

OCLC ONLINE COMPUTER LIBRARY CENTER, INC.
Meeting of the Board of Trustees
February 12, 2006

This meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated January 30, 2006, 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 February 12, 2006 at the Columbus Marriott Northwest Hotel, 5606 Blazer Parkway, Dublin, Ohio. Ms. Wilson presided and Mr. Houfek kept the minutes of the meeting.

Trustees present:

Larry Alford
Bradley F. Baker
Edward W. Barry (via conference telephone)
William J. Crowe
Ralph K. Frasier
Martín Gómez
Victoria Johnson (via conference telephone)
Jay Jordan
David P. Lauer
Elisabeth Niggemann
David Roselle (via conference telephone)
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, Chief Financial Officer and Treasurer
Cathy De Rosa, Vice President, Marketing and Library Services
Lorcan Dempsey, Vice President and Chief Strategist
Gary R. Houk, Vice President, Corporate Information Technology & Business Integration
Robin Murray, Managing Director of Fretwell Downing Informatics
George Needham, Vice President, Member Services
William Nilges, Vice President, New Services
Rich Rosy, Corporate Vice President, NetLibrary Division and Content Management
Tammi N. Spayde, Vice President, Human Resources
Phyllis B. Spies, Vice President, Collection Management
Michael Teets, Vice President, Global Product Architecture

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 November 14, 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 reminded the Board that the June meeting would be held on June 11-12, 2006 of this year in San Jose, California, and that Ms. Ryan would be sending out materials regarding accommodations and travel information. Indicating that she had nothing further to add to her report, Ms. Wilson then called for questions. There being none, Ms. Wilson reported on the meeting of the Executive Committee of the Board, indicating that the Committee members had met on February 11, 2006, and that the Committee had: (i) reviewed plans for the upcoming year with each of the Committee chairs, (ii) discussed a tentative Board meeting schedule for 2007, a copy of which could be found at tab 3 of the Board materials, (iii) discussed a matter which will be further reviewed 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, a copy of which could be found at tab 4 of the Board materials, and then called their attention to the following specific items: (i) Mr. Dempsey will be the first speaker sponsored by the newly established OCLC endowment fund, "The OCLC/Frederick G. Kilgour Lecture in Information and Library Science," which was created to support an annual lecture at the University of North Carolina at Chapel Hill, (ii) the American Library Association's mid-winter conference was well attended and provided OCLC with much positive exposure, (iii) a new Global Solutions group has been established within OCLC to better coordinate the company's efforts to provide products and services to the libraries of the world, and (iv) the ARL fellows just concluded their visit to OCLC and much goodwill and helpful information was exchanged with them. That concluded Mr. Jordan's report. A general discussion followed.

Mr. Gómez then reported that the Joint Committee on Membership had met recently. A summary of the results of that meeting had been included in each Trustee's information packet, and therein the Committee detailed its recommendations for alteration of the delegate algorithm which

included changing the contribution definition to include a financial component and allowing the terms of the transitional delegates to expire. That concluded Mr. Gómez's report.

The Chair then requested the report of the Finance Committee. Mr. Alford provided the report on behalf of Mr. Barry and indicated that the Committee met on February 11, 2006 and: (i) discussed operating and segment financial results of the Corporation through December, 2005, (ii) wished to congratulate management on its vision and contribution towards OCLC's improving image and financial health, (iii) reviewed certain proposed adjustments to the Management Incentive Plan, and (iv) reviewed the Enterprise Metrics proposal which would be presented to the full Board later in the meeting. 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 February 11, 2006 with all members present (two via conference telephone) and: (i) discussed the current and future state of the inclusion objectives for the Corporation, with the excellent participation and advice from Ms. Melinda Morrison of the Legal Department, and Ms. Barbara Rottman and Ms. Dana Houston of the Human Resources Department, (ii) reviewed the Employee Opinion Survey results which were generally improved but still had some areas that are in need of additional work, (iii) reviewed results of an executive compensation study coordinated by Ms. Spayde, and (iv) reviewed the Management Incentive Plan and Long-Term Incentive Plan objectives and targets for FY2006 and FY2007 for Ms. Spayde. Ms. Ryland then indicated that there were several additional matters that would be discussed during executive session. That concluded Ms. Ryland's report.

