This annual meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated January 30, 2004, 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 23, 2004 at OCLC Online Computer Library Center, Inc., 6600 Frantz Road, Dublin, OH. 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
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:

Ralph K. Frasier

Also, present for all or portions of the meeting:

Lizbeth J. Bishoff, Vice President, Digital Collection and Preservation Services.
Lorcan Dempsey, Vice President, Research
Cathy De Rosa, Vice President, Corporate Marketing
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
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, Ms. Wilson made the following comments: (i) a welcome was extended to Liz Bishoff, who has returned to OCLC as Vice President of Digital Collection and Preservation Services; (ii) congratulations and thanks were extended to Fred and Carol Lauber,
who after 28 years of loyal and valuable service to OCLC have decided to retire at the end of this month, and (iii) Ralph Frasier’s father died over the weekend, and Ralph will not be in attendance at the Board meeting. Following her comments, the Chair then asked for comments on the proposed agenda, and there being none, she requested 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 November 17, 2003 meeting.

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 then thanked all of the individuals who had assisted in her transition to the Chair, and she extended special thanks to Mr. Crowe, Mr. Jordan, Mr. Schwieterman and Ms. Ryan. The Chair then asked that Board members contact her with suggestions or comments regarding pertinent Board matters at any time.

Ms. Wilson then reported on the meeting of the Executive Committee of the Board, indicating that the Committee had met with all members present except Mr. Frasier and had: (i) discussed future Board meeting dates, and the placement of the strategic retreat, and had recommended the following resolutions for approval by the Board:

RESOLVED, That regular meetings of the Board of Trustees shall be held, in calendar 2005, at the offices of the Corporation or at other locations designated by the Board at 9:00 a.m., local time, on the following dates:

<table>
<thead>
<tr>
<th>Date</th>
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<tbody>
<tr>
<td>February 28, 2005</td>
<td>September 19, 2005</td>
</tr>
<tr>
<td>April 18, 2005</td>
<td>November 13-14, 2005</td>
</tr>
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<td>June 6, 2005</td>
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FURTHER RESOLVED, That the annual meeting of the Board of Trustees shall be held immediately following the annual meeting of the Trustee Members on November 14, 2005.

FURTHER RESOLVED, That the following meeting dates will be changed in 2004 as shown:

<table>
<thead>
<tr>
<th>Previous Date</th>
<th>New Date</th>
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<tr>
<td>September 18-20, 2004</td>
<td>September 20, 2004</td>
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<tr>
<td>November 15, 2004</td>
<td>November 14-15, 2004</td>
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No second being required, the aforementioned resolutions were voted on and unanimously approved by the full Board.

(ii) considered a Board compensation review and while deciding to investigate Board compensation on an informal basis, deferred until a later time a formal outside consultant study of the issue, and (iii) conducted its usual extensive dialog with Mr. Jordan regarding the current status of the cooperative.

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) As previously noted, Fred and Carol Lauber were retiring from OCLC and he wished to add his thanks for their many years of service to OCLC; (ii) as was presented to the Finance Committee, the YTD revenues are behind the fiscal year budget; however OCLC PICA (which is on a calendar year budget) has met its revenue and contribution goals for 2003; (iii) the first phase of the recent corporate reorganization was reviewed with the Personnel and Compensation Committee with a further announcement regarding staff reductions to be announced on March 8, 2004; (iv) OCLC has received excellent feedback on the recently released Environmental Scan from many sources; (v) the succession management plan is firmly in place, and candidates are progressing through the various screens according to plan; (vi) the recently completed Employee Opinion Survey results were discussed in detail with the Personnel and Compensation Committee; (vii) Ms. Katherine Blauer is now fully engaged in managing the OCLC CAPCON service center in Washington, D.C., and (viii) special thanks are due to Mr. Alford as well as staff members Rich Skopin, Phil Scheiber and Anna Ryan for their assistance in staging the 90th birthday party for Fred Kilgour at the University of North Carolina. That concluded the President’s report. Discussion followed on the content of any news releases relative to the reorganization.

