

OCLC ONLINE COMPUTER LIBRARY CENTER, INC.
Meeting of the Board of Trustees
April 11, 2005

This meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated April 1, 2005, and in accordance with Article VII, Section I, of the Code of Regulations of OCLC Online Computer Library Center, Inc., convened at 8:30 a.m., local time, on April 11, 2005 at OCLC Online Computer Library Center, Inc., 6600 Frantz Road, Dublin, Ohio. Ms. Wilson presided and Mr. Houfek kept the minutes of the meeting.

Trustees present:

Larry Alford
Bradley F. Baker
Edward W. Barry
William J. Crowe
Ralph K. Frasier
Martín Gómez (via speakerphone)
Victoria Johnson
Jay Jordan
David P. Lauer
Elisabeth Niggemann
David Roselle
Jane N. Ryland
Robert Seal
Jerry Stephens
Lizabeth A. Wilson

Trustees Absent:

None, except:

Mr. Gomez and Mr. Jordan excused themselves from the meeting just prior to the Trustees gathering in executive session

Also, present for all or portions of the meeting:

Cathy De Rosa, Vice President, Marketing
Lorcan Dempsey, Vice President, Research and Chief Strategist
James T. Houfek, Vice President, General Counsel and Secretary
Gary R. Houk, Vice President, Corporate Information Technology & Business Integration
George Needham, Vice President, Member Services
Rich Rosy, Corporate Vice President, NetLibrary Division and Content Management
Rick J. Schwieterman, Vice President, Finance & Human Resources and Treasurer
Phyllis B. Spies, Vice President, Collection Management
Rein van Charldorp, Managing Director, OCLC PICA

To begin the meeting, Ms. Wilson asked for any discussion on the proposed agenda, and there being none, she requested a motion to approve the minutes of the Meeting of the Board of

Trustees held on February 6, 2005. Upon motion duly made and seconded, the Board of Trustees unanimously approved the minutes of that meeting.

Ms. Wilson referred the Board to her Chair's report that had previously been sent to them and which could be found at Tab 2 of the Board materials. Ms. Wilson indicated that she had nothing further to add to her report and called for questions. No questions were brought forth. Ms. Wilson then reported on the meeting of the Executive Committee of the Board, indicating that the Committee had met on April 10, 2005 with all members present, and that the Committee had: (i) reviewed plans for the upcoming Board meeting to be held in Toronto in June, and (ii) considered the proposed meeting dates for the Board during 2006 and proposed the resolution approving the same which could be found at Tab 3 of the meeting materials. The Chair then called for a vote, no second being necessary, and upon said vote, the following resolution was unanimously approved:

RESOLVED, That regular meetings of the Board of Trustees shall be held, in calendar 2006, at the offices of the Corporation or at other locations designated by the Board at 8:30 a.m., local time, on the following dates:

February 12, 2006	September 25, 2006
April 10, 2006	November 13, 2006
June 12, 2006	

FURTHER RESOLVED, That the annual meeting of the Board of Trustees shall be held immediately following the annual meeting of the Trustee Members on November 13, 2006.

The Chair further indicated that the Committee considered possible locations for the June 2006 meeting and also reviewed the status of corporate operations in general with Mr. Jordan.

The Chair then called for the President's report. Mr. Jordan first asked that the Board look to his written report for details, but then stated that he wanted to call their attention to the following specific items: (i) management is keenly aware of the difficulties caused by the recent systems downtime and the system is under scrutiny in order to prevent a repeat thereof, noting that although new applications are creating a learning curve for staff, the system has been stable for several days at this time, (ii) discussions with the OCLC Networks are ongoing regarding the new distribution models, (iii) the Strategic Leadership Team just returned from a joint strategic session with the OCLC Pica staff in The Netherlands and several opportunities were identified, (iv) initial

evaluations of OCLC's new collection analysis tool are very positive, (v) a recent visit to China resulted in uncovering several immediate business opportunities, (vi) that the former manager of OCLC PAIS has been recruited to manage the Preservation Resources operation, and (vii) Mr. Robert Martin will be visiting the campus over the next several days. That concluded Mr. Jordan's report. Discussion followed with Mr. Jordan and various Trustees (Lauer, Gomez and Seal) on several of the topics contained in his report.

A product update was then delivered to the Trustees by Ms. Spies and Mr. Rosy regarding CONTENTdm and ILLIAD.

The Chair then called for a break at approximately 10:00 a.m. The meeting was subsequently reconvened at 10:20 a.m.

