

OCLC ONLINE COMPUTER LIBRARY CENTER, INC.
Meeting of the Board of Trustees
September 21, 2009

This meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated September 9, 2009, and in accordance with Article VII, Section I, of the Code of Regulations of OCLC Online Computer Library Center, Inc., convened at 8:28 a.m., local time, on September 21, 2009 at 6565 Kilgour Place, Dublin, Ohio, 43017. Mr. Alford presided as Chair and Mr. Houfek kept the minutes of the meeting, except during the executive sessions, when Mr. Barry kept the minutes.

Trustees present:

Larry Alford
Edward W. Barry
Maggie Farrell
Tony Ferguson
Ralph K. Frasier
Kathleen Imhoff
Jay Jordan
David P. Lauer
Bruce Newell
Elisabeth Niggemann
David Roselle
Jane N. Ryland
Robert Seal
Betsy Wilson
Sandra Yee

Trustees Absent:

None

Also, present for all or portions of the meeting:

Karen Calhoun, Vice President, WorldCat and Metadata Services
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
Bruce Crocco, Vice President, Library Services for the Americas
Lorcan Dempsey, Vice President, Programs and Research & Chief Strategist
Ted Fons, Director WorldCat Global Metadata Network
Jim Michalko, Vice President, RLG Programs
Robin Murray, Vice President, Global Product Management
Chip Nilges, Vice President, Business Development
Gene Oliver, Executive Director, Systems Management
Mike Teets, Vice President, Enterprise Architecture
Rein Van Chardorp, Managing Director, OCLC EMEA
Andrew Wang, Vice President, OCLC Asia Pacific
Greg Zick, Vice President, Global Engineering

Mr. Alford began by thanking the RLG representatives for joining the Board at dinner the previous evening, during which a lively discussion regarding the social contract between OCLC and its

member libraries took place. Mr. Alford then inquired as to any changes to the proposed agenda. There being none, he requested a motion to approve the minutes of the meeting of the Board of Trustees held on June 8, 2009. Upon motion duly made and seconded, the Board of Trustees unanimously approved the minutes of said meeting.

The Chair then called for the report of the RLG Committee. Ms. Wilson welcomed Ms. Nancy Gwinn from the Smithsonian Libraries to the RLG Committee. Also, Ms. Wilson indicated that the Committee: (i) reviewed the activity of the RLG Partnership, which is now in the third year of its agreement with OCLC, (ii) discussed the establishment of a leadership role in the area of shared print collections, unique materials and special collections, (iii) reviewed recent progress in the research information management project, (iv) discussed means and methods to achieve more grant funding, with a report regarding same scheduled to be sent to the Trustees shortly, (v) reviewed and confirmed that OCLC had once again met or exceeded its contractual commitments to the RLG Partners in both monetary and research contributions, and (vi) discussed plans for RLG going forward after the 5 year term of the Asset Purchase Agreement with OCLC, with recommendations to be shared with the Trustees at the February Board meeting. That completed Ms. Wilson's report, followed by a discussion and comments by Mr. Jordan, Mr. Michalko and Mr. Barry. Mr. Alford then expressed his and the Board's thanks to Mr. David Zeidberg for his participation and contributions while serving on the RLG Committee.

Mr. Fons then made a presentation to the Board entitled "WorldCat Initiatives Update".

The Chair then expressed his appreciation for all of the staff that did such an excellent job in supporting the OCLC presence at the American Library Association meeting, as well as IFLA and other similar events throughout the year.

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 2 of the Board materials, after which he related that: (i) Mr. Wang had just returned from a successful trip to China with Mr. Jordan during which they attended the first Asia Pacific Regional Council meeting in Beijing, (ii) Ms. Calhoun had just returned from a trip to France and the UK, and Mr. Nilges from a trip to Frankfurt for the annual Book Fair, both on behalf of the cooperative, (iii) Ms. De Rosa was absent at today's meeting due to a family illness, (iv) he wished to introduce Mr. Oliver, Executive Director of the IT function at OCLC, who had been in charge of the recent establishment of a redundant data center in Westerville, Ohio, (v) OCLC continued its review of appropriate data centers on a worldwide basis in order to properly establish its global footprint, (vi) he wished to thank the National Library of China for its excellent hospitality during his recent visit with them, and that he especially wanted to thank Mr.

