

OCLC ONLINE COMPUTER LIBRARY CENTER, INC.
Meeting of the Board of Trustees
February 8, 2010

This meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated January 27, 2010, and in accordance with Article VII, Section I, of the Code of Regulations of OCLC Online Computer Library Center, Inc. convened at 8:15 a.m., local time, on February 8, 2010 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
Kathleen Imhoff
Jay Jordan
David P. Lauer
Bernadette Gray-Little
Bruce Newell
Elisabeth Niggemann
John Patrick
David Roselle
Robert Seal
Betsy Wilson (via conference telephone)
Sandra Yee

Trustees Absent:

None

Also, present for all or portions of the meeting:

Bruce Crocco, Vice President, Library Services for the Americas
Cathy De Rosa, Vice President of the Americas & Global VP of Marketing
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
Lorcan Dempsey, Vice President, Programs and Research & Chief Strategist
Jim Michalko, Vice President, RLG Programs
Robin Murray, Vice President, Global Product Management (via conference telephone)
George Needham, Vice President, Global & Regional Councils
Chip Nilges, Vice President, Business Development
Gene Oliver, Executive Director, Systems Management
Mike Teets, Vice President, Enterprise Architecture
Andrew Wang, Vice President, OCLC Asia Pacific
Greg Zick, Vice President, Global Engineering

Mr. Alford began by welcoming new Trustees Mr. Patrick and Ms. Gray-Little to the meeting, and thanking Anna Ryan for all of her work in planning and organizing the Board

meetings. Mr. Alford then inquired as to any changes to or discussion of the minutes of the last meeting, or the proposed agenda for this meeting. There being none, he requested a motion to approve both the minutes of the Annual Meeting and the Special Meeting of the Board of Trustees which were both held on November 9, 2009. Upon motion duly made and seconded, the Board of Trustees unanimously approved the minutes of said meetings.

Mr. Alford then called attention to the Chair's Report in the Board materials, and indicated that he had nothing to add, other than to report having heard many complimentary things about the work of the OCLC cooperative during the recent American Library Association meeting, especially OCLC's efforts on behalf of librarians on a global scale. This concluded the Chair's report.

Mr. Alford then indicated that the Executive Committee of the Board met and discussed (i) the June, 2010 Board meeting to be held in Boston, (ii) the tentative Board meeting schedule for calendar year 2011 which will be finalized at the April Board meeting, and (iii) other matters that will be discussed in executive session later in the meeting. This concluded the report of the Executive Committee.

The Chair then called for the report of the RLG Committee. Ms. Wilson indicated that the Committee met and: (i) reviewed future needs and directions of OCLC Research with Mr. Dempsey and Mr. Michalko, (ii) reviewed the achievements of the RLG program, as well as the budget and staff contributions and found them to be compliant with OCLC's contractual obligations, (iii) discussed the topic of research information management ("RIM"), and how the universities are supporting OCLC research efforts, (iv) reviewed input from an outside consultant regarding continuation of current research efforts after June 30, 2011, and the value of that to the Cooperative, and (v) a report and list of Corporate Operating Plan recommendations that will be presented to the Board for its review at the April meeting. That completed 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 4 of the Board materials, after which he related that: (i) he recently created the new position of Vice President of Innovation, and appointed Mr. Teets to this position, (ii) Mr. Oliver recently assembled an outside/independent information technology advisory board to make sure OCLC continues its leadership role in this area, (iii) a great deal of thanks were due to those who have volunteered their time and expertise to the Record Use Committee and the issues that surround that topic, (iv) the newly created OCLC Regional Council for the EMEA region will have its first meeting in a

few weeks and expects more than one hundred participants from over twenty countries, and (v) OCLC will be well represented at the upcoming Public Library Association meeting. That completed Mr. Jordan's report.

A general discussion then followed with Ms. De Rosa regarding the social contract issue with member libraries of the Cooperative, as well as further discussion relative to the cost sharing presentation by Ms. De Rosa during the Committee of the Whole meeting yesterday. Mr. Alford inquired as to whether there were any objections to senior management proceeding as proposed in those discussions, and there were none voiced.

The Chair then called the meeting into executive session at 9:18 a.m. and reconvened in general session at 11:35 a.m.

The Chair then called for the report of the Personnel and Compensation Committee. Mr. Lauer reported that the Committee met and: (i) reviewed its Charter, with no amendments being suggested, (ii) reviewed the Employee Opinion Survey results which were very favorable and which had a ninety three percent participation rate, which was excellent, (iii) listened to a presentation by an outside consultant regarding the recently completed executive compensation study, and (iv) agreed to further consider and review possible changes to the current Long Term Incentive Plan. That concluded Mr. Lauer's report. Mr. Alford made special mention of all of the work done on behalf of this Committee by Ms. Spayde and her staff, and he extended the Board's thanks to her for that effort.