Mr. Baker then reported on behalf of the Joint Committee on Membership that the Committee had met yesterday and: (i) will be submitting a report on the issue of transition delegates in June, (ii) continued to discuss the delegate algorithm and possible modifications thereto, (iii) continued to review items that qualify for contributions under the algorithm, and (iv) reviewed plans to discuss several variations for contribution recognition with Members Council in May. That concluded Mr. Baker's report.

The Chair then requested the report of the Finance Committee. Mr. Barry indicated that the Committee had met on April 10, 2005 with all members present and after review and discussion had recommended the following resolution to the full Board for its approval:

RESOLVED, That OCLC Online Computer Library Center, Inc. (the "Corporation") be and it hereby is authorized to enter into arrangements with the County of Franklin, Ohio (the "County") for the purpose of financing, with the proceeds of certain tax-exempt revenue obligations of the County in an aggregate principal amount not to exceed Thirty Million Dollars (\$30,000,000) (the "Obligations"), all or any portion of (i) the costs of certain real and/or personal property, including without limitation, building renovations and improvements, computer, telecommunications and other equipment, furnishings, software programs, bibliographic and other information databases used in connection with or support of OCLC services, and other capital expenditures and appurtenances related thereto (collectively referred to hereinafter as the "Project") to be used by the Corporation, and (ii) the costs of issuance of the Obligations; and

FURTHER RESOLVED, That the financing contemplated by this Resolution be carried out pursuant to the terms and conditions to be set forth in certain appropriate documents including a Loan Agreement and/or a Lease Agreement as appropriate, between the County as lender (or lessor) and the Corporation as borrower (or lessee) to be assigned by the County to a suitable financing institution, and, if applicable, a Bond Purchase Agreement between and among the County, the Corporation and such financing institution (the "Financing Agreement"), as well as certain other necessary supportive documents; and

FURTHER RESOLVED, That the President and the Vice President, Finance and Human Resources and Treasurer of this Corporation be and each of them, acting singly, are hereby authorized, on behalf of the Corporation, to execute and deliver the Financing Agreement and the other supportive documents that may be necessary to effect the transaction contemplated herein, each in such form as shall be approved by the officer executing the same, and issuance, execution and delivery of any such documents or instruments by such officer shall be conclusive evidence of the approval thereof by the officer executing the same and of the Corporation; and

FURTHER RESOLVED, That subject to the final review and approval of the proposed structuring of the financing contemplated herein by the Finance Committee of the Board of Trustees of the Corporation (and without further action of said Board), the aforesaid officers, and the Secretary of this Corporation, be and each of them, acting singly, are hereby authorized, on behalf of the Corporation, (i) to approve the terms and conditions of the Financing Agreement and other necessary supportive documents, and to approve any other matters, and execute and deliver any other certificates or instruments, required in connection with the issuance of the Obligations, such approvals to be conclusively evidenced by the execution and delivery of the Financing Agreement, and any other certificates, documents and instruments so executed and delivered; and

FURTHER RESOLVED, That the President, the Vice President, Finance and Human Resources and Treasurer and the Secretary of this Corporation, and each of them, acting singly, are hereby authorized and directed to take any and all action, on behalf of the Corporation, necessary or proper for the Corporation to carry out, perform, give effect to, consummate and perform the terms of and the transactions contemplated by said documents, the rules and regulations associated therewith, all in accordance with the transaction

contemplated herein, and to provide for the operation and management of the Project.

No second being necessary and no further comments being expressed, a vote was taken on the foregoing resolution and said resolution was unanimously approved. Mr. Barry also indicated that the Committee had reviewed the preliminary FY 2005 Management Incentive Plan information, as well as the revised objectives for FY 2006 for that Plan. Finally, the Committee reviewed the FY 2006 budget of the Corporate Operating Plan and, after such review, approved and recommended the following resolution for passage by the full Board:

RESOLVED, That the fiscal year 2005/2006 budget of the Corporate Operating Plan, as presented to this meeting, be and the same hereby is approved.

No second being necessary and no further comments being expressed, a vote was taken on the foregoing resolution and said resolution was unanimously approved. This concluded the report of the Finance Committee.

The Chair then called for the report of the Personnel and Compensation Committee. Ms. Ryland reported that the Committee had met on April 10, 2005 with all members present and had reviewed and recommended the following resolution for approval by the full Board:

RESOLVED, that the proposed Personnel and Compensation Committee Charter as presented to this Board be, and the same is, hereby approved.

