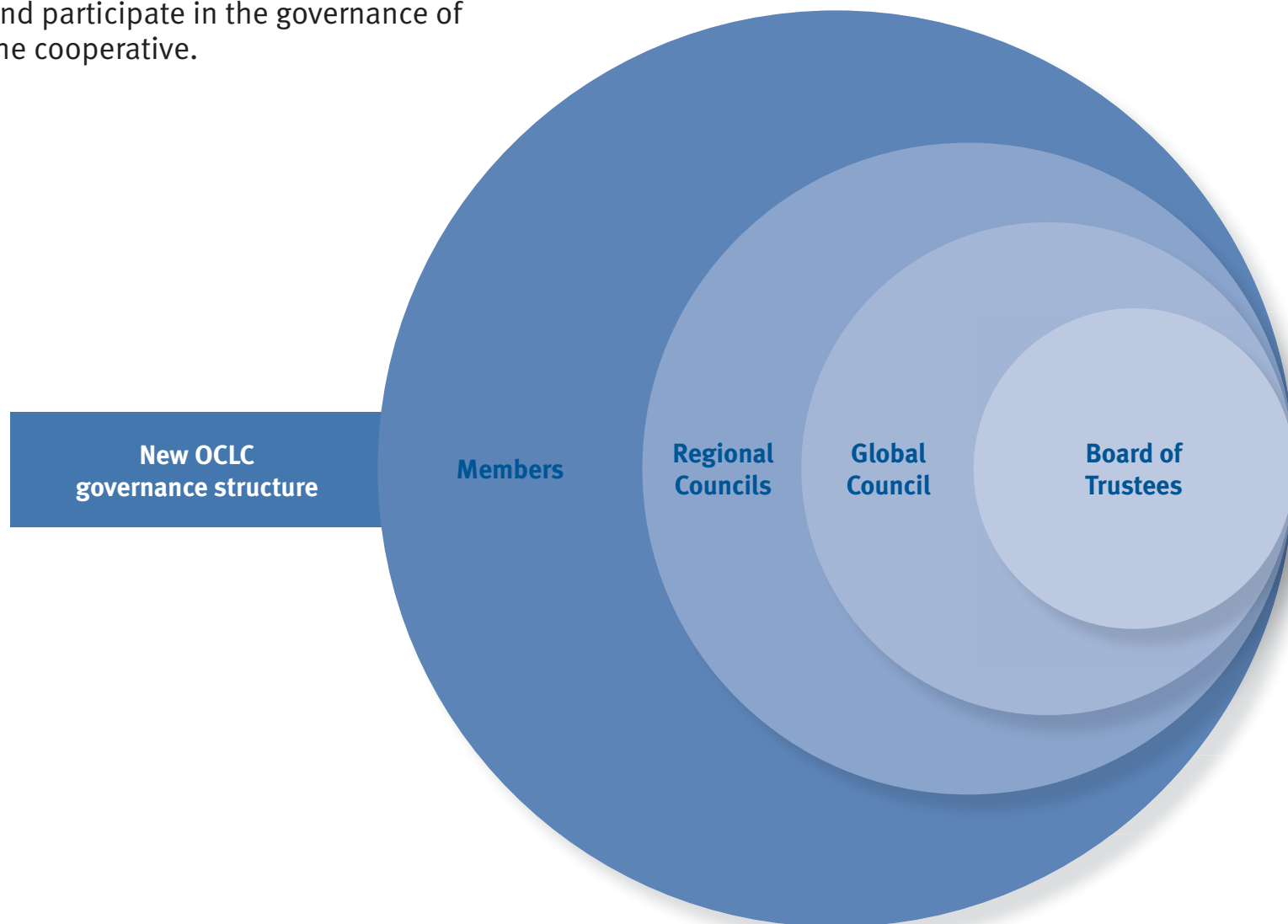


OCLC: The Next Generation

The next generation of the OCLC cooperative is being built today— with a new governance structure designed to extend participation in OCLC around the world, and with new Web-scale services designed to deliver information to people when and where wanted.

Governing a global cooperative

Since 1967, governance of the OCLC cooperative has been closely intertwined with use of OCLC services and contribution to the OCLC database, WorldCat. The new governance structure adopted in 2008 is designed to make it easier for libraries and knowledge institutions around the world to use OCLC services and participate in the governance of the cooperative.





OCLC Members Council meeting, May 19, 2008

On May 20, 2008, the OCLC Members Council ratified changes to the OCLC Articles of Incorporation and Code of Regulations that had been recommended by the Board of Trustees.

The changes will transform the current Members Council into a Global Council that connects with Regional Councils around the world.

The Global Council will replace the Members Council in a transition that is expected to take 12–18 months and will be coordinated between representatives of the 2008/2009 Members Council and the Board of Trustees.

New structure

The new governance structure comprises: Members, Regional Councils, Global Council and Board of Trustees.

Here are the salient features of the new structure.

Members. OCLC Members are those entities that meet a minimum threshold of engagement with OCLC as set forth in the Membership and Governance Protocols. A more complete definition of membership will be developed as part of the transition process.

Currently, OCLC Members contractually agree to contribute metadata to the WorldCat database, including their current cataloging

and holdings as described in “OCLC WorldCat Principles of Cooperation.”

The Members will participate in meetings of their respective Regional Councils.

Regional Councils. The purpose of the Regional Councils is to strengthen the cooperative throughout the world and make it easier to participate in its governance.

Members will convene at one or more Regional Council meetings on a regular basis to keep current on issues of vital and immediate interest to the OCLC cooperative.

The Regional Councils will also elect Member Delegates who will attend the Annual Global Council Meetings.



Ellen Tise, Members Council Delegate, OCLC EMEA, May 19, 2008

Global Council. The Global Council will be comprised of Member Delegates elected by the Regional Councils.

The Global Council's principal responsibilities are to elect six members of the Board of Trustees and ratify amendments to the Articles of Incorporation and Code of Regulations of OCLC.

The Global Council will convene at least once a year at an Annual Global Council Meeting, location to be determined by the Council.

Board of Trustees. Under the new structure, the Board will normally have 15 trustees elected to a four-year term, but can vary in size from 13 to 17 trustees from time to time as determined by the trustees.

The Global Council will elect six trustees, and the Board will elect the remaining trustees. The President and CEO will continue to hold a voting seat on the Board.



Kathleen Imhoff,
Members Council
Delegate, SOLINET,
May 20, 2008

Normally, a majority of the trustees will be members of the library or cultural heritage communities.

The Board of Trustees performs all of the traditional fiduciary and constituency duties related to such governing bodies.



OCLC Members Council ratifies proposed governance changes, May 20, 2008.

“I would like to thank my colleagues on the Board and in the Members Council for the thoughtful and insightful way that they deliberated on how best to govern our cooperative as it continues to expand globally. I am convinced that the extensive discussions over the past 18 months have produced many positive changes to governance that will strengthen the OCLC cooperative and turn it into a truly global one, with local connections and local touch through the regional councils.

These changes lay the framework for a truly global library cooperative still governed by the members and dedicated to strengthening, through cooperation, libraries around the world.

As we move forward with implementation of the new structure, the Board remains deeply committed to libraries and other cultural heritage organizations as we continue to work cooperatively for the benefit of our users worldwide.

Indeed, our new governance structure is but one manifestation of the changes that have been sweeping across the library community since we entered the 21st century. There are others.

The 2003 OCLC Environmental Scan pointed to some of the challenges that libraries face in a Web environment of search engines and the expectation of immediate gratification of information needs.

Subsequent studies, including the most recent advocacy study, paint a vivid picture of a library community that is going through a period of what OCLC Founder Frederick G. Kilgour called ‘a dynamic state of instability.’ This instability is driving other changes at OCLC, from distribution of products and services, to relationships with search engines and other partners, to the acquisition of a variety of products and services from third parties.

Both the Board and OCLC management remain deeply committed to the OCLC cooperative and to its public purpose as a not-for-profit organization. We believe the new strategic directions coupled with the changes in governance will position OCLC to be an even stronger partner with its library members as the cooperative moves forward.

To again paraphrase Fred Kilgour, someday we will look back on our current period of dynamic instability as one of the most intellectually productive periods in the history of librarianship. I believe that, working together, collectively, we are up to the challenge.”

Larry Alford

Chair, OCLC Board of Trustees, and
Dean of University Libraries
Temple University



Seated left to right: **Larry Alford**, Chair, OCLC Board; **Loretta Parham**, President, OCLC Members Council; **Maggie Farrell**, Trustee; **David Roselle**, Trustee; **Lyn McKinney**, Members Council.

Standing left to right: **Jan Ison**, Members Council; **Jerry Stephens**, Trustee; **Jay Jordan**, President and CEO, OCLC; **George Needham**, Vice President, Member Services, OCLC; **Kathleen Imhoff**, Members Council; and **Pat Wilkinson**, Members Council.

Not pictured: **Betsy Wilson**, Trustee.

Members of the Board Governance Transition Committee and the Members Council Executive Committee discuss governance transition matters at OCLC on August 4, 2008.

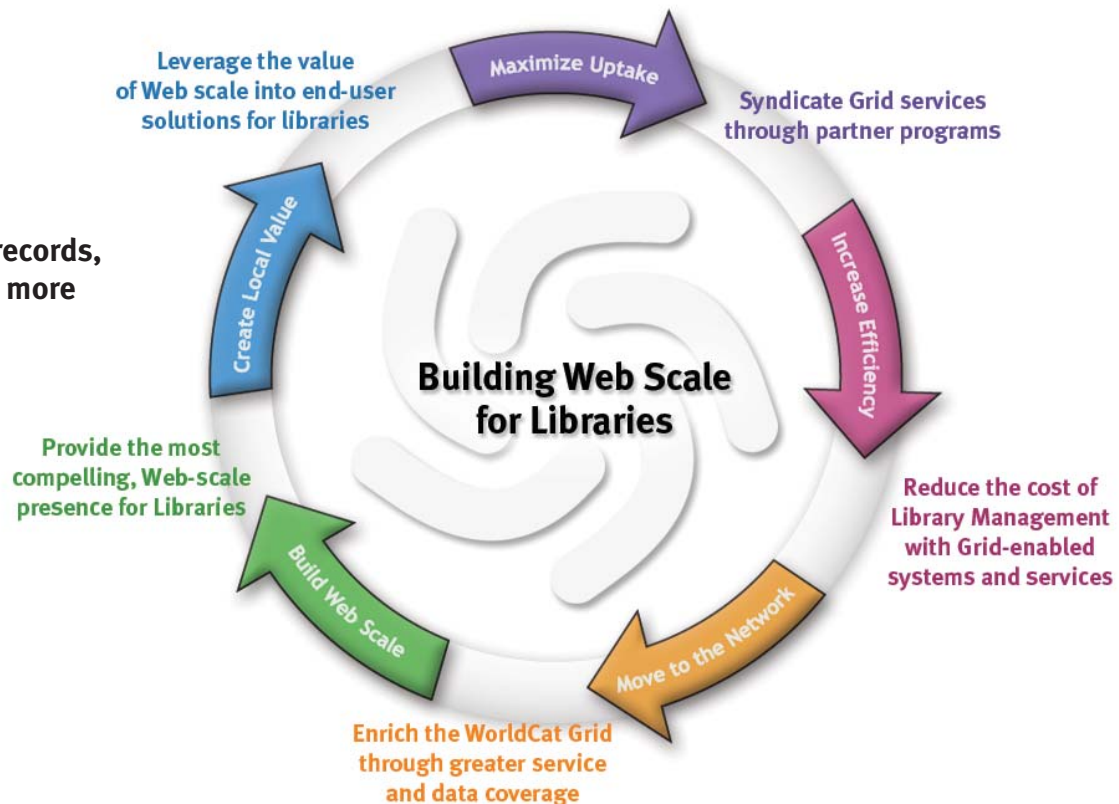
Building Web scale for libraries

Libraries have made significant investments in computer resources and infrastructure. They now incur the costs of supporting an array of systems across workflows for print, licensed and digital materials. Similarly, libraries have a fragmented presence on the Web, where they must compete with search engines and other information resources in meeting the information needs of people.

