This meeting of the Board of Trustees of OCLC Online Computer Library Center, Incorporated, pursuant to the notice of the Secretary dated April 12, 2002, and in accordance with Article VII, Section I (1) of the Code of Regulations of OCLC Online Computer Library Center, Incorporated, convened at 9:08 a.m., April 22, 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
Cathy De Rosa, Vice President, Corporate Marketing
Lorcan Dempsey, Vice President, Office of Research
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
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
Richard Van Orden, Program Director, Members Council

To begin the meeting, Dr. Crowe indicated that Dr. Datema was unable to attend today's meeting, but would be joining the Board in Paris at its next meeting.
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 February 25, 2002 meeting.

Dr. Crowe then submitted the Chair’s report, requesting the Board refer to his written report that had been previously submitted to them. Discussion then followed regarding the new task force being formed by incoming Members Council President, Kris Senecal, which will be involved with OCLC staff development.

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) thanks should be given to Mr. Lauer and the entire Finance Committee for their smooth processing of the budget presentations for FY 2002-2003, (ii) thanks is also in order to the OCLC staff for their tireless efforts and difficult decision making that was necessary in order to arrive at a balanced budget, (iii) Look Costers has now formally retired from Pica, and has been replaced by Mr. Rein Van Charlendorp, (iv) the farewell event for Mr. Costers was well attended and appropriate thanks were given for his 23 years of service to libraries, (v) Rob Kaufman has decided to pursue other opportunities, and has left netLibrary, following which Mr. Rich Rosy has been selected to succeed Mr. Kaufman as the person in charge of the netLibrary operations, (vi) that he had just attended the ASTM meeting in Mexico City, which was held outside of the country for the first time in order to send the message that the organization is serious about being international in scope, (vii) that the BioOne relationship is progressing well, but that it has asked for an additional advance on royalties on which OCLC will have to reach a decision, (viii) the RLDC conference concluded its meeting here recently, and (ix) that the CLD program through which 110 managers have been trained will be temporarily put on hold for the next year or so due to budgetary considerations. Following Mr. Jordan’s comments, Dr. Glicksman asked that it be made clear that the suspension of the CLD program was only temporary in nature, and the intention was to continue with the program in the future. There being no further questions, that concluded Mr. Jordan’s comments regarding his President’s report.

Dr. Crowe then indicated that the members of the Executive Committee had met and discussed the following items: (i) the appropriate use of time for the September retreat, (ii)
potential candidates for appointment to the Joint Committee on Membership with a decision being made to appoint the Board representatives after the Members Council has made their appointments (initial appointments will be made by the Executive Committee, with subsequent appointments being made by the Nominating Committee), (iii) several alternatives to decrease the costs of the various functions performed by the Board, (iv) a general update of the company's various activities in which Mr. Jordan participated, and (v) one action item from the Executive Committee's meeting as follows:

WHEREAS, OCLC Online Computer Library Center, Incorporated, through actions initiated by its Board of Trustees, has reviewed its governance structure to ensure that the Corporation can continue to achieve its public purposes, as set forth in its charter, and

WHEREAS, in order to provide for an independent perspective for the most recent phase of this work, OCLC appointed an Ad Hoc Committee on Membership to study certain membership and contribution issues, and then to report its findings and recommendations to the Board of Trustees and to the OCLC Members Council, and

WHEREAS, the Ad Hoc Committee on Membership concluded its study in February of this year, and has subsequently delivered its findings and recommendations to the OCLC Board of Trustees, the Trustee Members, and the OCLC Members Council, and

WHEREAS, the report of the Ad Hoc Committee on Membership (a copy of which is attached hereto and marked as “Appendix 1”), which the Board of Trustees and Trustee Members have received, contains a recommendation that the OCLC Board of Trustees establish a new Standing Joint Committee on Membership, and

WHEREAS, the establishment of a new Committee is a matter that requires an amendment to the OCLC By-Laws for Governance of the Board of Trustees of OCLC, which requires an affirmative vote of two-thirds of the Board of Trustees present at a meeting (and does not require ratification or other action by the Members Council),

NOW, THEREFORE, BE IT

RESOLVED, that subject to the ratification by the Members Council of the Board of Trustees' resolution regarding the amendment to the Articles of Incorporation and Code of Regulations of even date, that the By-Laws for Governance of the Board of Trustees of OCLC be, and the same hereby are, restated in their entirety as detailed in attached “Appendix 2".
Dr. Glicksman inquired whether the Members Council was contemplating amending their Bylaws as well, so they would track the changes being proposed in this resolution, and Mr. Needham assured him that this was the case. There being no further discussion, and no second being necessary, said resolution was 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) the current risks associated with some of OCLC's new partnering with for-profit entities and how those relationships might affect the company's 501(c)(3) status, presented by Mr. Houfek, (ii) the continuing development and refinement of the Audit Committee Charter, which it is hoped will be ready for presentation to the full Board at the September meeting, (iii) the independence letter that had been requested from Deloitte & Touche, and the feeling of the Committee that an additional letter was necessary that disclosed all of the relationships they have with OCLC and/or related entities, and (iv) that the following resolution had been reviewed and approved by the Audit Committee and was now being recommended for approval by the full Board:

