

OCLC ONLINE COMPUTER LIBRARY CENTER, INC.  
Special Meeting of the Board of Trustees  
November 18, 2002

This special meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated November 8, 2002, and in accordance with Article VII, Section I, of the Code of Regulations of OCLC Online Computer Library Center, Inc., convened at 9:00 a.m., on November 18, 2002 at the Willard Inter-Continental Washington Hotel, 1401 Pennsylvania Avenue, N.W., Washington, D.C. 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  
Cees Datema, Chairman, Stichting Pica (observer)  
Martín Gómez Trustee-nominee  
Frank J. Hermes, Vice President, Cooperative Discovery Services  
James T. Houfek, Vice President, General Counsel, and Secretary  
Rick J. Schwieterman, Vice President, Finance & Human Resources and Treasurer  
Phyllis B. Spies, Vice President, Worldwide Library Services  
Jerry Stephens, Members Council Trustee-elect

To begin the meeting, Mr. Crowe welcomed Cees Datema and the four Trustee designates to the meeting, and then expressed thanks on behalf of the Board to Mr. Jordan, Ms. Lynch and Ms. Mason for the extra efforts necessary in order to conduct a Board meeting outside of Dublin.

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 September 23, 2002 meeting. Mr. Glicksman noted for the record that the decision had been made by the Chair, in consultation with Mr. Glicksman and Mr. Houfek, to eliminate the use of “Dr.” in referring to Board members in the minutes.

Mr. Crowe submitted the Chair’s report, referring the Board to his written report that had previously been sent to them, and which could be found at tab 2 of the Board materials. Mr. Crowe then extended his thanks and appreciation to the Executive Committee of the Board, as well as to the Vice Chair for their assistance and support during the past year. Mr. Crowe then asked if there were any questions regarding his report, and there being none, that concluded the Chair’s report.

Mr. Crowe then reported on the meeting of the Executive Committee of the Board, which included discussions: (i) with Mr. Jordan on the general status of OCLC, (ii) regarding the inclusion of further content on the Board’s web page, (iii) as to the June 2003 Board meeting being held in the Denver/Boulder area, (iv) as to the dates proposed for the 2004 Board meetings, (v) regarding certain security issues related to both travel and OCLC’s online systems, and (vi) regarding some of the recommendations in the report of Lois Zachary that had been previously tabled.

The Chair then called for the President’s report. Mr. Jordan first mentioned that each of the Board members had been furnished with a copy of the 2002 annual report. Mr. Jordan then indicated that the Board should look to his written report for details, but that he wanted to call their attention to the following specific items: (i) that he had been a presenter at the Ian Mowat “Celebration of Life” ceremony in Edinburgh and that it was a beautiful event in honor of Mr. Mowat, (ii) that the BioOne project funding agreement was under consideration for termination, (iii) that he had visited both the University of Arizona and the University of South Carolina for presentations recently, (iv) that Mr. Kilgour had recently spoken at OCLC to an excellent turnout of OCLC staff, (v) that OCLC had co-managed a recent, very successful virtual reference conference in Chicago, (vi) that the Strategic Leadership Team had just completed a retreat

during which a tactical review of OCLC's future priorities was discussed, (viii) that OCLC continues to face financial challenges in light of constrained library budgets, (ix) that the QuestionPoint service is doing very well, (x) that meetings will be held with Olive Software to explore additional pricing models, (xi) that he will be going to London and Riyadh, and (xii) that Ralph Frasier had recently received a prestigious award from the Ohio State Bar Association. Mr. Lauer then inquired as to when the management training would be resumed at the Fisher Business College of The Ohio State University, and Mr. Jordan informed him that this would be a budget issue for the 2003-2004 period, even as there is no lessening of commitment to development of staff. There being no further questions, that concluded Mr. Jordan's comments regarding the President's report.

Mr. Crowe then indicated that the Executive Committee had one action item which he had not mentioned during his report, and there being no second required, the following resolution was unanimously approved and adopted by the Board:

RESOLVED, that the resolution approved by the Board at its last meeting entitled "Ratification of Executive Committee Actions" be, and the same is hereby ratified, affirmed and amended to read as follows:

The actions of the Executive Committee of the Board of Trustees taken on June 27, 2002 and July 25, 2002, are hereby ratified and affirmed.

A report was then given by Mr. Hermes on the status of the Gates project, and by Ms. Spies on the pricing of OCLC services. Following a discussion, the Chair called for a break at 10:15 a.m.

The meeting was reconvened at 10:30 a.m., at which point Mr. Baker reported on the recent Joint Standing Committee on Membership meeting during which the Committee elected Mr. Stephens as Chair and discussed (i) the definition of those OCLC products and services that might comprise a "contribution," (ii) development of a template to be used by OCLC staff in order to submit data about new products and services to the Committee for initial determination as to the contribution status, (iii) an appropriate timetable for Committee review and recommendation,

and (iv) data needed for the next round of international delegates to the Members Council. This concluded Mr. Baker's report.

Mr. Crowe then called on Ms. Deschamps for her report from the Nominating and Board Development Committee. Ms. Deschamps then related that the Committee had approved the Committee minutes from their last meeting and had considered the following issues: (i) the composition of the Committee, (ii) a final draft of the Committee Charter and guidelines which is expected for action by the new committee and the Board at the February meeting, (iii) a meeting assessment form and the agreement to try it for one year to validate its effectiveness, and (iv) 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.

Mr. Crowe then called for the report of the Finance Committee.

