

SUMMARY OF MINUTES
Regular Meeting
of the Board of Directors
April 19, 2010

The meeting was called to order by Chair, Anne Farrell at 10:30 a.m. Other directors present were: Brenda Davis, John Hamlin, Joanne Harrell, Tom Harville, Sally Jewell, Chuck Katz, Jesse King, Stephen Lockhart, José Lozano, Cheryl Scott, and Michael Smith. 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 Board discussed a proposed resolution to increase the budget for the implementation of the replacement technology for the core merchandising and finance systems and business functions, also known as “Starfish”. After discussion, the Board approved the resolution.
- The minutes of the regular Board meeting of February 8, 2010, were approved.
- The Board also approved a proposed change to the Director Appointment and Resignation Policy. Under the revised policy, a director is obligated to tender his or her resignation under certain specified circumstances, including a major change in professional status or retirement.
- Sally Jewell began the President’s Report with an update on governmental affairs and recent visits by management to Washington D.C., including her representation of the Co-op at the White House’s America’s Great Outdoors Forum. Michelle Clements, SVP of Human Resources, provided a brief overview of her participation in the Forum on Workplace Flexibility, hosted by the White House Council on Women and Girls. Ms. Jewell also informed the Board of the Company’s recent Importer Self Assessment (ISA) certification with the U.S. Customs and Border Protection.
- Matt Hyde, EVP, continued the President’s Report with an update on the Member Free Shipping offer. He noted that since the launch, membership sales are up 127% and e-commerce sales are running more than 12% ahead of plan. He also reported that April 18th, the last day of the Member Rewards event, was the second biggest sales day in REI.com’s history.
- Ivar Chhina, EVP and CFO, provided an update on the Starfish project. He noted that contract amendment negotiations had concluded, and that the overall project cost and timeline are well within best practices.
- Mr. Chhina presented the Financial Report for the year-to-date. He noted that total sales, net income, and membership sales are all exceeding plan by a wide margin. He also provided the results of the Member Rewards event, and reported that comp store and direct sales performance were substantially higher than last year. Mr. Chhina concluded the report with a review of the macroeconomic situation.
- Michael Collins, VP of Public Affairs, Kevin Hagen, Director of Corporate Social Responsibility (CSR), and Kirk Myers, CSR Manager provided a report on the Company’s CSR strategy. Mr. Hagen began the presentation with a description of the new CSR model, designed to facilitate greater connection among the CSR efforts, the Company’s core purpose, and its business. Mr. Myers continued the presentation with an overview of the Company’s current priorities and year-end 2009 results. Mr. Hagen concluded the presentation with an overview of the next steps for the CSR team, including developing a consistent, measurable, and vetted framework with key performance metrics.
- Brian Unmacht, EVP, provided an overview on the topic of fair labor compliance. Catherine Walker, SVP and General Counsel, expanded on the subject by explaining the existing fair labor compliance program. She also described the work of a cross-divisional working team that developed a process for escalating fair labor issues, refined the definition of violation categories, and discussed the creation of the Fair Labor Oversight Committee (FLOC).
- Cheryl Scott, Chair of the Compensation Committee, provided the report of the Committee. The Committee approved the metrics for the 2010-2012 Long-term Incentive Plan, reviewed and accepted a proposed officer severance benefit, and discussed the Company’s compensation

philosophy.

- Chuck Katz, Chair of the Nominating & Governance Committee, provided the report of the Committee. The Committee reviewed the results of the 2010 Board election. Ms. Farrell and Mr. Hamlin were excused from the meeting and the Board elected Ms. Farrell as Chair of the Board, and Mr. Hamlin as Vice Chair of the Board for the 2010-2011 board year. Ms. Farrell and Mr. Hamlin rejoined the meeting. Mr. Katz continued his report by reviewing comments submitted in connection with the election. He also described the Committee's work on guidelines for director independence, a review of director candidates, and a proposal to switch the order of the Board and Leadership Team retreats in 2011.
- Mike Smith, Chair of the Audit & Finance Committee, provided the report of the Committee. The Committee reviewed the Company's cash management practices and discussed merchandising and financial planning. The Committee also approved the Anonymous Complaint Policy and recommended that the Board delegate responsibility for the Company's privacy policy and related risk management to the Audit and Finance Committee. After discussion, the Board adopted the proposal.
- At the conclusion of the general session, Ms. Farrell expressed deep appreciation to Tom Harville for his twelve years of 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 3:55 p.m. with all directors. The executive session ended at 4:17 p.m.
- The meeting was adjourned at 4:17 p.m.