RESOLVED, that the revisions to the Board of Trustees Policy Statement on Board Conflicts of Interest and the OCLC Board of Trustees Conflict of Interest Disclosure Form as presented to this meeting, a copy of said revisions being attached hereto are hereby, approved and adopted.

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. Following the vote, Ms. Ryland pointed out to the Board that it needs to become more aware of the financial skills of the individuals that it appoints to the Audit Committee and to the Board in general, in order to comply with the Audit Committee Charter requirements being discussed.

Dr. Crowe then called on Ms. Deschamps for her report from the Nominating Committee. She indicated that the Committee had met and had considered the following items: (i) adoption of the Committee minutes from the last meeting, (ii) the resume of Mr. Barry (a Trustee candidate), with an indication that he would be unable to attend the September Board meeting, (iii) a report on the Board's effectiveness as presented by Mr. Kutz, (iv) a
recommendation that each Committee of the Board and the Board itself adopt their own individual charters, (v) development of a checklist/timetable for repeating Committee tasks, (vi) the need for more interaction with Jay and other OCLC staff, (vii) continuing discussion and evaluation regarding the OCLC Board Web site and the delivery of meeting documents, (viii) the Nominating Committee Charter (now on draft 6), and (ix) additional Trustee nominees for future openings. Being no further discussion and no action items, that concluded Ms. Deschamps’ report.

Ms. Hanawalt then reported on behalf of the Personnel and Compensation Committee that the members had met and had discussed the following matters: (i) a report by the Long Term Incentive Plan sub-committee and a subsequent approval by the Committee to ask the staff to present a proposed plan document for review in June, with the final Plan being ready for presentation to the full Board at the September meeting, with the Plan to be retroactive to July 1, 2002, (ii) that the netLibrary results would not be figured in to the Management Incentive Plan computation for this fiscal year, (iii) the elimination of the telephonic meeting of the Committee which has occurred in August of the past few years to give final approval to the Management Incentive Plan awards, with the understanding that a portion of the award will be made at the June meeting, and the balance at the September meeting when final financial information is available for the previous fiscal year, (iv) the links between pay and performance, and (v) an update report on current and ongoing inclusion efforts. Ms. Hanawalt then indicated that there were two action items, as follows:

**OCLC assumption of netLibrary, Inc. 401(k) plan**

WHEREAS, prior to, and in connection with, the acquisition by the Corporation of certain of the assets of netLibrary, Inc., the officers of the Corporation determined (i) to assume the netLibrary, Inc. 401(k) Plan and to maintain such plan for the sole benefit of the employees of the netLibrary Division of the Corporation and the employees of the netLibrary Division of the Corporation’s for-profit subsidiary, OCLC Information Distribution, Inc., and (ii) to institute an employer matching contribution similar to that provided for in the Corporation’s Thrift Plan, and such actions were taken as of the effective date of the acquisition.

THEREFORE, BE IT RESOLVED, that, in order to fully integrate the netLibrary Division into the Corporation, (i) the actions taken to
assume the netLibrary, Inc. 401(k) Plan, to be known as the OCLC 401(k) Plan (the “401(k) Plan”), for the sole benefit of the employees of the netLibrary Division of the Corporation and the employees of the netLibrary Division of the Corporation's for-profit subsidiary, OCLC Information Distribution, Inc., and to institute the employer matching contribution are hereby ratified and approved, with such assumption of the 401(k) Plan to be effective January 25, 2002.

FURTHER RESOLVED, that the Corporation's Vice President, Finance, Rick Schwieterman, and Vice President, General Counsel, James T. Houfek, be and they each are hereby appointed as Trustees of the 401(k) Plan.

FURTHER RESOLVED, that there be established a 401(k) Plan Administrative Committee for the 401(k) Plan, that the Corporation's Vice President, Finance, Rick Schwieterman, and Vice President, General Counsel, James T. Houfek, be and they each are hereby appointed as sole members of 401(k) Plan Administrative Committee, and that the 401(k) Plan Administrative Committee, by and through such members, acting jointly, be and it is hereby authorized and empowered, for and on behalf of this Corporation, to amend and modify the 401(k) Plan from time to time (i) for the purpose of assuring compliance with the requirements of the Internal Revenue Code, ERISA and regulations promulgated thereunder, and (ii) for any other purpose that the Administrative Committee deems necessary or desirable; provided however, that without prior Board approval, the Administrative Committee shall not take any action to terminate or partially terminate the 401(k) Plan or to materially increase the amount of the employer matching contribution.