Ms. Wilson then called on Mr. Alford for his report from the Nominating and Board Development Committee. Mr. Alford related that the Committee had met on February 11, 2006 and: (i) appointed Mr. Baker as the OCLC website liaison, (ii) discussed the new Trustee orientation for the appointments that will be effective at the November, 2006 Board meeting, with Mr. Seal agreeing to coordinate this effort, (iii) discussed the possibility of undertaking a Board development/assessment (last undertaken in 1998) with Ms. Spayde to advise the Committee regarding resources available to conduct such a study, and (iv) reviewed reports regarding both the

November, 2005 Board retreat as well as a summary of the Board term survey. This concluded Mr. Alford's report.

The Chair then called for the report of the Audit Committee. Mr. Stephens indicated that the Committee had met on February 11, 2006 with all members present, and : (i) met with representatives of KPMG to discuss relevant internal audit issues (including certain risk assessment matters and their resolution via management response), (ii) met with representatives of OCLC's external auditors (Deloitte & Touche) to review the latest changes to relevant accounting standards as well as a report indicating that the Long Term Incentive Plan was appropriately measured and managed during its first payout year, and (iii) reviewed the proposed engagement letter for the external audit for FY 2005-2006 including the scope of the audit, following which the resolution below was approved by the Committee:

WHEREAS, pursuant to a resolution unanimously approved by the Board of Trustees on March 11, 2004, OCLC entered into a mutually satisfactory engagement agreement with Deloitte & Touche LLP (the "Engagement Agreement") for Deloitte & Touche to perform annual audit services for the Corporation; and

WHEREAS, the Engagement Agreement gives OCLC the option to retain Deloitte & Touche to perform the annual audit of the Corporation for the year ending June 30, 2006; and

NOW, THEREFORE, BE IT RESOLVED, that Deloitte & Touche be engaged to perform the annual audit of the Corporation for the year ending June 30, 2006, in accordance with the provisions of the Engagement Agreement.

THEREFORE, Jerry Stephens, Chair of Audit Committee, Robert L. Jordan, President and Chief Executive Officer, and Rick J. Schwieterman, Vice President and Chief Financial Officer, 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 and appropriate in order to carry out the purposes of the foregoing Resolution.

No second being necessary and no further comments being expressed, a vote was taken on the foregoing resolution and said resolution was unanimously approved by the full Board.

Mr. Stephens then discussed the fact that the external audit approved above represented the third year of the current Deloitte & Touche engagement and that the Committee had decided to consider the extension of the engagement for an additional two years, with the caveat that if the pricing proposal by Deloitte & Touche was unacceptable, an RFP process would be initiated by the Committee in the fall. Mr. Gomez then inquired if OCLC had a current “whistleblower” procedure in place, and Mr. Stephens assured him that it did. Both Mr. Frasier and Mr. Houfek then confirmed that such a plan indeed existed for the benefit of OCLC employees.

The Chair then called for a break at 9:35 a.m.

The meeting was reconvened at 10:00 a.m. at which time Messrs. Houk and Teets presented a report on the Enterprise Resource Plan. Following discussion of this topic, Mr. Houk presented a report on the efforts of the Strategic Leadership Team regarding modifications to the current Enterprise Metrics. Again, a discussion followed.

The Chair then called for a break at 11:30 a.m.

The meeting was reconvened at 11:45 a.m., at which time Ms. Wilson called the Board into executive session. Following that executive session, the Chair reconvened the meeting in regular session at 1:02 p.m., at which time it was reported that the following resolutions had been discussed, moved, seconded and approved (as noted) by the Board while in executive session:

409A Regulation Changes

Whereas, OCLC maintains the OCLC Supplemental Retirement Plan adopted in 1994 (the “Supplemental Plan”), the OCLC Section 457(b) Plan adopted in 2002 (the “457(b) Plan”), and the OCLC 457(f) Plan (the “457(f) Plan”) adopted in 2002 (each a “Plan” or collectively the “Plans” with the documents evidencing these Plans collectively being “Plan Documents”) constituting non-qualified plans under Internal Revenue Code section 457.