Mr. Lauer reported on behalf of the Finance Committee that the Committee had met, had no resolutions to present and that they had reviewed the following items: (i) corporate financial results through October, (ii) the corporate operating plan process for FY 2004, and (iii) a final report on the pending sale of assets by OCLC to OCLC PICA, as well as the intended management of OCLC's sales and support operations by PICA for Europe and Africa. Mr. Schwieterman then presented an overview of OCLC's portfolio holdings for the full Board. This concluded the report of the Finance Committee.

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 preliminary draft of a proposed Committee Charter and Task Calendar, and (ii) a review of the Workforce Performance Index. Ms. Hanawalt then noted that the Committee had reviewed and approved five resolutions, three of which would be submitted to the Board now, with the remaining two to be discussed and presented in the Board's Executive Session later in the morning. Ms. Hanawalt then presented the following resolutions to the Board for approval:

#### **457(f) Plan**

WHEREAS, the Company desires to establish an additional plan of deferred compensation for a select

group of its key management employees, to enable these employees to save additional amounts for their retirement.

WHEREAS, the plan shall constitute an unfunded plan to provide deferred compensation to a select group of key management or highly compensated employees in order to be exempt from the majority of the requirements of the Employee Retirement Income Security Act of 1974.

WHEREAS, the Company wishes to establish a "rabbi trust" to measure and to provide a vehicle with which the Company may fund the benefits provided in the plan.

RESOLVED, that the OCLC Section 457(f) Plan ("Plan") and Participation Agreement, 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 herein, are hereby adopted effective December 1, 2002, for the benefit of key management or highly compensated employees within the meaning of ERISA.

FURTHER RESOLVED, that the OCLC Omnibus Rabbi Trust Agreement, 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 herein, is adopted effective December 1, 2002, to hold assets with which to pay benefits under the Plan.

FURTHER RESOLVED, that the Vice President of Finance and/or the Vice President and General Counsel of OCLC are hereby authorized to take all actions and do all things necessary to complete the design of, to approve such changes in, and otherwise to finalize the 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 are each hereby authorized to execute and deliver in the name and on behalf of OCLC each of those documents as so finalized.

#### **OCLC Employees' Thrift Plan**

WHEREAS, the Company established the OCLC Employees' Thrift Plan ("Plan") effective July 1, 1980, which has been amended from time to time and was most recently amended and restated effective January 1, 1997; and

WHEREAS, the Company is interested in expanding the benefits it provides to its employees by amending the Plan to permit eligible participants the opportunity to defer a portion of their compensation pursuant to section 401(k) of the Internal Revenue Code of 1986, as amended, to permit non-highly compensated participants the opportunity to defer up to 25% of their compensation into the Plan, and to permit participant loans.

RESOLVED, that the Plan be, and it hereby is, amended effective January 1, 2003 to include a pre-tax deferral option for Participants, to increase non-highly compensated participant contribution limitations from 6% to 25%, and to provide a loan provision;

FURTHER RESOLVED, that the Administrative Committee of the Plan (the "Committee") is hereby authorized to amend the Plan in order to implement such option and related features; and

FURTHER RESOLVED, that the Committee is hereby authorized to take all actions and to do all things necessary or appropriate to cause the Company to amend the Plan in accordance with the preceding resolution, including but not limited to: executing copies of required documents on behalf of the Company; making any other such applications, notices or reports as may be necessary and filing the same with the Internal Revenue Service or other appropriate governmental agency; and giving all other notices and doing all other things as may be necessary to amend the Plan.

#### **PAIS MONEY PURCHASE PLAN TERMINATION**

**WHEREAS**, the Company intends to terminate the Public Affairs Information Service, Inc. Money Purchase Plan and Trust (the "Plan");

**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.

**RESOLVED**, that the Plan be, and it hereby is, terminated in its entirety effective December 31, 2002; and

**FURTHER RESOLVED**, that all benefits under the Plan shall cease to accrue and that all account balances be, and they hereby are, fully vested; and

**FURTHER RESOLVED**, that the assets of said Plan shall be distributed to the participants in accordance with their interests and in accordance with the terms of the Plan; and

**FURTHER RESOLVED**, that the appropriate officer of the Company, on behalf of the Institution, be, and he hereby is, authorized and directed to take all actions and to do all things necessary or appropriate to cause the Company to terminate the Plan in accordance with the preceding resolution, including but not limited to: executing copies of any amendments and other required documents on behalf of the Company or Institution; making such application for determination of the qualification of the Plan upon termination, notices or reports as may be necessary and filing the same with the Internal Revenue Service, or other appropriate governmental agency; and giving all other notices and doing all other things as may be necessary to effectuate the termination of such Plan; and

FURTHER RESOLVED, that the appropriate officer of the Company, on behalf of the Institution, be, and he hereby is, authorized and empowered in carrying out this resolution, to make on behalf of the Corporation any necessary changes to the Plan or the language thereof as may be required to secure an appropriate determination that the Plan complies with applicable and effective provisions of the Internal Revenue Code of 1986, as amended, the Employee Retirement Income Security Act of 1974, as amended, and any rules and regulations thereunder.

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 approved by the Board. Ms. Hanawalt then thanked all of the Committee members for their able assistance during the past year. This concluded Ms. Hanawalt's report.

The Chair then called the Board into Executive Session at 11:02 a.m., and subsequently reconvened the meeting in regular session at 11:33 a.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 passed and approved by the full Board, with the exception that Mr. Shaughnessy cast a negative vote for the first of the two resolutions below:

