

SUMMARY OF MINUTES
Regular Meeting
of the Board of Directors
February 8, 2010

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

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

- The meeting started with an executive session with independent directors only.
- The minutes of the regular Board meeting of November 23, 2009, were approved.
- The Board approved a resolution appointing Stephen Lockhart to the Board and the Audit & Finance Committee. Dr. Lockhart was appointed to fill the balance of the unexpired term of Ivar Chhina, who became the Company's EVP and CFO in September 2009.
- Matt Hyde, EVP, began the President's Report with a review of the work underway to restructure the management staffing of the retail stores. The primary goal of the restructuring is to increase the total number of hours staff spend in customer-facing work.
- Brian Unmacht, EVP, provided highlights of the 2010 Winter Outdoor Retailer show, including his observations on how vendors are reacting to current economic conditions. He noted that the overall mood of the show was much better than in 2009.
- Sally Jewell shared highlights from the recently held Retail Industry Leaders Association (RILA) Leadership Summit. Ms. Jewell is a member of RILA's Board of Directors. She concluded the President's Report with her reflections on the Company's performance in 2009.
- The Board and management discussed the online business and how it is vital role in transforming the customer experience.
- Mark Lester, Director of Strategic and Financial Planning, joined the meeting to present the Financial Report for 2009. He noted that total sales, net income, and membership sales all exceeded plan, and that the Company ended the year with 47% more cash than planned.
- Ivar Chhina, EVP and CFO, provided a summary of the proposed final 2010 budget, which was approved by the Audit & Finance Committee on April 5. After discussing the financial effects of a new membership benefit and other differences between the proposed final budget and the preliminary budget shared with the Board last November, the Board approved the final 2010 budget as presented.
- Michael Collins, VP of Public Affairs; Kevin Hagen, Director of the Corporate Social Responsibility Program; and David Jayo, Corporate Giving Program Manager, joined the meeting to inform the Board about the strategic direction for The REI Foundation and the Company's annual charitable giving program.
- David Presley, VP of Logistics and Distribution; Rick Bingle, Director of Global Supply Chain; and Rachel Ligtenberg, Director of Visual Merchandise, joined the meeting to provide the Board with an overview of the R3 Strategic Imperative (Right Product, Right Place, Right Time).
- Mike Smith, Chair of the Audit & Finance Committee, provided the report of the Committee. The Committee reviewed the proposed final 2010 budget and received and approved management's recommendation for the distribution of the Company's profits. After discussion and on the Committee's motion, the Board approved the recommendation.
- Chuck Katz, Chair of the Nominating & Governance Committee, provided the report of the Committee. The Committee met with the Board's recruiting consultant to review the director candidate pool. The Committee also reviewed committee assignments and Board officer positions for adoption at the annual Board meeting in April. The Committee also considered a proposed policy addressing the circumstances in which a director should submit his or her resignation from the Board. The proposal will be put before the Board for a vote in April.

- Cheryl Scott, Chair of the Compensation Committee, provided the report of the Committee. The Committee reviewed and approved the Company's 2009 Xcels employee incentive plan results and the Long-Term Incentive Plan award for the 2007-2009 tranche, reviewed and approved the 2010 Xcels plan, and discussed the targets for the 2010-2012 Long-Term Incentive Plan.
- At the conclusion of the general session, Ms. Farrell and Ms. Jewell expressed deep appreciation to Ed Schmuls for his service on the Board and his contributions to REI. All directors echoed that appreciation and wished him success and happiness in his new endeavors.
- The Board went into an executive session at 3:45 p.m. with all directors and Catherine Walker, the General Counsel. The executive session ended at 4:25 p.m.
- The meeting was adjourned at 4:25 p.m.