No second being necessary and no further comments being expressed, a vote was taken on the foregoing resolution and said resolution was unanimously approved. (A copy of the Personnel and Compensation Committee Charter is attached). Ms. Ryland then indicated that the Committee had also: (i) reviewed the FY 2006 Management Incentive Plan corporate objectives including some adjustments to the contribution parameters and inclusion objectives, all of which would be further considered at the June meeting, (ii) reviewed the Long Term Incentive Plan corporate objectives for FY 2007, and (iii) reviewed the performance of the CEO, a summary of which she would present later during the executive session. That concluded Ms. Ryland's report.

Ms. Wilson then called on Mr. Baker for his report from the Nominating and Board Development Committee. Mr. Baker related that the Committee had met on April 10, 2005 with all

members present and had: (i) considered the issue of Trustee orientation, (ii) discussed possible changes to the Committee Charter, (iii) discussed the November Board retreat plans, including the suggestion that the retreat materials and presentations focus farther into the future, and (iv) reviewed and recommended the following resolution to the full Board for approval:

RESOLVED, that upon the review and recommendation of the Nominating and Board Development Committee, the following three Trustees are hereby approved and appointed as the new representatives to the Joint Committee on Membership from the OCLC Board for fiscal year 2005/2006:

1. Larry Alford
2. Martín Gómez
3. Victoria Johnson

No second being necessary and no further comments being expressed, a vote was taken on the foregoing resolution and said resolution was unanimously approved. This concluded Mr. Baker's report.

The Chair then called for the report of the Audit Committee. Mr. Stephens indicated that the Committee had met on April 10, 2005 with all members present and had: (i) met with representatives of KPMG regarding both the risk assessment assignment, as well as the IT internal audit assignment, (ii) reviewed certain accounting policy changes regarding revenue recognition, (iii) reviewed the current insurance assessment which indicated that the company is currently paying lower premiums than in past years due to its excellent claims record, and (iv) reviewed and recommended the following resolution for approval by the full Board:

RESOLVED, that the proposed Audit Committee Charter as presented to this Board be, and the same is, hereby approved.

No second being necessary and no further comments being expressed, a vote was taken on the foregoing resolution and said resolution was unanimously approved. (A copy of the Audit Committee Charter is attached). Mr. Stephens then requested that the Trustees detail all affiliations that they might have pursuant to the conflict of interest policies when completing those forms. This concluded Mr. Stephen's report.

The Chair then called for other business. Mr. Jordan and Ms. De Rosa indicated that the pins which had been distributed to the Trustees were representative of the one billionth holding record which would be entered into WorldCat in the near future. Ms. Spies also briefly discussed a recent article in the *Journal of Interlibrary Lending*. Following some discussion, the Chair called for a break at approximately 10:55 a.m. The meeting reconvened at approximately 11:10 a.m., and after excusing Mr. Jordan, the Chair then immediately called the Board into executive session. Following that executive session, the Chair reconvened the meeting in regular session at 11:45 a.m., at which time it was reported that there were no action items to be considered at this time.

Following a discussion of the results of the Board's performance evaluations and an assessment of the meeting, there being no new or further business to come before the meeting, on motion duly made and seconded, the meeting was adjourned at approximately 12:15 p.m.

s/s

Lizabeth A. Wilson, Chair

/s/

James T. Houfek, Secretary

**OCLC Online Computer Library Center, Inc.
Personnel & Compensation Committee of the Board of Trustees**

Personnel & Compensation Committee Charter

In order to provide guidance to the Personnel & Compensation Committee (“Committee”) in fulfilling its responsibilities, this Committee Charter (“Charter”) has been adopted by the Board of Trustees (“Board”) of OCLC Online Computer Library Center, Inc. (“OCLC”). The Committee shall review and reassess this charter at least annually and recommend any proposed changes to the full Board for approval.

Committee Role

The purpose of the Personnel & Compensation Committee is to provide oversight review of compensation and benefits of the employees of the corporation. The Committee evaluates and reports to the Board of Trustees on matters concerning management performance, employee compensation and personnel policies, and programs and plans (including management development and continuity plans, and diversity and inclusion programs), and approves (but does not administer or manage) employee compensation and benefit programs

Committee Membership and Organization

The Committee shall be composed of no fewer than three members of the Board, as designated by the Board. The Board may remove and/or replace any Committee member at any time in its sole discretion. These trustees shall be free of any relationship that, in the opinion of the Board, may interfere with such member’s individual exercise of independent judgment. During the past three years Committee members: shall not have been employees of OCLC; shall not have received any compensation from OCLC other than for service on the Board or Committee or taskforce appointments as assigned by the Board; and shall not have been a partner, board member or officer of a corporation transacting significant business with OCLC. Committee members whose institutions are OCLC members or participants purchasing goods and services from OCLC on terms generally available to all members of that category shall be deemed to meet this independence requirement. In addition, Committee members shall not have been employed as an executive of another entity where any of OCLC’s executives serve on the entity’s compensation or audit committee or be an immediate family member of an individual who was an executive officer of OCLC within the past five years.