Meanwhile, the focus of computing has moved to the Internet. The current trend is cloud computing, where applications and data are stored on the Internet rather than on a local computer. This presents OCLC with the opportunity to provide libraries with computer infrastructure in the cloud, where they use the applications they need. Rather than buying, implementing and maintaining software themselves, libraries can use an application without having to worry about the technology that supports the applications. Instead, they can focus on running their organizations and serving their users.

OCLC is building its next-generation services in a Web environment, one that will greatly amplify the power of library cooperation. Some services will interconnect over the Web through machine-to-machine interfaces. Others will reside where they are technically most appropriate, at the local, group or global levels.

The more libraries, the more records, the more network effects, the more value for everyone.





“Increasingly, libraries, like other organizations, need to focus on creating value for their users and reducing the effort they spend on routine and common tasks. The emerging concept of Web scale is strongly aligned with OCLC’s historic mission of operating a computer network and infrastructure that creates economies of scale, enabling more and more libraries to reduce costs and share resources. OCLC’s Web-scale services will provide libraries with powerful new applications and services when and where needed.”

Lorcan Dempsey

Vice President, Programs and Research
and Chief Strategist

Web Scale

Web-scale services are robust and reliable. They are available on-demand and are scaleable. They have short install/enhance cycles so changes can be introduced more frequently. They permit sharing of costs (just as in the early days of OCLC online cataloging), making the applications affordable for more libraries. They maximize integration into workflows and working environments. They encourage external developers to build applications that exploit functionality and data.

In building Web scale for libraries, OCLC is focusing on four broad objectives:

- Creating a compelling user environment
- Creating system-wide efficiencies in library management
- Making WorldCat Web services a valued part of library operations
- Increasing OCLC’s global relevance and position of trust.

Creating a compelling user environment

In 2006, OCLC began a major initiative to create a compelling user environment with WorldCat.org, which makes collections in OCLC member libraries visible on the Internet to people everywhere.

WorldCat.org

The goal of WorldCat.org is to have a person who is looking for information on the Internet end up in a library.

Average monthly traffic from WorldCat.org in fiscal 2008:

- 2 million unique users
- 13 million page views
- 6 million full-record views
- 750,000 click-throughs to library services (OPAC, ILL, OpenURL, etc.).

WorldCat.org provides people with tools that let them find and use information from the world's foremost bibliographic database. They can build lists, write reviews and add

personal tags based on WorldCat records. They can buy books or purchase or access more than 57 million journal articles from sources such as the British Library, NLM, H.W. Wilson, MEDLINE, ERIC, GPO and OCLC ArticleFirst. They can also get a panoramic view of an author's output through WorldCat Identities, which creates a summary page for the more than 25 million personal and corporate authors mentioned in WorldCat. Each page includes audience level, related names, useful links, associated subjects and languages.

The collage illustrates the integration of WorldCat.org with social media and citation services. It shows the WorldCat.org search interface, a Facebook profile with WorldCat links, and a CiteMe pop-up window for generating citations.

OCLC now provides a WorldCat.org application on the Facebook social networking Web site. It helps Facebook users connect to their libraries in a variety of ways, including searching for items through WorldCat or sharing reading lists.

Users can generate bibliographic citations from records displayed in WorldCat.org. A "CiteMe" link launches a pop-up window with citations for the five most common citation styles (APA, Chicago, Harvard, MLA and Turabian) that a user can copy and paste into a document or e-mail.



“WorldCat.org provides libraries with a truly outward facing end-user environment. We are able to connect directly with the needs of libraries’ end users by turning our focus to evidence-based change. We have switched from after-the-fact usability testing to front-loaded user experience design (UX) for our eight product and engineering centers in Australia, Germany, the Netherlands, U.K. and U.S.”

Mike Teets
Vice President
Global Engineering

“We are working to deliver interconnected local, group and global solutions for libraries and their users. Our goal is a holistic library service that is cost-effective for libraries and easy for people to use.”

Robin Murray
Vice President
Global Product Management

Creating a compelling user environment

WorldCat Local

In 2007, with the implementation of WorldCat Local, OCLC began providing a local connection to cloud computing. WorldCat Local provides a single interface to the collections of a library. It interoperates with locally maintained services such as circulation, resource sharing and resolution to full text to create an integrated experience for library users.

The University of California (UC) system has implemented WorldCat Local for the 10 campuses of the UC system. Users can view and find collections in each campus library, the UC system libraries and other collections in libraries around the world in the OCLC WorldCat database. In addition, users can find a selection of article citations, archival materials and UC and other universities'

digitized books—all through one online service. Other features include a single search box, relevancy ranking of search results, result sets that bring multiple versions of a work together, easy ways to refine results, citation formatting options, reviews and cover art.



California Digital Library Implementation Team, *clockwise, from bottom left*: **Terry Ryan**, Co-chair, UC Implementation Team, Next Generation Melvyl Pilot, UCLA; **Charlotte C. Rubens**, Head, Interlibrary Services, University of California, Berkeley; **Amy Kautzman**, Associate University Librarian for the Humanities & Social Sciences, UC Davis; **Ellen Meltzer**, Information Services Manager, University of California–California Digital Library; **Luc Declerck**, Associate University Librarian, Technology Services, University of California, San Diego; **Sara Davidson**, Head, User Communication & Instruction, UC Merced; **Adam Brin**, Technical Lead, University of California–California Digital Library; **John Riemer**, Head, UCLA Library Cataloging & Metadata Center, UCLA; and **Patti Martin**, Director, Bibliographic Services, University of California–California Digital Library.

More than 100 libraries on the 10 UC campuses support the University's teaching and research. Collectively, the UC libraries make up the largest research/academic library in the world, with over 34 million volumes in their holdings and significant digital collections. Through a locally branded Melvyl

Catalog interface, as well as interfaces for the 10 UC campuses, the service provides users with the ability to search the entire WorldCat database while at the same time giving them the ability to narrow down a search to the local campus library level. WorldCat Local interoperates with locally maintained

services such as circulation information, resource sharing and resolution to full text to create a seamless experience for the end user. Users can conduct their searches in a number of languages including Spanish and Chinese, a useful feature for UC's diverse students.



Libraries of the 10 UC campuses

Berkeley	Merced	Santa Barbara
Davis	Riverside	Santa Cruz
Irvine	San Diego	
Los Angeles	San Francisco	

“OCLC’s vision for seamlessly integrating discovery of locally held library resources with resources held elsewhere across the international bibliographic network is similar to ours. The partnership with OCLC offers an opportunity to present the vast UC library collection in ways that are consistent with the discovery needs of today’s faculty and students.”

Karen Butter

Assistant Vice Chancellor and University Librarian, UC San Francisco, and chair of the UC/OCLC executive team

Creating system-wide efficiencies in library management

For OCLC member libraries, Web scale means new OCLC services that will enable them to reduce the cost of managing their collections and operations while improving services to users.

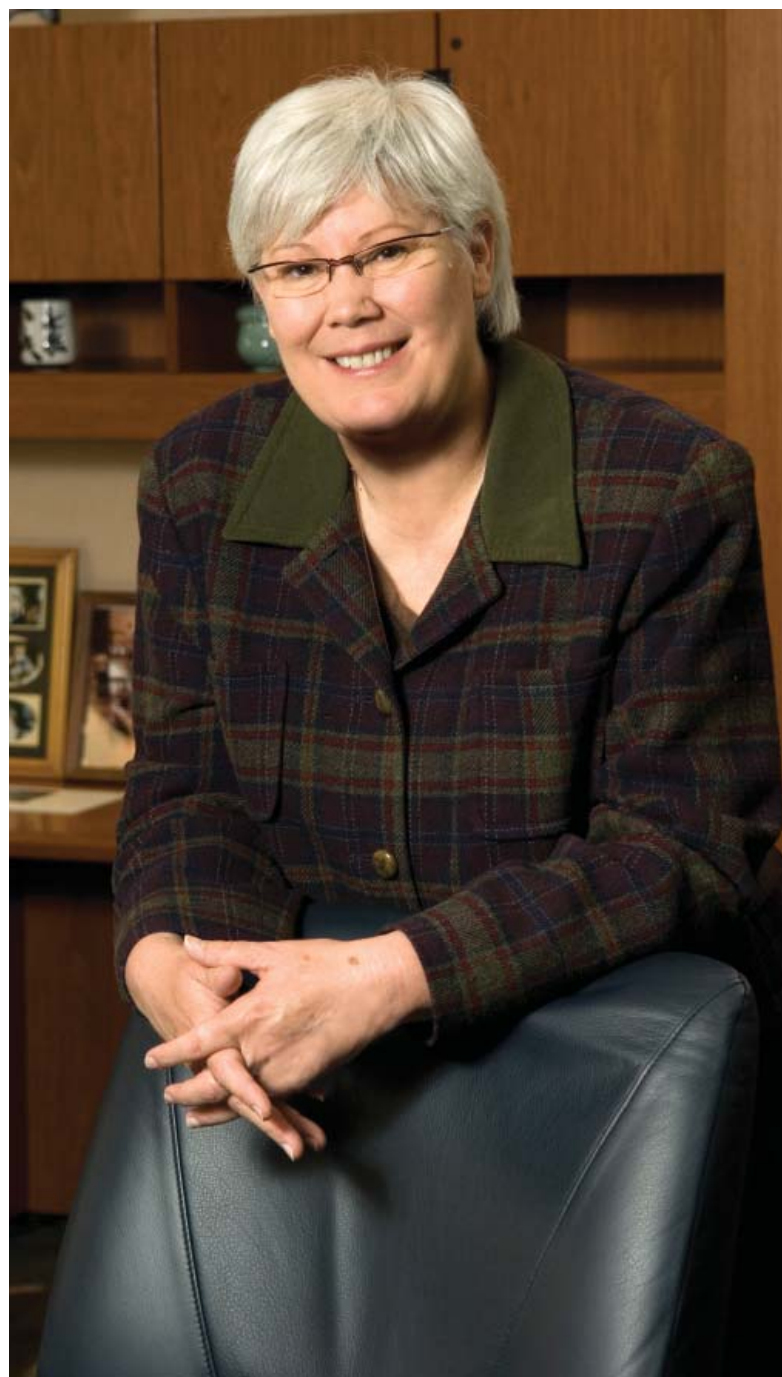
Next Generation Cataloging Pilot

OCLC's Next Generation Cataloging service, which was piloted during fiscal 2008, will streamline cataloging by capturing and enriching ONIX metadata from publishers and material vendors.

Capturing metadata earlier in the cataloging process will result in workflow efficiencies and greater 'upstream' availability of metadata for use in library technical processing and end-user interfaces. The process will also allow output of enriched metadata in ONIX format, providing value and efficiencies in publisher supply-chain metadata creation and maintenance in support of library, wholesale and retail markets.

