

# REI RETIREMENT AND PROFIT SHARING PLAN SUMMARY PLAN DESCRIPTION

Effective January 1, 2019





## ABOUT THIS BOOKLET

This Summary Plan Description (SPD) provides an overview of the principal provisions of the Plan as currently in effect. On occasion, the Plan is amended to reflect regulatory or design changes, and as a result you will be provided communication regarding those changes in the form of a Summary of Material Modifications (SMM) or a new SPD. The SPD is prepared as a convenience for you and includes:

- Information on eligibility and enrollment
- Details of how the Plan works and the benefits it pays; and
- Important Plan contacts so you'll know where to get answers to your questions

Remember as you read the SPD that it summarizes your rights and obligations under the Plan. It isn't intended to cover all the details found in the official Plan document and doesn't change the terms of the Plan. If there is a discrepancy between the official Plan document and this SPD, the Plan document will control and bind all parties. The official Plan document is available for review upon request by contacting the Employee Service Center (ESC).

## IMPORTANT PLAN CONTACTS

FOR INFORMATION ABOUT...	CONTACT...	AT...
General Plan information and eligibility	Employee Service Center (ESC)	1-800-999-4734 x4747 or hrhr@rei.com
Enrollment, account balance, activity and transactions including changes to contributions and investments, rollovers, withdrawals and distributions of your account	Schwab Retirement Plan Services	<b>workplace.schwab.com</b> or 1-800-724-7526
Personal retirement planning assistance (by appointment)	Schwab Retirement Plan Services	To make an appointment: 1-800-724-7526 (call between 5 a.m. and 7 p.m. Pacific time) or <b>workplace.schwab.com</b>
For additional retirement information and documents, including a copy of this SPD, tools and more	For your benefit (the REI Benefits website)	<b>www.foryourbenefit-rei.com</b>

*The SPD is not a guarantee of employment. Either you or REI can terminate the employment relationship at any time for any reason, with or without cause. Unless otherwise indicated, this SPD reflects the provisions of the Plan in effect as of January 1, 2019. REI reserves the right to amend, terminate or partially terminate the Plan or to change Plan provisions at any time. If the Plan is changed in any way that affects your eligibility or benefits, REI will provide you with an explanation of the changes.*

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# PLAN HIGHLIGHTS

<b>Eligible Employees</b>	Full time and part time employees of REI are eligible.
<b>Enrollment</b>	You are eligible to participate 30 days after your date of hire. You can enroll in the Plan within your first 30 days of hire as an eligible employee by going online at <a href="http://workplace.schwab.com">workplace.schwab.com</a> or calling Schwab toll-free at 1-800-724-7526.
<b>Automatic enrollment for new employees and rehired employees</b>	If you don't enroll on your own within 90 days of your date of hire or rehire, you will be automatically enrolled in the Plan with a contribution rate of 3% of your eligible compensation. You can stop or change your contributions at any time.  Your rate of contribution will automatically increase each year by 1 % (up to 15%), unless you choose a different contribution rate.
<b>Your contributions</b>	You can contribute up to 75% of your eligible compensation, subject to certain annual limits. You can increase, decrease, start or stop payroll contributions effective as of any future pay period. You can elect to contribute from incentive pay separately from your regular bi-weekly pay.  Rollover contributions – You may be able to transfer or “roll over” a balance from another employer’s retirement plan.
<b>Contributions from REI</b>	For eligible employees, REI makes an automatic retirement contribution of 5% of your eligible compensation (not including incentive pay). You are eligible to receive REI contributions any year following your original year of hire, if you complete at least 1,000 hours of service during the calendar year and are employed on December 31 of that year.  REI may fund an additional, discretionary profit-sharing contribution between 0%-10% of your eligible compensation (not including incentive pay).
<b>Vesting (your ownership)</b>	Your contributions from eligible compensation are always 100% vested.  REI contributions are subject to 20% vesting per year based on original date of hire, reaching 100% vesting after five years of employment. Employees who reach age 60, become disabled or die while employed are 100% vested.  (See <i>Your Accounts and Vesting</i> for vesting rules before January 1, 2011).
<b>Investment options</b>	The Plan offers a variety of investment options; you can invest in as many funds as you want, in 1% increments, and change your investment elections as often as once per day.  Your contributions will be invested in the default fund chosen by the Retirement Plan Committee if you don't choose an investment fund.
<b>When your balance is payable</b>	Your vested account balance becomes available for distribution if you leave REI for any reason, including termination, retirement, disability or death (death benefits are paid to your beneficiary).
<b>Payment options</b>	Payment options include: <ul style="list-style-type: none"> <li>• A single lump sum payment</li> <li>• Installment payments over a specified number of years</li> <li>• Annuity payments (lifetime benefits)</li> <li>• Account Rollover to another retirement plan or IRA.</li> </ul> <p>If your vested account balance is more than \$5,000, you may leave the money in the Plan until age 70 1/2.</p> <p>If your vested account balance is \$5,000 or less, it may subject to automatic distribution rules. (See <i>How to Receive Payments From the Plan</i>).</p>
<b>Withdrawals while still working at REI</b>	Age 60 or older – You can make a withdrawal for any reason.  At any age – You can make a withdrawal if you have a qualified financial hardship, or if you have a rollover account. You may also be eligible to take a loan from your Plan account.
<b>Access your account</b>	Schwab Retirement Plan Services at <a href="http://workplace.schwab.com">workplace.schwab.com</a> or toll free at 1-800-724-7526.

# ELIGIBILITY

## ARE YOU ELIGIBLE?

You're an eligible employee if you're classified as an employee on REI's U.S. payroll. However, you're not an eligible employee if you're:

- A nonresident alien with no U.S. source of income from REI,
- An independent contractor, leased employee, an employee hired through an agreement with an employment agency, or any other employee who isn't on REI's U.S. payroll,
- A non-participating employer or affiliate, or
- A collective bargaining employee (unless the bargaining agreement specifically provides for participation in the Plan).

