

OCLC ONLINE COMPUTER LIBRARY CENTER, INC.
Meeting of the Board of Trustees
February 6, 2005

This meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated January 17, 2005, and in accordance with Article VII, Section I, of the Code of Regulations of OCLC Online Computer Library Center, Inc., convened at 8:30 a.m., local time, on February 6, 2005 at the Marriott Hotel, 5605 Blazer Parkway, Dublin, Ohio. Ms. Wilson 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
Martín Gómez
Victoria Johnson
Jay Jordan
David P. Lauer
Elisabeth Niggemann
David Roselle
Jane N. Ryland
Robert Seal
Jerry Stephens
Lizabeth A. Wilson

Trustees Absent:

None*

*(Mr. Frasier excused himself from the meeting just prior to the Trustees gathering in executive session)

Also, present for all or portions of the meeting:

James T. Houfek, Vice President, General Counsel and Secretary
Rick J. Schwieterman, Vice President, Finance & Human Resources and Treasurer
Lizabeth J. Bishoff, Vice President, Digital Collections and Metadata Services.
Lorcan Dempsey, Vice President, Research and Chief Strategist
Cathy De Rosa, Vice President, Marketing
Gary R. Houk, Vice President, Corporate Information Technology & Business Integration
George Needham, Vice President, Member Services
Rich Rosy, Corporate Vice President, NetLibrary Division and Content Management
Phyllis B. Spies, Vice President, Collection Management

To begin the meeting, Ms. Wilson asked for any discussion on the proposed agenda, and there being none, she requested a motion to approve the minutes of both the Annual Meeting and the Special Meeting of the Board of Trustees both held on November 15, 2004. Upon motion duly made and seconded, the Board of Trustees unanimously approved the minutes of those meetings.

Ms. Wilson referred the Board to her Chair's report that had previously been sent to them, and which could be found at Tab 2 of the Board materials. Ms. Wilson indicated that she had nothing further to add to her report and called for questions. There were no questions asked. Ms. Wilson then reported on the meeting of the Executive Committee of the Board, indicating that the Committee had met on February 5, 2005 with all members present, and that the Committee had: (i) reviewed the agendas for the Executive Committee members who were also Chairs of other committees, (ii) reviewed the recently completed report on intermediate sanctions and executive compensation prepared by KPMG, which reflected a finding that current compensation levels for OCLC executives and Trustees are within appropriate ranges, (iii) considered the proposed meeting dates for the Board during 2006 which could be found at Tab 3 of the meeting materials, and (iv) reviewed the status of corporate operations in general with Mr. Jordan.

The Chair then called for the President's report. Mr. Jordan first asked that the Board look to his written report for details, but then stated that he wanted to call their attention to the following specific items: (i) OCLC's activities and participation at the recently completed ALA winter meeting were well received and very beneficial to the company, (ii) the final steps in the sale of the PAIS assets to Cambridge Scientific Abstracts had recently been completed, (iii) Mr. Fred Kilgour and several other current employees had recently been honored with awards by the Columbus Technology Council, (iv) Mr. Jordan had recently met with each of the succession management candidates individually and received good input as to the suggested future direction of that program, (v) OCLC is exploring the possibility of selling its shares in Strata Preservation to OCLC Pica due to certain practical and financial considerations, (vi) that the corporation had recently received a second grant from the Gates Foundation for further development of the WebJunction service, and (vii) Mr. Jordan and several other employees had recently visited the campuses of both Google and Yahoo in order to determine potential interactions with both entities. That concluded Mr. Jordan's report.

Ms. DeRosa then updated the Board on the current status of Network relations.

Mr. Baker then reported on behalf of the Joint Committee on Membership that the Committee planned three separate meetings over the next three days in order to better consider issues including the appropriate size of the Members Council, as well as definitions of membership and contribution.

The Chair then requested the report of the Finance Committee. Mr. Barry indicated that the Committee had met on February 5, 2005 with all members present and had: (i) reviewed the year to date (through December, 2004) financial information, (ii) discussed the financial implications of several recently completed or proposed business transactions, (iii) reviewed the details of the LTIP program, with the Committee's recommendations regarding same being delivered to the Personnel and Compensation Committee for its review, (iv) reviewed the details of the Strata Preservation proposal, and (v) recommended the following resolution for approval by the full Board:

WHEREAS, the Finance Committee of the Board of Trustees has completed their review of the proposed sale of the corporation's share of Strata Preservation N.V. to OCLC Pica, and after appropriate discussion and review by the full Board, it is hereby:

RESOLVED, That this Corporation be and it hereby is authorized to sell the Corporation's 60% ownership of Strata Preservation N.V. to OCLC Pica on substantially the same terms and conditions as presented to the Finance Committee on February 5, 2005, and that Robert L. Jordan, President and Chief Executive Officer, Rick J. Schwieterman, Vice President Finance and Human Resources, and/or James T. Houfek, Vice President and General Counsel of the Corporation, be and they hereby are each individually authorized to take whatever action they deem necessary in order to complete this transaction.

