

SUMMARY OF MINUTES
Regular Meeting
of the Board of Directors
of November 20, 2006

The meeting was attended by Board Chair Doug Walker and directors Anne Farrell, Angel Rodriguez, Joanne Harrell, Cheryl Scott, Ivar Chhina, Tom Harville, Chuck Katz, Mike Smith and Sally Jewell. Corporate officers and employees attending the meeting were: Catherine Walker, Brad Johnson, Matt Hyde, Michelle Clements and Danette Capello.

Here is a summary of the subjects discussed and actions taken.

- The meeting started with an executive session.
- The minutes of the regular board meeting of September 25, 2006, were approved as submitted.
- Sally Jewell, with participation from Matt Hyde and Michelle Clements, provided the Board with the President's Report. Among the topics covered in the report were the following: An overview of recent store openings, a progress update on the Bedford Distribution Center, an update on the company's government affairs and public policy work, an overview of a recent member engagement session, and a summary of results from the 2006 Employee Survey.
- Chief Administrative Officer and Chief Financial Officer Brad Johnson provided the Company's financial performance year-to-date.
- Vice President of Public Affairs Michael Collins joined the meeting to provide the Board an overview of the REI Foundation and an update on management's evaluation of the Foundation's future mission.
- Matt Hyde introduced Michelle Eten, (Director of Marketing, Planning and Research), and Tom Vogl, (Vice President of Marketing), who presented information on the co-op membership program.
- Vice President of Human Resources Michelle Clements presented REI's employee strategies to the Board.
- Brad Johnson introduced Mark Lester (Director of Planning and Reporting), who joined the meeting to present the 2007 preliminary budget for the Board's consideration and approval, which the Board approved.
- Tom Harville presented the report of the Audit and Finance Committee. Mr. Harville also described the Committee's meeting on November 20, in which the Committee reviewed the internal audits with Jefferson Wells and discussed the need to develop the risk assessment and internal audit schedules for 2007 and 2008. The report also reviewed a recommendation regarding cash investment strategies.
- Nominating and Governance Committee has been working on director candidate selections and interviews. For the director election in March 2007, the Committee proposed a slate of Tom Harville and Anne Farrell (as incumbents), and Ed Schmults and John Hamlin (as new nominees). The Board also approved the Committee's recommendation for Bylaw Amendments to Article II clarifying active member status, setting the date of annual meeting and defining the annual record date for determining the annual active member rolls.
- For the Compensation Committee, Joanne Harrell informed the Board that Jeff Zon will join REI as the Vice President of Information Services in mid-December. Ms. Harrell also noted that the Committee is in the process of its annual compensation review.
- The meeting concluded with an executive session and was adjourned at 3:55 p.m.