If you're not classified as an employee on REI's payroll and personnel records (for example, if you're treated as an independent contractor, paid through the payroll of a third-party business or hired through an employment agency), you can't participate in the Plan even if you're reclassified by a government agency, by a court, mediation, arbitration, or similar process, or through mutual agreement as an employee.

## WHEN PARTICIPATION BEGINS

- **Your contributions** – You can begin making contributions from your eligible compensation 30 days after your original date of hire. If you are rehired, and were previously a participant, you can resume participation immediately (see *Rehires*). If you don't enroll on your own, you will be automatically enrolled after 90 days from the date you're rehired (see *What Happens if You Don't Enroll*).
- **REI contributions** – You will be eligible for REI contributions in any year following the year of your original date of hire. Additional requirements apply to receive an REI contribution for a given year (see *Contributions From REI*).

### Example

John is an eligible employee who starts work May 5, 2019.

- The earliest day John can make contributions from his eligible compensation is June 4, 2019. If John does not make an election, he will be automatically enrolled shortly following August 3, 2019.
- The earliest year for which John can earn a REI company contribution is 2020 (paid in 2021).

Once you're eligible to make elective contributions, you'll be considered a participant in the Plan until you receive a complete distribution of your Plan accounts or, if you're not vested in the Plan, you stop working for REI.

## ENROLLING IN THE PLAN

If you're an eligible employee of REI, you can start making contributions from your eligible compensation 30 days after your date of hire, or immediately if you're rehired.

You can begin making pre-tax or Roth contributions by contacting Schwab Retirement Plan Services at 1-800-724-7526 or [workplace.schwab.com](https://workplace.schwab.com). Your elective contributions will begin as soon as administratively possible after you enroll.

When you enroll, you'll decide:

- The percentage of eligible compensation you want to contribute each pay period,
- Whether your contributions should be pre-tax or Roth contributions (see *Pre-tax or Roth Contributions*),
- On an annual or quarterly basis, depending on your incentive pay schedule, the percentage of your incentive pay you want to contribute (see *Contributing Incentive Pay*),
- How you want your contributions invested among the Plan's available investment options (call Schwab Retirement Plan Services at 1-800-724-7526 or visit [workplace.schwab.com](https://workplace.schwab.com)), and
- Your beneficiary for payment of your Plan accounts if you die before receiving a distribution (see *How to Designate Your Beneficiary*).

## WHAT HAPPENS IF YOU DON'T ENROLL?

**Automatic Enrollment.** If you're hired or rehired on or after January 1, 2012, and you don't enroll on your own, you will be automatically enrolled to make pre-tax contributions of 3% of your eligible compensation, not including incentive pay.

Your automatic contributions will begin shortly after 90 days following your hire or rehire date. On each anniversary of your hire or rehire date, your contribution rate will increase by 1% of your eligible compensation, up to a maximum of 15%. You can opt-out, change or discontinue your contributions at any time by contacting Schwab at [workplace.schwab.com](http://workplace.schwab.com) or Schwab Participant Services at 1-800-724-7526.

**Default Investment.** If you don't make an investment choice, your contributions will be invested in a default fund chosen by the Committee (see *Your Investment Responsibility*). For more information, refer to the information provided by Schwab or visit [workplace.schwab.com](http://workplace.schwab.com).

## CONTRIBUTIONS

### YOUR CONTRIBUTIONS

You can contribute up to 75% of your eligible compensation to your Plan account through payroll deductions, subject to Plan and legal limits. (See *Definition of Compensation* for how "compensation" is defined.) Your participation is strictly voluntary, and the amount of your elective contribution is up to you, subject to Plan and legal limits (see *Limits on Contributions*).

### AUTOMATIC ENROLLMENT CONTRIBUTION RATE INCREASE

If you're enrolled automatically at 3% of eligible compensation, on each anniversary of your hire or rehire date, your contribution rate will increase by 1% of your eligible compensation, up to a maximum of 15%, unless you change or discontinue your contributions.

### INCENTIVE PAY CONTRIBUTIONS

You also have the option to contribute up to 75% of your incentive payout, either as pre-tax or Roth contributions (see *Pre-tax or Roth Contributions*). Your total contributions, from incentive pay and regular payroll contributions, is subject to the annual IRS dollar limits.

Making an election to contribute incentive pay will not change your regular payroll contributions, which will continue based on your current elections on file.

### CATCH-UP CONTRIBUTIONS

If you're at least age 50 or will reach age 50 by the end of the calendar year, you may be eligible to make additional contributions for the year (catch-up contributions) above the Plan and IRS annual limits. Generally, catch-up contributions can be made in a calendar year only if regular limits that apply to your contributions have been reached in the year (see *Limits on Contributions*).

### PRE-TAX OR ROTH CONTRIBUTIONS

You can designate your contributions as either pre-tax contributions or Roth contributions – or as a combination of both.

**Pre-tax contributions.** When you choose to make traditional pre-tax contributions, your current taxable compensation is reduced for income tax purposes and that amount is contributed to the Plan instead. Amounts you elect to contribute to the Plan as pre-tax elective contributions aren't treated as wages subject to applicable income tax withholding. However, they are treated as wages for Social Security purposes and are subject to Social Security and Medicare taxes. Pre-tax accounts are taxed when distributed from the Plan.

**Roth contributions.** Roth contributions count as taxable income when made and are subject to income tax withholding. They're also subject to Social Security and Medicare taxes. Consequently, your take-home pay will be lower than if you contributed the same amount as a pre-tax contribution to the Plan. However, Roth contributions are not taxed when distributed from the Plan, and, if certain conditions are met, earnings on Roth contributions can also be distributed tax-free.

### CHANGING YOUR CONTRIBUTIONS

You can opt out of automatic enrollment or make changes to your contribution or investment elections at any time effective as of any future pay period.

### CONTRIBUTIONS FROM REI

You will be considered for REI contributions for any plan year following the year of your original date of hire as an eligible employee (see *Are You Eligible?*). REI will contribute an amount equal to 5% of your eligible compensation (not including incentive pay)



for each year you meet the conditions to receive a contribution.

