



LIBRARYCO INC.

SHORT-TERM INVESTMENT POLICY

Descriptions of the General and Reserve Funds supporting the short-term investments can be found in LibraryCo's Annual Financial Statements.

The Audit and Finance Committee is of the belief that:

- Only high quality securities should be purchased and held
- High-risk securities, which could lead to excessive volatility and the possibility of a reduction in capital value, are to be avoided

Short-term investments with a maximum term to maturity at purchase of 364 days may be held when appropriate.

Appropriate short-term investments are:

- (a) Treasury bills issued by the Government of Canada and provincial governments
- (b) Obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers' acceptances
- (c) Commercial paper issued by Canadian corporations with a rating of "R1" or better as established by The Dominion Bond Rating Service or equivalent rating by another recognized bond rating service, at the time of purchase. Investments in commercial paper must be sufficiently diversified.
- (d) A pooled money market fund, which meets the requirements set out in (a), (b) and (c).

Approved by the LibraryCo Board of Directors on March 25, 2010