

OCLC ONLINE COMPUTER LIBRARY CENTER, INC.
Meeting of the Board of Trustees
September 22, 2008

This meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated September 11, 2008, and in accordance with Article VII, Section I, of the Code of Regulations of OCLC Online Computer Library Center, Inc., convened at 7:50 a.m., local time, on September 22, 2008 at OCLC Online Computer Library Center, Inc., 6600 Kilgour Place, Dublin, Ohio 43017. Mr. Alford presided as Chair and Ms. Stacey Wideman 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:

Karen Calhoun, Vice President, WorldCat and Metadata Services
Bruce Crocco, Vice President, Library Services for the Americas
Cathy De Rosa, Vice President, Marketing and Library Services
Lorcan Dempsey, Vice President, Programs and Research and Chief Strategist
James Michalko, Vice President, RLG Programs Development
Robin Murray, Vice President, Global Product Management
George Needham, Vice President, Member Services
William Nilges, Vice President, Business Development
Rick J. Schwieterman, Executive Vice President, Chief Financial Officer
Tammi N. Spayde, Vice President, Human Resources
Michael Teets, Vice President, Global Product Architecture
Rein van Charldorp, Managing Director, OCLC PICA
Andrew Wang, Vice President, OCLC Asia Pacific
Greg Zick, Vice President, Digital Collection Services

Mr. Alford called the meeting to order, and the Board spent a few minutes reflecting on the recent losses of Gary Houk and Mindy Houfek. Mr. Alford read a letter from Randi Houk, thanking the Board for its thoughtfulness and support during Gary's illness.

Mr. Jordan will be making two announcements at the service today for Mr. Houk: (i) a scholarship fund has been established in Gary's memory to fund a Dublin student attending The Ohio State University for technology related studies. The scholarship will be for \$5,000 each year, for an initial 5 year period, and will be administered by the Dublin Rotary; and (ii) the Executive Conference Room in the Kilgour Building will be renamed the Gary Houk Conference Room.

Following these announcements, a moment of silence was observed in honor of both Mr. Houk and Ms. Houfek, for their extraordinary contributions to the OCLC family.

Mr. Alford thanked Ms. Ryan for 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 June 8, 2008. Upon motion duly made and seconded, the Board of Trustees unanimously approved the minutes of said meeting.

Mr. Alford then submitted his Chair's report, noting that there will be three new Trustees at the November meeting. He congratulated Ms. Spayde and Mr. Jordan for recruiting Jerome Offord as OCLC's new Manager of Corporate Inclusion. Mr. Alford announced that the Board will discuss OCLC's organizational structure at the November meeting and reminded the Trustees that the June 2009 Board of Trustees meeting will take place in Chicago. That concluded the Chair's report.

Mr. Alford then indicated that the Executive Committee of the Board had met over the summer, and had also had a meeting via telephone regarding the Amlib acquisition due to deadlines related to the transaction. He also noted that in February 2009 Members Council will be holding a virtual meeting. Since the Board Meeting and Members Council Meeting will be back to back, the Board meeting will be held Sunday night and reconvene Monday morning from 8 a.m.-10 a.m. 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 and invited comments and questions: (i) he traveled to Asia and while there interviewed candidates for the new Regional Manager of the Australia office, (ii) a new agreement was signed with Recorded Books on September 8; and (iii) Ms. Calhoun's group continues their work to update the OCLC Records Use Policy. That concluded Mr. Jordan's report.