Wang and Mr. Ferguson for their work in arranging the interaction with that library , and (vii) OCLC has very recently completed a booklet to be distributed to the employees entitled “Executing To Plan”, for which he thanked Ms. Spayde and her staff. That completed Mr. Jordan's report, after which a short discussion was had regarding OCLC's preparedness for the flu season.

The Chair then called for a short break at 10:35 a.m., after which the Board reconvened in executive session, at 10:40 a.m., during which the Trustees discussed various matters with Mr. Jordan. At 11:00 a.m., the Board ended the executive session and returned to regular session, at which time the Chair called for a short break.

Following the break, the Chair reconvened the meeting, and indicated that he had nothing to add to his Chair's report which could be found at Tab 3 of the Board materials.

Mr. Alford then reported that the Executive Committee met and: (i) discussed plans for the tribute dinner for Mr. Frasier and Ms. Ryland to be held in November, (ii) considered plans for the Board retreat in November, (iii) discussed plans for the Board meeting in June of 2010 in Boston, (iv) discussed the charge and roster of the newly formed Record Use Committee which was included in Tab 4 of the Board materials, and (v) discussed ways to improve the efficiency of the Committees and avoid redundancies in their agendas. Mr. Alford also indicated that he and Mr. Jordan would be meeting with the Global Council “super committee” during their sessions today and tomorrow. That concluded Mr. Alford's report.

The Chair then asked Ms. Farrell for the report of the Governance Transition Committee. Ms. Farrell indicated: (i) that the final report of the Committee had been distributed to the Trustees for their review, (ii) that the Board should continue to review the governance parameters of the Global and Regional Councils on a regular basis, (iii) that the Board should also plan a review of the Corporate Governance structure every few years to determine if changes need to be made, and (iv) that she wished to express her thanks to all of the Committee members, including former Board member, Mr. Jerry Stephens. Mr. Alford then expressed his and the Board's appreciation of the excellent job done by Ms. Farrell and the rest of the Committee.

The following resolution was then brought before the Board and read by Mr. Barry:

GOVERNANCE TRANSITION COMMITTEE

WHEREAS, the Governance Transition Committee has concluded its work and made its final report to the Board of Trustees of OCLC Online Computer Library Center, Inc., and

WHEREAS the Committee members have carried out all of the duties and assignments with distinction and dedication, and

WHEREAS, this Board of Trustees is deeply grateful to the members of the Governance Transition Committee for their service, especially Committee Chair Maggie Farrell,

NOW, THEREFORE BE IT

RESOLVED, that this Board of Trustees hereby discharges the Governance Transition Committee and expresses its deep gratitude and appreciation to Committee Chair Maggie Farrell and the members of the Governance Transition Committee for their outstanding leadership and contributions to developing and implementing a transition plan for the new governance structure which resulted in the formation of a Global Council and Regional Councils that have extended participation in the collaborative to institutions around the world.

Upon motion being made and duly seconded, the above resolution was unanimously approved.

The Chair then called for the report of the Membership Committee. At Mr. Newell's request, Mr. Needham discussed recent activities of the Committee to better define and determine the qualifying activities for membership, and their intent to create documentation to better aid those tasked with interpretation in the future. A general discussion was had regarding specific products and entities as they relate to the membership issue, as well as other issues such as the appropriateness of "one library, one vote" and the fact that there were presently no metrics in any of the variable compensation plans that reflected these membership issues. Finally, Mr. Newell reported that staff now had reasonably calculated that there were approximately 26,000 members, with 86% in the Americas, 9% in the Asia Pacific region, and 6% in the EMEA region (rounding errors noted). That concluded Mr. Newell's report.

The Chair then called for the report of the Audit Committee. Ms. Farrell indicated that the Committee met with all members present, and (i) heard a presentation from Ms. Spayde, Mr. Murray and Mr. Zick updating the Committee on the final tasks of the Product Development Project Management Review, pointing out that this project was in response to a key risk for the Company which had been identified by the auditors, (ii) reviewed the annual statements of the Deloitte audit team, (iii) reviewed the findings of the auditors and internal scan of the conflict of interest statements, (iv) conducted an executive session review with the Deloitte audit team without any corporate officers present, and (v) reviewed and now were recommending the following resolution for approval by the full Board:

FINAL AUDIT

RESOLVED, that the Deloitte & Touche audit report for the year ended June 30, 2009, 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. This concluded Ms. Farrell's report.