REI may fund an additional, discretionary profit-sharing contribution between 0%-10% of your eligible compensation.

**Conditions to receive REI contributions.** To qualify for REI contributions in a particular year, you must complete 1,000 hours of service in the Plan year and be employed on December 31.

### Examples

Sarah's an eligible employee who started work on May 5, 2018. She completes 1,000 hours of service between January 1, 2019 and December 31, 2019 and is employed on December 31, 2019. Sarah qualifies to receive the REI contribution for 2019.

Nathan's an eligible employee who also started work on May 5, 2018. Nathan terminated employment on November 1, 2018, and then returned to REI on May 10, 2019. He completes 1,000 hours of service between May 10, 2019 and December 31, 2019 and is employed on December 31, 2019. Nathan also qualifies to receive the REI contribution for 2019.

If you otherwise qualify for an REI contribution (including the requirement to complete 1,000 hours of service) but terminate employment during the year due to death or disability (see *If You Become Disabled*), you will receive an REI contribution, even if you are not employed on December 31.

In order to satisfy federal nondiscrimination requirements, REI may make contributions on behalf of non-highly compensated employees. These contributions will be allocated based on compensation and credited to the accounts of some or all non-highly compensated employees who are eligible to make elective contributions. You'll be notified by REI if such a contribution is made to your account.

## CONTRIBUTIONS AFTER COVERED MILITARY LEAVE

If you return to work after a period of military service with reemployment rights protected by the "Uniformed Services Employment and Reemployment Rights Act of 1994" (USERRA), you can participate in Plan contributions for the period of covered leave as described below. Any contributions for a period of USERRA leave will be allocated to your Plan account without adjustment for earnings.

**Your contributions.** You can make contributions attributable to compensation you would have received if you hadn't been on USERRA leave (USERRA make-up contributions).

The amount of compensation recognized for purposes of USERRA make-up contributions will be determined under federal law (USERRA imputed compensation). You must specify whether your USERRA make-up contributions are pre-tax or Roth contributions or combination of both.

You must make any USERRA make-up contributions before the earlier of the fifth anniversary of your reemployment or the last day of a period that's three times the length of your military leave. By law, any USERRA make-up contributions must be made from current eligible compensation after your return from USERRA leave. You'll be notified if the IRS issues new rules allowing you to use sources other than current compensation for USERRA make-up contributions and you're affected.

**REI contributions.** If you meet the 1,000-hour requirement and are employed or on USERRA leave as of December 31, you'll receive REI contributions based on USERRA imputed compensation for each year of your USERRA leave upon your return to employment with REI, provided you return to employment within the time limits required under USERRA. Hours of service will be counted during USERRA leave to determine if you meet the 1,000-hour requirement.

If you return to work following a period of military service that you think may qualify as USERRA leave, contact the ESC for more information.

## DEFINITION OF COMPENSATION

**Pre-tax and Roth Contributions.** For purposes of pre-tax and Roth contributions to the Plan, your eligible compensation includes the following:

- Base salary and wages, including overtime, sick time, vacation and other paid time off, and holidays,
- Your incentive pay, if you affirmatively elected to defer part of your incentive pay. Incentive pay will not be included in deferrals taken from automatic bi-weekly deferral elections.

Your eligible compensation **does not** include the following items (even if they are included in your taxable compensation):

- Bonuses including retention bonuses, credit card and employee referral bonuses, and cash profit-sharing bonuses,
- Allowances for communication devices, automobiles, meals and other transportation,
- Long-term incentive pay from the REI Long-Term Incentive Plan,
- Project or relocation pay,
- Settlements of employment claims,
- Tax gross ups on non-cash awards and compensation,
- Security awards,
- Non-cash incentive awards and compensation,
- Payments on account of termination of employment (such as severance pay) and payments other than regular compensation (including Incentive Pay) paid more than 2 ½ months after employment with REI ends,
- Lump sum cash-outs of sick leave accruals and vacation pay accruals,
- Allowances and reimbursements paid to employees temporarily living abroad, and
- Your deferrals to and distributions from the Recreational Equipment, Inc. Deferred Compensation Plan of 1990.

**Incentive Pay.** For purposes of Incentive Pay contributions to the Plan, Incentive Pay is compensation that's contingent on the satisfaction of pre-established organizational or individual performance criteria, made to an employee under the REI Summit Plan.

You must make a separate contribution election for your incentive pay (see *Contributing Incentive Pay* for more information).

**Compensation limit.** Compensation counted for any participant for a year is limited each year by law. The limit for 2019 is \$280,000 but may be adjusted annually.

**Partial Salary Deferrals.** Note that if the calculated pre-tax and Roth deferral amount (the result of pre-tax and Roth deferral election percentages multiplied by plan eligible compensation) exceeds the amount remaining after other payroll deductions, the deferral amount will equal the amount of eligible compensation remaining (rather than the calculated amount).

## LIMITS ON CONTRIBUTIONS

There are several legal limits on contributions.

**Dollar limits on your contributions.** For 2019, your contributions are limited by federal law to a maximum of \$19,000, including both pre-tax and Roth contributions. If you're eligible to make catch-up contributions, you can contribute an additional \$6,000 in 2019. Keep in mind, if you do not meet the annual IRS maximum or another IRS or Plan limit, any catch-up contributions will be re-characterized as regular pre-tax or Roth contributions. These limits are adjusted annually by the IRS based on cost-of-living changes.

**Limits for highly compensated employees.** The law limits contributions made on behalf of highly compensated employees. For 2019, a highly compensated employee is any employee who was paid more than \$120,000 by REI in 2018. If you're a highly compensated employee, and you're impacted by these limits, you may be required to receive a refund of some of your contributions to the Plan. If this is the case, you'll be contacted by REI. The dollar amount for determining who is a highly compensated employee is adjusted annually by the IRS based on cost-of-living changes.

**Total contribution limit.** Federal law limits the total amount of contributions (your contributions plus REI contributions) in a year. For 2019, total contributions cannot exceed either of the following:

- \$56,000 – This limit is adjusted annually by the IRS based on cost-of-living changes, and
- 100% of your gross compensation for the year.