The Chair then called for the report of the RLG Committee. Mr. Neal reported that the RLG Committee had met and discussed the following: (i) the original objectives of the RLG-OCLC combination are being realized, (ii) funding and expenses of RLG Programs were reviewed and found to be consistent with the expectations put in place, (iii) new RLG members have been elected to the RLG Committee, Ms. Carol Mandel, Mr. David Zeidberg, and Mr. Jim Neal, joining Board appointed members Ms. Wilson, Ms. Ryland, and Ms. Niggemann, and Program Council re-elected (Program Council will consist of 12 members, 8 from Partners, 4 appointed by Mr. Dempsey) and (iv) the establishment of the RLG role within the OCLC family. RLG Partners will be supported by staff and finances through OCLC Research. The Chair thanked Mr. Neal for his hard work and efforts throughout the transition. That completed Mr. Neal'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 changes to be made to the Board website and thanked Mr. Newell and Ms. Ryan for their efforts and hard work on this project, (ii) reviewed results of the Board self-assessment survey which can be found under Tab 4 of the Board Materials (results were extremely positive), (iii) discussed 2010 Board Development and planning for anticipated changes due to changes in governance structure (a member of the Committee will be personally contacting each Board Member to discuss), and (iv) reviewed and approved the following resolution which the Committee recommended to the full Board for passage:

RESOLVED, that effective September 22, 2008, Betsy Wilson is hereby appointed Chair of the RLG Committee of the Board of Trustees for fiscal year 2008/09.
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There being no further discussion, and no second being necessary, the above resolution was moved and unanimously approved by the Trustees. That concluded Ms. Wilson's report.

The Chair then called for the report of the Audit Committee. Mr. Seal indicated that the Committee met with all members present, including members of OCLC Finance staff and representatives of Deloitte and Touche, and (i) reviewed the Conflict of Interests statement, which OCLC management will make minor tweaks to based on feedback from the audit, (ii) OCLC staff will be undertaking an internal audit study of distributors based on a recent situation with a distributor in Korea (Mr. Jordan commented OCLC must be cautious not to damage relationships with our current

partner distributors, but OCLC should institute more conservative terms and conditions for our offshore distributors), (iii).OCLC will use Deloitte & Touche for its 2009 audit; and (iv) reviewed and approved the following resolution which the Committee recommended to the full Board for passage:

RESOLVED, that the Deloitte & Touche audit report for the year ended June 30, 2008, be and the same is hereby accepted.

There being no further discussion, and no second being necessary, the above resolution was moved and unanimously approved by the Trustees. Mr. Seal then thanked Mr. Schwieterman and his staff for their continued exceptional work. That concluded Mr. Seal's 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 and: (i) considered an internal audit reviewing strengths and areas of improvement for the LTIP, (ii) reviewed MIP percentages and individual summaries, (iii) discussed that Hewitt Associates is preparing a market analysis of executive compensation, (iv) reviewed the FY 2011 LTIP targets, and (v) recommended several proposed resolutions that will be presented in executive session. That concluded Ms. Ryland's 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) reviewed the 2008 financial results, compared with 2007, and looked forward to the 2009 budget, (ii) discussed that despite the turmoil in the market OCLC's portfolio remains strong as it is well diversified and closely watched, (iii) reviewed 2008 MIP and 2011 LTIP (more discussion to follow in Executive Session), (iv) discussed the impact of grants on revenue and contribution, (v) reviewed strategy plan utilization and are pleased with OCLC's efforts (of 61 red dot positions, 32 have been filled, 23 are being actively recruited, and only 6 are not yet requested) and (vi) reviewed the following resolutions (which could be found at Tab 6 of the Board materials) and recommended that all three be approved by the full Board:

WELLS FARGO

WHEREAS, OCLC intends to enter into agreements with Wells Fargo ("Bank"), from time to time, to furnish treasury management services to OCLC, which agreements may relate to one or more deposit accounts of OCLC with Bank.

