This meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated September 8, 2005, and in accordance with Article VII, Section I, of the Code of Regulations of OCLC Online Computer Library Center, Inc., convened at 8:28 a.m., local time, on September 19, 2005 at OCLC Online Computer Library Center, Inc., 6600 Frantz Road, 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 (via conference telephone)  
Ralph K. Frasier  
Martín Gómez  
Victoria Johnson  
Jay Jordan  
David P. Lauer  
Elisabeth Niggemmann  
David Roselle  
Jane N. Ryland  
Robert Seal  
Jerry Stephens  
Lizabeth A. Wilson

Trustees Absent:

None

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  
Cathy De Rosa, Vice President, Marketing  
Gary R. Houk, Vice President, Corporate Information Technology & Business Integration  
George Needham, Vice President, Member Services  
William Nilges, Vice President, New Services  
Rich Rosy, Corporate Vice President, NetLibrary Division and Content Management  
Phyllis B. Spies, Vice President, Collection Management  
Michael Teets, Vice President, Global Product Architecture  
Rein van Charldorp, Managing Director, OCLC PICA

To begin the meeting, Ms. Wilson asked for any discussion on the proposed agenda, and after discussing a presentation order adjustment, she requested a motion to approve the minutes of the meeting of the Board of Trustees held on June 6, 2005. Upon motion duly made and seconded, the Board of Trustees unanimously approved the minutes of that 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, and indicating that she had nothing further to add to her report, she then called for questions. There being none, Ms. Wilson reported on the meeting of the Executive Committee of the Board, indicating that the Committee members had met on September 18, 2005, and that the Committee had: (i) reviewed plans for the upcoming Board meeting and retreat to be held November 13 and 14, 2005, with a more detailed discussion to follow in Mr. Baker’s report, (ii) discussed plans to meet with the past and future Presidents of the Members Council following this Board meeting, (iii) heard plans for a Sunday evening event at the Columbus Museum of Art on November 13, 2005, (iv) confirmed that there would be no committee meetings with the exception of Personnel and Compensation at the November Board meeting, (v) discussed the possibility of holding the June Board meeting in California, (vi) directed the General Counsel to coordinate the review of the Board minutes with the Chair, the CEO and the CFO and to be responsible for redacting as appropriate all confidential portions thereof in any copies made available to non-Board members whether electronically or in print, and (vii) reviewed the status of corporate operations in general with Mr. Jordan.

The Chair then called for the President’s report. Mr. Jordan asked that the Board look to his written report for details, and then called their attention to the following specific items: (i) Mr. Dempsey has undergone a recent emergency appendectomy, and is recovering nicely, (ii) the event on the evening of November 13 at the Columbus Museum of Art will include spouses and some local individuals including former Board members, (iii) Mr. Jordan, Ms. De Rosa, Ms. Marilyn Mason and Ms. Martha Choe of the Gates Foundation met for dinner recently to discuss additional synergies and future projects, (iv) a meeting between major libraries that house Asian language collections and eight of the largest publishers in China will be held next week at OCLC, (v) OCLC recently received a $6M digitization order from the Library of Congress, (vi) OCLC recently recorded its billionth holding entry into WorldCat, (vii) both the ALA and the IFLA conferences were well attended and OCLC was appropriately represented at each, (viii) the ARL fellows will be spending a few days at OCLC next month and several important discussions are scheduled, (ix) Nylink has recently agreed to be a selling partner under the newly structured network relationship agreement, while Amigos and
SOLINET will function as service only partners, and (x) in response to the new network relationships, OCLC is in the process of restructuring its internal distribution staff to better handle member sales.

That concluded Mr. Jordan’s report. A general discussion followed.

Mr. Gómez then reported on behalf of the Joint Committee on Membership that the Committee had met recently via conference call and had: (i) discussed continuing input and comment regarding the new delegate algorithm that is being developed and expected to be announced early next year to become effective in 2007, and (ii) continued reviewing the possibility that the new algorithm will factor in financial as well as intellectual contributions. That concluded Mr. Gómez’s report.

The Chair then requested the report of the Finance Committee. Mr. Barry indicated that the Committee had met on September 18, 2005 with all members present and had: (i) discussed financial information for August of 2005 as well as highlights of the full FY 2004-2005, (ii) reviewed the Management Incentive Plan (“MIP”) and the Long Term Incentive Plan (“LTIP”) measurements for FY 2004-2005 and forwarded the Committee’s recommendations regarding payouts under those plans to the Personnel and Compensation Committee for their review, (iii) reviewed ongoing activities of OCLC Pica with Mr. van Charldorp, (iv) reviewed and discussed usage of the corporate strategy fund, and (v) after review and discussion, recommended the following two resolutions (as found at Tab 4) to the full Board for its approval:

**BANK OF MONTREAL**

WHEREAS, it is desired by OCLC Online Computer Library Center, Inc. (the “Corporation”) to authorize and empower certain officers or agents of the Corporation to make such banking arrangements as they may deem necessary and proper without further action on the part of the trustees of the Corporation.