Whereas, Bricker & Eckler LLP has advised certain changes are required to the Supplemental Plan and the 457(f) Plan in order to comply with new Internal Revenue Code section 409A and has recommended that certain conforming changes be made in the 457(b) Plan; and Deloitte Tax LLP has recommended certain changes enhancing certain participant elections in the 457(b) and the 457(f) Plans;

Whereas, Bricker & Eckler LLP has recommended certain changes in all three Plan Documents delegating authority to certain officers designated as the Principal Executive Officers for the administration of the Plans in order to avoid OCLC’s Board and any committee of the Board

from being a named fiduciary of, or otherwise having unintended discretionary authority or discretionary control respecting management of Plans or the investment of their assets;

Whereas, all of these required or recommended changes are set forth in the Plan Documents prepared for this purpose and presented for these proceedings.

RESOLVED, that the changes to each of the Plans in the form of the Plan Documents presented together with such changes as may be approved by the Principal Executive Officers, as defined in the Plans, on behalf of the Corporation are hereby authorized and adopted.

FURTHER RESOLVED, that the appropriate officers of the Corporation are hereby authorized in consultation with appropriate legal counsel to approve such changes in, and otherwise to finalize amendment, including any restatement, of the Plan Documents as they deem appropriate, and the President or any other appropriate officer of the Corporation is each hereby authorized to execute and deliver in the name and on behalf of the Corporation each of the Plan Documents as so amended and finalized.

RESOLVED FURTHER, that the Secretary or any other appropriate officer is hereby authorized and directed to certify or otherwise attest to any person the authority granted by the forgoing resolutions, in such form and language as may be requested by such person or as otherwise determined, in the judgment of the Secretary or other attesting officer, to be consistent with the purposes of the authority granted, and any such authorization in the form and language as so certified or attested shall be deemed to be part of forgoing resolutions with like effect as if adopted, authorized and approved as part hereof.

FURTHER RESOLVED, that the Supplement Retirement Plan originally adopted by the Board on January 1, 1994, currently having no assets or participants, is hereby terminated.

(All in favor, with one abstention.)

Special Incentive Revised FY 2007– President & CEO

RESOLVED, That the Personnel and Compensation Committee of the Board of Trustees has completed its review and recommendations regarding the “Special Incentive” plan, the revised “Special Incentive” threshold, target and maximum performance measures to be achieved as of June 30, 2007 and the weighting assigned to each for the President and CEO, and after appropriate discussion and review by the full Board, the same are hereby approved.

(All in favor, with one abstention.)

Long-Term Incentive Plan Revised FY2007

RESOLVED, That the Personnel and Compensation Committee of the Board of Trustees has completed its review and recommendations regarding the Long-Term Incentive Plan (“LTIP”), the revised threshold, target and maximum performance measures to be achieved as of June 30, 2007 and the weighting assigned to each for participants other than the President and CEO, and after

appropriate discussion and review by the full Board, the same are hereby approved.

(All in favor, no abstentions.)

Tammi N. Spayde

RESOLVED, That the President's appointment of Tammi Spayde as Vice President, Human Resources, and her base salary be approved effective December 12, 2005; and

FURTHER RESOLVED, that following review by both the Personnel and Compensation Committee and the Board in executive session, the recommendations of the Personnel and Compensation Committee regarding Ms. Spayde's Management Incentive Plan target for FY2006; and the threshold, target and maximum performance measures and metrics of the long-term incentive plan ("LTIP") to be achieved as of June 2006 and 2007 are hereby approved.

(All in favor, no abstentions.)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

(All in favor, no abstentions.)

RESOLVED, that the Chair of the Board is hereby authorized to negotiate a contract extension with Mr. Jordan as President and CEO of OCLC until June 30, 2009.

(Mr. Jordan had excused himself from the meeting for the vote on this resolution. The remaining Trustees unanimously adopted same.)

On motion duly made and seconded, the meeting was adjourned at approximately 1:03 p.m.

/s/
Lizabeth A. Wilson, Chair

/s/
James T. Houfek, Secretary