

OCLC ONLINE COMPUTER LIBRARY CENTER, INC.
Meeting of the Board of Trustees
June 6, 2005

[PORTIONS REDACTED PER CONFIDENTIALITY REQUIREMENTS]

This meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated May 25, 2005, and in accordance with Article VII, Section I, of the Code of Regulations of OCLC Online Computer Library Center, Inc., convened at 8:28 a.m., local time, on June 6, 2005 at the SoHo Metropolitan Hotel, 318 Wellington Street, Toronto, Canada. 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
Victoria Johnson
Jay Jordan
David P. Lauer
Elisabeth Niggemann
David Roselle
Jane N. Ryland
Robert Seal
Jerry Stephens
Lizabeth A. Wilson

Trustees Absent:

None

Also, present for all or portions of the meeting:

James T. Houfek, Vice President, General Counsel and Secretary
Rick J. Schwieterman, Vice President, Finance & Human Resources and Treasurer

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 April 11, 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 mentioned that she would be speaking at the President's Luncheon at the ALA convention and requested suggestions on

appropriate comments or topics from the Board. Ms. Wilson indicated that she had nothing further to add to her report and called for questions. No questions were asked. Ms. Wilson then reported on the meeting of the Executive Committee of the Board, indicating that all of the Committee members except Mr. Frazier had met on June 5, 2005, and that the Committee had: (i) reviewed plans for the upcoming Board meeting and retreat to be held in November, (ii) discussed the California Non-Profit Integrity Act that had been disclosed to Ms. Wilson and Mr. Stephens by Mr. Houfek, with more information to be discussed under “other business” later in the meeting, (iii) discussed certain acquisition matters to be further discussed in executive session, and (iv) reviewed the status of corporate operations in general with Mr. Jordan.

The Chair then called for the President’s report. Mr. Jordan asked that the Board look to his written report for details, and then called their attention to the following specific items: (i) discussions with the OCLC Networks are still ongoing regarding the new distribution models, and Network proposals are beginning to be received and are under consideration, (ii) Ms. Bishoff has mutually agreed with OCLC that she will cease her employment as a part time employee effective June 30, 2005, but she will be available on a consulting basis as the company may need her, and (iii) OCLC has hired Mr. Fred Ciporen on a consulting basis. That concluded Mr. Jordan’s report. A general discussion followed. The Chair noted that she and Mr. Jordan had attended the recent ARL meeting, and OCLC’s presence in and contribution to the research library space was most evident. Mr. Jordan also indicated that the switchover to the Oracle system occurred over the past weekend, and the system was stable at this point.

Mr. Baker then reported on behalf of the Joint Committee on Membership that the Committee had met yesterday and that: (i) there had been an open forum during the recent Members Council meeting on the issue of delegate allocation, and (ii) there will be a conference call later this month between the outgoing and the incoming committee members (Messrs. Baker and Stephens are being replaced by Mr. Alford and Ms. Johnson, with Mr. Gomez carrying over). 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 June 5, 2005 with all members present and had: (i) discussed financial information for the full fiscal year to date, (ii) reviewed and adjusted the Management Incentive Plan

parameters relative to the corporate contribution figure, and (iii) after review and discussion had recommended the following two resolutions to the full Board for its approval:

Openly Informatics, Inc.

RESOLVED, That in view of the Corporation's interest in enhancing the WorldCat database with electronic serials metadata, the Corporation should proceed with further investigation of the potential for merger with and/or acquisition of the assets of Openly Informatics, Inc. ("Openly").

Therefore, Robert L. Jordan, President and Chief Executive Officer; Rick J. Schwieterman, Vice President, Finance and Human Resources and James T. Houfek, Vice President and General Counsel of the Corporation, and their respective designees, be and they hereby are each individually authorized to take the following actions in the name and on behalf of this Corporation:

- 1) To enter into a non-binding Letter of Intent with Openly;
- 2) To conduct an appropriate due diligence process to determine the acceptability of such organization for merger and/or asset acquisition; and
- 3) If satisfied with the due diligence review, to complete the transaction by executing a final agreement with Openly for such purpose, with the sum to be paid to Openly in connection therewith not to exceed \$3 million plus taxes, costs and miscellaneous expenses.

