

OCLC ONLINE COMPUTER LIBRARY CENTER, INC.
Meeting of the Board of Trustees
September 25, 2006

This meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated September 12, 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 September 25, 2006 at 6600 Frantz Road, Dublin, OH, 43017. 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
Martin Gómez (Telephonically)
Victoria Johnson
Jay Jordan
David P. Lauer
Elisabeth Niggemann
David Roselle
Jane N. Ryland
Robert Seal
Jerry Stephens
Lizabeth A. Wilson

Trustees Absent:

Ralph K. Frasier

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
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
James Michalko, Vice President, RLG Programs Development
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
Rein van Charldorp, Managing Director OCLC PICA
James Neal, Chair of the RLG Committee
Doug Loynes, Director, Content Initiatives
Phil Norman, Director, Reference & Resource Sharing
Bob Schulz, Product Support Specialist II

To begin the meeting, Ms. Wilson noted that Mr. Frasier was unable to attend the meeting as he was recovering from recent surgery. A warm welcome was then extended to Jim Neal, the new Chair of the RLG Committee. Ms. Wilson then asked for any discussion on the proposed agenda, and there being none, she noted that there would be a resolution coming forward from the RLG Committee, and an additional resolution to be introduced by Mr. Alford. She then requested a motion to approve the minutes of the meeting of the Board of Trustees held on June 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 no additional items to add. Ms. Wilson then called for questions or comments. 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 (with the exception of Mr. Frasier) and that the Committee had: (i) reviewed plans for the November 11-13, Board/SLT retreat and meeting including the decision that there will be no Committee meetings and that there will be a special 2.5 hour report by Susan Boren regarding the Board governance study during the afternoon of November 13, (ii) reviewed plans for the June 10-11, 2007 Board Meeting to be held in Amsterdam, The Netherlands, (iii) discussed the plans for orientation of new Members Council Trustees, Maggie Farrell and Bruce Newell, (iv) discussed plans for the upcoming Members Council meeting in Quebec City in February, 2007, and (v) engaged in an update from Mr. Jordan regarding recent corporate activities. There being no further discussion, that concluded Ms. Wilson's report.

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 3 of the Board materials, and then called their attention to the following specific items: (i) there are several tributes to Fred Kilgour planned for the immediate future, including a "Celebration of Life" to be held on October 31, 2006, at OCLC, (ii) several interesting meetings were held at the recent IFLA meeting regarding a possible joint project involving the digitization of documents and other items related to the French and Indian War, (iii) Mr. Jordan also had a very successful trip to Seoul, Korea, having met with several

interested individuals regarding potential opportunities to collaborate with OCLC, (iv) Mr. Jordan also met with representatives of the Bibliothèque nationale de France to explore possible future projects, and (v) OCLC will be hosting the next meeting of the US/China library conference in October 2007. That concluded Mr. Jordan's report.

Ms. Johnson then reported that the Joint Committee on Membership had met and discussed the issue of selection of designated delegates to Members Council. Recommendations will be discussed with Members Council in November, 2006, and with the Board, Members Council and RONDAC in February, 2007. Final implementation is planned for July, 2007. Related issues include consideration of RLG members, OCLC Pica customers, database loads, and consortia such as the BLC contracting directly with OCLC. This concluded the report of the Joint Committee on Membership.

Ms. Wilson then called on Mr. Alford for his report from the Nominating and Board Development Committee. Mr. Alford related that the Committee met and: (i) discussed the new trustee orientation for November with the continuing assistance of Mr. Seal, (ii) discussed the orientation of the members of the newly formed RLG Committee in February, (iii) reviewed and recommended three resolutions which will be presented in November (these were approved now as there will be no Committee meetings in November), (iv) discussed the November retreat which will be centered around the concept of a synthesized global enterprise, including considerations of object management, RLG projects and programs, and the role of networks and service centers in the future, and (v) discussed the Board effectiveness survey and the governance study report being prepared by Susan Boren which will be presented to the full Board on the afternoon of November 13, 2006. This concluded Mr. Alford's report on behalf of the Committee. Mr. Alford then introduced the following resolution, and moved it for adoption. With an appropriate second, the following resolution was unanimously adopted by the full Board:

RESOLVED, that effective July 1, 2006 and ending June 30, 2008, the following trustees are appointed to the RLG Committee:

RLG Committee:	Lizabeth Wilson
	Elisabeth Niggemann
	Jane Ryland

(The remaining 3 members of this Committee have been appointed by RLG's former Board of Directors. Those individuals are: Nancy Eaton, Carol Mandel & James Neal).

The Chair then called for the report of the Audit Committee. Mr. Stephens indicated that the Committee met and had: (i) met with the Deloitte representatives regarding the FY 2006 audit opinion and findings, financial statements, revenue monitoring and related issues, conflict of interest statements and the audit fee agreement, and (ii) held an executive session with the Deloitte representatives without management present, including a discussion regarding internal audit procedures. Mr. Stephens 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 Deloitte & Touche audit report for the year ended June 30, 2006, be and the same is hereby accepted.

There being no further comments and no second being necessary, a vote was taken on the foregoing resolution and said resolution was unanimously approved by the full Board. Mr. Schwieterman commented that work was underway to change the Fiscal Year end for OCLC PICA and its subsidiaries from a calendar year end to a June 30 year end, so as to be the same as OCLC's. This concluded Mr. Stephens' report.

The Chair then called for the report of the Personnel and Compensation Committee. Ms. Ryland reported that the Committee met with all members present, but that all matters discussed during such meeting would be shared with the full Board in executive session later today. That concluded Ms. Ryland's report.

The Chair then requested the report of the new RLG Committee. Mr. Neal said that he was honored to serve as the first chair of the Committee, and that the Committee had met with all members present, and had: (i) reviewed the integration of former RLG products and services into the OCLC family, which in the opinion of the Committee was proceeding well, (ii) continued monitoring the pace of conversion of old RLG members to OCLC members, as well as the recruiting of new members, (iii) reviewed and approved OCLC's performance relative to its governance and other obligations for staffing and financial contributions under the RLG/OCLC Asset Purchase Agreement, (iv) indicated a strong willingness to work towards the future with Mr. Dempsey and Mr. Michalko, and (v) discussed a framework document that would be reviewed with the RLG Program Council at

its next meeting. Mr. Neal then indicated that the Committee had reviewed and recommended the following resolution to the full Board:

WHEREAS, the RLG Committee of the OCLC Board of Trustees has been created, it is hereby

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

There being no further comments and no second being necessary, a vote was taken on the foregoing resolution and said resolution was unanimously approved by the full Board, with the exception of Mr. Gomez, who abstained. This concluded Mr. Neal's report.

The Chair then requested the report of the Finance Committee. Mr. Barry indicated that the Committee met and that all of the Committee members were present except Mr. Lauer. Mr. Barry then indicated that the Committee had: (i) reviewed the August YTD and FY 2006 audited financial results, as well as the product segment reports, (ii) discussed issues raised at the last joint session of the Finance Committee and the Strategic Leadership Team in April of this year, with an emphasis on QuestionPoint and the risk to FirstSearch revenues from Open WorldCat, (iii) reviewed the FY 2006 Management Incentive Plan ("MIP") results and payouts, as well as the FY 2007, 2008 and 2009 Long Term Incentive Plan ("LTIP") targets and objectives, and made recommendations to the Personnel and Compensation Committee regarding same, and (iv) discussed and approved the recommendation of the following resolution (which could be found at Tab 7 of the Board materials) for approval by the full Board:

RESOLVED, that the Proposed Revision to the FY2007-2009 COP, 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.

Management reports were then made to the Board as follows:

Mr. Van Charldorp on the recent acquisitions made by OCLC PICA.

Mr. Rosy on the current status of NetLibrary operations (after which Mr. Lauer left the meeting for the day).

Mr. Nilges and Mr. Loynes on current developments in Open WorldCat.

The Chair then called the Board into executive session at 11:56 a.m.

Following that executive session, the Chair reconvened the meeting in regular session at 12:45 p.m., at which time it was reported that the following resolutions had been discussed, moved, seconded and unanimously approved by the Board while in executive session:

APPOINTMENT OF GREG ZICK

RESOLVED, that the President's appointment of Greg Zick as Vice President of OCLC Digital Services, and his base salary be approved effective August 15, 2006.

VICE PRESIDENT BASE SALARY

RESOLVED, that following the review by both the Personnel & Compensation Committee and the Board in Executive Session, the recommendations of the Personnel and Compensation Committee regarding base salary for each vice president of the Corporation, effective July 1, 2006, be and the same hereby are approved as presented.

VP-MIP INCENTIVE COMPENSATION

RESOLVED, that following review by both the Personnel & Compensation Committee and the Board in executive session, the recommendations of the Personnel and Compensation Committee regarding a Management Incentive Plan award as presented in executive session be approved and the allocation of said funds be directed as follows:

Management Incentive Plan awards to each vice president of this Corporation for the fiscal year 2005/2006 be and the same are hereby approved as presented, pursuant to the provisions of the Management Incentive Plan.

VP MANAGEMENT INCENTIVE PLAN PERFORMANCE TARGETS

RESOLVED, that the recommendation of the Personnel and Compensation Committee regarding the FY2006/2007 Management Incentive Plan corporate performance measures, thresholds and targets, and other target percentages and objectives for each vice president of the Corporation as presented in executive session be and the same is hereby approved.

VP LONG TERM INCENTIVE PLAN COMPENSATION

RESOLVED, that following review by both the Personnel & Compensation Committee and the Board in executive session, the recommendations of the Personnel and Compensation Committee regarding a FY2006 Long-Term Incentive Plan award to each vice president as presented in executive session be approved.

VP LONG TERM INCENTIVE PLAN FY 2007-2009

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 FY2007, FY2008 and FY2009 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, 2007, June 30, 2008 and June 30, 2009 and the weighting assigned to each for participants other than the President and CEO are also hereby approved.

Mr. Jordan then excused himself from the meeting at 12:20 p.m., and the following resolutions were introduced, moved, seconded and unanimously approved by the Trustees present:

CEO MANAGEMENT INCENTIVE PLAN COMPENSATION

RESOLVED, that following review by both the Personnel & Compensation Committee and the Board in executive session, the recommendations of the Personnel and Compensation Committee regarding a Management Incentive Plan award as presented in executive session be approved and the allocation of said funds be directed as follows:

Management Incentive award to the President and Chief Executive Officer of this Corporation for the fiscal year 2005/2006 as presented in executive session be and the same are hereby approved.

CEO MANAGEMENT INCENTIVE PLAN PERFORMANCE TARGETS

RESOLVED, that the recommendation of the Personnel and Compensation Committee regarding the FY2006/2007 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, as presented in executive session be and the same is hereby approved.

CEO SPECIAL INCENTIVE AWARD

RESOLVED, that following review by both the Personnel & Compensation Committee and the Board in executive session, the recommendations of the Personnel and Compensation Committee regarding the FY2006 Special Incentive award to the President and CEO as presented in executive session be approved.

CEO SPECIAL INCENTIVE PLAN FY 2007-2009

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 FY2006, FY2008 and FY2009 performance period for the President and CEO as presented in executive session be approved.

The LTIP threshold, target and maximum performance measures to be achieved as of June 30, 2007, June 30, 2008 and June 30, 2009 and the weighting assigned to the President and CEO are also hereby approved.

Following an evaluation of the meeting, and a request for new business (there was none), upon motion duly made and seconded, the meeting was adjourned at approximately 12:46 p.m.

/s/

Lizabeth A. Wilson, Chair

/s/

James T. Houfek, Secretary