This meeting of the Board of Trustees of OCLC Online Computer Library Center, Incorporated, pursuant to the notice of the Secretary dated February 15, 2002, and in accordance with Article VII, Section I (1) of the Code of Regulations of OCLC Online Computer Library Center, Incorporated, convened at 9:00 a.m., February 25, 2002, at 6600 Frantz Road, Dublin, Ohio. Dr. Crowe presided and Mr. Houfek kept the minutes of the meeting.

Trustees present:

Bradley F. Baker  
William J. Crowe  
Christine Deschamps  
Nancy L. Eaton  
Ralph K. Frasier  
Maurice Glicksman  
Barbara Gubbin  
Victoria Hanawalt  
Jay Jordan  
Myer Kutz  
David P. Lauer  
Sharon J. Rogers  
Jane N. Ryland  
Thomas W. Shaughnessy  
Lizabeth A. Wilson

Trustees Absent:

None

Also, present for all or portions of the meeting:

Meg Bellinger, Vice President, Digital & Preservation Resources  
Look Costers, Pica B.V.  
Cees Datema, Chairman, Stichting Pica (observer)  
Cathy De Rosa, Vice President, Corporate Marketing  
Lorcan Dempsey, Vice President, Office of Research  
Frank J. Hermes, Vice President, Cooperative Discovery Services  
James T. Houfek, Vice President, General Counsel, and Secretary  
Gary R. Houk, Vice President, Metadata and Content Management Services  
Fred Lauber, Vice President, Information Technology  
Rob Kaufman, President, netLibrary eBook division  
Donald J. Muccino, Executive Vice President & Chief Operating Officer  
George Needham, Vice President, Member Services  
Rick J. Schwieterman, Vice President, Finance & Human Resources and Treasurer  
Phyllis B. Spies, Vice President, Worldwide Library Services  
Jerry Stephens, President, OCLC Members Council  
Richard Van Orden, Program Director, Members Council
To begin the meeting, Dr. Crowe welcomed Dr. Datema and Mr. Stephens to the meeting, and made note of the fact that Mr. Costers was attending his last Board meeting, as he was retiring from Pica in April of this year. The Chair took the opportunity to thank Mr. Costers for all of his efforts in effecting the merger with OCLC from the Pica standpoint, and further to recognize him for his leadership and direction following that event.

At the request of Dr. Crowe for a motion, and upon motion duly made and seconded, the Board of Trustees unanimously approved the minutes of their November 12, 2001 meeting.

Dr. Crowe then submitted the Chair’s report, requesting the Board to refer to his written report that had been submitted to them, but noting specifically that he wished to thank all of the Board members who were able to attend the recent Members Council meeting, and further to express his satisfaction with the efforts of all concerned to move the Members Council more upstream in terms of making them aware of what activities are in process at OCLC.

The Chair then called for the President’s report. Mr. Jordan indicated that the Board should look to his written report for details, but that he wanted to call their attention to the following items: (i) there was a Pica Board meeting scheduled for later today, and one of the items of discussion was to be the selection of a successor for Mr. Costers, (ii) OCLC had just completed its participation at the recent ALA meeting, enjoying a good share of the available audience with its topics and further enforcing the netLibrary affiliation with the presence of netLibrary staff in the OCLC booth, (iii) there were now an additional 35 participants in the CLD classes at Ohio State University, (iv) Ms. De Rosa had completed her evaluation of the marketing function at OCLC and would soon be announcing a reorganization of that department to better meet the challenges OCLC faces in the future, (v) the senior leadership at OCLC had just completed an eight hour inclusion training session with outside consultants so that it could set an example for the MIP participants who are the next group scheduled through the program, (vi) consideration is being given to the recent comments of some OCLC members regarding the open access debate, understanding that OCLC would cease to play in this arena should the value proposition cease to exist for OCLC’s members, and (vii) that Mr. Houk is continuing to work with
CRL as to their cataloging needs. Following Mr. Jordan's comments, Dr. Shaughnessy raised the issue of digital preservation, and a discussion ensued. Following the discussion, and there being no further questions, that concluded Mr. Jordan's comments as to his President's report.

Dr. Crowe then informed the Board of his recent visit to netLibrary in Colorado, indicating that the netLibrary staff had obviously been hard at work in their effort to meet with him and make him feel “at home.” Mr. Jordan then added his appreciation for all of the staff efforts at netLibrary as to the production of due diligence materials at what had to be a most difficult point in time. Mr. Jordan also indicated that he and Mr. Kaufman had just returned from visiting with publishers in New York, where they experienced a renewed interest in the netLibrary products and a willingness to provide more “front list” content in the future. Mr. Kaufman then delivered a presentation on netLibrary's history and current plans for the future.

The Chair then called for a break at 10:20 a.m., and subsequently reconvened the meeting at 10:43 a.m. The Chair called for the report of the Ad Hoc Committee on Membership from Mr. Stephens, following which there was a motion which was duly made and seconded that the written report prepared by the Committee be accepted. Upon being submitted to a vote, the motion was unanimously approved. Dr. Crowe then asked if based on that acceptance and approval he should further engage Mr. Houfek to begin preparation of the appropriate amendments to the governance documents of the corporation, and he informally received affirmative indications from all members of the Board that he should do so.