FURTHER RESOLVED, That Robert L. Jordan, President and Chief Executive Officer, Rick J. Schwieterman, Vice President, Finance and Human Resources, and James T. Houfek, Vice President and General Counsel of the Corporation, be and they hereby are each individually authorized to take whatever action they deem necessary in order to complete the transaction; and

FURTHER RESOLVED, That the other officers of this Corporation be and they are each individually authorized to execute and deliver in the name and on behalf of this Corporation such additional documents, and to do such other acts and things as they or any of them individually shall deem necessary or appropriate to carry out the purposes of the foregoing Resolution, as directed by Messrs. Jordan, Schwieterman and/or Houfek.

Finance Committee Charter

RESOLVED, that the proposed Finance 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 each of the foregoing resolutions and each resolution was separately, unanimously approved. A copy of the Finance Committee Charter is attached to these minutes. 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, and shared their recommendations and comments with the Personnel and Compensation Committee. Finally, the Committee reviewed the survey taken recently regarding the satisfaction of both the Strategic Leadership Team and the Board with the Finance Committee meeting in April. 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 met on June 5, 2005 and following a discussion of a new employee reward program proposed by management, had recommended the following resolution for approval by the full Board:

RESOLVED, That the Personnel and Compensation Committee of the Board of Trustees has completed their review of the Spot Award Plan ("SAP"), which is intended to allow awards to employees who are not eligible for the Management Incentive and/or Sales Incentive Plans, and after appropriate discussion and review by the full Board, the SAP as presented to the Committee 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. Ms. Ryland then indicated that the Committee had also: (i) reviewed the FY 2005 Management Incentive Plan corporate objectives including some adjustments to the contribution parameters, and (ii) reviewed some additional matters 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 June 5, 2005 and had:

(i) considered the issues created by the California Non-Profit Integrity Act which took effect January 1, 2005 and which resulted in Mr. Stephens resigning from the Finance Committee as the aforementioned act prohibits the Chair of the Audit Committee to be a member of the Finance Committee, (ii) reviewed information generated by the recent Board effectiveness survey, results of which would be available to the Trustees shortly, (iii) continued consideration of potential candidates for the Board seats of Messrs. Crowe and Gomez whose current terms are up in November of 2006, and (iv) continued to consider comments regarding the consideration of a longer term view for corporate direction in the upcoming strategic retreat. Mr. Baker then indicated that there was one additional item that he would discuss in executive session. This concluded Mr. Baker's report.

The Chair then called for other business. Mr. Stephens discussed the recent California Non-Profit Integrity Act that Mr. Houfek had brought to his attention. Provisions of that Act require: (i) that the President and/or CEO not serve on the Audit Committee, (ii) that the Chair of the Audit Committee not serve on the Finance Committee, and (iii) that members of the Audit Committee must comprise less than 50% of the Finance Committee. In light of these restrictions, Mr. Stephens announced his resignation from the Finance Committee and submitted a letter to the Board Chair to that effect. Following discussion regarding the possibility of combining the Finance and Audit Committees, the Chair called for a break at approximately 10:00 a.m. The meeting reconvened at approximately 10:15 a.m., and inviting Mr. Schwieterman and Mr. Houfek to attend the first portion of the session, the Chair then immediately called the Board into executive session. Following that executive session, the Chair reconvened the meeting in regular session at 11:14 a.m., at which time it was reported that the following resolutions had been discussed, moved, seconded and unanimously approved by the full Board while in executive session:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Vice President MIP

RESOLVED, that the recommendation of the Personnel and Compensation Committee regarding the FY2005/2006 Management Incentive Plan corporate performance measures, thresholds and targets, and individual target percentages and objectives for the vice presidents of the Corporation be and the same is hereby approved.