FURTHER RESOLVED, that any and all actions previously taken by any officers of the Corporation that are consistent with the foregoing resolutions are hereby ratified and approved.

Exclusion of netLibrary employees from participation in certain retirement plans

WHEREAS, prior to, and in connection with, the acquisition by the Corporation of certain of the assets of netLibrary, Inc., the officers of the Corporation determined (i) to assume the netLibrary, Inc. 401(k) Plan and to maintain such plan for the sole benefit of the employees of the netLibrary Division of the Corporation and the employees of the netLibrary Division of the Corporation's for-profit subsidiary, OCLC Information Distribution, Inc., and (ii) to exclude such employees from participation in the OCLC Employees' Thrift Plan, the OCLC Online Computer Library Center, Inc. Tax-Deferred Annuity (TDA) Plan, and the OCLC Online Computer Library Center, Inc. Defined Contribution Retirement Plan (collectively, the "Selected Benefit Plans"), and such actions were taken as of the effective date of the acquisition.

THEREFORE, BE IT RESOLVED, That the actions taken to exclude the employees of the netLibrary Division of the Corporation
and the employees of the netLibrary Division of the Corporation’s for-profit subsidiary, OCLC Information Distribution, Inc., from participation in the Selected Benefit Plans are hereby ratified and approved.

FURTHER RESOLVED, that (i) the Administrator of the Corporation’s pension benefit plans, or (ii) the Corporation’s Vice President, Finance, Rick Schwieterman, or Vice President, General Counsel, James T. Houtek, or (iii) with respect to each Selected Benefit Plan, the Administrative Committee for such Selected Benefit Plan, be and they each are hereby authorized, singly, to amend the respective Selected Benefit Plans to reflect the exclusion of such employees from participation therein.

FURTHER RESOLVED, that any and all actions previously taken by any officers of the Corporation that are consistent with the foregoing resolutions are hereby ratified and approved.

There being no further discussion, and no second being necessary, a vote was separately taken on each of the above resolutions, and each said resolution was unanimously accepted and approved by the Board. This concluded Ms. Hanawalt’s report. Mr. Jordan indicated that the Committee had approved in concept that the percentage of the Management Incentive Plan award approved at the June meeting was not necessarily to be 50% of the award, but rather the Committee would look to Mr. Jordan to recommend a percentage payout intended to reflect his confidence level towards achieving that year’s financial goals.

The Chair then called for a break at 10:05 a.m., and subsequently reconvened the meeting at 10:25 a.m.

Mr. Lauer then reported on behalf of the Finance Committee that they had met and reviewed the budget for fiscal year 2002-2003. Mr. Lauer then presented the following resolution, which had been approved by the Finance Committee and recommended for passage by the full Board:

RESOLVED, that the amendment to the Investment Policy and Guidelines for the Long-term Portfolio of the Corporation as presented to this meeting, a copy of which is attached hereto, is hereby approved and adopted, and that the Vice President, Finance shall be empowered to carry out such Policy.
There being no further discussion, and no second being necessary, a vote was taken on the above resolution, and said resolution was unanimously passed and approved by the Board. Mr. Schwieterman and Ms. Spies then presented a review of the overall budget and pricing strategies for fiscal year 2002-2003. Following that presentation, Mr. Lauer then presented a second resolution, which had been approved by the Finance Committee and recommended for passage by the full Board:

RESOLVED, that the fiscal year 2002/2003 budget plan, as presented to this meeting, be and the same hereby is approved.

Mr. Kutz asked for and received clarification that the budget as presented included netLibrary eBook financial projections, but not MetaText. There being no further discussion, and no second being necessary, a vote was taken on the above resolution, and said resolution was unanimously passed and approved by the Board.

There being no further business, Dr. Crowe then called for a break at 11:15 a.m., and the Board then reconvened at 11:20 a.m., at which time it went into an executive session. At 12:21 p.m., the Board reconvened in regular session, at which time the Chair indicated that upon motion duly made and seconded, the following resolution had been unanimously approved by the full Board during their executive session:

RESOLVED, that the proposed amendment to the employment agreement between OCLC and Robert L. Jordan, in the form presented to this meeting, be and the same hereby is approved, and the Chair of OCLC is hereby authorized and directed to execute said amendment on behalf of the corporation.

There being no further business to come before the meeting, it was on motion duly made and seconded, adjourned at 12:22 p.m.

William J. Crowe, Chair

James T. Houfek, Secretary