Dr. Crowe then indicated that the members of the Executive Committee had met and discussed the following items: (i) the President's report, (ii) the structure of the April, June and September meetings, (iii) that in April, Mme. Deschamps would be giving a briefing relative to the Paris Board meeting in June, (iv) a topic of the April Board meeting was expected to be planning for the September meeting/retreat, and (v) there were two action items from the Executive Committee's meeting as follows:

RESOLVED, That in furtherance of OCLC's global cooperative initiative, this Corporation be and it hereby is authorized to establish an OCLC office in Mexico to support OCLC users in Latin America.
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.

There being no further discussion, and no second being necessary, a separate vote was taken on each of the above resolutions, and said resolutions were each unanimously passed and approved by the Board.

The Chair then called for the report of the Audit Committee. Ms. Wilson stated that the Committee had met and discussed several issues, including: (i) a review of the proposed audit letter from Deloitte and Touche, (ii) the current status and procedure for internal audits, (iii) a lengthy discussion as to concerns about maintaining independence as to the external auditors and the possibility of changing the auditing firm on a regular basis to assure independence, all of which are scheduled to be further considered at the April Committee meeting, (iv) a review of the conflict of interest policies and procedures, (v) a review of new accounting and reporting matters presented by Deloitte representatives, (vi) a presentation of current ISO 9001 issues by Mr. Muccino, and (vii) a review of the Audit Committee Charter with possible amendments to be recommended in April. During her presentation of the Audit Committee report, Ms. Wilson indicated that the following resolution had been reviewed by the Audit Committee and was now being recommended for approval by the full Board:

RESOLVED, That Deloitte & Touche be engaged to perform the annual audit of the Corporation for the year ending June 30, 2002.

There being no further discussion, and no second being necessary, a vote was taken on the above resolution, and said resolution was unanimously accepted and approved by the Board.

Mr. Lauer then reported on behalf of the Finance Committee that they had met and considered the following matters: (i) a presentation from Mr. Schwieterman on the operating results for the first seven months of the FY 2002, which showed the balance sheet to be in good financial condition, (ii) an update of the financial situation of the netLibrary division of OCLC, (iii) a review of the technology/capital expenditures budget for FY 2003, (iv) an analysis of the BioOne
and ILLiad projects with some recommendation for improvement thereof, and (v) a recommendation that the presentation of the FY 2003 budget be made to the full Board at the April meeting. Mr. Lauer then presented the following two resolutions, which had been approved by the Finance Committee and recommended for passage by the full Board:

**Preservation Resources Petty Cash**

RESOLVED that Preservation Resources, a division of OCLC Online Computer Library Center, Incorporated ("OCLC") maintain the checking account known as Preservation Resources Petty Cash No. 152-4831 (Account) with First Union (the Bank), and deposit therein, subject to the rules of the Bank, funds of OCLC, consisting of moneys, checks, negotiable paper and other instruments for the payment of money, acceptable to the Bank; that such funds deposited in said Account shall, subject to the rules of the Bank, be withdrawn from said Account by means of checks, drafts, notes, orders or receipts issued in the name of OCLC, signed by any one of the following officers or representatives of OCLC as to amounts of $1,000.00 or less or any two of the following as to amounts in excess of $1,000.00, namely: Vice President, Digital & Preservation Resources; Vice President, Finance and Treasurer; Investment and Risk Manager; Director of Financial Planning; Manager of Operations of Preservation Resources; and

RESOLVED FURTHER that the Bank is hereby authorized to honor and pay such checks, drafts, notes, orders or receipts and also to receive the same for the credit of or in payment from the payee or any other holder, when so signed, without inquiry as to the circumstances of their issue or the disposition of the proceeds, whether drawn to the individual order of or tendered in payment of individual obligations of said above named officers or representatives or other officers or representatives of OCLC or otherwise; and

RESOLVED FURTHER that all checks, drafts, notes or orders for the payment of money payable or belonging to OCLC may be endorsed for deposit in the Bank to the Account of OCLC by or under the direction of any one of said officers or representatives of OCLC and that a rubber stamp may be used for said purpose; and the Bank is authorized to honor and pay or purchase and pay for such instruments and also to receive the same for the credit of or in payment from the endorsee or any other holder, when so endorsed, without inquiry as to the circumstances of such endorsement or the disposition of the proceeds, whether endorsed in blank or to the individual order of or tendered in payment of individual obligations of the said above named officers or representatives or other officers or representatives of OCLC or otherwise; and

RESOLVED FURTHER that OCLC hereby guarantees to the Bank the payment of all checks, drafts and notes which may at any time be deposited to the Account without the endorsement of OCLC appearing on such items and the certification of these resolutions by an officer of OCLC shall bind it upon this guaranty; and
RESOLVED FURTHER that the Secretary furnish to the Bank a certified copy of these resolutions and a certificate setting forth the names of the authorized signatories on this Account and specimens of their signatures, and from time to time whenever new signatories on this Account shall be authorized, additional certificates setting forth the names of said signatories and specimens of their signatures, and the Bank is authorized to rely on these resolutions and each such certificate as being in effect without modification until written notice of any change therein shall be delivered to it and acknowledged by the Bank; and

