

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

The meeting was called to order by Chair, Anne Farrell at 10:30 a.m. at the Company's headquarters in Kent, WA. Other directors present were: Brenda Davis, John Hamlin, Joanne Harrell, Sally Jewell, Chuck Katz, Jesse King, Stephen Lockhart, Cheryl Scott, and Michael Smith. José Lozano attended the meeting by phone. 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 for a portion of the session, and with executive management for the remaining portion of the session.
- The minutes of the regular Board meeting of June 6, 2010, were approved as submitted.
- Sally Jewell began the President's Report with an overview of the Company's Anderson Awards in June, including a visit from Company founder, Mary Anderson. She noted that Ms. Anderson transferred a number of family possessions relating to REI to the Company, and how appreciative the Company is to have access to the Anderson's pictures and other memorabilia.
- Ivar Chhina, EVP and CFO, continued the President's Report with an update on the searches for the VP of Real Estate and Store Development and the VP of Accounting and Finance. He then turned to a briefing on the status of the Starfish/SAP project. The project remains on schedule to "go-live" at the end of July. He then provided a summary of the testing that has been performed to date, the biggest risks associated with going live, and the most likely next steps in the process.
- Brian Unmacht, EVP, concluded the President's Report by providing a summary of the "EU OutDoor" show, which is the European analog to the OR industry trade show in Salt Lake City.
- Mr. Chhina provided the Financial Report to the Board. He reported that sales continue to exceed the 2010 plan all across the country, and noted that two of the five bottom performing comp stores were still exceeding their sales plans for the year, one had been impacted by the opening of an additional REI store nearby, and another is the smallest REI store, which severely limits its inventory capacity. Mr. Chhina concluded the report with an overview of the macro-economic situation and a review of the Company's working plan for the rest of the year.
- Mr. Unmacht and Matt Hyde, EVP, provided a presentation on the work underway to refresh the strategic planning process. Mr. Hyde identified the key categories of the business for which questions have been developed, while Mr. Unmacht walked the Board through an example of how management is using the questions to develop the plan.

- Tom Vogl, VP of Marketing, briefed the Board on the Company's work in the area of web-enabled and mobile social communications. He began his presentation with a high-level overview of the dynamic world of customer communications and the steps the Company is taking to stay both current with and anticipate changes in customer expectations. Finally, he reviewed the current online community content, including REI's Facebook and YouTube pages.
- Mike Smith, Chair of the Audit & Finance Committee, provided the report of the Committee. The Committee received an update on cash management and discussed next steps for internal audit. The Committee also received a report on new store growth and new hires in the Real Estate department.
- Chuck Katz, Chair of the Nominating & Governance Committee, provided the report of the Committee. The Committee reviewed a list of director candidates, the questionnaire for the bi-annual Board evaluation, and the evaluations of incumbent directors up for election in 2011. The Committee also reviewed and approved the Guidelines for Director Independence.
- Cheryl Scott, Chair of the Compensation Committee, provided the report of the Committee. The Committee received an update on the Total Rewards project, which included a review of the Company's compensation philosophy. The Committee also reviewed an analysis of the impact on the Company of the new health care reform bill recently signed into law.
- The Board went into an executive session at 3:40 p.m. with all directors, Ms. Jewell, Ms. Walker, and Michelle Clements, SVP of Human Resources. The executive session ended at 5:05 p.m.
- The meeting was adjourned at 5:05 p.m.