“Library technical services departments require breakthrough, double-digit improvements in cost, time and effectiveness to do more work with the same or fewer resources at a time when they also must find ways to become involved in new library initiatives. Efficiently reusing metadata from publishers supports the continued relevance and success of bibliographic control going forward.”

Karen Calhoun
Vice President
WorldCat and Metadata Services





“The vendor/publisher-supplied headings allow our customers to browse our catalog with terminology they are familiar with. The project has been an amazing success! Our customers locate and place holds on new titles much sooner. It also makes our cataloging department much more efficient and our bibliographic records more complete.”

Linda Mortland
Bibliographic Enhancement Supervisor
Phoenix Public Library

*Top photo, standing left to right, Phoenix Public Library staff: **Sherilyn Stagner, Erin Mullarkey, Cindy Walley, Maureen Dooling and Julie Haase.** They are wearing T-shirts that display the winning design for the new Phoenix Public Library Card that will debut in January 2009.*

*Above left: Cesar Chavez Library
Above right: Burton Barr Central Library
Both are branches of Phoenix Public Library.*



“We see opportunities to improve the products and services that supply metadata to libraries and retailers around the world. NextGen services have the potential to support medium- and smaller-sized publishers who do not have the resources to do metadata well. We look forward to the next phase of development.”

Wendell Lotz
Vice President of Metadata, Ingram Book Group

Creating system-wide efficiencies in library management

CONTENTdm

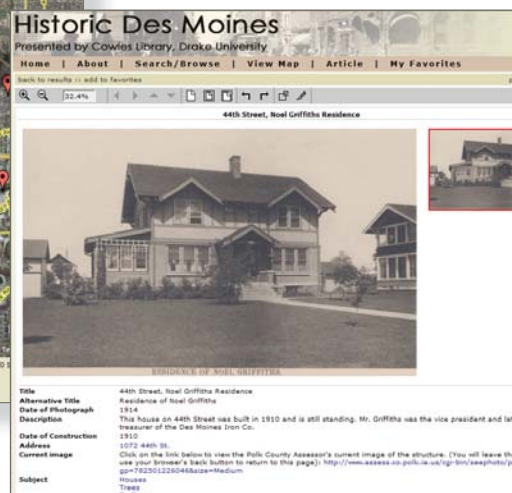
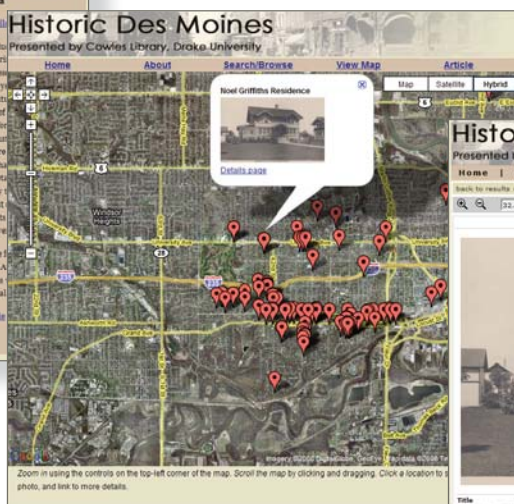
OCLC digital collection services—CONTENTdm, Web Harvester and the OCLC Digital Archive—support the entire life cycle of digital objects and offer libraries a complete solution for digital collection creation, management and preservation. CONTENTdm software helps libraries scan, catalog and deliver rare materials and special collections to the Web—and into WorldCat. More than 200,000 records and images from 400 CONTENTdm collections have been added to WorldCat, exposing these unique riches to a global audience through WorldCat.org.

Virtual Reference

Public library users in the United Kingdom now have access to reference librarians 24 hours a day, seven days a week, 365 days a year. Enquire, an online reference service for 86 public libraries, recently became a member of the OCLC 24/7 Reference Cooperative, joining 1,400 other libraries around the world that work together to deliver reference assistance to researchers anytime, anywhere. As a member, an Enquire reference librarian can now answer questions locally and nationally or refer them to the cooperative, providing users with after-hours support as well as the expertise of a global network of reference librarians. Enquire librarians also field questions from library users anywhere in the world as part of their participation.



Penney Farrell, Reference & Information Services Librarian at Castlebrook High School in the United Kingdom, uses Enquire to provide homework help to students.



Drake University digitized historic photographs of homes, buildings and parks in Des Moines, Iowa, and linked them to Google Maps using CONTENTdm. As a result, library users get a new perspective on the special collection and its unique value to the community.



“OCLC has the tools to help cultural heritage institutions put their special collections on the Web as well as digital archive services to preserve these valuable resources for the long term. Our members are creating a new environment in which their unique or rare materials can be viewed 24/7 by researchers, scholars and students around the world.”

Greg Zick, Vice President, Digital Collection Services

“OCLC’s strategic alliances with publishers, book vendors, search engines and others are generating new cost efficiencies for library workflows in acquisition, description, discovery, delivery and preservation. These new connections dramatically improve the way people use libraries to find and obtain the information they want.”

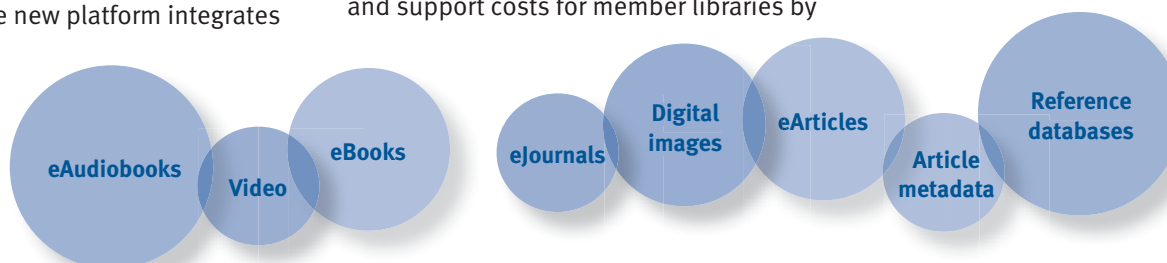
Chip Nilges, Vice President, Business Development

eContent Platform

OCLC is building a powerful eContent platform to help library users identify and connect diverse digital resources in a networked world. The new platform integrates

discovery and delivery of OCLC’s eContent portfolio, including FirstSearch databases and NetLibrary eBooks, eJournals and eAudiobooks; and lowers administrative and support costs for member libraries by

consolidating several services into one. A demo site of the new platform will be available in 2009.



OCLC: Next-Generation Services

Making WorldCat Web services a valued part of library operations

WorldCat Web services are software components that can be recombined and reused with library applications on the Internet. The services are available through machine interfaces using emerging Web-based protocols, and they enhance library systems by integrating WorldCat data and functionality with library Web sites, link resolvers, catalog tools and other services.

Services

OCLC began its Web services in fiscal 2007 with the xISBN service and the WorldCat Registry. In fiscal 2008, OCLC introduced the WorldCat Search API, the WorldCat xISSN, the SRU updating service and acquired EZproxy.

With the **WorldCat Search API**, libraries can mix WorldCat records and holdings with their discovery services.

The **SRU Updating service** makes it easier for libraries to keep their union catalogs in synch with WorldCat. The Nederlandse Centrale Catalogus (NCC: the Dutch Union Catalogue) is the first catalog to be synched with WorldCat. As bibliographic records and holdings are added to NCC, WorldCat is automatically updated in the background.

The **WorldCat xISSN** supplies all International Standard Serial Numbers (ISSNs) associated with the more than 700,000 periodicals in WorldCat.

EZproxy authentication and identity management software makes it easy for users to get access from their homes or offices to library e-resources.

The **WorldCat xISBN** service supplies International Standard Book Numbers (ISBN) associated with individual works in WorldCat.

The **WorldCat Registry** manages an institution's identity centrally so that it can be surfaced in multiple service scenarios.



“At the University of Houston, the WorldCat Search API allows our librarians to mash up bibliographic data with covers and reviews from other sources to seamlessly create vivid Web pages that highlight the library’s collections to our users.”

Karen A. Coombs

Head of Libraries' Web Services
University of Houston

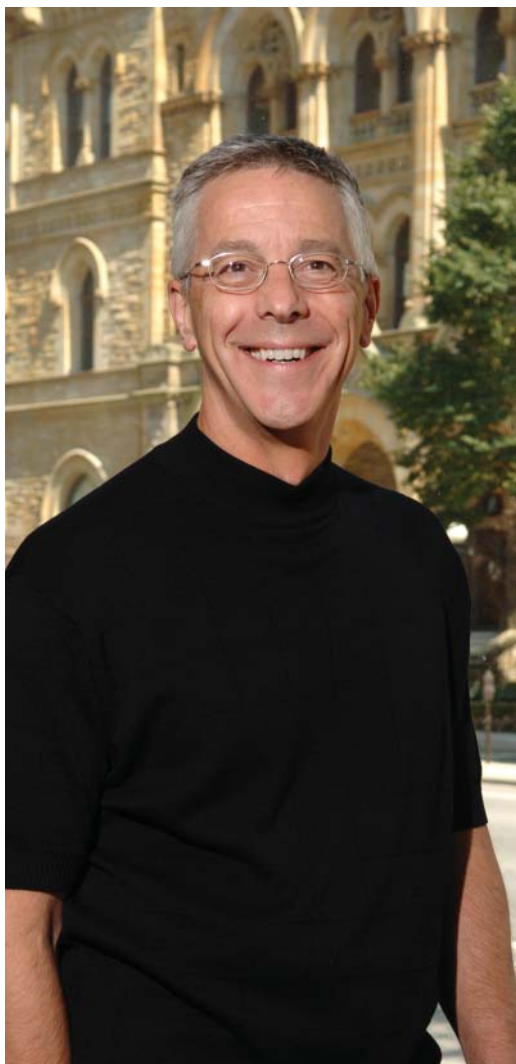


“With this great new link (SRU Updating), our Dutch holdings will be even easier to find online. People who are searching for a title on the Web can now spot the copy available close to home, even a few seconds after it has been added in NCC. This helps libraries get the Web scale they need.”

Anja Smit

University Librarian
Maastricht University
The Netherlands

Increasing OCLC's global relevance and position of trust



One of OCLC's chartered objectives is "to promote the evolution of library use, of libraries themselves and of librarianship." In pursuit of that objective, OCLC invests in research and advocacy in a wide variety of programs and projects.

Programs and Research

OCLC Research provides the OCLC cooperative and the RLG Partnership with an infrastructure and interactive process for helping libraries, archives and museums deal with the rapidly changing digital, global community

In fiscal 2008, OCLC Research staff:

- Were named to co-chair a National Science Foundation task force on the economic sustainability of digital preservation
- Helped develop an enhanced version of the PREMIS Data Dictionary for Preservation Metadata, a resource for implementing preservation metadata in digital archiving systems
- Coordinated a beta test of WorldCat Identities and helped launch the production service in WorldCat.org
- Researched the information behaviors of 'Millennials' and what new services libraries need to offer this new generation of users
- Launched the OCLC Crosswalk Web service demo, which translates metadata records from one format to another
- Began working with Zepheira, a company that specializes in semantic technologies and data integration, to rearchitect OCLC's Persistent URL (PURL) service
- Surveyed 18 partners to establish a baseline understanding of descriptive metadata practices
- Published several influential reports, including those on digitization, offsite storage and integration among libraries, archives and museums
- Launched a new series of podcasts and webinars to share insights into new research, explore areas for programmatic attention and provide opportunities to hear what is keeping our colleagues awake at night.

"With motivated RLG Partner institutions we're gathering the evidence, establishing the understandings and doing the beta development that will create a new array of services for research institutions. Renewing and extending the value of libraries, archives and museums everywhere is our goal."