**Limits on employer deduction.** Contributions to the Plan are conditioned upon REI being permitted to deduct the contribution for corporate tax purposes. Under federal law, total contributions can't exceed 25% of the aggregate compensation of all eligible Plan participants. Elective contributions don't count against this deduction limit.

If any of REI's deduction is disallowed by the IRS, REI can recover the excess contribution.

## INVESTING YOUR ACCOUNT

You have several choices for investing your Plan account.

When you become eligible in the Plan, you'll receive information about the available Plan investment options from Schwab. You choose how your contributions are invested among the available funds in whole percentages (that is, at least 1% increments). You can change how future contributions to your account will be invested and/or how your current account balances are invested, at any time.

**Default investment.** If you don't make investment choices, your contributions will be invested in a default fund chosen by the Committee.

## MANAGE YOUR ACCOUNT

Go to [workplace.schwab.com](https://workplace.schwab.com) any time to access and manage your account, learn more about your Plan and investments, use helpful tools and calculators, learn about investing and make changes. Schwab will also send you statements four times per year, at the end of each calendar quarter.

## YOUR INVESTMENT RESPONSIBILITY

The Plan is designed to comply with Section 404(c) of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and related regulations found at Title 29 of the Code of Federal Regulations Section 2550.404c-1. By complying with Section 404(c) of ERISA, plan fiduciaries may be relieved of liability for any losses that are the direct result of your investment instructions.

### **Investment information available upon request.**

You have a right to receive the following information on request relating to any available investment fund:

- Information about the value of shares or units held in the various investment funds,
- Information about the value of each fund and the past and current investment performance of the fund,
- A description of each fund's annual operating expenses,
- Copies of financial statements and reports on the funds and of any other materials relating to the funds that are provided to the Committee,
- A list of the underlying assets of each investment fund and the value of each asset,
- The name of the issuer of any fixed-rate investment contract held by the fund, the term of each contract and the rate of return of each contract.

To request this information, contact Schwab at 1-800-724-7526.

As a participant in the Plan, you're responsible for deciding how your Plan accounts will be invested.

When you enroll in the Plan, you should complete an investment election to choose how your contributions are invested. Your investment election will remain in effect for all future contributions until it's changed by you. If you don't complete an investment election, your contributions will be invested in a default fund chosen by the Committee.

If you're automatically enrolled and don't make any investment choices, your contributions will be invested in default fund (see *Investing Your Account*).

# YOUR ACCOUNTS AND VESTING

## YOUR PLAN ACCOUNTS

Your contributions will be held in Plan accounts for you as follows:

TYPE OF CONTRIBUTION	ACCOUNT
Pre-tax Contributions (non-Roth) (see <i>Pre-tax or Roth Contributions</i> )	Employee Pre-Tax Contribution Account
Roth Contributions (see <i>Pre-tax or Roth Contributions</i> )	Employee Roth Contribution Account
Pre-tax contributions from Summit Incentive Pay	Incentive Employee 401(k)
Roth Contributions from Summit Incentive Pay	Incentive Roth 401(k)
Money Purchase Contributions before 2004	Guaranteed Contribution Account
REI Contributions (see <i>Contributions From REI</i> )	Deferred Profit Sharing Account
Rollover Contributions (see <i>Rollovers and Transfers between Plans</i> )	Rollover Account
Discretionary contributions made by REI under special circumstances	Qualified Non-Elective Contribution Account

Accounts are invested as explained in *Investing Your Account* and in information provided by Schwab. The value of your accounts will be adjusted each business day to reflect any investment gains or losses. You'll receive a statement each quarter showing the total value of your Plan accounts as of the end of the quarter (see *Manage Your Account*).

## VESTING

Vesting refers to your “ownership” and right to receive the value of your Plan accounts when you leave REI. Depending on your length of service with REI, you may be partially or fully vested in your Plan accounts.

- You're *always* 100% vested in the value of your own contributions, any rollover contributions and any discretionary contributions that REI makes to satisfy certain IRS requirements.
- You become 100% vested in the value of any REI contributions made on your behalf if you reach age 60, or become totally disabled or die while you're actively employed by REI.
- You *gradually* become vested in any REI contributions made on your behalf, as shown in the table on the next page, based on your years of service for vesting.

### A Year of Service for Vesting

Before 2011: Each calendar year in which you had at least 1,000 hours of service. Vesting service is counted for each pay period that ends within the calendar year.

Starting on January 1, 2011, or on your original hire date, if later, you receive a year of vesting service for each 12-month period that you continue to work at REI, including any missed periods of employment prior to being rehired.

YEARS OF SERVICE FOR VESTING	PERCENT VESTED IN REI CONTRIBUTIONS
Less than 1	0%
1	20%
2	40%
3	60%
4	80%
5 or more	100%

### Example

Julie's original hire date was June 15, 2016. She worked 1,000 hours in 2016. If Julie is an REI employee on December 31, 2018, she will have three years of vesting service – one each for 2016, 2017 and 2018.

If you terminate employment before becoming 100% vested in your REI contributions, you forfeit (lose the right to) any part of your account that is not vested. Forfeitures of non-vested amounts will be used in the following order to:

1. Restore forfeitures to rehired participants,
2. Pay administrative expenses, and
3. Offset the amount of REI contributions to the Plan.

## BREAKS IN SERVICE

For calendar years before 2011, a break in service (or break) is any calendar year in which you complete less than 501 hours of service – regardless of your employment status.

For 2011 and later years, a break in service is each 12-month period during which you have no hours of service, starting on your severance date and on each consecutive anniversary of your severance date. Your severance date is the date on which you quit, retire, are discharged by REI or die, or, if earlier, the first anniversary of the date you were absent for any other reason such as vacation, sickness, disability, layoff or leave of absence.