Mr. Glicksman then reported on behalf of the Standing Joint Committee on Membership that all members met on February 8, 2004 and considered the following matters: (i) review of the product/service applications for membership credit submitted during the past year (QuestionPoint, CONTENTdm and Digital Archiving), with the intent to furnish a full report to Members Council in May and to the Board in June; (ii) the Committee’s decision to not add to or reduce the
products/services that qualify for membership credit contained in the current list at this time; (iii) receipt of preliminary indications that the V3 (LIBPAC) and the UNAM projects will likely be submitted to the Committee during the next 12 months for consideration, and (iv) the scheduling of a telephonic meeting to be held by the Committee within the next three to four weeks, at which time a draft of the final annual report will be discussed. This concluded Mr. Glicksman’s report.

The Chair then requested the report of the Finance Committee. Mr. Lauer reported that the Committee had met and had reviewed the following matters: (i) operating results for the first seven months of FY 2003-2004, which reflect the fall-off of the contribution margin before portfolio gains; (ii) product segment reports with the understanding that the Committee will be looking for further support from staff regarding the continuation of some of the current products, and (iii) details of the cost of restructuring, with the Committee’s observations being delivered to the Personnel and Compensation Committee for their review. Mr. Lauer then introduced the following two resolutions which had been reviewed by the Committee and were being recommended for passage by the full Board at this time:

**OCLC MEXICO BANK ACCOUNT**

RESOLVED that OCLC Mexico, a division of OCLC Online Computer Library Center, Inc. (“OCLC”) maintain the checking account known as the general account (Account) with Banamex - Citigroup, (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, electronic banking operation, 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 $550,000 Pesos or less or any two of the following as to amounts in excess of $550,000.00 Pesos, namely: Vice President, Finance and Treasurer; Investment and Risk Manager; Director of Financial Planning; General Counsel and Sales Manager;

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.

PAIS BANK ACCOUNT

RESOLVED, that

1. Citibank (hereinafter referred to as 'Bank') be and is hereby designated as a provider of banking services to this Corporation;

2. Any persons holding any of the following offices or any of the following named signatories, with counter-signature or co-signature, Vice President, Finance and Treasurer; Investment and Risk Manager; Director of Financial Planning and Budgets; and Vice President General Counsel and Secretary, are authorized:

   a.) To open deposit accounts at Bank;

   b.) To contract for any services offered by Bank, including (without limitation) electronic account access and management services;

   c.) To submit for deposit and/or collection for the account of this Corporation all checks, drafts, notes or other instruments for the payment of money; and the bank is authorized to accept such instruments, whether or not endorsed by this Corporation, it being understood that each such instrument shall be deemed to be unqualifiedly endorsed by this Corporation;

   d.) To make deposits of currency for the account of this Corporation;

   e.) To sign checks, drafts or other orders with respect to any funds to the credit of this Corporation, including checks, drafts or orders in favor of any officer designated above, and to issue stop payment instructions with reference to any of the above;
f.) To make withdrawals or transfers of funds from accounts in the name of this Corporation, and to transfer funds between such accounts, by any means authorized by Bank, including (without limitation) use of a withdrawal ticket, a debit card, a credit card, a terminal or other electronic or telephone device, including such as may cause overdrafts; and

g.) To conduct any and all other lawful business with Bank.

Although overdrafts are not authorized, should any check drawn by the Corporation result in an overdraft, interest may be charged each day on the amount of the overdraft at the maximum rate permitted by law. The Bank is authorized to pay, cash or otherwise honor and charge to the Corporation any instrument, withdrawal or transfer and is further authorized to receive same for credit to the account of, or in payment from, the payee, endorsee or any other holder thereof, including any officer, agent or signatory of the Corporation, without limitation of amount, and without inquiry into the circumstances, regardless of the name of the payee or maker or of any notation on the instrument, payment or transfer instructions. Additionally, the Corporation ratifies and confirms any and all transactions with Bank made prior to the date of this Resolution.