Jim Michalko
Vice President, RLG Programs

Increasing OCLC's global relevance and position of trust

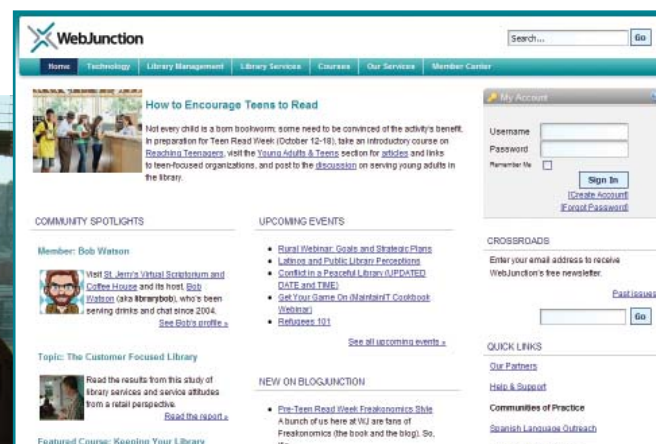
Building community

WebJunction.org is an online learning community for librarians and library staff. Built with grant funding from the Bill & Melinda Gates Foundation, the community helps members share knowledge and experience in order to provide the broadest public access to information technology for library users. The site contains a range of online courses along with content creation and social tools, such as friends, public profiles, groups, discussions, tagging and recommendations.

In fiscal 2008, WebJunction:

- Launched a new platform with expanded service offerings in social networking, content management and online learning
- Partnered with the Association of Rural and Small Libraries to share best practices, research, ideas and discussion on issues most relevant to rural and small libraries

- Released a new report for library staff: *Sustaining Public Access Computing Programs: Technology and Management Competencies*.



Left to right:
Clayton Wood,
Managing Director, WebJunction
Marilyn Mason,
Founder and Executive Director,
Retired, WebJunction
George Needham,
OCLC Vice President, Member Services

“It has been my great good fortune to work with extraordinary colleagues to bring WebJunction from the merest hint of an idea seven years ago to the rich online community that it is today. Many thanks to the Gates Foundation for providing the insight, encouragement and financial support needed to create this powerful tool.”

Marilyn Mason

Promoting libraries and librarianship

OCLC advocacy programs are part of a long-term initiative to champion libraries to increase their visibility and viability within their communities. Programs include advertising and marketing materials to reinforce the idea of the library as relevant, and market research reports that identify and communicate trends of importance to the library profession. Libraries can use these materials and reports in their planning and advocacy efforts.

In fiscal 2008, OCLC published two advocacy reports:

- *Sharing, Privacy and Trust in Our Networked World*, to assist librarians in understanding the values and social networking habits of the people they serve, and to present the origin and history of “privacy” as a core professional value in librarianship.
- *From Awareness to Funding: A study of library support in America*, to explore

attitudes and perceptions about library funding and to evaluate the potential of a large-scale marketing and advocacy campaign to increase awareness of the library’s role in the community. The report was funded by a grant from the Bill & Melinda Gates Foundation.



“Libraries must more effectively communicate their current services and value in this era of rising costs and increased competition for funding and mindshare. The goal of our advocacy initiatives is to help amplify the voices of libraries to the communities and world they serve.”

Cathy De Rosa

Vice President for the Americas and
Global Vice President of Marketing



Seated, left to right:

Maggie Farrell
Dean of Libraries
University of Wyoming

David Roselle
Interim Director of Winterthur Museum
and Country Estate

Lizabeth Wilson
Dean of Libraries
University of Washington

David Lauer, Vice Chair
Former President and
Chief Operating Officer
Bank One, NA

Elisabeth Niggemann
Director General
Deutsche Nationalbibliothek

Standing, left to right:

Edward Barry
President Emeritus
Oxford University Press

Ralph Frasier
Of Counsel
Porter, Wright, Morris & Arthur LLP

Larry Alford, Chair
Dean, University Libraries
Temple University

Robert A. Seal
Dean of Libraries
Loyola University Chicago

Jay Jordan
President and
Chief Executive Officer
OCLC

Jane Ryland
Membership Consultant
Internet 2

Jerry Stephens
Librarian and Director
Mervyn H. Sterne Library
University of Alabama at Birmingham

William J. Crowe
Special Assistant to the Dean
University of Kansas Libraries

Bruce Newell
Former Director
Montana Library Network



**Victoria L. Johnson
(1948–2008)**

The Board of Trustees suffered a grievous loss on May 5, 2008, when Trustee Victoria L. Johnson died. She was elected to the Board in 2004 by the OCLC Members Council and served as trustee until her untimely death. She served as a delegate to the Members Council from 2000 to 2004. A leader, an accomplished public librarian and able administrator, she dedicated much of her professional life to encouraging children to read and grow into lifelong library users.



Front row, left to right:

Rein van Charldorp
Managing Director
OCLC EMEA

Cathy De Rosa
Vice President for the Americas
and Global Vice President of Marketing

Robin Murray
Vice President
Global Product Management

Karen Calhoun
Vice President
WorldCat and Metadata Services

Mike Teets
Vice President
Global Engineering

Tammi Spayde
Vice President
Corporate Human Resources

Back row:

Andrew Wang
Vice President
OCLC Asia Pacific

Chip Nilges
Vice President
Business Development

Greg Zick
Vice President
Digital Collection Services

Jim Michalko
Vice President
RLG Programs

Lorcan Dempsey
Vice President, Programs and Research
and Chief Strategist

Jay Jordan
President and Chief Executive Officer

Rick Schwieterman
Executive Vice President and
Chief Financial Officer

Bruce Crocco
Vice President
Library Services for the Americas



*Not present for
group photo:*

George Needham
Vice President
Member Services



James Houfek
Vice President and
General Counsel



Gary R. Houk
(1951–2008)

OCLC lost an executive and community leader on August 18, 2008 with the untimely death of Gary R. Houk. He served the OCLC cooperative with distinction and enthusiasm for 34 years. As Vice President, Corporate Information Technology and Business Integration, Gary made important contributions to the technological evolution of OCLC.



The 2007/2008 Members Council
The voice of OCLC member libraries

It is my honor to report to you on the activities of the 2007/2008 OCLC Members Council.

Each year, the Members Council President and Executive Committee develop a plan to guide the programs and activities of the Members Council for the year.

Our theme for 2007/2008 was “Moving Forward with New Understanding: Our OCLC Collaborative, Its Services and Each Other.”

At the October 2007 meeting, delegates reviewed the work done by the Governance Study Committee of the OCLC Board of Trustees and provided input to their deliberations. We also held brainstorming sessions to identify innovative processes for discussion by delegates at the February meeting.

Stephen Abram, Vice President for Innovation, SirsiDynix, shared with us some of his thinking on the future of libraries. Delegate Meribah Mansfield described the activities that enabled her institution, Worthington Libraries, to be named Library of the Year in 2007 by *Library Journal*.

Delegates unanimously adopted a resolution presented by the Task Force on E-Book Integration that urged OCLC to increase its efforts to provide eContent to libraries worldwide.

In February 2008, we looked at innovative future services identified at our October meeting.

Joe Branin, University Librarian, The Ohio State University, spoke on “Library Design in the Information Age.”

Delegate George Bishop inspired us with his vision of OCLC global resource sharing from the perspective of a small school library in rural Michigan.

Carol Mandel, Dean of Libraries, New York University, and a member of the RLG Committee of the OCLC Board of Trustees, shared her views on the topic, “Radically Re-thinking Information Services.”

And, we continued our discussions with the OCLC Board on the proposed changes to OCLC governance.

At the May 2008 meeting, Don Waters, Program Officer for Scholarly Communications, the Mellon Foundation, shared prospective roles for Mellon and OCLC in bringing special collections to light on the Web.

Vice President/President-Elect Loretta Parham gave a presentation on digitization of the Martin Luther King, Jr. papers at the Atlanta Center, and I discussed Wayne State University Libraries' partnerships with local museums and other cultural heritage institutions.

I am pleased to report that in April 2008, at the recommendation of the Executive Committee, OCLC established a Small Libraries Advisory Committee that will work to improve access to information resources for small and rural libraries.

One of the duties of the Members Council is to elect six trustees to the OCLC Board of Trustees. This year, delegates elected Tony Ferguson and me to six-year terms on the Board.

On May 20, 2008, the Members Council ratified the changes to OCLC's governance structure suggested by the Governance Task Force and proposed by the Board of Trustees. In the coming year, the Members Council will be involved in writing a new, 21st century chapter in OCLC's governance, figuring out the transition to a Global

Council. I ask you to lend them your support in the coming year. After listening closely to discussions between the Board and the Members Council about the new governance structure, I am confident that OCLC is positioned to continue to grow and add value to the membership worldwide.

Sandy Yee

2007/2008 President
OCLC Members Council

OCLC Members Council delegates 2007/2008

Migell Acosta

County of Los Angeles Public Library (OCLC Western)

Bette Ammon

Coeur d'Alene Public Library (OCLC Western)

Shirley Baker

Washington University in St. Louis (MLNC)

Beth Barlow

Surrey Public Library (OCLC Canada)

Jeff Baskin

William F. Laman Public Library (Amigos)

Rosann Bazirjian

University of North Carolina at Greensboro (SOLINET)

Chew Leng Beh

National Library Board (OCLC Asia Pacific)

Barbara Berg

Juneau Public Library (OCLC Western)

Sherrie Bergman

Bowdoin College (NELINET)

George Bishop

Ovid-Elsie Area Schools (MLC)

Stewart Bodner

New York Public Library (Nylink)

David Bradbury

City of London (OCLC EMEA)

Klaus Ceynowa

Bayerische Staatsbibliothek (OCLC EMEA)

Micaela Chávez

El Colegio de México (OCLC LAC)

Julie Cunningham

Graduate Center, CUNY (Nylink)

Susan Currie

Binghamton University (Nylink)

Cindy Czesak

Paterson Free Public Library (PALINET)

Barbara Dewey

University of Tennessee (SOLINET)

Catherine Dhérent

Bibliothèque Nationale de France (Archives)

Berndt Dugall

Universität Frankfurt (OCLC EMEA)

Poul Erlandsen

Danish University of Education (OCLC EMEA)

Tony Ferguson

University of Hong Kong Libraries (OCLC Asia Pacific)

Stephen Foster

Wright State University (OHIONET)

Claudia Frazer

Drake University (BCR)

Pat French

Multnomah County Library (OCLC Western)

Eleanor Frierson

National Agricultural Library (FEDLINK)

Anne Marie Gold

Sacramento Public Library (OCLC Western)

Juha Hakala

Helsinki University Library (OCLC EMEA)

Rita Hamilton

Scottsdale Public Library System (Amigos)

Joan Heath

Texas State University San Marcos (Amigos)

Deanne Holshouser

Edwardsville Public Library (ILLINET)

Jieh Hsiang

National Taiwan University Library (OCLC Asia Pacific)

Kathleen Imhoff

Lexington Public Library (SOLINET)

Ernie Ingles

University of Alberta (OCLC Canada)

Jan Ison

Lincoln Trail Libraries System (ILLINET)

Graham Jefcoate

Radboud Universiteit Nijmegen (OCLC EMEA)

Patricia Kantner

Purdue University (INCOLSA)

Charles Kratz

University of Scranton (PALINET)

Michael LaCroix

Creighton University (NEBASE)



Left to right:

Jamie LaRue, Delegate-at-Large; **Sandy Yee**, President; **Loretta Parham**, Vice President/President-Elect; **Bunny Gunderson**, Members Council Program Specialist, OCLC; **Berndt Dugall**, Delegate-at-Large; **Lyn McKinney**, Delegate-at-Large; and **Rich Van Orden**, Members Council Program Director, OCLC.