## REHIRES

Once you become a Plan participant, if you return to work at REI after a break in service, you'll resume Plan participation immediately upon rehire as an eligible employee. Keep in mind these rules:

- For time periods in 2011 or later, you will be credited with vesting service for the entire period, including the time between your termination and rehire dates when you were not working for REI.
- All your years of service before and after the break will count toward vesting in any REI contributions made to your account.
- If you had less than five consecutive breaks in service, any non-vested REI contributions forfeited before the break will be restored to your account.

### Example

Kevin's original hire date was June 15, 2017. He terminated employment on August 31, 2017 and was then rehired on November 1, 2019.

Upon rehire, Kevin had two years of vesting service. Kevin will continue to earn an additional year of vesting service each June 15, provided he is employed by REI on or after that date.

## Questions About a Break in Service or Leave of Absence?

Employee Service Center (ESC)  
 1-800-999-4734 x4747  
 hrhr@rei.com

## HOUR OF SERVICE

(For determining eligibility for the REI contribution, and for vesting credit before 2011, and determining if a break in service or end in a break in service occurs before or after 2011.)

You will be credited with an Hour of Service for each hour you're paid for working for REI or entitled to be paid. Hours of service is counted for each pay period that ends within the calendar year. Your hours of service may include time you're not actually on the job such as:

- Vacation
- Holiday
- Illness
- Jury duty, or
- Authorized paid leave of absence, and
- An award of back pay, irrespective of mitigation of damages, agreed to by the employer or affiliated company.

Salaried employees who are paid on a weekly basis are credited with 45 hours of service for each week in which they complete at least one hour of service. Salaried employees who are paid on a bi-weekly basis are credited with 90 hours of service for each bi-weekly pay period in which they complete at least one hour of service.

## HOURS CREDITED DURING LEAVES OF ABSENCE

During any year in which you take an authorized temporary leave of absence from work, including military leave and leave under the Family and Medical Leave Act (FMLA leave), you'll be credited with up to 501 hours of service as if you were working your regular schedule.

Special rules apply to maternity/paternity leaves and unpaid military leaves:

- **Family Leaves.** While you're on an authorized leave due to pregnancy, birth or adoption of your child or to care for your child following birth or adoption, special rules apply in determining breaks in service. For calendar years before 2011, you'll be credited with enough hours of service to prevent a break in service. If you don't

need the hours the first year to prevent a break, you'll be credited with any hours necessary to prevent a break in service the following year. For 2011 and later years, you will not have a break in service until the second anniversary after the date your leave began.

- **Military Leaves.** If you leave REI to serve in any of the United States uniformed military services for active duty or training, you have certain rights and obligations under a federal law known as the "Uniformed Services Employment and Reemployment Rights Act of 1994" (USERRA). To qualify for protections offered by USERRA, you must provide REI with advance notice of your upcoming military duty and report back to work after the duty ends and before the deadline under USERRA.

Provided your military leave does not exceed five years, you'll:

- Be credited with hours of service under the Plan as if you were working your regular schedule.
- Continue to earn service that counts toward eligibility and vesting and the service requirements to share in an REI contribution.
- Be able to "make up" for any missed contributions when you return to work, even though you can't make contributions while you're on military leave (see *Contributions After Covered Military Leave*).
- Be able to withdraw money from your elective contributions account (see *Withdrawals during Military Leave*).

### Examples

Sarah earned 60 hours in the pay period that started on December 20, 2017 and ended on January 3, 2018. Those hours are counted in 2018 in determining Sarah's vesting service and her qualification to share in REI contributions for 2018.

Sarah earned 60 hours in the pay period that ended on December 27, 2017 but isn't paid until January 2, 2018. The hours earned through December 27 are counted in 2017. Her compensation for that pay period will be counted in 2018, when the compensation was received.

## EXPENSES

Reasonable expenses that are necessary to operate and administer the Plan may be deducted from the Plan assets or paid directly by REI. The following will apply to expenses that are not paid by REI:

- Expenses related to your individual account or investment, including transactions you initiate, may be charged directly to your account.
- You will be assessed the full quarterly record-keeping fee if your Plan account balance is equal or greater than \$5,000.
- Record-keeping fees not recovered from the non-vested accounts of departed participants will be paid from the forfeiture account.

## TAXES

### TAXES BEFORE DISTRIBUTION

Pre-tax contributions and REI contributions aren't included in taxable income for income tax purposes when credited to your Plan accounts, and you don't report them as income on your tax return. Roth contributions are taxed when credited to your account. No investment earnings credited to your Plan account are taxable or reportable as income.

### TAXES ON DISTRIBUTIONS

**Pre-tax contributions and REI contributions.** All amounts, including contributions and related investment earnings, distributed from your pre-tax contributions and REI contributions are taxable at ordinary income tax rates when distributed.

**Roth contributions.** Distributions of your Roth elective contributions aren't includible in your gross income. Qualified distributions of earnings on Roth contributions are also not includible in your gross income. A Qualified distribution is a distribution made from your Roth contributions account that's both:

- Made following the five-taxable-year period that starts with the first taxable year in which you make a Roth contribution to the Plan, and
- Made on or after the date you reach age 59 1/2, or following your disability as described in Procedures for Withdrawing from Your Plan Account or made after your death to your beneficiary or estate.

If the distribution isn't a Qualified Distribution, the portion of your distribution attributable to earnings will be taxable.

**Five-Taxable-Year Period of Participation**

The period that begins on the first day of the calendar year in which you first make a Roth contribution to the Plan and ends when five consecutive calendar years have passed.

**Early distributions.** In general, federal law imposes a separate 10% tax (in addition to regular income taxes) on the taxable portion of any benefits you receive before age 59 1/2. The 10% penalty tax doesn't apply to certain payments, including:

- Payments made because of death or qualifying disability,
- Payments made if your employment terminates during or after the calendar year in which you reach age 55,
- Certain periodic payments made over your lifetime or life expectancy,
- Distributions to pay qualifying medical expenses,
- Payments to an alternate payee under a Qualified Domestic Relations Order (QDRO) (see *Protection of Benefits and a Qualified Domestic Relations Order*), and
- Certain corrective distributions.

The 10% additional tax doesn't apply to a distribution that is rolled over to an IRA, a Roth IRA, or another eligible retirement plan (see *Rollovers and Transfers Between Plans*).