RESOLVED:

1. THAT the Bank of Montreal (the “Bank”) be appointed a banker of the Corporation.

2. THAT the Vice President-Finance and Human Resources; Investment and Risk Manager; Director of Budgets and Financial Planning; and Vice President-General Counsel of the Corporation (as replaced from time to time pursuant to subparagraph 2(g) below, the “Authorized Person(s)”) is/are authorized to do any one or more of the following on behalf of the Corporation:

   (a) to open or close any deposit or other account(s) with the Bank (the “Accounts”) and to sign authorization, set-up or other documentation and agreements with the Bank with respect to any of the Accounts and any services (including without
limitation cash management services) or any other matter as such Authorized Person(s) in his, her or their sole discretion deem advisable or as the Bank may request including, without limitation, those providing for ratification of any signature or action on behalf of the Corporation;

(b) to provide instructions to the Bank requesting changes of address and duplicate statements as such Authorized Person(s) may see fit and to obtain and provide receipts for all statements of account, all cheques and other vouchers, and all bills of exchange and negotiable and non-negotiable instruments not otherwise delivered to the Corporation;

(c) to withdraw or order payment of any of the funds deposited in the Bank, and to otherwise bind or obligate the Corporation, in such amounts and on such terms as such Authorized Person(s) may see fit, by signing, ratifying or countermanding cheques, drafts, bills of exchange, undertakings or other instruments, orders or agreements for the payment of money by manual or facsimile signature or as further provided in any agreement between the Corporation and the Bank;

(d) to issue written, telephonic, electronic or oral instructions with respect to the transfer or payment of funds of the Corporation on deposit with the Bank (or at any other financial institution) by manual, wire, electronic or other means, including without limitation, instructions which may further delineate the extent of authority hereby granted;

(e) to purchase or otherwise acquire for and on behalf of the Corporation, and to sell, transfer or otherwise dispose of, and endorse for sale, transfer or other disposition, and to otherwise deal with on behalf of the Corporation, any and all bonds, notes, shares of stock and other securities of any kind or nature and by whomsoever (other than the Corporation) issued, or interim, participation or other certificates therefor, and to apply, identify and guarantee signatures and endorsement thereon or on powers of attorney executed in connection therewith, and to authorize or direct charges to the Accounts for any costs, fees, charges or other amounts relating to any of the foregoing;

(f) to borrow and obtain credit from the Bank, by way of loans, advances, overdrafts or other facilities, in such amounts and pursuant to such terms, conditions and provisions as such Authorized Person(s) in his, her or their sole discretion may deem advisable or as the Bank may require, and for such purpose to sign, ratify and endorse promissory notes, bankers’ acceptances and other bills of exchange, promises for the payment of money and other instruments, documents and agreements and to execute and deliver to the Bank such charges, pledges, mortgages, assignments, hypothecs, grants of security interests and other security and related documentation as the Bank may require in respect of all or any of the present and future property, assets and undertaking of the Corporation, real and personal, movable and immovable, to secure payment and performance of any or all present or future indebtedness, liabilities or obligations of the Corporation to the Bank; and

(g) to revoke or modify any or all of the authorizations herein and to authorize on behalf of the Corporation from time to time at his, her or their discretion other Authorized Person(s) to do all or any of the foregoing including the matters set out in this subparagraph 2(g) but not including the matters set out in subparagraph 2(f).
3. THAT notwithstanding any of the foregoing, any Authorized Person is hereby authorized to endorse for deposit to any of the Accounts negotiable instruments and orders for payment of money, which endorsements may be made in writing or by stamp.

4. THAT the Corporation enter into such agreements, containing such indemnities and other provisions, as the Bank may require in respect of the foregoing.

5. THAT previous authorities granted by way of a resolution in respect of the foregoing matters generally by the trustees of the Corporation are repealed as of the date of these resolutions in respect of matters done hereafter. The foregoing resolutions shall continue in force until a certified copy of resolutions revoking or modifying them has been received by the Bank.

