

OCLC ONLINE COMPUTER LIBRARY CENTER, INC.
Meeting of the Board of Trustees
April 10, 2006

This meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated March 28, 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 April 10, 2006 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
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
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
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
Sondra Kowaluk, Corporate Controller
George Brinegar, Director, Financial Planning & Budgets

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 12, 2006. 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 previously sent to them and found at Tab 2 of the Board materials, 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 all of the Committee members had met on April 9, 2006, and that the Committee had: (i) reviewed plans for the June Board Meeting to be held in San Jose, California, and (ii) discussed the final Board meeting schedule for 2007 (a copy of which could be found at Tab 3 of the Board materials), giving rise to the following resolution (also found at Tab 3):

RESOLVED, That regular meetings of the Board of Trustees shall be held, in calendar 2007, 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, 2007	September 17, 2007
April 16, 2007	November 12, 2007
June 11, 2007	

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 12, 2007.

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. Ms. Wilson then indicated that the Committee also discussed a special project that would be further addressed during the Board's executive session later in the meeting.

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) Several representatives from Google would be meeting with various staff on April 11, 2006 to explore future synergies with OCLC, (ii) Mr. Schwieterman and Mr. Jordan would be traveling to the Netherlands for Supervisory Board meetings of both OCLC Pica and Strata on April 13, 2006, (iii) OCLC's attendance at the PLA conference was well received, and (iv) the Global Solutions Group (Messrs. Dempsey, Nilges, Teets, Murray and

Doreleijers) met recently in Washington D.C. in order to better define OCLC's strategic offerings and future directions. That concluded Mr. Jordan's report. A general discussion followed.

Mr. Gómez then reported that the Joint Committee on Membership had met and discussed the following matters: (i) financial contributions as qualifiers for membership in the cooperative, and (ii) the termination of Transitional Delegates, including some form of a continuation of the concept under another name such as "at large" delegates in order to address the interests of emerging and institutional markets. That concluded Mr. Gómez's report.

The Chair then requested the report of the Finance Committee. Mr. Barry indicated that the Committee met on April 9, 2006 and part of the meeting was held with the full Strategic Leadership Team of OCLC present. Mr. Barry thanked all participants for their preparation and well thought out discourse as the Corporate Operating Plan for FY 2006-2007 was reviewed. Mr. Barry then indicated that the Committee had recommended the following resolution (which could be found at Tab 5 of the Board materials) for approval by the full Board:

RESOLVED, That the fiscal year 2006/2007 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 by the full Board. 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 April 9, 2006 with all members present and: (i) discussed additional refinements to the future inclusion objectives and scorecard as presented by Ms. Dana Houston of the Human Resources Department, (ii) reviewed in detail the specific inclusion measurements for the participants in the Management Incentive Plan for FY 2007, (iii) reviewed preliminary results of an executive compensation study coordinated by Ms. Spayde, including specific salary ranges and mid-points, and (iv) reviewed the enterprise and corporate objective metrics for the Management Incentive Plan for FY 2007. 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 met on April 9, 2006 and: (i)

appointed Mr. Baker as the OCLC website liaison, (ii) discussed the new Trustee orientation for the Board nominations that will be made by the Committee as well as those that will be made at the May Members Council meeting, with Mr. Seal agreeing to coordinate this effort, and with the possibility of a half-day session immediately following the November Board meeting due to the complexity of the Board's various committees and operation, (iii) continued discussion regarding the possibility of undertaking a Board development/assessment (a discussion followed regarding the firm of SpencerStewart which had been recommended by Mr. Jordan and Ms. Spayde, including whether to engage the firm solely for Board development or to extend the engagement to review OCLC's overall governance structure), and (iv) further reviewed the plans for the November 2006 Board retreat, noting that while last year's retreat focused on 10-15 years in the future, thought was being given to focusing this year on the next 2-4 years, with some updates from OCLC staff such as the Global Solutions Group. Mr. Alford then indicated that the Committee had reviewed and recommended the following resolution for approval by the full Board:

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 2006/2007:

1. Martín Gómez
2. Victoria Johnson
3. Robert Seal

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. This concluded Mr. Alford's report.

