This meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated September 12, 2002, and in accordance with Article VII, Section I (1) of the Code of Regulations of OCLC Online Computer Library Center, Inc., convened at 9:00 a.m., on September 23, 2002 at 6600 Frantz Road, Dublin, Ohio. Mr. 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:
Larry Alford, Members Council Trustee-elect
Edward W. Barry, Trustee nominee
Martin Gomez, Trustee-nominee
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
George Needham, Vice President, Member Services
Rich Rosy, Corporate Vice President, netLibrary Division
Rick J. Schwieterman, Vice President, Finance & Human Resources and Treasurer
Phyllis B. Spies, Vice President, Worldwide Library Services

To begin the meeting, Mr. Crowe expressed the Board’s sorrow over the recent death of Members Council Trustee-elect Ian Mowat, following which he requested a moment of silence in his memory. Mr. Crowe then indicated that Cees Datema would not be able to attend today’s
meeting and had sent his regrets, with the hopes that he would be able to attend the next meeting in November. Mr. Crowe then introduced Larry Alford, Trustee-elect from the Members Council, and Edward Barry and Martin Gomez, nominees for election as Trustees. Finally, Mr. Crowe noted that the Members Council liaison, Mr. Rich VanOrden, had recently had heart surgery, and that Mr. Crowe and Mr. Alford had visited with him to express the best wishes of the Board for his full and speedy recovery.

At the request of Mr. Crowe for a motion, and upon motion duly made and seconded, the Board of Trustees unanimously approved the minutes of their June 4, 2002 meeting.

Mr. Crowe submitted the Chair's report, requesting the Board to refer to his written report that had previously been sent to them, and which included reports on the meetings of the Executive Committee held telephonically on June 27 and July 25, 2002, the results of said meetings having also been reviewed in certain electronic communications from the Mr. Crowe and Mr. Jordan to the full Board earlier in the year. Mr. Crowe then informed the Board of several additional matters as follows: (i) that Board members should advise the Chair as to what Members Council interest groups they would like to attend at the next Members Council meeting, and (ii) that at the break the Board would have an opportunity to meet Mr. Jordan's Administrative Assistant Diane Irwin, as well as the new Board Coordinator, Janet Mason. Mr. Crowe then asked if there were any questions regarding his report, and Mr. Shaughnessy indicated that while he had no questions about the Chair's report, he did wish to note and to congratulate Mr. Crowe on his recent receipt of a special honor at the University of Kansas. Mr. Crowe thanked Mr. Shaughnessy and expressed appreciation for Mr. Jordan's presence at the ceremonies at which the award was presented. There being no further discussion, that concluded the Chair's report.

Mr. Crowe then reported on the meeting of the Executive Committee of the Board, which included discussions of: (i) the results of the planning session on Saturday, (ii) the value of inviting the Members Council President to the next strategic retreat, (iii) the suggestion that the June 2003 Board meeting be held in the Denver/Boulder area, (iv) the dates proposed for the 2004 Board meetings, (v) an article that Mr. Houfek had furnished to the Board on note taking,
record retention and record keeping issues, and (vi) two proposed resolutions which were unanimously recommended to the full Board for approval as follows:

**Ian Mowat Tribute**
As a leader within the OCLC Members Council, who was recently elected by the Council to this Board of Trustees, Ian Mowat was a wise and constant counselor. He championed tirelessly the cause of librarianship around the world and sought steadfastly to help OCLC to achieve its public purposes in the global community. He shared his views openly and frankly, always with wit and good humor. He addressed the complex and difficult issues that face OCLC and librarianship with common sense and patience, using quiet persuasion and logic to move his colleagues to examine issues in a variety of lights. They, in turn, regarded him with respect and with sincere affection.

It was with profound sorrow that this Board of Trustees learned of Ian's sudden and untimely death on September sixth, and the Board wishes to express to his family, his colleagues at the University of Edinburgh and throughout the United Kingdom and beyond, not only its sorrow, but also its gratitude for the years of OCLC's association with him. The Board therefore,

RESOLVED, That the sentiments of this Board of Trustees just expressed, be spread across the minutes of this meeting and that they be conveyed to the family of Ian Mowat with all deliberate speed and, further, that they be appropriately conveyed to the University of Edinburgh and the OCLC membership, who have also lost a champion and a friend.