RESOLVED that any one of the following OCLC officers; President, Executive Vice President and Chief Financial Officer, and Vice President and General Counsel, is individually authorized to, and to designate one or more other OCLC officers, agents or employees (each such officer or designated officer, an "Officer" and each such designated agent or employee, a "Designee") to: (a) open or close one or more

deposit and/or securities accounts (the "Accounts") with Wells Fargo Bank, National Association ("Bank"); (b) execute and deliver in OCLC's name such agreement(s) regarding the Accounts and the services related thereto as Bank may from time to time require; (c) authorize and execute transactions on the Accounts, including, without limitation, (i) signing checks and other instruments withdrawing funds from the Accounts, including those payable to cash or to persons who sign them, (ii) requesting funds transfers by Bank to and from the Accounts, (iii) entering into arrangements for the processing of automated clearing house ("ACH") debit entries and/or ACH credit entries to and from the Accounts, and (iv) endorsing on behalf of OCLC, and otherwise negotiating, checks and other items payable to OCLC; (d) incur overdrafts and other obligations in the Accounts at Bank in connection with any of the products, services, or activities authorized by these resolutions; and (e) invest OCLC's funds on such terms and conditions as such Officer or Designee, as applicable, deems appropriate;

RESOLVED, that OCLC is authorized to enter into any other arrangements, agreements and documents with respect to any of Bank's deposit and treasury management products and services, in such form and on such terms and conditions as may be agreed to by an Officer or Designee signing such agreements and documents;

RESOLVED, that except to the extent provided otherwise in any agreement between OCLC and Bank, OCLC authorizes Bank to rely on any act or communication, including telephone, wire or electronic communication, purporting to be done by any officer, employee or agent of OCLC if such reliance is in good faith, and OCLC shall be bound to Bank by any such act or communication relied on by Bank in good faith;

RESOLVED, that these resolutions are in addition to, and not by way of limitation on, other resolutions, if any, of OCLC's Board of Trustees in favor of Bank, and that the authority conferred by these resolutions shall be deemed retroactive and any and all acts authorized by these resolutions performed prior to the passage of these resolutions are hereby approved and ratified as the official acts and deeds of OCLC; and

RESOLVED, that each of these resolutions shall continue in full force and effect until Bank has received express written notice of its rescission or modification by a resolution duly adopted by OCLC's Board of Trustees and certified by the Secretary of OCLC.

STANDARD CHARTERED

WHEREAS, OCLC intends to enter into agreements with Standard Chartered ("Bank"), from time to time, to furnish treasury management services to OCLC, which agreements may relate to one or more deposit accounts of OCLC with Bank.

RESOLVED, that, in connection herewith, (a) any of the following, namely: President; Executive Vice President and Chief Financial Officer; Vice President and General Counsel be and each of them is authorized for and on behalf of OCLC to execute and deliver to Bank such agreements and other writings, if any, as Bank may require, which agreements and other writings, if any, each shall be in such form and contain such representations, agreements, authorizations, waivers and other provisions as Bank may require and as the person executing such agreements on behalf of OCLC may approve, and (b) any of the following, namely: Sr. Manager Treasury Services & Cost Accounting be authorized for and on behalf of OCLC to make and do all such further and other acts and things, including but not limited to, supplying operational and procedural information to Bank, as Bank may from time to time deem necessary or advisable in connection with the foregoing, and, in each case, any such person's execution thereof or other acts in connection therewith shall be conclusive evidence of his or her approval and the approval of this governing body; and

RESOLVED FURTHER, that certification of the names, titles and specimen signatures of the persons herein authorized to act on behalf of OCLC shall be furnished to Bank, and that Bank is authorized to rely on this certification until written notice of any change therein, in a form satisfactory to Bank, shall have been received by the appropriate officer of Bank; and

RESOLVED FURTHER, that the final resolution language has not yet been determined and/or provided by Bank, and as such the above named officers of OCLC are hereby authorized to execute any additional resolution required by Bank provided the terms and conditions of said resolution substantially comply with the language contained in this resolution.

ATLAS

WHEREAS, the Corporation currently possesses the exclusive right to distribute the ILLiad resource sharing software (the “Software”) pursuant to an Exclusive Software Distribution Agreement with Atlas Systems, Inc. (the “Current Agreement”); and

WHEREAS, that in view of the Corporation’s interest in expanding its member base and resource sharing services, the Corporation has entered into discussions with Atlas Systems, Inc. with regard to obtaining a perpetual license for the Software permitting OCLC’s development of a “network service” that utilizes computer code written by OCLC based on the source code for the Software.