**Example**

Todd started contributing to his Roth account 6 years ago. Todd's Roth contributions account consists of \$8,000 of Roth contributions and \$2,000 of related earnings.

At 60 years old, Todd takes a nonqualified distribution of \$5,000 (half of his Roth account). The distribution will consist of \$4,000 of Roth elective contributions (that aren't included in his gross income for tax purposes) and \$1,000 of related earnings (that are also not included in his gross income for tax purposes).

**More information.** The rules about taxation of distributions and withdrawals are complex. You'll receive additional information when you receive a distribution or make a withdrawal that could be taxable to you. In addition, IRS Publication 575, *Pension and Annuity Income*, discusses the tax treatment of distributions received from qualified retirement plans and annuity plans and shows you how to report such income on your federal income

tax return. IRS publications are available at [www.irs.gov](http://www.irs.gov) or by calling 1-800-829-3676.

**ROLLOVERS AND TRANSFERS BETWEEN PLANS**

**Rollovers into the Plan.** If you've received or are eligible to receive a distribution from a retirement plan of another employer or from an IRA, you may be able to roll over your distribution to this Plan as follows:

- Direct rollover, in which you request that all or a portion of the distribution be paid directly from your account in the other plan to your account in this Plan, or
- Indirect rollover, in which you pay an amount equal to all or a portion of a distribution you have already received from another plan to your account in this Plan. Amounts that have been distributed to you must be rolled over within 60 days of receipt.

The Plan won't accept rollovers that include after-tax amounts or other amounts subject to special recordkeeping requirements. Rollovers will only be accepted from:

- A tax-qualified retirement plan, such as a 401(k) plan, a 403(b) annuity plan or an eligible 457 plan (including Roth contributions from a 401(k), 403(a), or 403(b) plan), or
- A traditional IRA.

Remember, if you receive a distribution from another plan and want to roll it over to this Plan, you only have 60 days from the date of distribution to complete the rollover.

**Rollovers out of the Plan.** If you have an amount that is distributable to you from the Plan, you may be able to transfer it to the retirement plan of another employer by a direct rollover. Employer retirement plans aren't required to accept rollovers, so you should check with the plan administrator of the other plan before requesting a rollover from this Plan.

You may also be able to transfer your Plan account to an IRA or Roth IRA by a rollover.

**More information.** Rollovers are subject to strict federal regulations, and the rules are complex, so consult with your tax advisor before requesting a rollover.

# HOW TO RECEIVE PAYMENTS FROM THE PLAN

## YOUR ELIGIBILITY FOR BENEFITS, RETIREMENT AGE AND REHIRE

Plan benefits become payable when your employment with REI ends for any reason, including retirement, disability or death. Your normal retirement age under the Plan is age 60. If you die before payment of your entire Plan account, the balance will be paid as a death benefit to your beneficiary (see *Disability and Death Benefits*).

### Required Beginning Date

On April 1 after you reach age 70 1/2, unless you're still working at REI, in which case you may be able to defer payment until you stop working.

If you're entitled to receive benefits when you stop working for REI and are rehired before payment is made, the benefit won't be paid until you again stop work (unless you've already reached your required beginning date) and the amount and form of benefit will be re-determined. If you're receiving annuity payments, your benefits won't be affected by your rehire.

## CHOOSE HOW YOU WANT THE PLAN TO PAY BENEFITS

The Plan offers a variety of payment options and allows you to choose how you want to receive the vested value of your Plan accounts, which will be determined based as of the day benefits begin. Once your Plan benefits have begun, your payment election is irrevocable and can't be changed.

If the vested value of your account is less than or equal to \$5,000, your benefit will automatically be paid to you or your spouse or life partner in a single lump sum at the earliest of when you terminate employment with REI, die or become disabled. Payment can be made without your consent or the consent of your spouse or life partner.

If the vested value of your pre-tax accounts or your Employee Roth contribution account is:

- Less than or equal to \$1,000, and a distribution election form isn't returned within 80 days of receiving a termination letter from Schwab, your

benefit will be automatically paid in a single lump sum.

- More than \$1,000 but less than or equal to \$5,000, and a distribution election form isn't returned within 80 days of receiving a termination letter from Schwab, your benefit will automatically be rolled over to an individual retirement account (IRA) or Roth IRA, as applicable, in your name, with Charles Schwab Bank.

If the vested value of your Plan accounts is more than \$5,000, you can choose to be paid in one of the following forms:

- Single lump sum payment – a one-time distribution of the total value of your account. If you elect this option, payment will be made as soon as administratively possible after you leave REI.
- Annuity payment (automatic form of payment) – the value of your account paid monthly for the rest of your life. The Plan offers the following annuity options:
  - Whole life annuity pays monthly benefits until you die. Payments stop after your death. This is the automatic form of payment for single employees.
  - Joint and survivor (J&S) annuity pays a reduced monthly benefit until you die, at which time a monthly payment equal to a percentage between 50% and 100% of your benefit (whatever you choose) will continue to your surviving spouse or life partner or designated beneficiary for the rest of his or her life. The J&S annuity that pays your survivor 50% of the benefit you received before you die is the automatic form of payment if you're married or have a life partner.
  - 10-year certain and life annuity pays a reduced monthly payment for your life. If you die before receiving 120 monthly payments, the balance will be paid to your survivor. For example, if you die after receiving 100 monthly payments, your survivor will receive 20 monthly payments.
- Installment payments – periodic payments on an annual basis over a specified period, from two to 10 years. While you're receiving payments, the balance of your account will continue to be invested. If you die before all payments are made, your remaining account balance will be payable to your beneficiary in a lump sum as a death benefit.



- Leave your money in the Plan – you can leave your money in the Plan if the vested value of your account is more than \$5,000. If you choose this option, you must begin taking distributions no later than your Required Beginning Date.

**Life Partner**

An adult of the same or opposite gender with whom a participant has a committed spouse-like relationship for at least six months. The Committee may require documentation of the relationship in a form it finds acceptable.

