

**SUMMARY OF MINUTES**  
**Regular Meeting**  
**of the Board of Directors**  
**November 17, 2008**

The meeting was called to order by Chair, Anne Farrell at 10:30 a.m. Other directors present were Ivar Chhina, Brenda Davis, John Hamlin, Tom Harville, Sally Jewell, Chuck Katz, Jesse King, José Lozano, Ed Schmults, Cheryl Scott and Michael Smith. Corporate officers attending the meeting were: Brad Johnson, Brian Unmacht, Matt Hyde, Catherine Walker, and Danette Capello.

Here is a summary of the subjects discussed and actions taken:

- The meeting started with an executive session with independent directors only. The executive session concluded at 10:45 a.m. and the general session began.
- Sally Jewell, CEO, provided the President's Report, presenting an overview of how the economy has affected REI and how the Company has responded.
- Brian Unmacht, Executive VP of Sales, Service, Store Development and Logistics gave a summary of the stores that opened in 2008 and the new stores that are scheduled to open in 2009.
- Michelle Clements, Senior VP of Human Resources reviewed the results of the 2008 Company-wide employee survey, noting that the 84% participation rate was well above the retail industry average of 72%.
- Mr. Unmacht gave an update on the status of the Kent headquarters campus expansion project, which is postponed until at least 2010.
- Matt Hyde, Executive VP of Marketing and Merchandising advised the Board about the project to replace the Company's core merchandising computer systems and improve merchandising business processes.
- Brad Johnson, Senior VP and CFO, provided the Financial Report, with details of the 2008 year-to-date performance through October. In his report, Mr. Johnson provided estimates of holiday sales and year-end net income and cash.
- Mr. Hyde, Angela Owen, VP of Merchandising; Tom Vogl, VP of Marketing; Tim Spangler, VP of Retail – West Division; and Brad Brown, VP of Online, gave a presentation on how the Company develops the sales plan for the annual budget.
- Mr. Johnson presented the preliminary 2009 budget to the Board. The Board agreed to hold a meeting of the Audit & Finance Committee in mid-January to review the 2008 results and updates to the 2009 proposed budget.
- Ivar Chhina, Chair of the Audit & Finance Committee, presented the report of the Committee meeting that morning. The Committee reviewed and discussed the 2009 preliminary budget and the REI Visa card program. The Committee also heard from Jefferson Wells, the Company's internal auditor, about the proposed 2009 internal audit plan.
- Tom Harville, Chair of the Nominating & Governance Committee, provided the report of the Committee meeting that morning. The Committee reviewed committee assignments in advance of the Board election in March. The Committee also reviewed its charter and agreed to modify the charter to reflect, among other things, the Committee's periodic review of the Board's size and structure.

- John Hamlin, Acting Chair of the Compensation Committee, gave the report of the Committee meeting that morning. The Committee accepted management's recommendation of a modest merit increase and reviewed a market analysis of executive compensation. In addition, the Committee reviewed general staffing plans, incentive compensation plans, and health care benefits.
- The Board went into executive session with Ms. Jewell, at 4:52 p.m. The executive session ended at 5:25 p.m. and the meeting was then adjourned.