FURTHER RESOLVED, That each of the other 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.

No second being necessary, and no further comments being expressed, a vote was taken on the foregoing resolution and said resolution was unanimously approved. This concluded the report of the Finance Committee.

The Chair then called for the report of the Personnel and Compensation Committee. Ms. Ryland reported that the Committee had met on February 5, 2005 with all members present and had:

(i) reviewed the results of the recent interim employee opinion survey, (ii) reviewed the current affirmative action plan and results, (iii) reviewed the inclusion program status, (iv) discussed issues of record retention, (v) discussed the Committee's charter and calendar, and (vi) reviewed and recommended several resolutions that would be presented later during the executive session. That concluded Ms. Ryland's report.

The Chair then called for a break at 9:46 a.m.

The meeting was reconvened at 10:08 a.m.

Ms. Wilson then called on Mr. Baker for his report from the Nominating and Board Development Committee. Mr. Baker related that the Committee had met on February 5, 2005 with all members present and had: (i) considered the exit survey information that was presented in a Board handout, which indicated the importance of long term planning and continued focus on diversity, (ii) discussed the minutes for the Board retreat held last November which would be posted to the Board's website when completed, (iii) discussed future Board orientation efforts, and (iv) appointed Mr. Alford as the new liaison for the Board website. This concluded Mr. Baker's report.

The Chair then called for the report of the Audit Committee. Mr. Stephens indicated that the Committee had met on February 5, 2005 with all members present and had: (i) carried out an initial review of the KPMG internal audit assignment, a report of which will be made to the full Board at the April meeting, (ii) reviewed the engagement letter for the FY 2005 audit and recently completed internal control testing with representatives from Deloitte and Touche, (iii) reviewed the financial health of the Networks, (iv) reviewed the KPMG internal audit, (v) discussed current trends as a result of the Sarbanes-Oxley legislation, and (vi) reviewed and recommended the following resolution for approval by the full Board:

WHEREAS, pursuant to a resolution unanimously approved by the Board of Trustees on March 11, 2004, OCLC entered into a mutually satisfactory engagement agreement with Deloitte & Touche LLP (the "Engagement Agreement") for Deloitte & Touche to perform annual audit services for the Corporation; and

WHEREAS, the Engagement Agreement gives OCLC the option to retain Deloitte & Touche to perform the annual audit of the Corporation for the year ending June 30, 2005; and

NOW, THEREFORE, BE IT RESOLVED, that Deloitte & Touche be engaged to perform the annual audit of the Corporation for the year

ending June 30, 2005, in accordance with the provisions of the Engagement Agreement.

THEREFORE, Robert L. Jordan, President and Chief Executive Officer, and Rick J. Schwieterman, Vice President, Finance and Human Resources, James T. Houfek, Vice President and General Counsel of the Corporation, and Jerry Stephens, Chair of the Audit Committee be and they hereby are each individually authorized to take whatever action they deem necessary and appropriate in order to carry out the purposes of the foregoing Resolution.

No second being necessary, and no further comments being expressed, a vote was taken on the foregoing resolution and said resolution was unanimously approved. This concluded Mr. Stephen's report.

A presentation was then made by Ms. Spies and Mr. Dempsey on the OCLC Strategy and Key Objectives for the future. This was followed by a presentation by Mr. Houk on the current status of the Enterprise Resource Plan.

The Chair then called for a break at 11:17 a.m.

The meeting reconvened at 11:30 a.m., and the Chair then immediately called the Board into executive session. Following that executive session, the Chair reconvened the meeting in regular session at 12:10 p.m., at which time the Chair reported that the following resolutions had been discussed, moved, seconded and each of them unanimously approved by all of the Trustees (except Mr. Frasier, as previously noted):

WHEREAS, the Corporation sponsors the OCLC Online Computer Library Center, Incorporated Defined Contribution Retirement Plan ("Defined Contribution Plan") to provide benefits to employees performing services for the Corporation.

WHEREAS, the Corporation desires to amend the Defined Contribution Plan to provide that netLibrary employees may participate in the Defined Contribution Plan effective September 1, 2004.

WHEREAS, the Corporation desires to accomplish this amendment to the Defined Contribution Plan by ratifying the executed amendment attached hereto as Exhibit A.

RESOLVED, that the Corporation hereby approves the executed amendment to the Defined Contribution Plan providing that netLibrary employees may participate in the Defined Contribution Plan effective September 1, 2004.