One member of the Committee shall be appointed as Chair. The Chair shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, preparing agendas and making regular reports to the Board. The Chair will also maintain regular contact with the President and Chief Executive Officer, the Chief Financial Officer and the General Counsel of the company.

The Committee shall meet as often as deemed necessary by the Committee.

Committee Responsibilities

1. Approves and oversees (but does not administer or manage) the company's executive compensation programs.
2. Reviews and approves compensation matters for the Chief Executive Officer of the corporation, including the establishment of the annual performance objectives with respect to the Chief Executive Officer's compensation and benefits, including long-term and incentive based compensation. In addition, the Committee will evaluate performance and

approve individual compensation actions for the remaining corporate officers, including long-term and incentive-based compensation. In determining the long-term incentive component of overall compensation, the Committee shall consider the company's performance and value provided to members, the value of similar incentive awards at comparable companies, and awards given to participants in prior years. The Committee will provide a thorough annual (or more often, if the Committee deems it appropriate) review of such matters with the full Board.

3. Oversees (but does not administer or manage) the establishment and administration of the Company's benefit programs.
4. Oversees (but does not administer or manage) the Company's diversity and inclusion programs.
5. Oversees and approves the Succession Management planning process. Succession Management discussions for the Chief Executive Officer will be reviewed with the full Board. With respect to other officers, the Committee will provide preliminary review and approval, with final succession management discussions and planning presented to the full Board.
6. May select and retain independent compensation and benefits consultants and other outside counsel, as needed, to provide independent advice to the Committee with respect to the Company's current and proposed executive compensation and employee benefit programs.
7. The Committee shall review and assess its own performance on a periodic basis, and update its Charter accordingly.
8. The Committee may form and delegate authority to subcommittees when appropriate.
9. The Committee shall also assist with other duties as may from time to time be assigned to it by the Board

The Committee will use the "Task Calendar" as a guide to its regular duties and responsibilities, but said Task Calendar will only be advisory in nature, and the Committee is fully empowered to alter either the function or the timing thereof in its sole discretion as it may deem appropriate

	Task to be Completed	When Performed
1.	<ul style="list-style-type: none"> • Review and update the P&C Committee Charter 	February
2.	<ul style="list-style-type: none"> • Review Board feedback on CEO performance. • Identify performance goals for CEO for coming year. 	April
2.	<ul style="list-style-type: none"> • Review and approve MIP corporate performance measures, thresholds, and targets for the coming year. • Review and approve MIP individual target percentages and objectives for executives for the coming year. • Review and approve performance and merit increase of CEO (to be effective July 1). 	June

3.	<ul style="list-style-type: none"> • Review and approve performance and merit increases for Vice Presidents (to be effective July 1). • Review and approve MIP payout for executives and non-executives. Approve individual executive awards. • Review and approve three-year LTIP targets (and metric objectives). • Review and approve LTIP awards. 	September
4.	<ul style="list-style-type: none"> • Inclusion Program. HR Strategic Planning. EEOC/Affirmative Action Program. Employee Opinion Survey. Succession Management. 	Annual Review

OCLC Online Computer Library Center, Inc.
Audit Committee of the Board of Trustees
Audit Committee Charter

In order to provide guidance to the Audit Committee in fulfilling its responsibilities, this Audit Committee Charter (Charter) has been adopted by the Board of Trustees (Board) of OCLC Online Computer Library Center, Inc. (OCLC). The Audit Committee of the Board shall review and reassess this charter annually and recommend any proposed changes to the Board for approval.

Committee Role

The Audit Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, internal control and financial reporting practices of OCLC. The Committee also assists with other duties as may from time to time be assigned to it by the Board.

The Committee's job is one of oversight. Management is responsible for the preparation of OCLC's financial statements and the independent auditors are responsible for auditing those financial statements. The Committee and the Board recognize that management (including the internal audit staff) and the independent auditors have more resources and time, and more detailed knowledge and information regarding OCLC's accounting, auditing, internal control and financial reporting practices than does the Committee. Accordingly, the Committee's oversight role shall not be expected to provide any expert or special assurance as to the financial statements and other financial information provided by OCLC.