The Chair then called for the report of the Personnel and Compensation Committee. Mr. Lauer reported that the Committee met with all members present and: (i) received a report from Mr. George Walter regarding the non-financial metrics of the LTIP, (ii) reviewed financial results for FY2009 and targets for FY2010, (iii) wished to thank Ms. Spayde for her work in furnishing said documentation, and (iv) had several action items that would be discussed further in executive session. That concluded Mr. Lauer's report.

The Chair then called for the report of Nominating and Board Development Committee. Ms. Niggemann reported that the Committee met with all members present, and: (i) reviewed draft resolutions for the November Board meeting regarding new Trustee appointments, (ii) discussed appointments for FY2010 for the Board officers, committee assignments and the RLG appointees, all of which would be further discussed in executive session, (iii) discussed the format and content of the November Board/SLT retreat, and (iv) began considerations of how the staggered and shorter terms of the Trustees would impact the future committee assignments. That concluded Ms. Niggemann's report.

The Chair then called for the report of the Finance Committee. Mr. Roselle reported that the Committee met with all members and several guests present, and that they: (i) reviewed the year-end financial information as presented by Mr. Schwieterman, (ii) expressed the Committee's thanks to Ms. Sondra Kowaluk, Corporate Controller, for her preparation of an executive summary of the annual results, (iii) discussed the performance of the investment portfolio, (iv) listened to a report from Mr. Murray and Mr. Wang regarding future technological programs, (v) reviewed LTIP and MIP awards and recommended approval to the P&C Committee, and (vi) discussed the preparation of a corporate 10 year operating plan which would be delivered in April, 2010. This concluded Mr. Roselle's report.

Mr. Alford then asked for new business, and seeing none, called for a break at 11:48 a.m. The meeting resumed at 12:07 p.m. in executive session, during which the following resolutions were each separately moved (no second being necessary as they had been recommended by the P&C Committee) and unanimously approved. (Note: Mr. Jordan recused himself from the vote on the resolutions that related to his compensation):

FY-2009 LONG-TERM INCENTIVE PLAN

WHEREAS, the Corporation has completed an internal audit of the Long-Term Incentive Plan non-financial metrics for FY2009; and

RESOLVED, that following review by both the Personnel & Compensation Committee and the Board, the recommendations of the Personnel and Compensation Committee regarding a FY2009 Long-Term Incentive Plan award to each Vice President as presented be approved.

LONG-TERM INCENTIVE PLAN METRICS

WHEREAS, the Board of Trustees previously approved the LTIP threshold, target and maximum performance measures for FY11 on September 22, 2008;

WHEREAS, the Board of Trustees has encouraged management to place significant investment in strategic objectives for FY10 which have an impact on the Lasting Endurance targets for FY11;

NOW THEREFORE BE IT RESOLVED, that the Personnel and Compensation Committee of the Board of Trustees approves the revised threshold, target and maximum levels and revised Financial Health Threshold for the Long-Term Incentive Plan ("LTIP"), FY11 and after appropriate discussion and review by the full Board in executive session, the same are hereby approved.

FY2009 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 2008/2009 be and the same are hereby approved as presented, pursuant to the provisions of the Management Incentive Plan.

FY2010 MIP CORPORATE PERFORMANCE TARGETS

RESOLVED, that the recommendation of the Personnel and Compensation Committee regarding the FY2009/2010 Management Incentive Plan performance objectives for each Vice President of the Corporation as presented in executive session be and the same is hereby approved.

LONG-TERM INCENTIVE PLAN COMPENSATION

RESOLVED, that the Personnel and Compensation Committee of the Board of Trustees has completed their review and recommendations regarding the FY2012 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, 2012 and the weighting assigned for each participant.

FY2012 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 FY2012 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, 2012 and the weighting assigned to the President and CEO are also hereby approved.

FY2009 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 FY2009 be and the same are hereby approved.

FY2010 ANNUAL CEO INCENTIVE COMPENSATION CORPORATE PERFORMANCE TARGETS

RESOLVED, that the recommendation of the Personnel and Compensation Committee regarding the FY2010 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.

FY2009 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 FY2009 Special Incentive award to the President and CEO be approved.

There being no further business to come before the meeting, a motion to adjourn was moved, seconded and unanimously approved by all of the Trustees, and the meeting was adjourned at 12:50 p.m.

Larry Alford, Chair

James T. Houfek, Secretary