

SUMMARY OF MINUTES
Regular Meeting
of the Board of Directors
February 9, 2009

The meeting was called to order by Chair, Anne Farrell at 10:35 a.m. Other directors present were Ivar Chhina, John Hamlin, Joanne Harrell, Tom Harville, Sally Jewell, Chuck Katz, Jesse King, José Lozano, Ed Schmults, Cheryl Scott and Michael Smith. Corporate officers attending the meeting were: Lee Fromson, Brian Unmacht, Matt Hyde, Michelle Clements, 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 10:35 a.m. and the general session began.
- Lee Fromson, Acting VP of Finance, and Mark Lester, Director of Strategic and Financial Planning, provided the Financial Report, with details of the pre-audit financial results through the end of 2008.
- Mr. Fromson presented management's recommendations for the distribution of profits generated in 2008 and noted that the Audit and Finance Committee had reviewed and supported the recommendation. After discussion and on a motion made and seconded, the Board approved a resolution incorporating the recommendations.
- Brian Unmacht, Executive VP of Sales, Service, Store Development and Logistics gave a history of the last two years of business and the steps taken by the Leadership Team in response to the downturn in the economy.
- Michelle Clements, Senior VP of Human Resources, provided information on efforts to maintain a positive workplace environment for employees in 2009.
- Ivar Chhina, Chair of the Audit & Finance Committee, presented the report of the Committee meeting that morning. The Committee discussed the audit plan for 2009 with its internal auditor, Jefferson Wells. It also discussed the REI Visa Card affiliate program and received an update on the Company's replacement of the core merchandising technology system.
- 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 approved an update to its charter. Mr. Harville also informed the Board of several proposed changes to the timing of future Board meetings.
- Joanne Harrell, Chair of the Compensation Committee, gave the report of the Committee meeting that morning. The Committee approved the final results of the 2008 Xcels incentive plan and design changes to the 2009 plan. The Committee also approved the Long-Term Incentive Plan awards for the 2006 – 2008 tranche and discussed the metrics for the 2009 – 2011 tranche.
- Mr. Fromson and Mr. Lester provided the proposed 2009 budget. Mr. Fromson identified four key check-in dates for review of the Company's performance in 2009. He also detailed three different business scenarios and the action management would take to respond to each scenario. After discussion and on motion duly made and seconded, the Board approved the final 2009 budget as presented.
- The Board went into executive session with Ms. Jewell, at 3:25 p.m. The executive session ended at 4:00 p.m. and the meeting was then adjourned.