

SUMMARY OF MINUTES
Regular Meeting
of the Board of Directors
July 20, 2009

The meeting was called to order by Chair, Anne Farrell at 10:15 a.m. Other directors present were: Ivar Chhina, Brenda Davis, John Hamlin, Tom Harville, Sally Jewell, Chuck Katz, Jesse King, Ed Schmults, Cheryl Scott, and Michael Smith. José Lozano attended by phone. Joanne Harrell was excused. Corporate officers attending the meeting were: Lee Fromson, Brian Unmacht, Michelle Clements, Catherine Walker and Matt Hyde.

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. Brenda Davis and José Lozano were excused for a portion of the executive session during which time the Board discussed their re-appointment to the Board. At the beginning of the general session, Ms. Farrell announced the re-appointment of both Ms. Davis and Mr. Lozano to the Board of Directors for one-year terms. The minutes of the regular and annual Board meetings of March 30, 2009, and June 5, 2009, were approved.
- After discussion and on the recommendation of the Compensation Committee, the Board adopted a resolution to terminate the Company's Voluntary Employee Benefit Trust ("VEBA").
- Lee Fromson, acting VP of Finance, reported on the Company's financial results through the end of June.
- Michelle Clements, SVP of Human Resources, began the President's Report by providing an overview of the feedback received from the Board and Leadership Team on the Board's June Retreat. Brian Unmacht, EVP, continued with an update on the SAP/Starfish Merchandising system implementation project. Matt Hyde, EVP, continued the President's Report by giving an update on the REI/vendor co-op marketing program and the investments planned for the future. Sally Jewell concluded the President's Report by discussing the recent restructuring of the Leadership team roles and responsibilities.
- Matt Hyde and Brian Unmacht reviewed the vision and objectives of two of the Company's key strategic imperatives. The imperatives are part of an overall strategy to ensure the co-op evolves in how it serves and engages its customers and members.
- Ivar Chhina, Chair of the Audit & Finance Committee, provided the report of the Committee. The Committee reviewed the real estate investment strategy and discussed the Company's compliance efforts.
- Chuck Katz, Chair of the Nominating & Governance Committee, provided the report of the Committee. The Committee discussed the 12-year term limit contained in the Company's Bylaws in the context of appointed directors who then move to elected positions on the Board. The Committee also extended the retainer with the Company's director recruiting consultant, and presented possible topics for upcoming Board education sessions.
- Cheryl Scott Chair of the Compensation Committee, provided the report of the Committee. The Committee discussed and approved metrics for the 2009-2011 Long-Term Incentive Plan. The Committee also reviewed management's actions on 2009 employee raises, staff development efforts and a briefing on the CFO search.
- The Board went into an executive session at 4:20 p.m. with all directors and the general counsel. The executive session ended at 4:40 p.m. and the meeting was adjourned immediately thereafter.