CEO MIP

RESOLVED, that the recommendation of the Personnel and Compensation Committee regarding the FY2005/2006 Management Incentive Plan corporate performance measures, thresholds and targets, and other target percentages and objectives for Jay Jordan, the President and Chief Executive Officer of the Corporation, be and the same is hereby approved.

CEO Performance

RESOLVED, that following a review of the individual performance of the President & CEO for FY 2004/2005, the Board in executive session hereby approves the annual base salary for Robert L. Jordan to be effective July 1, 2005.

Following a discussion of the results of the Board's 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 12:35 p.m.

Lizabeth A. Wilson, Chair

James T. Houfek, Secretary

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

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

Committee Role

The Finance Committee assists the Board in fulfilling its responsibility for oversight of the financial health of OCLC including review of the interim and annual financial results and annual budget plan, and recommendation for approval of loans, capital expenditures, mergers, acquisitions, dispositions and special expenditures. The Committee also reviews the long-term investment policy and banking resolutions and recommends action by the Board.

The Committee conducts a preliminary review of the annual corporate operating plan including the capital enterprise resource plan, and recommends action to the Board.

The Committee reviews all loans in excess of \$250,000 and special capital expenditures in excess of \$350,000 and recommends action to the Board. For expenditures in excess of \$250,000 for acquisition or sale of real estate, for construction of a facility and for research investment, the Committee reviews the proposals and recommends action to the Board.

The Committee reviews disposals of assets of OCLC, which have a net book value or would generate gross proceeds in excess of \$250,000, and recommends action to the Board.

The Finance Committee, to the fullest extent permitted by law, the Articles of Incorporation and the Code of Regulations of the Corporation, during the intervals between meetings of the Board of Trustees, shall possess and may exercise every power, right, and privilege conferred by law, the Articles of Incorporation and the Code of Regulations of the Corporation upon the Board of Trustees in the purchase, sale, conveyance, transfer, delivery, hypothecation, investment, reinvestment, and disinvestment of all real, personal, mixed, tangible and intangible property of the Corporation, and in the making and negotiating of loans on behalf of the Corporation as its needs from time to time may require.

Committee Membership and Organization

The Committee membership shall consist of the President of the Corporation and three or more non-management members of the Board, as designated by the Board.

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 the meetings, preparing agendas and making regular reports to the Board. The Chair will also maintain regular contact with the Chair of the Board, the President and Chief Executive Officer, the Chief Financial Officer, and the Chair of the Audit Committee.

The Committee shall keep a record of its action and transmit such record to the Board to become a part of the legally approved minutes at the next regular meeting.

Responsibilities

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

1.	Review YTD Corporate operating results.	Every Meeting
2.	Review the investment portfolio performance and investment policy as needed.	Annually
3.	Review three year capital Enterprise Resource Plan.	February
4.	Review Comprehensive Business Plan, Corporate Operating Plan (COP), and proposed annual budget for the next fiscal year. Recommend approval of the budget to the Board.	April
5.	Review full year forecast as compared to budget.	June
6.	Review the previous fiscal year's audited financial results compared to budget and COP.	September
7.	Review the Management Incentive Plan (MIP) measurement calculation. Recommend approval to the Personnel & Compensation Committee.	September
8.	Review the Long Term Incentive Plan (LTIP) calculation and targets. Recommend approval to the Personnel & Compensation Committee.	September
9.	Review product segment operating results: <ul style="list-style-type: none"> ▪ Mid-Year Actual vs. Budget ▪ Fiscal Year Actual vs. Budget 	February September
10.	Review and update the Finance Committee Charter.	Annually
11.	Review merger, acquisition and divestiture proposals. Recommend approval to the Board.	As needed
12.	Review bond, lease, and bank loan financing proposals. Recommend approval to the Board.	As needed
13.	Review bank resolutions. Recommend approval to the Board.	As needed