

OCLC ONLINE COMPUTER LIBRARY CENTER, INC.
Annual Meeting of the Board of Trustees
November 17, 2003

This annual meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated November 3, 2003, and in accordance with Article VII, Section I, of the Code of Regulations of OCLC Online Computer Library Center, Inc., convened at 8:38 a.m., local time, on November 17, 2003 at OCLC Online Computer Library Center, Inc., 6600 Frantz Road, Dublin, OH. Mr. Crowe presided and Mr. Houfek kept the minutes of the meeting.

Trustees present:

Larry Alford
Bradley F. Baker
Edward W. Barry
William J. Crowe
Ralph K. Frasier
Maurice Glicksman
Martín Gómez
Barbara Gubbin
Victoria Hanawalt
Jay Jordan
David P. Lauer
Jane N. Ryland
Thomas W. Shaughnessy
Jerry Stephens
Lizabeth A. Wilson

Trustees Absent:

None

Also, present for all or portions of the meeting:

Cathy De Rosa, Vice President, Corporate Marketing
Lorcan Dempsey, Vice President, 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
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
Richard Van Orden, Program Director, Members Council

To begin the meeting, Mr. Crowe asked for comments on the proposed agenda. Mr. Houfek noted that Ms. Gubbin had submitted three corrections to the first draft of the minutes, and that those changes had been incorporated into the copies that the Board had before them at Tab 3

of their Board materials. There being no further comments on the agenda, the Chair then asked for a motion to approve the minutes of the last meeting, and upon motion duly made and seconded, the Board of Trustees unanimously approved the minutes of their September 22, 2003 meeting.

Mr. Crowe referred the Board to his Chair's report that had previously been sent to them, and which could be found at Tab 4 of the Board materials. Mr. Crowe then thanked all of the Trustees who had performed as chairs of the various Board committees, and he extended special thanks to Ms. Hanawalt for her service as chair of the Personnel and Compensation Committee.

Mr. Crowe then reported on the meeting of the Executive Committee of the Board, indicating that the Committee had: (i) conducted its usual extensive dialog with Mr. Jordan regarding the current status of the cooperative; and (ii) discussed the future scheduling of Board meetings. The Chair then requested Ms. Wilson to update the Board on these discussions. Ms. Wilson indicated that Mr. Jordan and his staff had provided suggestions as to various alternatives for scheduling Board meetings, which had led to consideration of moving the strategic retreat sessions from September to November. The possibility of four meetings per year instead of five was also discussed, but Ms. Wilson indicated that this idea was rejected in light of the current workload of the Board and projected turnover in the Board. The Chair then indicated that the Committee has also reviewed and recommended passage of the following resolution. No second being required, the resolution was unanimously approved by the full Board:

RESOLVED, that the proposed Executive Committee Charter as presented to this Board be, and the same is, hereby approved.
(A copy of the Executive Committee Charter appears following these minutes.)

The Chair then called for the President's report. Mr. Jordan first mentioned 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) OCLC's recent litigation against The Library Hotel to enforce OCLC's trademark rights in the Dewey trademarks appears to be close to being settled, (ii) the purchase of the assets of CAPCON has been completed, and the office is now open under the OCLC CAPCON name, with Katherine Blauer acting as its director, (iii) OCLC is actively seeking a replacement for Ms. Bellinger,

and hopes to have someone selected in the next ten days, (iv) planning for the 90th birthday celebration for Fred Kilgour, to be held at the University of North Carolina, Chapel Hill, on January 6th, 2004, is proceeding according to plan, including OCLC's gift in Mr. Kilgour's name, which will be applied toward the establishment of a distinguished lecturer program, (v) Mr. Jordan will be traveling to the Netherlands next month for the Board meetings of both OCLC PICA and Strata, (vi) Mr. Jordan had the opportunity to attend a local dinner with several distinguished librarians, including Dr. James Billington, Librarian of Congress, (vii) Mr. Jordan has just returned from a business trip to South Africa where he met with many of the librarians from that country, and (viii) special thanks are due to Mr. Houfek, Ms. Spies, Ms. Susan Olson, Mr. George Brinegar and Ms. Sondra Kowaluk, all of OCLC, as well as Pat Wand and Dick Murphy of CAPCON, for their efforts in finalizing the closing on the CAPCON matter. That concluded the President's report.