**Ratification of Executive Committee Actions**
RESOLVED, That the actions of the Executive Committee of Board of Trustees taken on June 27, 2002 and July 25, 2002, as discussed with and by the full Board on this day, are hereby ratified and affirmed.

There being no further discussion, and no second being necessary, a vote was taken separately on the each of the above resolutions, and each of said resolutions was unanimously passed and approved by the Board. Mr. Jordan then indicated that OCLC would be making a Five-Hundred Pound contribution to a special scholarship fund that had been set up in honor of Ian Mowat for each of the next six years, which would represent the initial term that Mr. Mowat would have served on the Board.

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) a considerable amount of financial information had been furnished to the
Board, but in summary we were on plan for both revenue and contribution numbers for FY 2003, (ii) recent organizational changes had been made including the elimination of the positions of Executive Vice President and COO, as well as the Executive Director of the OCLC Institute, with the individuals involved handling themselves in a very professional manner, (iii) Rein van Charldorp will now report to Mr. Jordan, and the Institute will be under the guidance of Mr. Needham who reports to Ms. Spies, (iv) the MetaText division of netLibrary has recently been sold to ProQuest, with special thanks to Mr. Schwieterman and Mr. Houfek for steering the negotiations and the closing, (vi) IFLA was a huge success for OCLC with over four thousand participants, (vii) the Paris office is now open and being staffed by Nick Rawson, (viii) the Gates Foundation project is moving along in fine shape, (ix) special thanks go to Ms. DeRosa and Mr. Dempsey for their work and presentations to the strategic retreat participants, and (x) Strata has now been incorporated and should be a good fit for OCLC’s European operations. Some discussion followed regarding the MetaText sale and the financial cost of the Strata matter. There being no further questions, that concluded Mr. Jordan’s comments regarding his President’s report.

Mr. Crowe then called on Ms. Deschamps for her report from the Nominating Committee. Ms. Deschamps then related that the Committee had considered the following issues: (i) the Board committee composition for FY 2003, (ii) a request from the Audit Committee regarding the need to appoint individuals with a financial background to the Audit Committee, with the decision that prior practice would be continued, which was to nominate newer Board members to that committee as a means of exposing them to the financial aspects of the company, (iii) that the Chair of the Audit Committee should serve on the Finance Committee, (iv) that a final draft of the Nominating Committee Charter was expected by the November meeting, and (v) a survey to be sent to exiting Board members to acquire feedback on their Board experience and suggestions for improvement. There being no further discussion and no action items, that concluded Ms. Deschamps report.

Following a break at 9:45 a.m., the meeting reconvened at 10:15 a.m.
Mr. Crowe requested Mr. Glicksman take over the chair, after which Mr. Crowe moved the following resolution, which was seconded by the Mr. Jordan, and which was unanimously approved:

WHEREAS, Barbara Lynch has served faithfully and with exceptional dedication in the service of the OCLC Board of Trustees for many years; and

WHEREAS, Barbara Lynch has been called to full time service in the Office of the Vice President and General Counsel of OCLC to assist in meeting an increasingly complex level of business in the context in which OCLC operates; and

WHEREAS, Barbara Lynch has undertaken successfully the transfer of her responsibilities to the OCLC Board of Trustees to other OCLC staff,

NOW, THEREFORE, BE IT RESOLVED: that this Board of Trustees conveys to Barbara Lynch its sincere thanks and best wishes for future success in her role in support of the Vice President and General Counsel and calls on the President and CEO to share information about this resolution with others on the OCLC staff and with individuals who have served on the Board during Barbara Lynch’s term of service.

Mr. Glicksman then returned the Chair to Dr Crowe, who called for the report of the Finance Committee.