**Spouse**

A person of the same or opposite gender to whom a participant is married under applicable law.

You can reject the automatic form of payment and choose another form of payment. If you're married or have a life partner, your spouse or life partner must agree in writing to your choice of another form of payment and his or her signature must be witnessed by a notary public or an HR representative. If you're married, your spouse must agree in writing to your designation of someone else as your beneficiary and his or her signature must be witnessed by a notary public or an HR representative.

If your vested account balance is more than \$5,000 and you don't elect to begin distributions earlier, the Plan will pay benefits to you beginning on your required beginning date. Benefits will be paid in the automatic form of payment.

**WHEN TO APPLY FOR BENEFITS AND PAYMENT TIMES**

If you think you're eligible for benefits and want to apply, your first step is to contact Schwab for the appropriate forms and a detailed explanation of your payment options and the associated tax consequences. If you file a claim for benefits and your claim is denied, you have certain legal rights for appeal (see *If Your Claim Is Denied*).

Your benefits will start at the time you specify in your application, subject to any applicable legal requirements and the rules described below. Your benefits will start as soon as administratively possible, whether or not you have filed an application, if:

- The distributable amount does not exceed \$5,000, or
- You have reached your required beginning date.

In connection with your distribution, you'll receive the following explanations between 30 and 180 days before benefits start:

- Your right to elect a direct rollover of your distribution to another eligible retirement plan or an IRA,
- Mandatory federal withholding of 20% of the taxable amount distributed if a direct rollover could be elected and isn't, and
- The applicable rules on rollover and taxation.

If the vested portion of your Plan account is more than \$5,000, you'll also receive an explanation of your right to defer payment until your required beginning date and the following additional explanations:

- Your benefit options and their financial effect, and
- Your right to defer payment and the consequences of failing to defer.

No benefit can be paid less than 30 days after you receive the required explanations, unless you waive the waiting period and the right to revoke your election. Even if you waive the 30-day period, payment can't be made sooner than seven days after you receive the required explanations.

The payment amount will be based on your account balance determined as of the last day the New York Stock Exchange is open for business on or immediately before the date benefits begin.

**YOUR ELIGIBLE ROLLOVER DISTRIBUTIONS AND MANDATORY WITHHOLDING**

**Eligible rollover distributions.** Generally, all payments from the Plan to you, your spouse or former spouse, or an alternate payee who is your spouse or former spouse are eligible rollover distributions and can be rolled over to an IRA, a Roth IRA or an eligible retirement plan, except:

- Payments that are part of a series of equal (or almost equal) payments that will last for your life or the lives of you and any beneficiary, or that will be paid over a period of 10 years or more,
- Distributions required by law to be made after a participant reaches age 70 ½,
- Distributions after death to a beneficiary other than a surviving spouse, except as described below,
- Hardship withdrawals, and
- Certain corrective distributions.

You may be ineligible to roll over amounts to a Roth IRA in certain years. If you're considering a rollover to a Roth IRA, you should consult a tax advisor or refer to IRS Publications 575 and 590, which include information about rollovers to Roth IRAs.

Employer retirement plans aren't required to accept rollovers, so you should check with the plan administrator of the other plan before requesting a rollover out of this Plan.

#### **Rollovers from your Roth contributions account.**

You can elect to roll over amounts attributable to your Roth contributions account to:

- A designated Roth account under another 401(k) plan or 403(b) plan, or
- A Roth IRA.

Special rules apply to the rollover of Roth accounts.

The rules relating to rollovers of amounts attributable to Roth contribution are complex. You should consult your tax adviser or refer to IRS Publications 575 and 590 for information about rollovers from Roth accounts before you elect a direct rollover.

**Direct rollovers.** If you receive a distribution of at least \$200 from the Plan, you can choose a direct rollover of the eligible portion of the distribution. You may elect a direct rollover of a portion of the eligible amount, provided the portion totals at least \$500. Direct rollover means an eligible rollover distribution that is paid directly from the Plan at your request to an IRA or a retirement plan that accepts rollovers. A direct rollover isn't taxed until it's distributed from the successor plan or IRA.

If you elect a direct rollover, you must provide Schwab with sufficient information to identify the plan or IRA the rollover is going into, and the other plan or IRA must agree to accept the rollover.

**Payments made directly to you.** You can choose to have all, or part of an eligible rollover distribution paid directly to you rather than as a direct rollover. Except for the nontaxable portion of a distribution from a Roth contributions account, the payment will be taxable in the year you receive it unless you roll it over to an IRA or another plan that accepts rollovers within 60 days of receipt. You can roll over a portion of the distribution or the entire amount, including the amount withheld under the mandatory withholding rules described below. If you want to roll over the entire amount, you'll have to replace the amount of tax withheld from other sources, such as from your personal savings or a loan.

A distribution from your Roth elective contributions account that isn't taxable and is paid directly to you can only be rolled over to a Roth IRA.

**Mandatory Federal withholding.** Except with direct rollovers, the Plan is required by law to withhold 20% of the taxable amount of any eligible rollover distribution and pay it to the IRS. You can't reduce or eliminate the 20% withholding if an eligible rollover distribution is paid directly to you. If you receive a distribution that isn't an eligible rollover distribution, other withholding rules apply, and, in most cases, you can elect against withholding.

**Rollovers by nonspouse beneficiaries.** After your death, your qualifying nonspouse beneficiary can choose a direct rollover to an inherited IRA of a distribution that would otherwise qualify as an eligible rollover distribution.

Qualifying nonspouse beneficiary means an individual who is the beneficiary of a deceased employee and isn't the employee's surviving spouse. A qualifying nonspouse beneficiary can also be a trust maintained for the benefit of one or more designated beneficiaries. Inherited IRA means an IRA established in the name of a deceased participant and payable to the nonspouse beneficiary, subject to the requirements of Code section 408(d)(3)(C).

Certain distribution rights are affected by the timing of a direct rollover by a qualifying nonspouse beneficiary. For example, distribution rights may be compromised if the direct rollover isn't completed by the end of the calendar year after the year in which death occurred. If you have questions about rollovers by nonspouse beneficiaries, you should contact your tax advisor.