Not present for group photo:

Jennifer Younger,
Delegate-at-Large



Representing Libraries Worldwide

The 2007/2008 OCLC Members Council Executive Committee

Jamie LaRue

Douglas County Libraries (BCR)

Mary Ann Laun

Pasadena City College (OCLC Western)

Ishwar Laxminarayan

Jackson District Library (MLC)

Meribah Mansfield

Worthington Libraries (OHIONET)

Lyn McKinney

Billings Senior High School (OCLC Western)

Cathy Norton

Oceanographic Institution (BLC)

Beverly Obert

Rolling Prairie Library System (ILLINET)

Loretta Parham

The Atlanta University Center (SOLINET)

Steve Podgajny

Portland Public Library (NELINET)

Jean Poland

Cornell University Library (Nylink)

Anne Prestamo

Oklahoma State University (Amigos)

Margaret Rouse-Jones

The University of the West Indies (OCLC LAC)

Suzanne Ryder

Naval Research Laboratory (FEDLINK)

Ted Schwitzner

Illinois State University (ILLINET)

Lynne Siemers

Washington Hospital Center (OCLC Eastern)

Gregg Silvis

University of Delaware Library (PALINET)

Ariëtte Skolnik

Haarlem City Library/Stadsbibliotheek Haarlem
(OCLC EMEA)

Pamela Snelson

Franklin & Marshall College (PALINET)

Wilbur Stolt

University of North Dakota (MINITEX)

John Szabo

Atlanta-Fulton Public Library System (SOLINET)

Sheryl Taylor

Dordt College (BCR)

John Teskey

University of New Brunswick (OCLC Canada)

Ellen Tise

Stellenbosch University (OCLC EMEA)

John Ulmschneider

Virginia Commonwealth University (SOLINET)

Lamar Veatch

Georgia Public Library Service (SOLINET)

Elsie Weatherington

Virginia State University (SOLINET)

Kendall Wiggin

Connecticut State Library (NELINET)

Lynn Wiley

University of Illinois at Urbana-Champaign (ILLINET)

Pat Wilkinson

University of Wisconsin-Oshkosh (WILS)

Bruce Willms

Metropolitan State University (MINITEX)

Sandy Yee

Wayne State University (MLC)

Jennifer Younger

University of Notre Dame (INCOLSA)

www.oclc.org/memberscouncil/

Collections and Technical Services Advisory Committee

Edith Gewertz

The New York Public Library
The Research Libraries

Sally Grucan

Olin Library
Wesleyan University

Stephen Hearn

Wilson Library
University of Minnesota

Emily Jaycox

Library & Research Center
Missouri Historical Society

Hana Kapic

Phoenix Public Library

Andrea Kappler

Evansville Vanderburgh Public Library

Rebecca L. Mugridge

Pennsylvania State University

Norma Read

UCT Libraries
University of Cape Town

Maureen P. Walsh

The Ohio State University Libraries

Amy Wood

Center for Research Libraries

Linda Woodcock

Kwantlen University College
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Irene Zimmerman

University of Wisconsin–Madison
Memorial Library

Dewey Decimal Classification Editorial Policy Committee

David Farris

Library and Archives Canada/Bibliothèque et
Archives Canada

Andrea Kappler

Evansville Vanderburgh Public Library

Caroline Kent, EPC Chair,

British Library

Lyn McKinney

Billings Senior High School Library

Anne Robertson, EPC Vice Chair,

Australian Committee on Cataloguing

Deborah Rose-Lefmann

Northwestern University Library

Sandra Singh

Vancouver Public Library

Arlene G. Taylor

University of Pittsburgh

Welna van Eeden

University of South Africa

Beacher Wiggins

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Library of Congress

Reference Services Advisory Committee

Carla Cantagallo

W.T. Young Library
University of Kentucky

Virginia Cole

Cornell University

Kristen J. Pool

Kent Free Library

Joy Schwarz

Winnefox Library System

Chantal St-Louis

Bibliothèque des Sciences Humaines et Sociales
Université Laval

Carolyn Strickland

Lake County Public Library

Paul Ulrich

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www.oclc.org/membership/advisorycommittees/
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The 2007/2008 Regional OCLC Networks Advisory Committee

State and regional networks contract to provide support, training and OCLC services to OCLC participating libraries. OCLC works closely with networks to provide value-added services to OCLC members in the U.S. The Regional OCLC Networks Advisory Committee (RONDAC) provides a forum for OCLC management and network directors to discuss issues of mutual concern regarding strategic direction and policies. Links to network Web pages are at www.oclc.org/contacts/regional/. International distributors contract with OCLC international divisions to provide OCLC services and support to libraries.



Standing, left to right: **W. David Penniman**, Nylink; **Michael Butler**, OHIONET; **Kathryn Schneider**, WILS; **Suzanne Lauer**, OCLC; **Doug Potts**, OCLC; **Cathy DeRosa**, OCLC; **Michael Piper**, INCOLSA; **Pam Bailey**, OCLC Western; **Lynn McDonald**, FEDLINK; **Randy Dykhuis**, MLC; **Brenda Bailey-Hainer**, BCR; **Suzanne Schriar**, ILLINET; *seated, left to right:* **Bonnie Juergens**, Amigos; **William DeJohn**, MINITEX; **Tracy Byerly**, MLNC; **Irene Hoffman**, OCLC Eastern; *not pictured:* **Devra Dragos**, NEBASE; **Arnold Hirshon**, NELINET; **Kate Nevins**, SOLINET; **Roberta Shaffer**, FEDLINK; **Catherine Wilt**, PALINET.

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www.amigos.org

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Federal Library and Information Center Committee (FEDLINK)

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www.cyberdriveillinois.com/departments/library/who_we_are/OCLC/home.html

Indiana Cooperative Library Services Authority (INCOLSA)

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PALINET

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Southeastern Library Network, Inc. (SOLINET)

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Wisconsin Library Services (WILS)

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OCLC Staff Teams

OCLC is committed to supporting an inclusive work environment based on teamwork, diversity and trust. Our employees share a commitment to OCLC's mission of furthering access to the world's information and reducing library costs. On the following pages, we highlight the teams that have made exceptional contributions to the OCLC cooperative in fiscal 2008.

OCLC offices

Australia:

Footscray, Victoria
Perth, Western Australia

Canada:

Calgary, Alberta
Chambly, Québec
Winnipeg, Manitoba

China:

Beijing

France:

Asnières sur Seine

Germany:

Berlin
Bonn
Oberhaching

México:

Mexico City

Netherlands:

Leiden

Switzerland:

Basel

United Kingdom:

Birmingham
Sheffield
St Andrews

United States:

Bethlehem, Pennsylvania
Blackwood, New Jersey
Bloomfield, New Jersey
Boulder, Colorado
Dublin, Ohio
Lacey, Washington
Ontario, California
Overland Park, Kansas
San Mateo, California
Seattle, Washington
Washington, D.C.

The **Batchload team** in Dublin, Ohio, and Leiden, the Netherlands, worked with OCLC member libraries to batch-process more than 212.1 million records. Projects include processing large national files, updating of library holdings and adding original cataloging records.



Leiden, left to right:
Tonny van der Vegt,
Leo de Jong,
Agnes Vercammen

Not pictured:
Jacqueline Oude Luttighuis



Dublin, seated, left to right: Peg Smith, Danny Phipps, Carrie Morrison, Ted Fons

Standing, left to right: Todd Talarico, Tracy DeGood, Doug Perkins, Susie Loesch, Joanne Gullo, Judy Murran, Marianne Kozsely, Tony Chirakos, Ed Glazier, Larry Wolkan, Deidra Amsbaugh, Rich Greene, Wendy Kegler, Karen Calhoun, Angelica Delgado

Not pictured: Brad Gregg



The **WorldCat Local launch team** has moved WorldCat Local from pilot mode into production and is now installing the new service in libraries. WorldCat Local provides a single interface to the collections of a library and interoperates with locally maintained services such as circulation, resource sharing and resolution to full text to create an integrated experience for library users.

Dublin, left to right, top row: Cathi Hughes, Rich Greene, ME Woods, Mickey Hawk, Andy Havens, Tom Miller, Mike Bassitt, Kathy Fishbaugh, Ming Tang, Mike Prasse, Ron Corcuera, Ed Macklin, Brandon Zeeb, Andy Kish, Rob Ross, Mela Kircher, Bridget Dauer, Debbie Blaho, Judy Murran

Center row: Becky Hurley, Colleen Way, Doug Perkins, Linda McCann, James Davenport, Phil Norman, Matt Goldner, Michael Panzer, Tony Chirakos, Marianne Kozsely, Mike Veselenak, Bob Schulz, Steve Crume, Jinbin Cui, Mindy Pozenel, Jim McDonald, Christie Heitkamp, Tod Matola, Rick Limes

Bottom row: Bob Murphy, Larry Wolkan, Susie Loesch, Chris Galvin, Angelica Delgado, Bill Rogge, Sonya Oliver, David Duke, Janet Hawk, Charlotte Sturtz, Ellen McCarthy, Craig Wright, Carol Miller, Joanne Phelps

Not pictured: Vasu Akkineni, Deidrea Amsbaugh, Janet Bickle, Rich Boyne, Paul Brogger, Jonathan Butteltmann, Christie Campbell, Tracy DeGood, James Fitch, Kim Fortney, Kate Gaylord, Ed Glazier, Brad Gregg, Joanne Gullo, Michael Hall, Pam Harrington, Matt Hartfield, Jenny Johnson, Wendy Kegler, Peggy McIntyre, Marianne Mercer, Lori Meyers, Dave Morris, Julie Morris, Carrie Morrison, Jennifer Pearson, Gary Perlman, Dan Phipps, Kathleen Quinton, Will Ryan, Susan Shen, Rich Skopin, Peg Smith, Cheryl Snowdon, Kas Streif, Todd Talarico, Judy Vaillancourt, Albert Zavar, Xifeng Zhang

The **Global Finance team** provides financial services for OCLC worldwide, including such activities as accounting, accounts payable/receivable, payroll, project time reporting, purchasing, cost accounting, insurance, business planning and financial reporting.



Wolfgang Maier
Munich



Sylvia Maier
Lacey



Kerena Robson, Marje Davis
Birmingham



Indy Singh, Claire Guest,
Carole Clarke, Michael Markham
Sheffield



Anne Mueller
Boulder



Debby Xu
Washington DC

Henri van der Meer,
Sylvia van Spaandonck,
Rob Stricker, Jos Jakob;
not pictured:
Saman Weerasinghe
Leiden



Dublin, standing, left to right, front row: Suzie Hill, Bonnie Preece, Chad Beuck, Tami DuScheid, Jim Schwabauer, Charissa Fuller, Sondra Kowaluk, Julie DiAngelis, Pamela Bridges

Second row: Marianne Vagnier, Pat Ring, Jenny Cao, Tricia Ohler, Jonna Weidner, Melissa Gower, Patty Bergman, Tiffany Elder-Anderson, George Brinegar, John Howard

Third row: Laurel Keegan, Lori Doon, Joyce Cunningham, Elaine Meeker, Karen Miller, Candy Smith, Nils Muladore, John Guseman, Karen Carsey, Shane Escaro

Back row: Cathy Evans, Mark Sutter, Chuck Harmon, David Coleman, Jerry Smith, Rick Schwieterman, Kevin Elliot, Chip Ferko, Mark Mravich, Shelly Roy, Sidney Wu

Not pictured: Lisa Clark, Shawn Fernando, Janet Maples



The **WebJunction** team celebrated the fifth anniversary of the WebJunction online community for public librarians in 2008 and launched a new version of its Web site. The Bill & Melinda Gates Foundation has generously supported WebJunction since its inception.