The Chair then called for the report of the Audit Committee. Mr. Stephens indicated that the Committee met on April 9, 2006 with all members present, and: (i) in Mr. Schwieterman's absence, heard from Ms. Sondra Kowaluk who briefed the Committee on issues of small subscription items and new revenue recognition procedures, (ii) met with representatives of KPMG regarding an update of OCLC's Risk Management Assessment including 2 prior risks being reviewed and 5 new

risks added, (iii) reviewed the results of an internal audit of the Human Resources Department including issues of third party benefits administrators, (iv) conducted the annual review of the corporate insurance plans with discussion regarding reduction of deductibles on several policies and the selection of HRH as OCLC's new insurance administrator which resulted in a significant premium fee reduction, (v) discussed insurance coverage for employees and Board members when traveling outside of the country, (vi) reviewed and made no changes to the current Committee charter, and (vii) determined that the Committee would meet at the June Board meeting to consider the extension of the Deloitte and Touche corporate audit for an additional two years. Following some discussion, Mr. Stephens concluded his report.

The Chair then called for new business, and there being none, called for a break at 10:00 a.m.

The meeting was reconvened at 10:20 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 11:40 a.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:

RLG

RESOLVED, That in recognition of the previous authority of the Corporation to proceed with a letter of intent and due diligence regarding the possible acquisition of certain assets and liabilities of The Research Libraries Group, Inc. ("RLG"), and in consideration of the presentation made to the Board Subcommittee on said acquisition, and as reviewed by the full Board regarding the details of such due diligence and the recommendations regarding the acceptable terms of a purchase agreement made by management, the Corporation is hereby authorized to proceed with the acquisition of RLG as presented ("Terms") provided that said Terms are not materially altered from the presentation given to said committee as indicated above and further provided that the final agreement is approved by the Executive Committee prior to execution; and

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

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 and Messrs. Jordan, Schwieterman and/or Houfek.

(All in favor, no abstentions.)

RLG COMMITTEE/COUNCIL

RESOLVED, That the Chair of the Board, Lizabeth Wilson, and its President/CEO, Robert Jordan, are authorized to propose the following Trustees as OCLC Board of Trustees representatives to the RLG Committee. If and when such Committee is formally established, said trustees are approved and appointed to the Committee for the fiscal year 2006/2007.

1. Lizabeth Wilson
2. Elisabeth Niggemann
3. Jane Ryland

FURTHER RESOLVED, That the Chair of the Board of Trustees, Lizabeth Wilson and the President/CEO Robert Jordan, are authorized to propose members of the Research Council to serve as OCLC representatives if and when the Council is established.

(All in favor, no abstentions.)

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

2007 REVISED LONG-TERM INCENTIVE PLAN

RESOLVED, That the Personnel and Compensation Committee of the Board of Trustees has completed their review and recommendations regarding the revised FY2007 metrics for the long-term incentive plan (“LTIP”), and after appropriate discussion and review by the full Board, the following are hereby approved:

The LTIP 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.

2007 REVISED SPECIAL INCENTIVE – PRESIDENT & CEO

RESOLVED, That the Personnel and Compensation Committee of the Board of Trustees has completed their review and recommendations regarding the “Special Incentive” plan and the associated metrics as provided in the employment contract with the president and CEO,

and after appropriate discussion and review by the full Board, the following are hereby approved:

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.

2008 LONG-TERM INCENTIVE PLAN

RESOLVED, That the Personnel and Compensation Committee of the Board of Trustees has completed their review and recommendations regarding the target percentages for the Long-Term Incentive Plan (“LTIP”), and after appropriate discussion and review by the full Board, the LTIP target percentages effective for FY 2008 for participants other than the President and CEO are hereby approved.

The LTIP threshold, target and maximum performance measures to be achieved as of June 30, 2008 and the weighting assigned to each for participants other than the President and CEO are also hereby approved.

2008 SPECIAL INCENTIVE – PRESIDENT & CEO

RESOLVED, That the Personnel and Compensation Committee of the Board of Trustees has completed their review and recommendations regarding the “Special Incentive” plan and the associated target percentages provided in the employment contract with the President and CEO, and after appropriate discussion and review by the full Board, the “Special Incentive” target percentage for the FY2008 performance period for the President and CEO is hereby approved.



Following a meeting assessment, on motion duly made and seconded, the meeting was adjourned at approximately 11:41 a.m.

/s/
Lizabeth A. Wilson, Chair

/s/
James T. Houfek, Secretary