Mr. Lauer then reported on behalf of the Finance Committee that they had met and reviewed the following items: (i) the annual audit results, (ii) the current status of the corporate balance sheet which is good, and (iii) the current status of the MIP. Mr. Lauer then presented the following three resolutions, each of which had been approved by the Finance Committee and recommended for passage by the full Board:

**IBM**

RESOLVED, That the officers of the Corporation are hereby authorized to enter into an installment payment agreement with IBM Credit Corporation for the purchase of two 6M1 IBM Servers and SSA storage, related peripherals, software and services, in support of the XWC Phase II Performance Engineering Project, in the amount of $1,169,795 dollars, over a payment term of twenty-four (24) months on such additional terms and conditions as are satisfactory to the President of the Corporation.
Preservation Resources Petty Cash Account

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 Director, Digital & Preservation Resources Centers

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.
Amended Budget
RESOLVED, That the Proposed Revision to the FY2003 Budget, as presented to this meeting, be and the same hereby is approved.

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

Mr. Crowe then called for the report of the Audit Committee, and Ms. Wilson stated that the committee had met and: (i) reviewed the FY 2001-2002 audit with the staff from Deloitte & Touche, (ii) reviewed the language and form of the annual opinion letters from the auditors, (iii) discussed the conformance of OCLC practices with GAAP, and (iv) reviewed statements by the auditors that they found no problems with OCLC's internal controls. Ms. Wilson then presented the following two resolutions, each of which had been approved by the Audit Committee and recommended for passage by the full Board:

Audit Report and Internal Control Letter
RESOLVED, that the Deloitte & Touche audit report and internal control letter for the year ended June 30, 2002, be and the same are hereby accepted.

Audit Committee Charter
RESOLVED, that the Revised Audit Committee Charter be and the same is hereby accepted.

Following discussion on the issue of other business relationships that Deloitte has with OCLC raised by Mr. Glicksman, and no second being necessary, a vote was separately taken on each of the above resolutions, and following appropriate discussion, each of said resolutions was separately unanimously passed and approved by the full Board.

Following the vote, Mr. Shaughnessy raised the issue of the auditors' thoughts on the capitalization of personnel costs, and Mr. Glicksman indicated that the auditors had confirmed that OCLC was being conservative in its approach in this area. Finally, Ms. Wilson said that the Committee would continue to watch pending and new legislation in this area, and indicated that the Committee had conducted an executive session with the Deloitte & Touche staff prior to the end of their meeting without the presence of any OCLC employees.
Ms. Hanawalt then reported on behalf of the Personnel and Compensation Committee that the members had met and had discussed the following matters: (i) the amounts of final awards under the Management Incentive Plan for the Vice Presidents and the President, as well as the FY 2003 targets and objectives under the plan, (ii) the latest inclusion statistics which reflected excellent progress by OCLC, (iii) the final proposed Long Term Incentive Plan which would be discussed further during the Board's executive session later this morning. Ms. Hanawalt noted that there would be nine resolutions recommended during the executive session, and that the committee charter had been delayed until the November Board meeting. This concluded Ms. Hanawalt's report.

The Chair then called the Board into Executive Session at 10:40 a.m., and subsequently reconvened the meeting in regular session at 12:25 p.m.

The Chair indicated that the Board had reviewed and discussed the following resolutions in executive session, and that no second being necessary, a vote was separately taken on each of the following resolutions, and that each of said resolutions was separately unanimously passed and approved by the full Board:

**Final VP MIP Awards**
RESOLVED, that the recommendations of the Personnel and Compensation Committee regarding the final Management Incentive Plan ("MIP") awards for FY2001/2002 be and the same are hereby approved as follows:

(1) The total MIP awards for FY 2001/2002 shall not exceed $1,500,000 for all participants;

(2) The final awards for the corporate vice presidents are hereby approved, and

(3) The president and CEO is hereby authorized to determine the final awards for the non-officer participants in the MIP within the total amount limits stated above.

**CEO Incentive Compensation**
RESOLVED, that the recommendation of the Personnel and Compensation Committee regarding the FY2001/2002 Management Incentive Plan award as presented for Jay Jordan, the President and Chief Executive Officer of the Corporation be and the same are hereby approved
VP FY2002/2003 Target Awards & Objectives
RESOLVED, that the recommendation of the Personnel and Compensation Committee regarding the FY2002/2003 Management Incentive Plan target awards and objectives for the vice presidents of the Corporation be and the same is hereby approved.