Seattle, kneeling and seated on floor, left to right: Donovan Deakin, Michael Porter, Michael Shapiro, Dale Musselman

Seated, left to right: Laura Zingg, Katarina Vatne, Marilyn Mason, Rachel Van Noord, Sharon Streams

Standing, left to right: Betha Gutsche, Laura Staley, Allison Severinghaus, Emily Warren, Tim King, Clayton Wood, George Needham, Jennifer Peterson, Zola Maddison, Linda Lewis, Kathryn Perkins, Jim Malzewski

Not pictured: Kevin Briody, Kathleen Gesinger, Kit Greening, Chrystie Hill, Emily Inlow-Hood, Anna Leavitt, Kendra Morgan, Yvonne Ricker, Janet Salm, Lisa Wozniak, Patricia Yu



Dublin, seated left to right: Pete Schroeder, Rarin Ole Sein, Nathan Shaw, Doug O'Shelski

Standing, left to right: William Archer, Jay Cermak, Mei Jin, Zareen Syed, Tyler James, Ali Baldiwala, Tom Fought

Not pictured: Ayan Dave, Chris Maruschak, Denise Stewart

The **Data Center team** implemented a second data center in Westerville, Ohio, about 15 miles from OCLC's Dublin campus. The new data center provides OCLC with disaster recovery and business continuity as well as a platform for developing and testing new services.



Dublin, top row, left to right: Ron Candage, Lonny Sivey, Nils Muladore, Rick Smith, Brady Maxwell, Lora Chappellear-Pearson, Larry Phelps, Mark Baker, Bill Harper, Chuck Dyer, Rob Hermance-Moore, Denis Snyder, Suzanne Snyder, Stacey Wideman, Gene Oliver, Archana Prasad, Felicia Simpson-Ogden, Bob Tallman, Gene Levine, Jim Davenport, Wendell Mumaw

Bottom row: Ron Vu, Brian Wingerter, Bob Fenstermaker, Dan Layshock, Damian Robinson, Steve Howard, Marc Poland, Glenn Howell, Charles Daily, Rich Boyne, Steve Roggenkamp, Linda Frank, Keith Carter, James Jones, Fred Yale

Not pictured: Dewey Copley, Julie Gay, Tip House, Forrest Jenkins, Jason Johnson, Bud Metz, Kevin O'Neil, Bill Rogge, Kurt Rossbach, Tom Schweitzer, Joshua Thomas

Financial Report 2007/2008

Report of the Audit Committee

The Audit Committee, consisting entirely of independent trustees, assists the Board of Trustees in its oversight of OCLC's financial reporting process, and is responsible for, among other things, reviewing with Deloitte & Touche LLP, our independent auditors, the scope and results of its audit engagement.

The management of OCLC has the primary responsibility for the preparation and integrity of OCLC's financial statements, accounting and financial reporting principles, and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. OCLC's independent auditors are responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on their conformity with accounting principles generally accepted in the United States of America.

The accompanying condensed consolidated financial statements and financial information included elsewhere in the annual report are derived from the audited consolidated financial statements and include amounts that

represent the best estimates and judgments of management.

In fulfilling its oversight responsibilities, the Audit Committee has:

- Reviewed and discussed with management the audited consolidated financial statements of OCLC for fiscal 2008
- Discussed with Deloitte & Touche LLP the matters required by Statement on Auditing Standards No. 114, *The Auditor's Communication With Those Charged With Governance*
- Received from and discussed with Deloitte & Touche LLP the communications required by AICPA Independence Rule 101.

Based on the Audit Committee's independent discussions with management and the independent auditors, and the Audit Committee's review of the representations of management, and the report of the independent auditors to the Audit Committee, the Audit Committee recommended to the Board of Trustees that the audited consolidated financial statements for the year ended June 30, 2008 be accepted. The

audited consolidated financial statements, accepted by the Board of Trustees, appear at OCLC's Web site: www.oclc.org/news/publications/financial/.

Audit Committee

Robert A. Seal, Chair
Edward W. Barry
Maggie Farrell
Ralph K. Frasier
Lizabeth Wilson

Management Representatives

Jay Jordan
President and
Chief Executive Officer, OCLC

Rick J. Schwieterman
Executive Vice President and
Chief Financial Officer, OCLC

Introduction

OCLC is a nonprofit, membership, computer library service and research organization whose public purposes of furthering access to the world's information and reducing library costs dominate its plans and activities. In support of these purposes, OCLC strives to maintain a strong financial base by operating in a business-like manner in order to accommodate growth, upgrade technological platforms, conduct research and development and still subsidize worthwhile projects for the benefit of libraries and their users. OCLC follows a conservative, nonaggressive accounting and operating philosophy in maintaining its financial reporting and internal control systems.

Fiscal 2008 Results

In fiscal 2008, OCLC's revenues were \$246.4 million, up 4.9 percent from fiscal 2007 revenues of \$234.9 million. Contribution to equity (excess of revenues over expenses) in fiscal 2008 was \$11.7 million, compared to \$19.5 million in fiscal 2007.

The fiscal 2008 contribution included a gain of \$6.1 million from realized investment portfolio transactions compared to \$13.5 million in the prior year. The fiscal 2007 contribution included \$4.2 million of amortized goodwill expense related to the merger with RLG (see Condensed Consolidated Notes on page 55). Excluding portfolio gains, interest and dividend income from the investment portfolio and other gains, OCLC operates on essentially a break-even basis, at 0.2 percent of revenues in fiscal 2008 and 0.3 percent in fiscal 2007 (see chart on page 51, "Contribution as a percentage of revenue").

With the concurrence of the Board of Trustees and Members Council, OCLC strives to achieve an annual contribution (including income from the investment portfolio) on a five-year rolling average of 4 to 6 percent in order to maintain long-term financial viability in pursuing its public purposes as noted above. OCLC recognizes that in some years the objective will be exceeded, and in other years it will not be achieved. Over the past five years, OCLC has achieved positive operating results, while fluctuations in its investment portfolio have

affected total contribution to equity in any given year. The five-year rolling average net contribution as a percent of revenues through fiscal 2008 was 6.6 percent, compared to 5.7 percent through fiscal 2007. Exclusive of dividend and interest income, portfolio and other gains, the five-year rolling average as a percent of revenues through 2008 was 0.3 percent, compared to 0.4 percent through fiscal 2007.

OCLC's revenues result from sharing its operating costs with libraries it serves and are organized into seven product portfolios (see Legend on page 53).

Fiscal 2008 Metadata Services revenues increased to \$85.8 million from \$84.1 million the previous year. The number of books and other materials cataloged online increased slightly to 32.4 million in fiscal 2008; the number of items cataloged by batchloading increased to 212.1 million, up from 139.7 million the previous year, due to process improvements and the loading of several large national library files.

Delivery Services revenues in fiscal 2008 increased \$3.2 million to \$47.1 million, with Resource Sharing generating \$2.2 million of the increase and ILLiad, \$0.9 million. The number of online interlibrary loans grew from 9.8 million to 10.0 million, and the number of interlibrary loan fee management transactions increased from 903,000 to 967,000.

Revenues in Management Systems increased to \$22.3 million from \$21.6 million the previous year. The results include revenue increases of \$400,000 from SunRise systems, \$300,000 from OLIB, \$500,000 from QuestionPoint, \$200,000 from WorldCat Collection Analysis, \$400,000 from Central Bibliographic Systems and \$300,000 from Local Bibliographic Systems. There was a decrease of \$1.3 million related to the completion of a major project with the U.S. National Archives and Records Administration, which has now entered into a maintenance phase.

End User revenues in fiscal 2008 were \$25.8 million, flat when compared to fiscal 2007. The results include increased revenues of \$300,000 from PiCarta, \$100,000 from

CPORTAL, and \$100,000 from ZPORTAL. There was a decrease of \$500,000 for FirstSearch OCLC content. The number of FirstSearch searches in WorldCat increased by 0.8 million to 38.9 million.

Licensed Content revenues decreased by \$500,000 to \$33.4 million. An increase of \$2.2 million in revenues from eBook subscriptions and hosting services was offset by a continued decline in revenues from subscriptions for licensed databases.

Revenues in Digital Collection Services increased \$600,000 to \$4.6 million in fiscal 2008 and included \$700,000 in additional revenues from CONTENTdm.

Other revenues in fiscal 2008 were \$27.3 million, an increase of \$5.7 million from fiscal 2007. Revenues from the Bill & Melinda Gates Foundation for WebJunction increased \$7.0 million. Revenues from system access fees decreased by \$1.3 million, representing cost savings to libraries.

Cost-Sharing Actions, Credits, Subsidies and Cooperative Programs

OCLC's chartered objective of reducing the rate of rise of library costs is a key element in its financial strategy. OCLC seeks to equitably share among participating libraries the costs of providing services, operating cooperative programs and maintaining long-term viability. Over the last 10 years, OCLC has held its cumulative cost-sharing increases substantially below the level of inflation that educational institutions have experienced (see chart, "Percent change in HEPI and OCLC cost sharing" on page 7), which is consistent with its public purposes.

In fiscal 2008, OCLC provided libraries with \$18.9 million in credits, incentives and subsidies for cooperative programs (an increase of 9.9 percent), primarily for cataloging and resource sharing, to encourage the growth and quality of WorldCat. The total amount of credits, incentives and subsidies in the past five years is \$82.5 million, clearly demonstrating OCLC's commitment to its public purposes (see chart on page 51, "OCLC credits, subsidies & cooperative programs").

Participation Outside the U.S.

In fiscal 2008, OCLC's cost-sharing revenues from libraries and institutions located outside the U.S. increased 13.1 percent to \$56.2 million (see chart below, "International revenues by region"). The increase is due to growth in Metadata Services of \$2.0 million, Delivery Services of \$800,000, Management Systems of \$1.5 million, Licensed Content of \$1.0 million and End User of \$900,000.

Enterprise Resource Investment

OCLC continuously invests in new hardware, software, databases and development of systems to provide services to participating institutions. This investment fluctuates, depending on service growth, new product introductions and replacement cycles for buildings, equipment and software. In fiscal 2008, enterprise resource investment was \$20.5 million (including capitalized development costs), up 4.1 percent from \$19.7 million the previous year. Capitalized development costs in fiscal 2008 were \$6.9 million, compared to \$5.2 million in fiscal 2007. Over the last five years, enterprise

resource investment has totaled \$89.4 million, reflecting OCLC's commitment to upgrade existing computer systems, develop and implement new library services and maintain services to libraries (see chart on page 52, "Enterprise resource investment").

Research and Development

Total research and development expenditures (noncapitalized) for fiscal 2008 were \$27.6 million, compared to \$20.3 million the previous year. Included in the total were \$10.7 million related to WebJunction, and OCLC EMEA's and RLG's (RLG was combined with OCLC in fiscal 2007) research and development expenditures of \$3.0 million and \$2.3 million, respectively. In addition, OCLC capitalized internal development labor of \$6.9 million in fiscal 2008. Over the last five years OCLC has spent \$91.3 million for research and development (see chart on page 52, "Research & development & capitalized development") and \$33.8 million in capitalized development costs that are part of the enterprise resource investment.