RESOLVED FURTHER that the Secretary of the Corporation may furnish to the Bank a certified copy of these resolutions and a certificate setting forth the names of the Authorized Person(s) on this Account, specimens of their signatures and the applicable number of signatures required to exercise each authority in subparagraphs 2(a) – (g) above, and from time to time whenever new signatories on this Account shall be authorized, additional certificates setting forth the names of said signatories, specimens of their signatures and the applicable number of signatures required to exercise such authorities, 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.

NATIONAL CITY BANK

RESOLVED, that National City Bank ("Bank") is designated a depository of the Company, with full authority to accept deposits of money, checks and other instruments (hereinafter "Items") to the credit of Company in accounts with the Bank, in accordance with the oral or written instructions of any person making the deposit and subject to the present or subsequently amended Rules of Bank ("Rules") receipt of which is hereby acknowledged; and that Company hereby grants to Bank the payment of all Items which are deposited in its account(s) and the certification of these Resolutions by the Company shall bind the Company upon this guaranty.

RESOLVED, that Bank is authorized to pay or otherwise honor or apply in accordance with the Rules without inquiry and without regard to the application of the proceeds thereof, all checks, drafts and other orders for the payment, transfer or withdrawal of money from any and all accounts maintained by Company with Bank, including those drawn to the individual order of a signer, when signed, accepted or endorsed by any one of the following officers of Company as to amounts of Fifty Thousand Dollars ($50,000) or less, or any two of the following officers of Company as to amounts in excess of Fifty Thousand Dollars ($50,000): Vice President-Finance and Human Resources; Investment and Risk Manager; Director of Budgets and Financial Planning; and Vice President-General Counsel.

RESOLVED, that use of a facsimile signature of any or all of the above-named signers is for the benefit and convenience of Company and therefor Company's sole responsibility, and regardless of by whom or by what means the facsimile signature is affixed, is to be relied on by Bank without any duty on the part of Bank to determine the genuineness of or authorization for said facsimile signature.
RESOLVED, that any of the above-named signers may bind this Company in one or more agreements with Bank to provide night depository or any other banking related services.

RESOLVED, that Bank be furnished a certified copy of these Resolutions and that Bank is authorized to rely on these Resolutions until receipt by it of written notice, in form satisfactory to Bank of any change or revocation hereof.

No second being necessary and no further comments being expressed, a separate vote was taken on each of the foregoing resolutions and each resolution was separately, 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 met on September 18, 2005 and had: (i) discussed the employee opinion surveys both past and scheduled, including factors relating to corporate metrics and inclusion objectives which would be discussed further in executive session, and (ii) reviewed the LTIP payouts for FY 2005 along with the LTIP objectives for FY 2008, with further discussion and a resolution to follow in executive session. Ms. Ryland also indicated that feedback would be sought from all Board members on the upcoming strategic retreat to be held in November. Finally, Ms Ryland indicated that there were several other matters that would be discussed during executive session. That concluded Ms. Ryland’s report.

The Chair then called for a break at 9:30 a.m.

The meeting was reconvened at 10:00 a.m. and 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 September 18, 2005 and had: (i) reviewed the guidelines for the Committee which would be shared with the full Board in November, (ii) discussed potential Board Committee and Board Officer appointments which would be presented to the Board in resolution form in November, (iii) received the written resignation of Mr. Alford from the Joint Committee of Membership, and (iv) after review and discussion, recommended the following resolution for approval by the full Board:

RESOLVED, that upon the review and recommendation of the Nominating and Board Development Committee, the resignation of Larry Alford from, and the appointment of Bob Seal to the Joint Committee on Membership from the OCLC Board for FY2005/2006 are hereby approved.
No second being necessary and no further comments being expressed, a vote was taken on the
foregoing resolution and said resolution was unanimously approved. Mr. Baker then continued with
his report indicating that the Committee had also: (i) discussed the annual review of Board
effectiveness with results to be available to the full board in November, (ii) discussed the November
strategic retreat and the facilitator to be employed for that function, and (iii) continued consideration
of potential candidates for the Board seats of Messrs. Crowe and Gómez, who have each indicated
that they will not be seeking re-appointment, as well as Mr. Baker and Ms. Wilson, all of whom are
serving current terms that are up in November of 2006. 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 September 18, 2005 with all members present, and that they had: (i) met
with the external auditors and discussed relevant audit issues including certain risk assessment
matters and a review of the conflict of interest statements and procedures, (ii) discussed with staff a
recently discovered contractual matter that had resulted in a monetary loss for the Corporation, (iii)
reviewed the audit letter for FY 2004-2005, which once again was an unqualified report, as well as
the total fees paid to the auditors worldwide during the last fiscal year, (iv) held a private discussion
with the auditors with no OCLC staff present and noted that no unexpected issues arose from that
discussion, and (v) reviewed and recommended the following resolution (which could be found at
Tab 5 of the Board book) for approval by the full Board:

RESOLVED, that the Deloitte & Touche audit report for the
year ended June 30, 2005, be and the same are hereby
accepted.