The Chair then introduced the following resolution (located at Tab 6 in the Board materials) which was duly moved and seconded, and without further discussion, unanimously approved:

RESOLVED, that the President is authorized to appoint the following persons to serve as officers of the Corporation:

Vice President, Cooperative Discovery Services

Frank J. Hermes

Vice President, Corporate Marketing

Catherine De Rosa

Vice President, Finance, and Human Resources

Rick J. Schwieterman

Vice President, General Counsel

James T. Houfek

Vice President, Information Technology

Fred Lauber

Vice President, Member Services

George M. Needham

Vice President, Metadata and Content Management Services

Gary R. Houk

Vice President, netLibrary Division

Rich Rosy

Vice President, Research

Lorcan Dempsey

Vice President, Worldwide Library Services

Phyllis B. Spies

FURTHER RESOLVED, That additional officer appointments and changes of position may be made by the President, subject

to confirmation by the Board at its next meeting following such appointments and changes.

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

Mr. Glicksman then reported on behalf of the Standing Joint Committee on Membership that all members met on October 26th, 2003 and considered the following matters: (i) various proposals for the addition of certain products and services to the membership qualification factors, including QuestionPoint, CONTENTdm and the Digital Archive; (ii) the Committee's intent to be conservative and deliberate in its consideration of altering the membership factors; (iii) scheduling of a telephonic meeting to be held by the Committee between today and the next Board meeting in February; and (iv) indication that OCLC staff saw expansion of the membership factors as a "sales tool", and the Committee's position that it does not want to make its decisions based on such criteria. This concluded Mr. Glicksman's report.

The Chair then requested the report of the Finance Committee. Mr. Lauer reported on behalf of the Finance Committee that the Committee had met and had reviewed the following matters: (i) operating results for the first four months of FY 2003-2004; (ii) balance sheet strength, but the need to address revenue shortfalls; (iii) financial results by business units; and (iv) a presentation from Mr. Rosy on the current status and financial prospects of the netLibrary division. This concluded the report of the Finance Committee.

The Chair then called for the report of the Personnel and Compensation Committee. Ms. Hanawalt then reported that all of the Committee members had met (guests at the meeting had included Mr. Joe Marth and Ms. Wilson) and had reviewed the following matters: (i) some of the factors currently used in the workplace performance measurements provided by the Saratoga Institute seemed inappropriate since some of the revised peer comparisons being used by Saratoga are more applicable to for-profit entities, and the Committee was exploring modifications to those metrics, (ii) an update on the succession management initiatives now in process at OCLC, (iii) annual review of the Committee Charter, with no substantive changes being found necessary, (iv) the

current status of the OCLC Employee Opinion Survey which is in process, (v) current CEO performance evaluation and goal-setting process, and (vi) a report prepared by Mr. Mark Matson as to OCLC's affirmative action plan. Ms. Hanawalt then indicated that the Committee had no resolutions to bring to the Board at this time. That concluded Ms. Hanawalt's report.

Mr. Crowe then called on Mr. Baker for his report from the Nominating and Board Development Committee. Mr. Baker related that the Committee had met and had discussed the following matters: (i) the appointment of Board committee members as provided in the resolution at Tab 7 of the Board materials which, following the Committee's recommendation, was unanimously adopted by the Board as follows:

RESOLVED, That membership on the committees of the Board of Trustees is hereby constituted as follows:

Audit Committee	<u>Ralph Frasier, Chair</u> Larry Alford Ed Barry Maurice Glicksman Vickie Hanawalt Jerry Stephens
Executive	<u>Betsy Wilson, Chair</u> Maurice Glicksman, Vice-Chair Brad Baker Ralph Frasier Jay Jordan (ex officio) Dave Lauer Jane Ryland
Finance Committee	<u>Dave Lauer, Chair</u> Larry Alford Ed Barry William Crowe Ralph Frasier Barbara Gubbin Tom Shaughnessy Jay Jordan (ex officio)
Nominating and Board Board Development	<u>Brad Baker, Chair</u> William Crowe Martín Gómez Jay Jordan (ex officio) Dave Lauer Jane Ryland
Personnel & Compensation	<u>Jane Ryland, Chair</u> Martín Gómez

Barbara Gubbin
Vickie Hanawalt
Tom Shaughnessy
Jerry Stephens

Lizabeth Wilson, Chair of the Board is an ex-officio member of all committees,

(ii) recent assessment activities including both the Board Strategic Retreat and the Board's self-assessment which indicated that the Board was "doing the right things" and "doing them right"; and
(iii) special thanks to Mr. Gómez for his work in managing the assessment process. Mr. Baker then indicated that he would have other matters to discuss regarding potential Board candidates in executive session later this morning.

The Chair then called for a break at 9:36 a.m.

The meeting was re-convened at 10:00 a.m., at which time the Board listened to a summary of the results of a recent Strategic Leadership Team retreat presented by Mr. Jordan and other staff, with brief discussion following.