3. Any persons holding any of the following offices or any of the following named signatories, without counter-signature or co-signature, (indicate below the names, or the titles only, of the signing officers (without specifying the names of any such officers), and state the full names of the signatories who are not officers; if the signature of more than a single officer or signatory is required, then clearly indicate in what manner they are to sign, whether singly or jointly)

None

are authorized:

a.) To apply to Bank for credit, to borrow money, with or without security, and to access overdraft lines of credit;

b.) To sell or discount instruments, chattel paper and other contracts for the payment of money;

c.) To assign, transfer, pledge or otherwise hypothecate or grant a security interest in any property of this Corporation;

d.) To execute on behalf of this Corporation, in favor of Bank (its parent, subsidiaries, affiliates, officers, agents and employees) notes, drafts, acceptances and other obligations of the Corporation, instruments of guarantee, indemnities, endorsements, assignments, receipts and other documents; and

e.) To conduct any and all other lawful business with Bank.

Additionally, the Corporation ratifies and confirms any and all transactions with Bank made prior to the date of this Resolution.

4. (Applicable to Companies designating joint signing authority)

The Corporation acknowledges that the above joint signatory designation is a statement of its own internal policy and not a service offered by Bank. Further, the Corporation has been offered Bank's CitiBusiness® Online service that can provide the Corporation with a systemic method of controlling the signature limitation.

The Corporation agrees that Bank assumes no responsibility for the payment of a check, draft, or other item drawn on any Corporation account or for any withdrawal from any account which is honored and bears only a single authorized signature of one of the individuals designated above.

5. The designated authorized person(s) in this Resolution, are individually empowered to delegate to other persons the authority to perform transactions with respect to the accounts of this Corporation and
to change and revoke such delegations from time to time; the bank is entitled to rely upon such delegations of authority and to accept instructions from such other persons as being fully authorized by this Corporation.

6. The Bank is hereby authorized to accept for deposit, for credit, for discount, for collection, or otherwise, any and all instruments deposited by or on behalf of the Corporation, whether or not endorsed by any person or by stamp or other impression in the name of the Corporation, without inquiry as to the circumstances of the endorsement or lack of endorsement or the disposition of the proceeds.

7. The Bank is authorized to pay any check, draft or other instrument for the payment of money drawn on any account of this Corporation which bears or appears to bear one of the facsimile signatures provided below or such other facsimile signature later certified by the Secretary or Assistant Secretary of the Corporation to be authorized, if the facsimile signature, regardless of how or by whom affixed, resembles a specimen facsimile signature provided to and filed with Bank.

8. The Corporation waives protest of any negotiable instruments deposited with or held by the Bank to which the Corporation is a party and the Corporation hereby consents to any and every renewal or extension of time or other modifications which may be granted or made with respect to such negotiable instruments, and any such renewal or extension of time or other modification shall be deemed to have been granted or made with the full and express reservation by the Bank of all of its rights of recourse against the Corporation in respect to such negotiable instruments.

9. The Corporation does hereby give a continuing lien for and security interest in the amount of any and all liabilities and obligations of the Corporation and claims of every nature and description of the Bank against the Corporation, whether now existing or hereafter incurred, originally contracted with the Bank and/or with another or others and now or hereafter owing to or acquired in any manner by the Bank, whether contracted by the Corporation alone or jointly and/or severally with another or others, absolute or contingent, secured or unsecured, matured or unmatured (all of which are hereafter collectively called "Obligations") upon any and all monies, securities and any and all other property of the Corporation and the proceeds thereof, now or hereafter actually or constructively held or received by or in transit in any manner to or from the Bank, its correspondents or agents from or for the Corporation, whether for safekeeping, custody, pledge, transmission, collection or otherwise coming into the possession of the Bank in any way, or placed in any safe deposit box leased by the Bank to the Corporation. The Bank is also hereby given a continuing Lien and/or right of offset for the amount of the Obligations upon any and all deposits (general or special) and credits of the Corporation with, and any and all claims of the Corporation against the Bank at any time existing, and the Bank is hereby authorized at any time or times without notice, to apply such deposits or credits, or any part thereof, to such Obligations and in such amounts as the Bank may elect, although the Obligations may be contingent or unmatured and whether any collateral therefor is deemed adequate or not. The Bank may file a financing statement signed only by the Bank as secured party in all places where necessary to perfect Bank's security interest in all jurisdictions where such authorization is permitted by law.