CEO Goals and Target Awards
RESOLVED, that the recommendation of the Personnel and Compensation Committee regarding the FY2002/2003 Management Incentive Plan goals and target awards for Jay Jordan, the President and Chief Executive Officer of the Corporation be and the same is hereby approved.

Long-Term Incentive Plan
RESOLVED, That the Personnel and Compensation Committee of the Board of Trustees has completed their review and recommendations regarding a long term incentive plan and the associated metrics, and after appropriate discussion and review by the full Board, the following are hereby approved:

(a) The OCLC Online Computer Library Center, Inc. Long-Term Incentive Plan ("LTIP").

(b) The LTIP target incentive awards for the FY2003-05 performance period and MIP target percentages effective for FY 2005 for participants other than the president and CEO.

(c) The LTIP threshold, target and maximum performance measures to be achieved as of June 30, 2005 and the weighting assigned to each for participants other than the president and CEO.

Long-Term 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 metrics as provided in the employment contract with the president and CEO, and after appropriate discussion and review by the full Board, the following are hereby approved:

(a) The “Special Incentive” target awards for the FY2003-05 performance period effective for FY 2005 for the president and CEO.

(b) The “Special Incentive” threshold, target and maximum performance measures to be achieved as of June 30, 2005 and the weighting assigned to each for the president and CEO.

Section 457 Plan
RESOLVED, that the OCLC Section 457 Plan and the form of Participation Agreement therefore in the form presented together
with such changes as may be approved by the Vice President of Finance and/or the Vice President and General Counsel on behalf of OCLC as authorized hereby are hereby adopted for the benefit of key management or highly compensated employees within the meaning of ERISA.

FURTHER RESOLVED, that the “Trust under OCLC Supplemental Retirement Plan” originally dated March 1, 1995 is hereby amended and replaced with the OCLC Amended And Restated Omnibus Rabbi Trust Agreement in the form presented together with such changes as may be approved by the Vice President of Finance and/or the Vice President and General Counsel on behalf of OCLC as authorized hereby.

FURTHER RESOLVED, that the Vice President of Finance and/or the Vice President and General Counsel of OCLC are hereby authorized to complete the design of, to approve such changes in, and otherwise to finalize the Section 457 Plan and the Omnibus Rabbi Trust Agreement as they deem appropriate, and the Vice President of Finance and/or the Vice President and General Counsel of OCLC is each hereby authorized to execute and deliver in the name and on behalf of OCLC each of those documents as so finalized.

OCLC amendment and termination of
Public Affairs Information Service, Inc.
Money Purchase Plan and Trust

WHEREAS, Public Affairs Information Service, Inc. (the “Institution”) adopted the Public Affairs Information Service, Inc. Money Purchase Plan and Trust (the “Plan”) effective August 1, 1971; and

WHEREAS, the Institution merged into OCLC Online Computer Library Center, Incorporated, now known as OCLC Online Computer Library, Inc. (hereinafter referred to as the “Company”), effective January 1, 2000; and

WHEREAS, pursuant to said merger certain employees who previously were employed by the Institution became employed by the Company; and

WHEREAS, the Institution remains as a division of the Company, but as such division has not, since its inception nor to date, had employees; and

WHEREAS, the Company did not become a successor sponsor to the Plan but is willing, for administrative purposes only, to assist in its termination; and

WHEREAS, pursuant to the merger agreement between the Institution and the Company it was anticipated and effectuated that previous employees of the Institution would become participants in the Company’s comparable retirement plans; and
WHEREAS, the Company intends to amend the Plan on behalf of the Institution by the adoption of the attached First Amendment in order to conform the Plan with current federal laws and regulations including the Uruguay Round Agreements Act of the General Agreement on Tariffs and Trade, the Uniformed Services Employment and Reemployment Rights Act of 1994, the Small Business Job Protection Act of 1996, the Taxpayer Relief Act of 1997, the Internal Revenue Service Restructuring and Reform Act of 1998, the Community Renewal Tax Relief of 2000, and other applicable laws, regulations, and administrative authority; and