The Chair then called for the report of the Finance Committee. Mr. Roselle reported that the Committee met with all members present. He also indicated that Ms. Farrell had been present as a guest. Matters discussed at the meeting were: (i) a review of the current portfolio investment plan with Mr. Raj Badia of Merrill Lynch, and (ii) the recommendation from the Committee that the following resolution be considered by the full Board:

INVESTMENT POLICY

RESOLVED, that following review by both the Finance Committee and the Board, the amended Investment Policy for the Long-Term Portfolio, be hereby approved.

Having come from the Committee, and no second being necessary, the above resolution was moved and unanimously approved by the Board. Mr. Roselle then continued his report and indicated that the Committee also: (i) discussed certain matters that would be reviewed in

executive session later in the meeting, (ii) reviewed the budget forecast with Mr. Schwieterman, which included a projection of a deficit situation for FY 2011 due to the overall global economy, (iii) moved the formal vote on the FY2011 Corporate Operating Plan to the June Board meeting, and (iv) recommended the following resolution for approval by the full Board:

NETLIBRARY

RESOLVED, That this Corporation be and it hereby is authorized to sell the Corporation's NetLibrary division and the FirstSearch Database business segment on substantially the same terms and conditions as presented to the Finance Committee of the Board on February 7, 2010 and that Robert L. Jordan, President and Chief Executive Officer, Rick J. Schwieterman, Executive Vice President and CFO, or 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 this transaction.

RESOLVED, That each of the officers of this Corporation be and they are each authorized to execute and deliver in the name and on behalf of this Corporation such certificates, instruments and other documents, and to do such other acts and things as they or any of them shall deem necessary or appropriate to carry out the purposes of the foregoing Resolution.

Having come from the Committee, and no second being necessary, the above resolution was moved and unanimously approved by the Board. That concluded Mr. Roselle's report.

The Chair then called for the report of the Nomination and Board Development Committee. Ms. Niggemann reported that the Committee met with all members present and: (i) discussed possible changes to the Committee Charter that would be brought to the full Board at the April meeting, (ii) reviewed the results and conclusions of the recent Board retreat for use in planning future gatherings of that nature, and (iii) discussed long term effects of recent governance changes on Board terms and related matters, with an eye toward making some corresponding changes to the nomination guidelines in the future, including the formation of a new "strategy committee" to study same. This concluded Ms. Niggemann's report.

The Chair then called for the report of the Audit Committee. Ms. Farrell reported that the Committee met with all members present, and : (i) reviewed new accounting regulations as to the charge-off of corporate goodwill, (ii) reviewed changes to the treatment of the endowment fund for accounting purposes, (iii) reviewed other miscellaneous matters with the account representative from Deloitte, (iv) reviewed the proposed engagement letter for audit services for FY 2010, (v) reviewed senior staff and Board conflict of interest forms and found no apparent conflicts therein, (vi) received an updated internal audit report, with an indication that the

distributor payment process had been changed due to audit issues, and (vii) reviewed and recommended the following resolution for approval by the full Board:

2010 AUDIT

RESOLVED, That Deloitte & Touche be engaged to perform the annual audit of the Corporation for the year ending June 30, 2010.

Having come from the Committee, and no second being necessary, the above resolution was moved and unanimously approved by the Board. That concluded Ms. Farrell's report.

The Chair then requested the report of the Membership Committee. Mr. Newell then indicated that the Committee would be meeting in Chicago next week, and following an expression of gratitude to Mr. Needham for his help, also reported that: (i) no changes were expected to the membership protocols as a result of the upcoming meeting, (ii) matters to be discussed at that meeting would include what membership really means to people on a global scale, and (iii) the results of the Chicago gathering would be reported to both the Global Council and to the Board at their upcoming meetings. Mr. Alford then added his gratitude on behalf of the Board for the work that Mr. Newell has done on this matter. That concluded Mr. Newell's report.

The Chair then recognized Mr. Dempsey, who reported that the Record Use Policy Council has communicated regularly and, following additional discussions, will have a draft Record Use Policy to the Board for review and comment, prior to the April, 2010 meeting.

At 12:30 p.m., Mr. Lauer and Ms. Wilson left the meeting, following which some general discussion was had.

The Chair then called for other business, and there being none, asked for a motion to adjourn, which was made and unanimously approved at 12:35 p.m. 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 12:35 p.m.

Larry Alford, Chair

James T. Houfek, Secretary