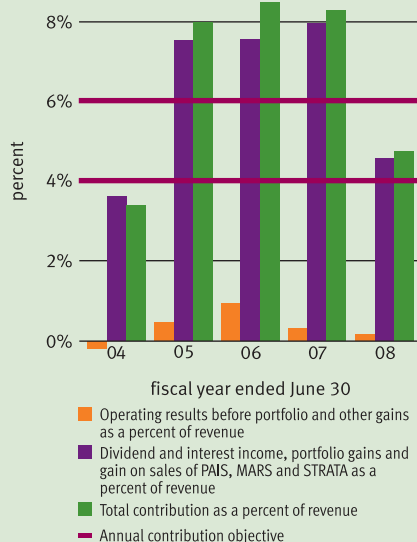
Staffing and Compensation

Expenses for salaries, wages and related fringe benefits increased to \$115.7 million from \$110.1 million the previous year. The increase is primarily due to a slight growth in staffing levels, merit and promotional increases, and inflationary increases in employee benefit plans.

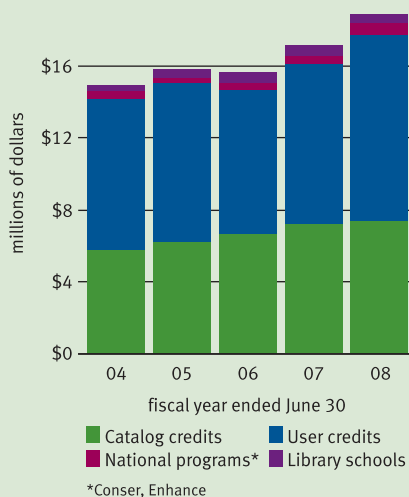
Five-Year Review

OCLC's revenues grew to \$246.4 million in fiscal 2008, a compound rate of 5.1 percent from fiscal 2003. In OCLC's traditional core service areas of Metadata and Delivery, revenues increased \$14.2 million over the past five years. The largest component of revenue growth in the past five years was a \$27.8 million increase in non-U.S. revenues, including \$17.3 million in Management Systems primarily as a result of OCLC's acquisition of European providers of library management systems (Fretwell-Downing Informatics and Sisis). In addition OCLC has launched the following services in the past five years: CONTENTdm (digital content management), eAudiobooks, QuestionPoint 24/7 Reference, WorldCat Collection Analysis

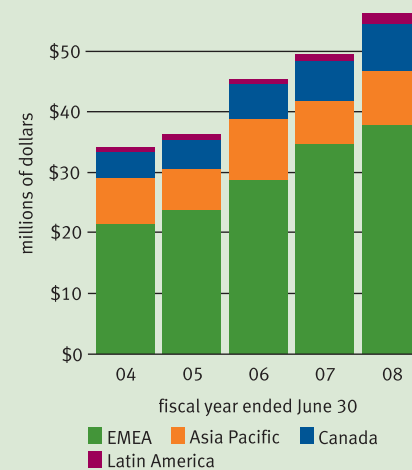
Contribution as a percentage of revenue



OCLC credits, subsidies & cooperative programs



International revenues by region



and WorldCat Selection. During the same period, OCLC divested or discontinued MARS authority control, PAIS, SiteSearch and Strata Preservation N.V.

Metadata remains OCLC's largest source of cost-sharing revenue. In fiscal 2004, it was \$83.7 million, or 44.0 percent of total revenue. In fiscal 2008, it was \$85.8 million, or 34.8 percent of total revenue. Delivery revenue as a percent of total revenue has decreased from 19.4 percent to 19.1 percent. End User and Licensed Content revenues have decreased from 11.1 percent to 10.5 percent and 15.4 percent to 13.6 percent, respectively (see chart on page 53, "Five-year service revenue comparison").

Corporate equity has increased to \$211.8 million at June 30, 2008, representing a compound growth rate of 11.1 percent from fiscal 2003. Of the \$86.5 million increase, there were \$39.9 million in realized and unrealized gains/(losses) in the investment portfolio; \$20.4 million in interest and dividend income; \$3.5 million due to changes in the postretirement benefit plan; and \$4.8 million due to the adoption of SFAS No. 158, a recent accounting pronouncement governing the accounting for defined benefit pension plans and other postretirement plans. Other

increases include \$7.4 million in net foreign currency exchange gains, a \$6.3 million gain on the sales of PAIS and MARS in fiscal 2005, and \$216,000 on the sale of Strata Preservation N.V. in fiscal 2008. The remaining \$4.0 million increase in equity is primarily due to the contribution from OCLC services to libraries.

Staff productivity has increased in the last five years. While revenues increased 29.4 percent, the number of staff increased 19.4 percent from 1,070 at June 30, 2004 to 1,277 worldwide in 26 locations at June 30, 2008 (see chart below, "Staff productivity").

Financial Position

As of June 30, 2008, OCLC had assets of \$414.2 million and corporate equity of \$211.8 million. Net working capital, which represents funds available for current operations, was \$146.3 million.

Current assets, including the investment portfolio, totaled \$264.4 million, an increase of \$2.6 million from the previous year. The investment portfolio generates interest and dividend income to support operations. It is also available for long-term growth and product development opportunities, debt

retirement (total debt was \$77.7 million at June 30, 2008) and security for advance subscription payments and unearned revenues (combined total of \$74.8 million as of June 30, 2008). The balance of cash and investments at June 30, 2008 was \$202.2 million, as compared to \$208.0 million at June 30, 2007.

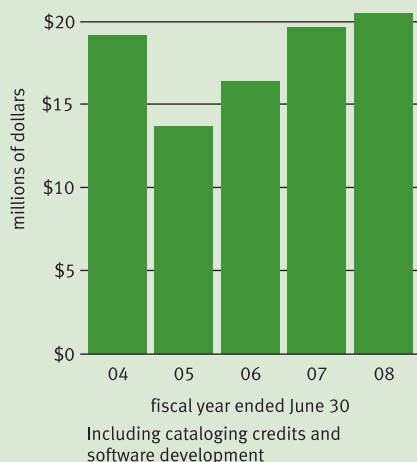
OCLC's current ratio of 2.2:1 compares favorably to OCLC's targeted benchmark of 1.5:1. The debt service ratio of 3.1:1 is substantially higher than the 1.1:1 ratio required by OCLC bond and debt agreements. OCLC's Long-Term Debt to Equity ratio of 0.30:1 is well below the customary standard of 1.35:1.

In summary, OCLC is financially well-positioned to further access to the world's information and reduce the rate of rise of library costs as well as fund investments required to support new strategic initiatives of the cooperative.

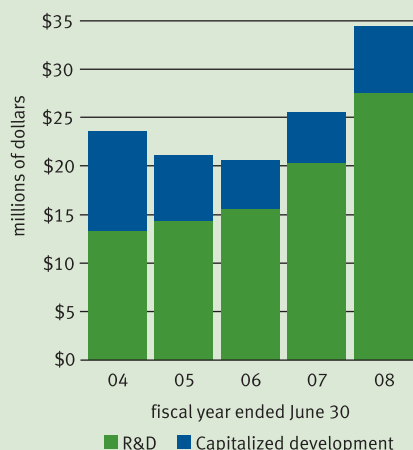
Subsequent Event

In September 2008, OCLC acquired Amlib, an Australian software development organization specializing in library management solutions for small public and school libraries (K-12).

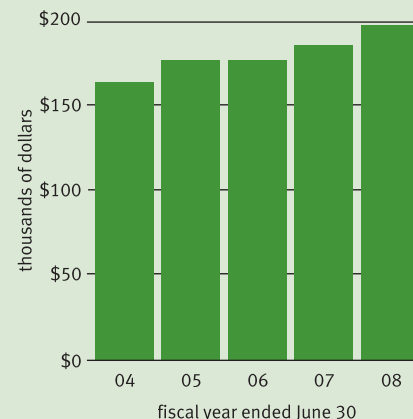
Enterprise resource investment



Research & development & capitalized development



Staff productivity revenue per employee



Financial Review and Management Commentary

Five-year review and selected financial data

CONSOLIDATED (Amounts in Thousands)	Fiscal Year Ended				
	2008	2007	2006	2005	2004
FINANCIAL RESULTS:					
OCLC Revenues	\$246,420	\$234,950	\$208,400	\$189,040	\$190,380
Operating Expenses	242,460	230,290	202,290	184,730	187,420
Other Income/(Expense) (A)	(3,330)	(3,940)	(4,160)	(3,500)	(3,420)
Operating Results before Portfolio and Other Gains	410	720	1,950	810	(460)
Dividends and Interest Income	5,000	5,290	4,450	3,410	2,260
Net Realized Gains/(Losses) on Investment Portfolio	6,070	13,520	11,330	4,600	4,610
Gain on Sale of Strata, PAIS and MARS	220	0	0	6,270	0
Net Contribution/(Loss) (B)	11,700	19,530	17,730	15,090	6,410
Depreciation and Amortization	27,760	27,650	20,920	18,890	19,300
Operating Cash Flow (C)	39,460	47,180	38,650	33,980	25,710
Enterprise Resource Investment (D)	20,490	19,670	16,350	13,680	19,210
Research & Development Costs	27,560	20,320	15,610	14,380	13,380

FINANCIAL POSITION:

Current Assets	264,440	261,870	231,580	213,140	180,130
Current Liabilities	118,170	120,920	106,570	90,730	76,390
Net Working Capital	146,270	140,950	125,010	122,410	103,740
Fixed Assets—Net	134,990	132,300	130,560	119,600	125,420
Total Assets	414,170	405,630	372,010	342,560	315,120
Long-Term Debt and Capital Leases— Less Current Portion	64,020	46,170	55,140	61,290	68,330
Corporate Equity	211,800	206,420	175,170	157,420	138,180

PERFORMANCE COMPARISON:

Current Ratio	2.2	2.2	2.2	2.3	2.4
Long-Term Debt/Corporate Equity	0.3	0.2	0.3	0.4	0.5
Accounts Receivable/Average Days Revenues	74	64	68	68	56
Annual Growth in Revenues	4.9%	12.7%	10.2%	-0.7%	-0.7%
Compound Growth (from 2003)	5.1%				
Contribution as a Percentage of OCLC Revenues	4.7%	8.3%	8.5%	8.0%	3.4%
Five-Year Average	6.6%				
Annual Growth in Corporate Equity	2.6%	17.8%	11.3%	13.9%	10.2%
Compound Growth (from 2003)	11.1%				
IRB Debt Service Coverage (E)	3.1	3.9	2.9	2.8	2.1
Employees (End of Year)	1,277	1,253	1,203	1,070	1,070

(A) Other Income/(Expense) includes interest expense, minority interest and taxes.

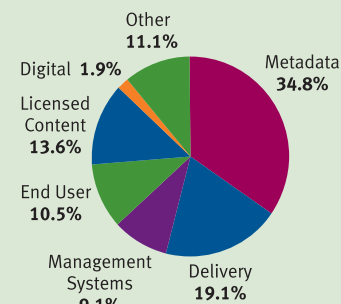
(B) Net Contribution represents the excess of revenues over expenses.

(C) Net Contribution/(Loss) plus depreciation and amortization.

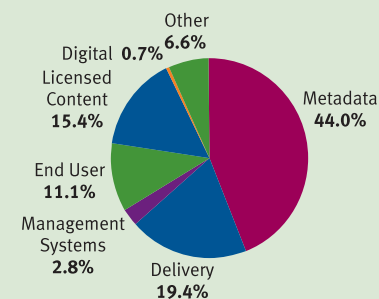
(D) Excludes Merger and Acquisition costs in the year the entities were acquired.