WHEREAS, the Company intends to amend the Plan further on behalf of the Institution by the adoption of the attached Second Amendment in order to conform the Plan with the proposed regulations regarding Code Section 401(a)(9); and

WHEREAS, the Company intends to amend the Plan further on behalf of the Institution by the adoption of the attached Third Amendment in order to conform the Plan with the final revised disability claims procedures issued by the Department of Labor; and

WHEREAS, the Company intends to amend the Plan further on behalf of the Institution by the adoption of the attached Fourth Amendment in order to conform the Plan with certain provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001; and

WHEREAS, the Trustee of the Plan has determined that the termination of the Plan will not be detrimental to the Plan participants; and

WHEREAS, pursuant to the terms of the Plan under Section 11.1, the Plan may be terminated by the Institution, and upon such termination all account balances shall become fully vested.

NOW THEREFORE, BE IT RESOLVED, that the First Amendment to the Plan, in substantially the form attached hereto as Exhibit A, be adopted and incorporated into the Plan, such First Amendment to be effective as indicated in the attached First Amendment; and

FURTHER RESOLVED, that the Second Amendment to the Plan, in substantially the form attached hereto as Exhibit B, be adopted and incorporated into the Plan, such Second Amendment to be effective as indicated in the attached Second Amendment; and

FURTHER RESOLVED, that the Third Amendment to the Plan, in substantially the form attached hereto as Exhibit C, be adopted and incorporated into the Plan, such Third Amendment to be effective as indicated in the attached Third Amendment; and

FURTHER RESOLVED, that the Fourth Amendment to the Plan, in substantially the form attached hereto as Exhibit D, be adopted
and incorporated into the Plan, such Fourth Amendment to be effective as indicated in the attached Fourth Amendment; and

FURTHER RESOLVED, that the appropriate officer of the Company, on behalf of the Institution, be, and he hereby is, authorized make such revisions to the attached First, Second, Third and Fourth Amendments to the Plan as such officer deems necessary or desirable to effectuate the termination of the Plan; and

FURTHER RESOLVED, that the Plan be, and it hereby is, terminated effective September 30, 2002; and

FURTHER RESOLVED, that all account balances be, and they hereby are, fully vested; and

FURTHER RESOLVED, that the appropriate officer of the Company, on behalf of the Institution, be, and he hereby is, authorized to execute the above-mentioned First, Second, Third and Fourth Amendments to the Plan, to effectuate the termination of the Plan, and to submit the termination of the Plan to the Internal Revenue Service for approval; and

FURTHER RESOLVED, that the assets of said Plan be distributed to the participants in accordance with their interests.

Document Errors
WHEREAS, due to the complexity, volume and nature of the documents presented to the Personnel and Compensation Committee from time to time for their review, occasional errors and/or omissions appear in those documents, and

WHEREAS, in the interest of efficiency said committee would like to authorize the President and CEO, the Vice President and Chief Financial Officer and the Vice President and General Counsel, or any of them individually, to direct the Secretary of the Corporation to correct such errors and/or omissions which may be discovered from time to time in documents reviewed by the Committee without the need to return them to the Committee for additional approval,

NOW THEREFORE, be it hereby

RESOLVED, that the President and CEO, the Vice President and Chief Financial Officer, and the Vice President and General Counsel, or any of them individually, be, and they hereby are, empowered to direct the Secretary of the Corporation to make such changes to the final version of such documents after they have been presented to the Personnel and Compensation Committee as may be directed by that committee, without the need for additional approval of that Committee; and be it
FURTHER RESOLVED, that prior to such changes being made, those documents may be offered to the full Board for their review and/or approval, with such changes being duly noted, and with a duty placed upon the Secretary to furnish a highlighted version of the document to the Chair of the Committee in a timely manner, clearly indicating such changes.

There being no further business to come before the meeting, it was on motion duly made and seconded, adjourned at approximately 12:26 p.m.

William J. Crowe, Chair

James T. Houfek, Secretary