

OCLC ONLINE COMPUTER LIBRARY CENTER, INC.
Meeting of the Board of Trustees
June 9, 2008

This meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated May 28, 2008, 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 June 9, 2008 at the French Quarter Inn, 166 Church Street, Charleston, S.C. Mr. Alford presided as Chair and Mr. Houfek kept the minutes of the meeting, except during the executive session.

Trustees present:

Larry Alford
Edward W. Barry
William J. Crowe
Maggie Farrell
Ralph K. Frasier
Jay Jordan
David P. Lauer
Bruce Newell
Elisabeth Niggemann
David Roselle
Jane N. Ryland
Robert Seal
Jerry Stephens
Betsy 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, Executive Vice President, Chief Financial Officer
Tammi N. Spayde, Vice President, Human Resources

Mr. Alford called the meeting to order, and the Board spent a few minutes reflecting on the loss of Vickey Johnson. He then read a proposed resolution honoring Ms. Johnson. The resolution was moved, seconded and unanimously passed. Following the voting on the resolution, a moment of silence was observed in Ms. Johnson's honor.

Mr. Alford thanked Ms. Ryan for all of her assistance in organizing the meeting activities, and then inquired as to any changes to the proposed agenda. There being none, he requested a motion to approve the minutes of the meetings of the Board of Trustees held on April 14, 2008. Upon motion duly made and seconded, the Board of Trustees unanimously approved the minutes of said meeting.

VICTORIA L. JOHNSON TRIBUTE

January 23, 1948—May 5, 2008

WHEREAS Victoria L. Johnson began her distinguished career in librarianship at the circulation desk of the South Pasadena Public Library, eventually holding professional posts as Acting Director of the Pasadena Public Library, Director of the Sunnyvale Public Library, and most recently, Director of the San Mateo County Public Library; and

WHEREAS Vickey Johnson served from 2000 to 2004 as a delegate to the OCLC Members Council, a body of 66 persons elected from libraries around the world to represent the interests of members of the OCLC cooperative; and

WHEREAS the OCLC Members Council elected her to the OCLC Board of Trustees in 2004; and

WHEREAS, Vickey Johnson served with distinction as a Trustee of OCLC from 2004 to 2008, which was one of the most remarkable periods in the history of the OCLC cooperative since its founding in 1967; and during which time the WorldCat database of bibliographic information became available on the Internet for the first time to people everywhere; and

WHEREAS, in her capacity as Trustee, Vickey Johnson participated in the development of the next generation of governance for OCLC, setting in place a structure to extend participation in the OCLC cooperative to an increasing and diverse number of libraries and cultural heritage institutions around the world; and

WHEREAS, Vickey Johnson was a consummate professional with a deep understanding of libraries and their importance to providing access to and preservation of the human record; was an insightful and diligent Trustee, and was a warm and caring person who dedicated much of her professional life to encouraging children to read and grow into lifelong library users and learners; now therefore be it

RESOLVED, that the Board of Trustees of OCLC Online Computer Library Center, Inc., does hereby commemorate and celebrate the achievements of Victoria L. Johnson over the course of her distinguished career in librarianship and expresses its gratitude for her advice, counsel and friendship; and be it further

RESOLVED, that the Board of Trustees make a contribution to the Victoria Johnson Memorial Children's Book Fund, in honor of her life and a cause that she so deeply loved.

Mr. Alford then submitted his Chair's report, noting that the November meeting would include a celebratory dinner honoring those Trustees who would be retiring from the Board at that time. That concluded the Chair's report.

Mr. Alford then indicated that the Executive Committee of the Board had met, and had reviewed corporate governance issues, as well as another matter that Mr. Houfek would speak to later in the meeting. That concluded Mr. Alford'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) he had met with the Director of JSTOR regarding the distribution of certain licensed materials to areas with poorer economies such as countries in Africa, (ii) interesting discussions were in progress with several potential partners on a variety of projects, and (iii) he was expecting several discussions along these lines at the annual IFLA conference which takes place in Quebec in August. That concluded Mr. Jordan's report.

Mr. Alford then reported that he had attended the recent RLG Partners meeting and was pleased to see both the energy displayed towards future research projects, but also the increasing involvement of second-tier management from the RLG Partner libraries.

The Chair then called for the report of the Joint Committee on Membership. Mr. Stephens reported that the Committee had reviewed the following resolution (which could be found at Tab 4 of the Board materials) and recommended it for approval by the full Board:

JOINT COMMITTEE ON MEMBERSHIP

CURRENT DESIGNATED DELEGATES

RESOLVED, that OCLC Asia Pacific and OCLC Latin America and the Caribbean be allocated one designated delegate each, with a term of one year; and

BE IT FURTHER RESOLVED, that those terms be renewable for a second year unless those service centers receive an additional allocated delegate in 2009-2010, or the designated delegates are superseded by subsequent action by the Board as a result of Governance Study.

BE IT FURTHER RESOLVED, that the current cultural heritage alternate delegate be offered a position as a designated delegate for a term of one year, renewable for a second year in the absence of action on the Governance Study, and

BE IT FURTHER RESOLVED that an additional cultural heritage delegate, preferably a museum representative, be designated for a term of one year, renewable for a second year in the absence of action on the Governance Study, and

BE IT FURTHER RESOLVED that an open nomination process be launched for the new cultural heritage delegate, and that the OCLC staff make a recommendation to the Members Council Executive Committee for the individual to be appointed no later than August 15, 2008, for a term that officially extends until the adjournment of the May, 2009, Council meeting, renewable for one year by action of the Members Council Executive Committee; and

BE IT FINALLY RESOLVED, that appropriate alternates be identified for these designated positions.