NOW THEREFORE, BE IT RESOLVED, that the Corporation should proceed with negotiations for the perpetual license for the Software.

Therefore, Robert L. Jordan, President and Chief Executive Officer; Rick J. Schwieterman, Executive Vice President and Chief Financial Officer 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) Complete the transaction by executing a new agreement or an amendment to the Current Agreement for such purpose, providing for: (i) a negotiated license fee to be paid to Atlas (currently \$2 million); (ii) a negotiated per-site fee for Atlas’ assistance in migrating users to the network service [currently \$1,200.00 (one thousand two hundred dollars) per site]; and (iii) the continuation of royalties under the Current Agreement for a negotiated period.

FURTHER RESOLVED, That Robert L. Jordan, President and Chief Executive Officer, Rick J. Schwieterman, Executive Vice President and Chief Financial Officer, 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.

There being no further discussion, and no second being necessary, the above resolutions were moved and unanimously approved by the Trustees. This concluded Mr. Barry’s report.

The Chair then called for the report of the Membership Committee. Mr. Newell reported that the Committee would be meeting via telephone on October 9 and will address the following, (1) the size of Global Council will be discussed with a recommendation to be made to Members Council, and (2) a review of governance issues with Mr. Needham. Mr. Jordan mentioned that valuable feedback was obtained during his recent trip to Europe with regard to the elected EMEA delegates and their thoughts on how their Global Council should be comprised. This feedback has been passed along to the BOD. That completed Mr. Newell’s report.

The Chair then asked for the Governance Transition Committee report. Ms. Farrell reported that the Committee met on August 4 with all members present, as well as the Members Council Executive Committee and key OCLC staff, and the Committee also met on September 20,

along with Mr. Newell. The Committee: (i) has been working with Members Council to make significant progress on transition procedures, (ii) discussed Members Council's request for the process to be as transparent as possible, (iii) stated that new delegates in October will be briefed quickly to keep things moving forward, (iv) has been working on a draft of the Global Council Bylaws, which can be found in Tab 7 of the Board materials. The Members Council will review these Bylaws in October, the Committee will bring back for Board approval in November, and Members Council will review again in February, and (v) reviewed the following resolution (which could be found at Tab 7 of the Board materials) and recommended its approval by the full Board:

OCLC GOVERNANCE TRANSITION COMMITTEE RESOLUTION

WHEREAS, by resolution dated February 10, 2008, the OCLC Board of Trustees established an ad hoc "Governance Transition Committee" (hereinafter the "GTC"), consisting of Ms. Maggie Farrell (Chair), Ms. Betsy Wilson, Mr. David Roselle, Mr. Jerry Stephens, and Mr. Larry Alford, ex-officio, and charged such Committee in part as follows:

1. To review the concerns of Members Council and such further input as might be furnished by the full Board, and to also take into appropriate consideration the average overall experience and length of service/tenure issues resulting from any such changes to the governance documents and/or corporate governance structure in order to develop a transition plan to any new corporate structure;
2. Work with staff as appropriate (e.g. the corporate General Counsel and Members Council liaison) and with the Members Council President and Executive Committee to take all steps necessary to effect such transition, including necessary modifications to the OCLC's governance documents as appropriate...", and

WHEREAS, on August 4, 2008, the GTC met with the Members Council President and Executive Committee in order to review their suggestions and recommendations as of that date for effecting the aforementioned transition to the Global/Regional Council concept, and upon the agreement of the GTC and the Members Council Executive Committee,

NOW THEREFORE, BE IT RESOLVED that in order to achieve a more balanced rotation on the Board of Trustees, at the October Meeting of Members Council the following actions will be taken:

A new Trustee shall be elected to fill the vacancy created by the untimely death of Victoria Johnson. In addition, the current term of Ms. Johnson, which is scheduled to expire in November of 2010, is hereby extended to expire in November, 2013. Thereafter, the length of this position's term shall be as provided in the OCLC Code of Regulations.