The Chair then asked for the report of the Audit Committee, and Mr. Frasier reported that the Audit Committee had met with all members present, and had: (i) spent significant time reviewing the results of the recent RFI which had been received from the four selected candidate firms, (ii) decided to send RFP's to only three of the four original candidates, which proposals would result in further meetings with the financial staff, (iii) planned to meet with the three candidates for their final presentations at the Committee's February meeting and report those results to the Board at that time, (iv) reviewed two internal control issues and discussed corrective actions for each, and (v) reviewed and approved a proposed "ethics/open door/whistleblower" policy for OCLC staff. This concluded Mr. Frasier's report.

Mr. Glicksman then spoke to the significant contributions of Mr. Crowe during his tenure as Chair of the Board, and then moved the following resolution:

WILLIAM J. CROWE TRIBUTE

WHEREAS, William J. Crowe has served loyally, diligently and effectively as Chair of the Board from November 1999 through November 2003, and has carried out all of the duties of that assignment with distinction and dedication,

NOW, THEREFORE BE IT

RESOLVED, that this Board of Trustees expresses its deep gratitude and appreciation to William J. Crowe for his aforementioned contribution to this, the world's largest library cooperative and for his steadfast devotion to OCLC's public purposes of furthering access to the world's information and reducing the rate of rise of the cost of that information, and orders that this resolution be spread across the minutes of this meeting and that the membership be informed of OCLC's gratitude to William J. Crowe for his four years of distinguished service in the role as Chair of the OCLC Board of Trustees.

Being duly seconded, said motion was passed by acclamation (Crowe abstaining). Following the presentation of several gifts to Mr. Crowe, the meeting proceeded.

The Chair then called for other business. There being none, the Chair called the Board into executive session, subsequently reconvening the meeting in regular session at 11:55 a.m. The Chair indicated that no resolutions had been considered during the executive session.

There being no further business to come before the meeting, on motion duly made and seconded, it was adjourned at approximately 11:55 a.m.

/s/
William J. Crowe, Chair

/s/
James T. Houfek, Secretary

OCLC Board of Trustees Executive Committee Charter

In order to provide guidance to the Executive Committee in fulfilling its responsibilities, the Board of Trustees ("Board") of OCLC Online Computer Library Center, Inc. ("OCLC"), has adopted this Executive Committee Charter ("charter"). The Executive Committee shall review and reassess this charter annually and recommend any proposed changes to the Board for approval.

Committee Role

The Committee serves as a forum for the chairs of the Board's standing committees to confer with the Chair, the President and CEO, and each other to coordinate the work of the various committees and that of the Board. The Executive Committee also exercises the authority of the Board in the management of the affairs of the Corporation when the Board is not in session.

Committee Membership and Organization

The Executive Committee will consist of at least three (3) Trustees, including the President and CEO, the Chair of the Board, and the Vice Chair of the Board, such final number and composition to be approved by the Board from time to time. The Board has typically provided for additional members to include the chairs of the Audit, Finance, Nominating and Board Development, and Personnel and Compensation committees.

The Chair of the Board serves as Committee Chair and shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, preparing agendas, and making regular reports to the Board. The Vice Chair acts in the absence of the Chair and shall be responsible for taking the minutes of the Committee's meetings.

The Committee shall meet in advance of all regular meetings of the Board, with additional meetings scheduled as deemed necessary by the Committee.

Committee Responsibilities

Although the Committee may consider additional duties from time to time, the general responsibilities of the Committee in carrying out its role are described as follows:

	Duties	When Performed
	The Executive Committee will meet its responsibilities by:	
1.	Advising the Chair in planning the work of the Board, including review of proposed agendas for the Committee's meetings and Board meetings.	As needed
2.	Advising the Board on matters that are not assigned to other committees, e.g., the calendar for and location of regular meetings of the Board or recognition of individuals or bodies in the name of the Board.	As needed
3.	Serving as a forum for the President and CEO to discuss highly sensitive or confidential matters, e.g., issues governed by limited disclosure or non-disclosure agreements; possible changes in senior personnel; or reorganization of senior management structure.	As needed
4.	Acting on matters that arise unexpectedly and require attention	As needed

	between scheduled meetings of the Board, e.g., merger or acquisition opportunities or the death or incapacity of the Chair or President and CEO. The Committee may seek the counsel of other Trustees when appropriate and needed. The Committee shall report to the Board in a timely manner on its deliberations and actions and will seek ratification by the full Board of such actions.	
5.	Reviewing and, as needed, updating the charter	February
6.	Discussing the annual plans and priorities of the various Board committees and of the Board itself.	February

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