There being no further discussion, and no second being necessary, the above resolution was moved and unanimously approved by the Trustees. That completed Mr. Stephens report.

The Chair then called for the report of the Finance Committee. Mr. Barry reported that the Committee met with all members present and had: (i) received a presentation from Mr. Schwieterman on the FY2008 forecast/FY2009 Budget, COP and strategy fund/recruitment activities/FY2008 MIP results and a FY2009 market update, (ii) discussed the need to review more closely the effect of grant funding and how those funds flow through the company and how they effect MIP and LTIP targets, with staff to provide more detailed information at the September meeting, (iii) received an update on current grant funding from Mr. Jordan, and (iv) reviewed the following resolution (which could be found at Tab 5 of the Board materials) and recommended that it be approved by the full Board:

REVISED COP

RESOLVED, that following review by both the Finance Committee and the Board, the recommendation of the Finance Committee regarding the proposed revision to the FY2008-2009 COP, be and it hereby is approved.

There being no further discussion, and no second being necessary, the above resolution was moved and unanimously approved by the Trustees. This concluded Mr. Barry's report. A discussion followed regarding the need to better define, address and communicate OCLC's commitment to smaller libraries that may not be able to fully participate in future products and services due to funding limitations. Mr. Jordan acknowledged the issue and indicated that efforts were being made to address this problem

The Chair then called for the report of the Personnel and Compensation Committee, and thanked Ms. Ryland for stepping into the Committee Chair's duties on behalf of Ms. Johnson. Ms. Ryland reported that the Committee met with all members present and: (i) considered and been briefed on the projected MIP results for FY2008 (ii) recommended a proposed resolution for the non-officer MIP awards that would be presented in executive session, (iii) reviewed preliminary MIP objectives for the corporate officers for FY2009, including a 10% inclusion objective, (iv) reviewed the projected FY2008 LTIP results and the report of the LTIP metrics workgroup, (v) agreed to review the FY 2011 LTIP targets at the September meeting, (vi)

recommended a proposed resolution for CEO compensation that would be presented in executive session, and (vii) reviewed the details of the recently initiated Minority Librarian Program with Ms. Spayde, which will be formally announced at the annual ALA meeting. That concluded Ms. Ryland's report.

The Chair then called for the report of the Nominating and Board Development Committee. Ms. Wilson reported that the Committee met yesterday with all members present and: (i) reviewed orientation procedures for welcoming the new Trustees that will begin to serve their terms in November of this year, (ii) discussed scheduled changes to the Board website to make more information regarding the Trustees and their activities available to the general public, (iii) wanted to notify the Trustees that they will be receiving their Board assessment surveys soon, (iv) reviewed the Committee Charter and had no changes to submit, (v) discussed the November Board retreat so that it complements the SLT retreat scheduled for September, (vi) discussed Board transition and succession, (vii) discussed Committee assignments for FY2009 which will be finalized in September, and (viii) reviewed and approved the following resolution which the Committee recommended to the full Board for passage:

COMMITTEE APPOINTMENT

WHEREAS, due to the untimely and tragic death of Victoria Johnson, it has become necessary to fill vacancies on several of the Board's committees:

NOW THEREFORE BE IT

RESOLVED, that Bruce Newell be elected to serve on the Joint Committee on Membership effective June 1, 2008 through June 30, 2009; and

FURTHER RESOLVED, that Jane Ryland be elected to serve as chair of the Personnel and Compensation Committee, and to sit on the Executive Committee as a result of that appointment, effective June 1, 2008 for the remainder of 2008.

There being no further discussion, and no second being necessary, the above resolution was moved and unanimously approved by the Trustees.

The Chair then called for the report of the Audit Committee. Mr. Seal indicated that the Committee did not meet, but that Mr. Schwieterman and Mr. Jordan would be presenting a risk assessment summary later in the meeting that had resulted from an Audit Committee initiative.

The Chair then asked for the Governance Transition Committee report. Ms. Farrell reported that the Committee met with all members present as well as Mr. Jordan and Mr. Houfek being present as guests. The Committee: (i) discussed issues regarding the transition from provisions of the old Code of Regulations to the newly approved version, (ii) discussed how to best adjust the terms of office for Trustees so as to minimize major Board turnover, and (iii) discussed creating a timeline for use by Members Council and scheduling a meeting with the Members Council Transition Committee to develop final transition protocols. That concluded Ms. Farrell's report.

The Chair then called for a break at 10:20 a.m.

The meeting was reconvened at 10:30 a.m., and began with a presentation by Mr. Jordan and Mr. Schwieterman on the topic of risk assessment.

Following the aforementioned presentation, the Chair asked Mr. Houfek to brief the Board on certain trademark issues, after which he called for any other business and there being none, he called for a break at 11:25 a.m.

Following the break, the Chair then reconvened the meeting in executive session at 11:30 a.m.

During the executive session, the Board discussed, moved, seconded and unanimously approved the following resolution:

FY2008 MIP NON-EXECUTIVE 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 non-executive plan participants of the Corporation be and the same are hereby approved as determined by the President and Chief Executive Officer pursuant to the provisions of the Management Incentive Plan.

Mr. Jordan was then excused from the meeting, at which time the remaining Trustees discussed the CEO compensation, and subsequently moved, seconded, and unanimously passed the following resolution:

CEO COMPENSATION

RESOLVED, that following a review of the individual performance of the President & CEO for FY 2007/2008, the Board in executive session hereby approves the annual base salary for Robert L. Jordan to be effective July 1, 2008.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned at approximately 12:30 p.m.

/S/

Larry Alford, Chair

/S/

James T. Houfek, Secretary