10. The Corporation also agrees to be bound by all of the Bank's rules, regulations, conditions, limitations and agreements and any modification(s) or amendment(s) of same, with the same effect as if each and every term thereof were set forth in full herein and made a part hereof. Additionally, the Corporation agrees to be bound by the terms and conditions of each account signature card and the Client Account Manual, as it may be modified or amended from time to time.

11. In the event of any litigation in which the Bank and the Corporation are adverse parties, the right to a trial by jury and to interpose any defense based upon any Statute of Limitations or any claims of laches, and any offset or counter claim of any nature or description, is hereby waived by the Corporation. The Corporation agrees that if an attorney is used, from time to time, to enforce, declare or adjudicate any of the provisions herein or any of the rights herein granted to the Bank or to obtain payment of the Obligations at maturity (expressed or declared) whether by suit or by any other means whatsoever, reasonable attorney's fees shall be payable by the Corporation. The Bank shall not, by any act, delay, omission or otherwise, be deemed to have waived any of its rights or remedies hereunder unless such waiver be in writing, signed by the Bank, and then only to the extent therein set forth; failure of the Bank to insist on compliance with, or to exercise any right and/or remedy
12. Any notice to the Bank shall be deemed effective only if sent to and received at the branch, division or department of the Bank designated as the location for receipt of such notice conducting the transaction or transactions affected. Any notice to the Corporation shall be deemed sufficient if sent to the last known address of this Corporation appearing on the records of the Bank.

13. All the foregoing authorities shall be and continue in full force and effect until revoked or modified by written notice actually received by the Bank at its office wherein the account of the Corporation is then maintained, setting forth a resolution to that effect stated to have been adopted by the Board of Directors of the Corporation, and signed by one purporting to be the secretary or an assistant secretary of the Corporation and bearing the purported seal of the Corporation, provided, that such notice shall not be effective with respect to any checks or other instruments for the payment of money or the withdrawal of funds dated on or prior to the date of such notice but presented to the Bank after receipt of such notice and the Bank is hereby authorized at all times to rely upon the last notice, certificate or communication received by it, when so authenticated, as to any resolution of the Corporation or as to the persons who from time to time may be officers or signatories of the Corporation, or as to their respective specimen signatures and/or as to any other corporate matters, and the Bank shall be held harmless in such reliance, even though such resolution may have been changed.

14. The secretary (or any assistant secretary) of the Corporation is hereby authorized to certify and deliver to the Bank copies of these resolutions and the signatures of the president (or any vice-president) and the secretary (or any assistant secretary) of this Corporation at the foot of the certificate containing these resolutions shall constitute such certificate and resolutions and agreement by the Corporation with the Bank (which may not be changed orally) with respect to all the matters set forth in said certificate and resolutions. All persons named in this resolution continue to be authorized representative of the Corporation until receipt by Bank of acceptable written notice to the contrary.

15. Any provision hereof which may prove unenforceable under any law shall not affect the validity of any other provision hereof.

No second being necessary, and no further comments being expressed, a separate vote was taken for each of the foregoing resolutions, and each of them was unanimously approved. This concluded the report of the Finance Committee.

The Chair then called for a break at 9:10 a.m.

The meeting was reconvened at 9:35 a.m., at which time the Chair called for the report of the Personnel and Compensation Committee. Ms. Ryland first expressed her thanks to Ms. Hanawalt for her leadership as previous Chair of the Committee, as well as to the various OCLC staff members who had contributed material and timely content for the meeting, and finally to the Committee...
members themselves who had come well prepared to deal with the issues at hand. Ms. Ryland then reported that all of the Committee members had met and had reviewed the following matters: (i) the recently completed Employee Opinion Survey results, including concerns about participation, confidentiality and low expectations that change would result (a full report of the survey results will be given to each Trustee in the near future); (ii) the scheduling of a short follow-up employee survey in about six months to further audit the employees perceptions regarding these issues, and (iii) the inclusion objectives for senior management for FY 2003-2004. Ms. Ryland then indicated that the Committee had several resolutions to bring to the Board during its executive session later in the day. That concluded Ms. Ryland’s report.

