

SUMMARY OF MINUTES
Regular Meeting
of the Board of Directors
February 10, 2014

The Board's regular meeting on February 10, 2014, was called to order by Chair John Hamlin at the Company's headquarters, in Kent, WA. Other directors present in person were Beth Newlands Campbell, Matt Compton, Chloe Harford, Steve Hooper, Jesse King Gerry Lopez, Bert Quintana, Cheryl Scott, Mike Smith, and Tony Truesdale. Stephen Lockhart was excused. Management representatives present in person for the entire meeting were Jerry Stritzke, Eric Artz, Michelle Clements, and Catherine Walker. Director candidates Kari Glover and Sharon Philpott attended as guests.

Here is a summary of the subjects discussed and actions taken during the meeting:

Administrative:

- The minutes of the regular Board meeting of December 9, 2013, were approved with one minor correction.

President's Report:

- Jerry Stritzke, CEO, commended the Company for recognition on Fortune's list of top 100 companies to work for. He also complemented staff for the successful implementation of the first phase of the network fulfillment project. The overall project is designed to provide customers with better access to the products they want, whether the products are in an REI store around the country, in a distribution center, or at the vendor.
- Annie Zipfel, VP of Marketing, and Jason Sutherland, Brand Creative Director, introduced the Board to the work being done on the Company's brand principles. The principles reflect the purpose and culture of the co-op and many of the commitments the co-op makes to members about their experience with the co-op.
- Eric Artz, CFO, and Vik Sahney, DVP of Strategy, reviewed the results of two recent off-site retreats with divisional leaders where extensive planning of strategic direction took place. The summary to the Board included progress to date on key initiatives and the work still to come through the rest of the year and beyond.

2013 Financial Report and Profit Distribution:

- Eric Artz provided a review of 2013 holiday sales and the end-of-year financial report. He also provided management's recommendation for the distribution of the co-op's profits from 2013 operations. After discussion, the Board approved aggregate member refunds of approximately \$114,771,000 and a discretionary profit sharing for employees at the rate of 5% of their eligible compensation in total approximate amount of \$9,733,000.

Final 2014 Budget Approval:

- Mr. Artz presented the final 2014 budget, which had been reviewed and approved by the Audit & Finance Committee at its meeting on February 7th. The Board unanimously approved the final 2014 budget, which anticipates community investments of \$4,185,086 through the co-op's philanthropy program.

Committee Reports

- Beth Newland Campbell provided the report of the Audit & Finance Committee. The Committee reviewed the annual 2014 plan and budget, and voted to support the plan as presented by management. The Committee also interviewed two candidate firms for the role of the Company's external auditor and voted to select one of them.
- Gerry Lopez provided the report of the Nominating & Governance Committee. The Committee reviewed the 2014 dividend packet and discussed the orientation for new directors joining the Board in 2014. The Committee also reviewed the annual Board evaluation, to be completed within the next two months and discussed at the April 28th Board meeting.
- Chloe Harford provided the report of the Compensation Committee. The Committee reviewed and approved the Company's 2014 employee incentive plan and the payout for the 2013 operating results.

At 4:30 p.m., the Board went into executive session with Mr. Stritzke. Mr. Stritzke was excused at 4:45 p.m.

The executive session ended at 4:50 p.m., and the meeting was adjourned immediately thereafter.