No second being necessary and no further comments being expressed, a vote was taken on the
foregoing resolution and said resolution was unanimously approved.

Presentations were then made by Mr. Nilges on the topic of new services, and by Mr.
Teets on the global product architecture. Following some general discussion, the Chair called for a
break at 11:00 a.m.

The meeting was reconvened at 11:15 a.m., at which time Ms. Wilson provided an update
on the current status of certain special projects. The Chair then called the Board into executive
session at 11:37 a.m. Following that executive session, the Chair reconvened the meeting in regular session at 12:28 p.m., at which time it was reported that during the executive session, the Board had:

(i) requested that the Corporation undertake an independent audit of the LTIP accrual, and
(ii) that the following resolutions had been discussed, moved, seconded and approved (as noted) by the Board while in executive session:

**FY2005 LTIP – VP COMPENSATION**

RESOLVED, that following review by both the Personnel & Compensation Committee and the Board in executive session, the recommendations of the Personnel and Compensation Committee regarding a Long-Term Incentive Plan award as presented in executive session be approved.

(All in favor, with one abstention.)

**FY2006 CORPORATE INCLUSION TARGETS**

RESOLVED, that the recommendation of the Personnel and Compensation Committee regarding the FY2005/2006 corporate and individual officer inclusion performance targets of the Corporation be and the same is hereby approved.

(Messrs. Baker, Barry and Roselle had left the meeting. All remaining Trustees in favor except one against.)

**VP BASE SALARY**

RESOLVED, that following the review by both the Personnel & Compensation Committee and the Board in Executive Session, the recommendations of the Personnel and Compensation Committee regarding base salary for vice presidents of the Corporation, effective July 1, 2005, be and the same hereby are approved.

(All in favor, with one abstention.)

**FY2005 MIP – VP INCENTIVE COMPENSATION**

RESOLVED, that following review by both the Personnel & Compensation Committee and the Board in executive session, the recommendations of the Personnel and Compensation Committee regarding a Management Incentive Plan award as presented in executive session
be approved and the allocation of said funds be directed as follows:

(1) Management Incentive Plan awards to the vice presidents of this Corporation for the fiscal year 2004/2005 be and the same are hereby approved as presented, pursuant to the provisions of the Management Incentive Plan.

(2) Management Incentive Plan awards to non-executive plan participants of the Corporation be and the same are hereby approved as determined by the President and Chief Executive Officer pursuant to the provisions of the Management Incentive Plan.

(3) Management Incentive Plan awards to terminated participants be and the same are hereby approved as presented.

(Unanimous approval by all Trustees.)

FY2005 MIP – CEO INCENTIVE COMPENSATION

RESOLVED, that following review by both the Personnel & Compensation Committee and the Board in executive session, the recommendations of the Personnel and Compensation Committee regarding a Management Incentive Plan award as presented in executive session be approved and the allocation of said funds be directed as follows:

Management Incentive awards to the President and Chief Executive Officer of this Corporation for the fiscal year 2004/2005 be and the same are hereby approved.

(Messrs. Baker, Barry, Roselle, Crowe and Jordan had left the meeting. All remaining Trustees in favor except one against.)

FY2005 SPECIAL INCENTIVE – PRESIDENT & CEO

RESOLVED, that following review by both the Personnel & Compensation Committee and the Board in executive session, the recommendations of the Personnel and Compensation Committee regarding a Special Incentive Plan award as presented in executive session be approved.

(All in favor, with one abstention.)
WILLIAM NILGES & MICHAEL TEETS

RESOLVED, That the President’s appointment of William Nilges as Vice President, New Services and Michael Teets as Vice President, Global Product Architecture, and their base salary be approved effective July 7, 2005; and

FURTHER RESOLVED, that following review by both the Personnel and Compensation Committee and the Board in executive session, the recommendations of the Personnel and Compensation Committee regarding Messrs Nilges and Teets Management Incentive Plan target for FY2006; and the threshold, target and maximum performance measures and metrics of the long-term incentive plan ("LTIP") to be achieved as of June FY2007 are hereby approved.

(Unanimous approval by all Trustees.)

Following a discussion of the results of the Board’s assessment of the meeting, on motion duly made and seconded, the meeting was adjourned at approximately 12:30 p.m.

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Lizabeth A. Wilson, Chair                James T. Houfek, Secretary