The current term of Robert Seal expires in November, 2010. The person elected to fill this position on the Board of Trustees shall serve a five year term that will expire in November, 2015. Thereafter, the length of this position's term shall be as provided in the OCLC Code of Regulations.

There being no further discussion, and no second being necessary, the above resolution was moved and unanimously approved by the Trustees. That concluded Ms. Farrell's report.

The Chair then called for a break at 9:30 a.m.

Following the break, the Chair then reconvened the meeting at 9:40 a.m. and Mr. Murray gave a presentation entitled “Quarter 1 Review: Red Dot Progress”. Following the presentation, the Chair then called for a break at 10:20 a.m.

Following the break, the Chair then reconvened the meeting in executive session at 10:30 a.m. During the executive session, the Board discussed, moved, seconded and unanimously approved the following resolutions:

FY-2008 LONG-TERM INCENTIVE PLAN

WHEREAS, the Corporation has completed an internal audit of the Long-Term Incentive Plan non-financial metrics for FY2008; and

RESOLVED, that following review by both the now Personnel & Compensation Committee and the Board, the recommendations of the Personnel and Compensation Committee regarding a FY2007 Long-Term Incentive Plan award to each vice president as presented be approved.

FY2011 LONG-TERM INCENTIVE PLAN METRICS

RESOLVED, that the Personnel and Compensation Committee of the Board of Trustees has completed their review and recommendations regarding the FY2011 metrics for the long-term incentive plan (“LTIP”), and after appropriate discussion and review by the full Board in executive session, the following are hereby approved:

The LTIP threshold, target and maximum performance measures to be achieved as of June 30, 2011 and the weighting assigned for each participant.

FY2008 MIP –VP INCENTIVE COMPENSATION 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 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 2007/2008 be and the same are hereby approved as presented, pursuant to the provisions of the Management Incentive Plan.

FY2009 MIP CORPORATE PERFORMANCE TARGETS

RESOLVED, that the recommendation of the Personnel and Compensation Committee regarding the FY2008/2009 Management Incentive Plan performance objectives for each vice president of the Corporation as presented in executive session be and the same is hereby approved.

VP 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, 2008 be and the same hereby are approved as presented.

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 resolutions:

FY2011 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 Plan target percentage for the FY2011 performance period for the President and CEO as presented in executive session be approved.

The Special Incentive threshold, target and maximum performance measures to be achieved as June 30, 2011 and the weighting assigned to the President and CEO are also hereby approved.

FY2008 ANNUAL COMPENSATION 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 be approved as follows:

The Annual Incentive Plan award to the President and Chief Executive Officer of this Corporation for FY2007/2008 be and the same are hereby approved.

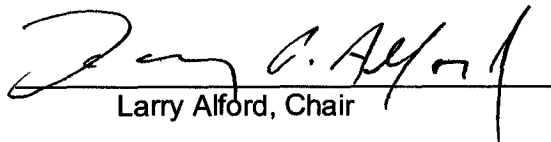
FY2008/2009 ANNUAL CEO INCENTIVE COMPENSATION CORPORATE PERFORMANCE TARGETS

RESOLVED, that the recommendation of the Personnel and Compensation Committee regarding the FY2008/2009 Annual Incentive Plan performance objectives for the President and Chief Executive Officer of the Corporation, as presented in executive session be and the same is hereby approved.

FY2008 SPECIAL INCENTIVE AWARD PRESIDENT & CEO

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 FY2008 Special Incentive award to the President and CEO be approved.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned at approximately 11:15 a.m.


Larry Alford, Chair


Stacey Wideman, Acting Secretary