(E) Excludes operating results of OCLC EMEA B.V. and its subsidiaries, which are not part of the obligated group as defined by OCLC's Bond Master Trust Indenture Agreement.

Five-year service revenue comparison



2007/08 \$246.4 Million



2002/03 \$191.8 Million

Legend

Metadata: WorldCat Cataloging, GGC Cataloging, Dewey, Contract Services, Language Sets, WorldCat Selection, WorldCat Partners Program

Delivery: Resource Sharing, ILLiad, VDX, WorldCat Link Manager

Management Systems: CBS, LBS, SunRise, OLIB, QuestionPoint, Collection Analysis

End User: FirstSearch OCLC content, PiCarta, CPORTAL, Elektra, ZPORTAL, Archive Grid, WorldCat Local

Licensed Content: NetLibrary, Licensed Databases, Electronic Collections Online

Digital: CONTENTdm, Digital Archive, CAMIO

Other: WebJunction, Preservation Service Centers, RLG Partner dues, other income

Condensed Consolidated Financial Statements

Condensed Consolidated Balance Sheets

June 30, 2008 and 2007

	2008	2007
Assets		
CURRENT ASSETS	\$ 264,443,700	\$ 261,871,500
FIXED ASSETS—At cost, less accumulated depreciation and amortization	134,988,500	132,301,400
OTHER ASSETS	14,739,000	11,453,500
TOTAL	<u>\$ 414,171,200</u>	<u>\$ 405,626,400</u>
Liabilities and Corporate Equity		
CURRENT LIABILITIES	\$ 118,169,900	\$ 120,919,200
LONG-TERM DEBT AND CAPITAL LEASES—Less current portion	64,019,600	46,169,500
OTHER NONCURRENT LIABILITIES	20,185,100	22,724,500
MINORITY INTEREST		9,392,300
CORPORATE EQUITY	211,796,600	206,420,900
TOTAL	<u>\$ 414,171,200</u>	<u>\$ 405,626,400</u>

Condensed Consolidated Statements of Revenues, Expenses and Corporate Equity

for the years ended June 30, 2008 and 2007

	2008	2007
REVENUES	<u>\$ 246,415,700</u>	<u>\$ 234,949,700</u>
OPERATING EXPENSES:		
Salaries, wages and related fringe benefits	115,672,600	110,074,500
Telecommunications and computer support	46,305,100	47,939,300
Selling, general and administrative	43,720,000	36,209,200
Depreciation and amortization	27,758,800	27,651,100
Building and utilities	9,005,300	8,418,900
Total operating expenses	<u>242,461,800</u>	<u>230,293,000</u>
EXCESS OF REVENUES OVER OPERATING EXPENSES	3,953,900	4,656,700
OTHER INCOME—Including investment income	7,741,100	14,866,900
EXCESS OF REVENUES OVER EXPENSES	11,695,000	19,523,600
NET UNREALIZED (LOSS) GAIN ON INVESTMENTS	(14,913,700)	6,253,200
CHANGE IN VALUE OF INTEREST RATE SWAP AGREEMENT	(14,300)	(28,100)
POSTRETIREMENT BENEFIT PLAN ADJUSTMENT	3,463,200	4,773,300
FOREIGN CURRENCY TRANSLATION ADJUSTMENT	5,145,500	732,600
INCREASE IN CORPORATE EQUITY	5,375,700	31,254,600
CORPORATE EQUITY—Beginning of year	206,420,900	175,166,300
CORPORATE EQUITY—End of year	<u>\$ 211,796,600</u>	<u>\$ 206,420,900</u>

These condensed consolidated financial statements are derived from the audited consolidated financial statements that appear at OCLC's Web site: www.oclc.org/news/publications/financial/.

OCLC Online Computer Library Center, Inc.
and Subsidiaries

Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Cash Flows

for the years ended June 30, 2008 and 2007

	2008	2007
CASH PROVIDED BY OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 11,695,000	\$ 19,523,600
Adjustments for noncash items	<u>8,974,500</u>	<u>20,344,300</u>
Cash provided by operating activities	20,669,500	39,867,900
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	3,192,200	(11,765,700)
CASH USED IN INVESTING ACTIVITIES	(26,917,300)	(27,009,700)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>1,257,300</u>	<u>540,700</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,798,300)	1,633,200
CASH AND CASH EQUIVALENTS, Beginning of year	<u>32,020,900</u>	<u>30,387,700</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 30,222,600</u>	<u>\$ 32,020,900</u>

Condensed Consolidated Notes

for the years ended June 30, 2008 and 2007

1. ACQUISITIONS AND DIVESTITURES

RLG—Effective July 1, 2006, OCLC combined operations with The Research Libraries Group, Inc. (“RLG”). The purchase was accounted for by the purchase method of accounting. The fair values of assets acquired with the transaction were \$3,022,300 and liabilities assumed were \$7,243,400. Goodwill, representing the excess of cost over fair value of assets acquired, of \$4,221,100 was recorded and expensed over its useful life of one year. RLG’s operations subsequent to the date of the sale are included in the consolidated financial statements for the year ended June 30, 2007.

DIMEMA—On August 14, 2006, OCLC through OID, acquired DiMeMa, Inc., the organization that developed and supports CONTENTdm for \$3,916,200. OCLC has distributed CONTENTdm software since 2002 to libraries, cultural heritage and other nonprofit organizations. The purchase was accounted for by the purchase method of accounting. Assets acquired for \$4,037,200 and liabilities assumed of \$121,000 were based on their fair market values at the date of acquisition. DiMeMa, Inc.’s operations subsequent to the date of the sale are included in the consolidated financial statements for the year ended June 30, 2007.

OCLC EMEA B.V.—Effective July 1, 2007, OCLC EMEA B.V. repurchased the outstanding shares from its minority shareholder, Stichting Pica for 10,272,000 Euros (\$13,903,200), effectively becoming a wholly-owned subsidiary of OCLC.

STRATA—Effective January 1, 2008, OCLC EMEA B.V. and the minority shareholder, Koninklijke Bibliotheek, the National Library of the Netherlands, sold all their shares in Strata Preservation N.V. to KMM Groep for a total of 375,000 Euros. OCLC EMEA B.V. received its 60% share of the purchase price, 225,000 Euros (\$331,100). A gain of \$216,000 was recognized on the sale.

EZPROXY—Effective January 11, 2008, OCLC acquired certain assets and related liabilities of Useful Utilities, LLC, (“EZproxy”) the owner of the EZproxy software, for \$600,000. EZproxy provides libraries a solution for authenticating remote user access to licensed databases. The purchase was accounted for by the purchase method of accounting. Assets acquired of \$600,000 and liabilities assumed of \$395,400 were based on their fair market values at the date of acquisition. Goodwill, representing the excess of cost over fair value of assets acquired, of \$395,400 was recorded and is included in fixed assets. EZproxy’s operations subsequent to the date of the sale are included in the consolidated financial statements for the year ended June 30, 2008.

These condensed consolidated financial statements are derived from the audited consolidated financial statements that appear at OCLC’s Web site: www.oclc.org/news/publications/financial/.

OCLC Online Computer Library Center, Inc.
and Subsidiaries

2. INVESTMENTS

Realized gains and losses related to investments are recorded using the specific identification method. Net unrealized gains on the portfolio totaled \$1,427,200 and \$16,340,900 at June 30, 2008 and 2007, respectively. The following schedule details investment returns for the years ended June 30:

	2008	2007
Dividends and interest income	\$ 4,995,100	\$ 5,288,800
Net realized gains	<u>6,074,000</u>	<u>13,519,300</u>
Investment income	11,069,100	18,808,100
Net change in unrealized gain (loss) on investments	<u>(14,913,700)</u>	<u>6,253,200</u>
Total net investment return	<u>\$ (3,844,600)</u>	<u>\$25,061,300</u>

3. FOREIGN CURRENCY TRANSLATION

The local currency has been designated as the functional currency for operations in Australia, Canada, France, Germany, the Netherlands, Switzerland and United Kingdom. Corporate equity includes net cumulative translation gains of \$9,794,100 and \$4,648,600 at June 30, 2008 and 2007, respectively.

4. POSTRETIREMENT BENEFIT PLAN ADJUSTMENT

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106 and 132(R)" ("SFAS 158"). SFAS 158 requires recognition of the funded status of a defined benefit postretirement plan in the statement of financial position, recognition of the changes in funded status in the year in which changes occur through corporate equity, and measurement of the funded status of a plan as of the date of its fiscal year-end, with limited exceptions. OCLC adopted the recognition and disclosure provisions of SFAS 158 as of June 30, 2007. In accordance with the adoption of the recognition and disclosure provisions of SFAS 158, OCLC recorded the impact of the unrecognized net actuarial gain of \$4,805,200 as a reduction of liability and the impact of the unrecognized prior service cost of \$31,900 as an additional liability on OCLC's balance sheet as of June 30, 2007. Consistent with the provisions of SFAS 158,

OCLC recorded corresponding amounts in corporate equity. The net amount, \$4,773,300, was recognized in Corporate Equity. Gains of \$331,100 and \$4,500 of these prior services costs were amortized into net periodic benefit cost in 2008. Plan amendments and assumption changes resulted in an actuarial gain and the net amount of \$3,463,200 was recognized in Corporate Equity as of June 30, 2008.

The following table summarizes the incremental effect of applying SFAS 158 on the consolidated financial statements as of June 30, 2007:

	Before Application of SFAS 158	Adjustments	After Application of SFAS 158
Accrued Liabilities (Current)	\$20,882,000	\$257,100	\$21,139,100
Other Noncurrent Liabilities	27,754,900	(5,030,400)	22,724,500
Corporate Equity	201,647,600	4,773,300	206,420,900

5. LONG-TERM DEBT

On July 2, 2007, OCLC EMEA B.V. entered into a bank loan for the purpose of financing the purchase of outstanding shares from its minority shareholder. The 6,000,000 Euro loan has an effective interest rate equal to 0.9% above the 3-month Euribor rate (total of 5.627%). The loan is due quarterly in equal principal installments of 75,000 Euros (plus interest) starting October 1, 2007 and continuing through July 1, 2014, with a final payment of 3,900,000 Euros. The loan has a balance outstanding of 5,775,000 Euros (\$9,091,600) at June 30, 2008. The loan is secured by a mortgage of 8,000,000 Euros on a building, certain computers, equipment, and furniture and fixtures and accounts receivable of OCLC EMEA B.V.

On May 23, 2008, the Corporation entered into a seven-year tax-exempt lease agreement through Columbus-Franklin County Finance Authority, for \$20,000,000 with an effective interest rate of 3.22%. The lease is due quarterly in equal principal and interest installments of \$800,700 beginning August 23, 2008. The proceeds were used to finance the acquisition and installation of office systems and equipment, computers, servers, related peripheral equipment and software, and bibliographic and other information databases.

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OCLC Charter

The purpose or purposes for which this corporation is formed are to establish, maintain and operate a computerized library network and to promote the evolution of library use, of libraries themselves, and of librarianship, and to provide processes and products for the benefit of library users and libraries, including such objectives as increasing availability of library resources to individual library patrons and reducing rate of rise of library per-unit costs, all for the fundamental public purpose of furthering ease of access to and use of the ever-expanding body of worldwide scientific, literary and educational knowledge and information.

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Rich Skopin, OCLC

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