RESOLVED FURTHER, that the Corporation ratifies the actions of the appropriate officers of the Corporation who amended the Plan by

adopting the amendment attached hereto as Exhibit A providing for the eligibility of netLibrary employees in the Defined Contribution Plan effective September 1, 2004.

RESOLVED, That following the review of the performance of the vice presidents of the Corporation during the prior year by the Personnel & Compensation Committee, the recommendations of the Personnel and Compensation Committee regarding base salary for vice presidents of the Corporation, effective January 1, 2005, be and the same hereby are approved.

In addition, and also during Executive Session, the following resolutions were considered after Mr. Jordan excused himself from the meeting, and each of them was also moved, seconded and unanimously approved by all Trustees present:

Long-Term Incentive Plan

RESOLVED, That the Personnel and Compensation Committee of the Board of Trustees has completed their review and recommendations regarding the FY2007 metrics for the long-term incentive plan (“LTIP”), and after appropriate discussion and review by the full Board, the following are hereby approved:

The LTIP threshold, target and maximum performance measures to be achieved as of June 30, 2007 and the weighting assigned to each for participants other than the President and CEO.

Special Incentive for the President

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:

The “Special Incentive” threshold, target and maximum performance measures to be achieved as of June 30, 2007 and the weighting assigned to each for the President and CEO.

There being no new or further business to come before the meeting, and following a short meeting assessment discussion, on motion duly made and seconded, the meeting was adjourned at approximately 12:30 p.m.

s/s
Lizabeth A. Wilson, Chair

/s/
James T. Houfek, Secretary

EXHIBIT A

**FIRST AMENDMENT
TO THE
OCLC ONLINE COMPUTER LIBRARY CENTER, INCORPORATED DEFINED
CONTRIBUTION RETIREMENT PLAN**

WHEREAS, OCLC Online Computer Library Center, Inc. ("Corporation") originally established the OCLC Online Computer Library Center, Incorporated Defined Contribution Retirement Plan ("Plan") effective May 1, 1973 and has amended the Plan from time to time and most recently amended and restated the Plan effective January 1, 2002; and

WHEREAS, the Corporation desires to amend the Plan to permit employees of the netLibrary division of OCLC and employees of the netLibrary division of OCLC Information Distribution, Inc. to participate in the Plan effective September 1, 2004; and

WHEREAS, the Corporation wishes to exercise its right to amend the Plan pursuant to Section 10.1 of the Plan.

NOW THEREFORE, effective September 1, 2004, unless otherwise specified below, the Corporation hereby amends the Plan as follows:

1. Section 1.9 of the Plan is hereby amended by deleting it in its entirety and substituting it with the following:

- 1.9 ***Eligible Employee*** means all common law employees of the Institution except employees who are nonresident aliens and who received no earned income (within the meaning of Code Section 911(d)(2)) from the Institution which constitutes income from sources within the United States (within the meaning of Code Section 861(a)(3)); and any individual who is a leased employee of the Institution. Effective prior to September 1, 2004, notwithstanding any of the foregoing, the term Eligible Employee shall also exclude any person who is employed in the netLibrary division of the Institution or in the netLibrary division of OCLC Information Distribution, Inc.

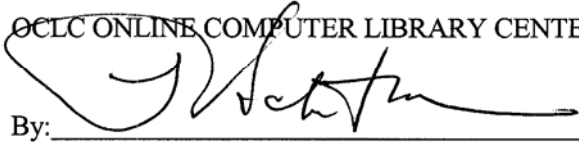
No individual who is deemed to be an independent contractor, as determined by the Plan Administrator in its sole discretion, or individual performing services for the Employer pursuant to an agreement that provides that such individual shall not be eligible to participate in the retirement or other benefit plans of the Employer, shall be an Eligible Employee for purposes of this Plan. If an individual is classified as an independent contractor during any period of

providing services to the Institution, such individual will be deemed to be an ineligible class of employees for purposes of the Plan during such period, even if the individual is determined to be a common law employee during such period pursuant to a government audit or litigation. Notwithstanding the above, if the failure to cover such reclassified individual would prevent the Plan from satisfying the minimum coverage requirement under Code Section 410(b) for a Plan year, the minimum number of such individuals necessary for the Plan to fulfill minimum coverage requirements will be included as Eligible Employees for the Plan year, with preference given to those reclassified individuals with the smallest amount of compensation.

IN WITNESS WHEREOF, the Corporation has caused this First Amendment to be signed
this 13th day of September 2004.

THE CORPORATION:

OCLC ONLINE COMPUTER LIBRARY CENTER INC.

By:  _____

Rick J. Schwieterman

Its: Plan Administrator _____