Committee Membership and Organization

In accordance with the By-laws of the Board, the Committee membership shall consist solely of 5 to 7 outside trustees. These trustees shall be free of any relationship that, in the opinion of the Board, may interfere with such member's individual exercise of independent judgment. During the past three years Committee members: shall not have been employees of OCLC; shall not have received any compensation from OCLC other than for service on the Board or for any service authorized by the Board; and shall not have been a partner, board member or officer of a corporation transacting significant business with OCLC. Committee members whose institutions are OCLC members or participants purchasing goods and services from OCLC on terms generally available to all members of that category shall be deemed to meet this independence requirement. In addition, Committee members shall not have been employed as an executive of another entity where any of OCLC's executives serve on the entity's compensation committee or be an immediate family member of an individual who was an executive officer of OCLC within the past five years. The Committee shall have a majority of members who are financially literate with at least one Committee member having substantial related financial management experience or expertise.

The Committee shall maintain free and open communication with the independent auditors, staff performing internal audits and OCLC management. In performing its oversight role, the Committee is empowered to investigate any matter relating to OCLC's accounting, auditing, internal control or financial reporting practices brought to its attention, with full access to all Company books, records, facilities and personnel. The Committee may retain outside counsel, auditors or other advisors as deemed necessary.

One member of the Committee shall be appointed as Chair. The Chair shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, preparing agendas and making regular reports to the Board. The Chair will also maintain regular contact with the President and Chief Executive Officer, Chief Financial Officer and the lead independent audit partner.

The Committee shall meet a minimum of twice a year, with additional meetings scheduled as deemed necessary by the Committee. At least once each year the Committee shall have a separate executive session with the independent auditors.

Responsibilities

Although the Committee may consider additional duties from time to time, the general responsibilities of the Committee in carrying out its oversight role are described below:

1.	Evaluating, together with the Board and executive management, the performance of the independent auditors and, where appropriate, replacing such auditors.	February
2.	Recommending to the Board the engagement of independent auditors to audit the financial statements of OCLC and approving audit fees. Reviewing the auditors risk assessment and overall plans.	February
3.	Inquiring of Executive management, and the independent public accountants about significant risks or exposures and assessing the steps management has taken to minimize such risk to the Company.	February
4.	Reviewing and updating the Audit Committee Charter	April/June
5.	Reviewing corporate compliance policies and procedures	February
6.	Reviewing the audited financial statements and discussing them with management and the independent auditors. These discussions shall include required discussions under Statement of Auditing Standards No. 61 and consideration of the quality of OCLC's accounting principles as applied in its financial reporting. Additional discussions shall include a review of material accounting estimates, reserves and accruals, judgmental areas, audit adjustments (whether or not recorded), and other such inquires as the Committee or the independent auditors shall deem appropriate. Based on such review, the Committee shall make its recommendation to the Board as to the acceptance of OCLC's audited financial statements and their inclusion in OCLC's Annual Report.	September
7.	Issuing annually an audit committee report or "Management Letter" to be included in the annual report.	September
8.	Overseeing the relationship with the independent auditors, including discussing with the auditors the nature and rigor of the audit process, receiving and reviewing audit reports, and providing the auditors full access to the Committee (and the Board) to report on any and all appropriate matters.	September/February
9.	Obtaining annually from the independent auditors a formal written statement describing all relationships between the auditors and OCLC. The Committee shall actively engage in a dialogue with the independent auditors with respect to relationships that may impact the objectivity and independence of the auditors and shall take, or recommend, appropriate actions to oversee and satisfy itself as to the auditors' independence, including a review of total fees.	September

10.	Discussing with management and the independent auditors the quality and adequacy of compliance with OCLC's internal controls	September
11.	Reviewing and evaluating conflict of interest statements from the Board and OCLC Executives. The Committee shall be responsible for ensuring that all identified conflicts are appropriately and timely remedied. The Committee shall also be responsible for evaluating any material related party transactions, other than those on a basis available to all OCLC membership.	September
12.	Recommending to the Nominating Committee to consider continuity, independence and financial literacy/expertise when selecting Audit Committee members	February/ September
13.	Reviewing with Finance management any significant changes To GAAP policies or standards	February/ September
14.	Overseeing internal audit activities including discussing with management the internal audit function's objectivity, organization, responsibilities, and results.	February/ September
15.	Discussing with management and/or OCLC's general counsel any legal matters (including the status of pending litigation) that may have a material impact on OCLC's financial statements, and any material reports or inquiries from regulatory or governmental agencies	As Needed
16.	Reviewing any alleged fraudulent actions or violations of law. The Committee shall be responsible for ensuring that all identified violations are appropriately addressed.	As Needed