RESOLVED FURTHER that this resolution supersedes and replace all prior resolutions with respect to the Account.

netLibrary Medical and Flex Spending Payment Account

RESOLVED that OCLC maintain the checking account known as the netLibrary Medical and Flex Spending Payment Account No. 685341130 (Account) with National City Bank (the Bank), and deposit therein, subject to the rules of the Bank, funds of OCLC, consisting of moneys, checks, negotiable paper and other instruments for the payment of money, acceptable to the Bank; that such funds deposited in said Account shall, subject to the rules of the Bank, be withdrawn from said Account by means of checks, drafts, notes, orders or receipts issued in the name of OCLC, signed by any one of the following officers of Great-West Life & Annuity Insurance Company: Assistant Vice President or Vice President, Controller, provided that any such checks, drafts, notes, orders or receipts for amounts exceeding $5,000 shall also be countersigned by any one of the following OCLC officers or representatives: Vice President, Finance and Treasurer; Investment and Risk Manager; and Director of Financial Planning.

RESOLVED FURTHER that the Bank is hereby authorized to honor and pay such checks, drafts, notes, orders or receipts and also to receive the same for the credit of or in payment from the payee or any other holder, when so signed, without inquiry as to the circumstances of their issue or the disposition of the proceeds, whether drawn to the individual order of or tendered in payment of individual obligations of said above named officers or representatives or other officers or representatives of OCLC or otherwise; and

RESOLVED FURTHER that all checks, drafts, notes or orders for the payment of money payable or belonging to OCLC may be endorsed for deposit in the Bank to the Account of OCLC by or under the direction of any one of said officers or representatives of OCLC and that a rubber stamp may be used for said purpose; and the Bank is authorized to honor and pay or purchase and pay for such instruments and also to receive the same for the credit of or in payment from the endorsee or any other holder, when so endorsed, without inquiry as to the circumstances of such endorsement or the disposition of the proceeds, whether endorsed in blank or to the individual order of or tendered in payment of individual obligations of the said above named officers or representatives or other officers or representatives of OCLC or otherwise; and

RESOLVED FURTHER that OCLC hereby guarantees to the Bank the payment of all checks, drafts and notes which may at any time be deposited to
the Account without the endorsement of OCLC appearing on such items and the certification of these resolutions by an officer of OCLC shall bind it upon this guaranty; and

RESOLVED FURTHER that the Secretary furnish to the Bank a certified copy of these resolutions and a certificate setting forth the names of the authorized signatories on this Account and specimens of their signatures, and from time to time whenever new signatories on this Account shall be authorized, additional certificates setting forth the names of said signatories and specimens of their signatures, and the Bank is authorized to rely on these resolutions and each such certificate as being in effect without modification until written notice of any change therein shall be delivered to it and acknowledged by the Bank; and

RESOLVED FURTHER that this resolution supersede and replace all prior resolutions with respect to the Account.

There being no further discussion, and no second being necessary, a separate vote was taken on each of the above resolutions, and said resolutions were each unanimously passed and approved by the Board.

A short non-agenda item was then presented by Mr. Jordan and Ms. Spies regarding an upcoming change in the pricing of the OCLC FirstSearch service, which will be announced next week. Dr. Crowe indicated that furnishing this type of information in this manner was an attempt to further keep the Board fully current with corporate events on a timely basis.

Ms. Hanawalt then reported on behalf of the Personnel and Compensation Committee that the members had met and discussed the following matters: (i) review of a report by Deloitte and Touche which had concluded that the compensation levels for OCLC's executives was reasonable and not excessive compensation, and with the understanding that at the time of the next such report, Deloitte would be asked to review the compensation levels of the Board as well, (ii) a report by the long term compensation committee, with the goal of bringing a development plan to the full Board at its April meeting, (iii) a review of mid-year MIP objectives and merit awards for officers of the corporation, which would be further discussed in executive session of the Board later today, (iv) a corporate inclusion plan update as presented to the Committee by Mr. Matson, and (v) a report on the continuing study by the Hay Group on compensation levels for non-exempt employees. Ms. Hanawalt then indicated that there was one action item, which would be introduced in the aforementioned executive session.
Dr. Crowe then called for the Board to go into an executive session at 11:43 a.m. At 12:19 p.m., the Board reconvened in regular session, at which time the Chair indicated that, having been recommended by the Personnel and Compensation Committee and no second being required, the following resolution had been unanimously approved by the full Board during their executive session:

RESOLVED, that following the review of the performance of the officers of the Corporation by both the Personnel & Compensation Committee and the Board in Executive Session, the recommendations of the Personnel and Compensation Committee regarding merit increases in compensation for vice presidents of the Corporation, effective January 1, 2002, be and the same hereby are approved.

There being no further business to come before the meeting, it was on motion duly made and seconded, adjourned at 12:20 p.m.

William J. Crowe, Chair

James T. Houfek, Secretary