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 and had discussed the following matters: (i) a narrowing down of the candidates for Mr. Glicksman’s position on the Board, which was achieved after contact with the top ten finalists, now narrowed down to a final two candidates, the identities of which would be discussed in the Board’s executive session later this morning; (ii) consideration of appropriate candidates for Mr. Shaughnessy’s position on the Board, with the final selection being deferred until the Members Council has selected its choices for Board appointments in May; (iii) creation of a draft establishing the process for appropriate orientation of new Board members, and (iv) the Board website and its present functionality. This concluded Mr. Baker’s report.

The Chair then presented the report of the Audit Committee which she had chaired on behalf of Mr. Frasier. Ms. Wilson reported that the Audit Committee had met with all members present except Mr. Frasier, and had considered the following issues: (i) the hearing of three presentations from the final candidates (Deloitte & Touche, KPMG and Ernst & Young) for the next three years of audit work at OCLC; (ii) consideration of those proposals after the OCLC staff had been released from the Committee meeting, and (iii) the decision to await Mr. Frasier’s input prior to making a final selection, after which the Committee will telephonically conference and produce its recommendation to the full Board in the form of a proposed resolution, all of which should be accomplished without additional Committee or Board fees. This concluded Ms. Wilson’s report.
The Chair then called for other business. Ms. Gubbin expressed her thanks to the OCLC staff for their decision to significantly participate in the upcoming Public Library Association meeting in Seattle. Mr. Crowe made note for the record that he had good feedback that the new level of interaction between the Board, the Members Council and the OCLC staff were greatly appreciated by all involved. Mr. Jordan and Mr. Hermes then followed with a brief update on the new venture with Google. There being no further other business, the Chair called the Board into executive session at 10:05 a.m., subsequently reconvening the meeting in regular session at 11:35 a.m. The Chair noted for the record that certain matters had been discussed between 11:05 a.m. and 11:25 a.m. during which Mr. Jordan was excused from the meeting. Ms. Wilson then indicated that the following resolutions had been separately moved, seconded and unanimously adopted and approved during the executive session, with Mr. Jordan being either absent or abstaining from voting on any of them:

**SPECIAL 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:

The “Special Incentive” target percentage for the FY2005 and FY2006 performance period for the President and CEO.

The “Special Incentive” threshold, target and maximum performance measures to be achieved as of June 30, 2005 and June 30, 2006 and the weighting assigned to each for the President and CEO.

**LONG-TERM INCENTIVE PLAN**

RESOLVED, That the Personnel and Compensation Committee of the Board of Trustees has completed their review and recommendations regarding the revised FY 2005 and FY 2006 metrics for the long-term incentive plan (“LTIP”), and after appropriate discussion and review by the full Board, the following are hereby approved:

The revised LTIP target percentages effective for FY 2005 and FY 2006 for participants other than the President and CEO.
The LTIP threshold, target and maximum performance measures to be achieved as of June 30, 2005 and June 30, 2006 and the weighting assigned to each for participants other than the President and CEO.

SEVERANCE AND CORPORATE RESTRUCTURING PROGRAM

RESOLVED, that the Corporation be, and it hereby is, authorized to execute an unbudgeted severance and corporate restructuring program, in keeping with the presentation to the Finance and Personnel & Compensation Committees during their February 22, 2004 meetings, with the understanding that the total cost of the programs shall not exceed $4.6 Million Dollars, and that said cost will not be considered in calculating the awards under the Management Incentive Plan computation at the conclusion of the fiscal year.

FURTHER RESOLVED, that Robert L. Jordan, Rick J. Schwieterman and James T. Houfek be and they are each hereby authorized to execute and deliver in the name and on behalf of this Corporation such additional agreements, 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.

There being no further business to come before the meeting, on motion duly made and seconded, it was adjourned at approximately 11:36 a.m.

/s/ Lizabeth A. Wilson, Chair

/s/ James T. Houfek, Secretary