## WITHDRAWALS DURING EMPLOYMENT

If you're age 60 or older, you can take a withdrawal from the Plan while you're still employed. If you're under age 60, you can withdraw money from the Plan while you're employed only for Committee-approved reasons of financial hardship (a hardship withdrawal).

### WITHDRAWALS AT AGE 60

If you're age 60 or older and working for REI, you can make a withdrawal from the vested portion of your Plan accounts for any reason. You can make as many withdrawals as you want in any amount, except you cannot make a withdrawal from your Employer Guaranteed Contributions Account or Qualified Non-Elective Contribution Account if you have one.

### WITHDRAWALS FROM YOUR ROLLOVER ACCOUNT

You can make withdrawals from the rollover portion of your Plan account at any time. You can make as many withdrawals as you want in any amount.

### WITHDRAWALS DUE TO HARDSHIP

If you're under age 60 and working for REI, you can withdraw money from your Plan accounts only for financial hardship. Before you take a hardship withdrawal, you must take all other available distributions, including a Plan loan. Hardship withdrawals are available only from amounts in your contributions account (excluding earnings) and your rollover account. You cannot take a hardship withdrawal from your Deferred Profit Sharing Account, your Employer Guaranteed Contributions Account or your Qualified Non-Elective Contribution Account if you have one.

If you take a hardship withdrawal, your contributions stop to any nonqualified deferred compensation plan or similar plan offered by REI, including the Recreational Equipment, Inc. Non-Qualified Deferred Compensation Plan of 1990. However, your contributions to this Plan will continue unless you make an election to stop contributions.

#### Financial Hardship

An immediate and heavy financial need that can't be met from any other reasonably available source and is needed to:

- Purchase your principal residence (not including mortgage payments) or repair casualty damage to your principal residence that qualifies as a casualty loss as defined by the IRS
- Prevent eviction from or foreclosure on your principal residence,
- Pay tuition and related expenses over the next 12 months for post-high school education for yourself, your spouse or an eligible dependent,
- Pay medical expenses for yourself, your spouse or eligible dependents, or
- Pay burial or funeral expenses for your deceased parent, spouse, child or dependent.

### WITHDRAWALS DURING MILITARY LEAVE

If you're on a qualified USERRA leave, for at least 180 days or for an indefinite period, you can withdraw money from your elective contributions account including earnings. You cannot take a withdrawal from your Deferred Profit Sharing Account or your Employer Guaranteed Contributions Account if you have one.

If you take a withdrawal while on USERRA leave, your contributions to the Plan will stop and you must wait six months before you can make contributions to the Plan.

### HOW TO REQUEST A WITHDRAWAL

Contact Schwab to request a withdrawal. Your withdrawal request must meet these requirements:

- If the withdrawal is a hardship withdrawal, you must include a signed statement of the facts causing the financial hardship and provide any other information required by the Committee.
- No hardship withdrawal will be granted unless you've exhausted all other allowable distributions currently available under the Plan, including plan loans, and have withdrawn any other amounts available.
- If you're over age 60, you must include proof of age in the application.
- If you're married or have a life partner, your spouse or life partner must consent in writing to your withdrawal request, and his or her signature must be witnessed by a plan representative or notary public.

- Your application must specify which accounts will be charged with the withdrawal and the extent to which the withdrawal will be charged to your Roth contribution account.

The Committee may require minimum advance notice of the withdrawal request, may limit the size and frequency of withdrawals, and may delay payment as needed for proper plan administration.

In-service withdrawals, other than Roth contributions and qualified Roth earnings, are subject to ordinary income taxes. The Plan is required by law to withhold 20% of the taxable amount of your withdrawal to help pay federal income taxes.

If you're under age 59 1/2, you may also have to pay an additional 10% federal tax on the amount you withdraw unless your withdrawal is for qualifying medical expenses.

## PLAN PARTICIPANT LOANS

### ELIGIBILITY AND APPLICATION PROCESS

To request a loan, contact Schwab at 1-800-724-7526. You can borrow money from the Plan, subject to the following rules:

- You must be an active employee of REI.
- Your loan repayment must be established through REI payroll deduction.
- You can have only one outstanding loan at a time and you can't take a new loan before the first anniversary of your most recent loan.
- If you're married, your spouse must consent to the loan.

To receive a loan from the Plan, you must apply under procedures set by the Committee. Loan application is available from the Schwab website or by calling the Schwab Retirement Plan Hotline. You'll be charged a set-up fee, for each new loan which will be deducted from your account.

Your loan will be held as an investment for your Plan accounts, which will be credited with the interest you pay. The loan amount will be drawn out of the funds in which your accounts are invested. Interest and principal payments will be credited to investment funds in the same proportion as you have designated for new contributions.

### LOAN AMOUNT

The Committee will determine the amount available in your Plan accounts for a loan. The minimum loan amount is \$1,000. The loan amount can't exceed the lesser of the following, considering all loans with respect to your accounts:

- 50% of your vested accounts, or
- \$50,000, reduced by the highest loan balance within the preceding 12 months.

### TERMS OF THE LOAN

**Promissory note.** Your signature on the loan check is an endorsement that you accept the terms of the promissory note. Loan repayment periods may extend between 12 and 58 months, except for certain loans for home purchase, which may extend up to 180 months (15 years).

**Repayment.** The Committee determines the repayment schedule for your loan. The loan must be repaid by substantially level principal and interest payments made no less often than quarterly. Prepayment will be allowed, but only if the loan is repaid in full. Loans will ordinarily be repaid through payroll deduction.

**Interest.** The Committee will determine the interest rate on your loan based on locally prevailing commercial lending rates for a comparable loan at the time the loan is made. Interest on the loan isn't deductible for income tax purposes.

### REFINANCING A LOAN

An existing loan may be refinanced over a longer period, but not longer than five years from the starting date of the original loan (15 years for a home purchase loan). The amount of the refinanced loan may not be increased except to pay any missed loan payments and accrued interest in connection with the refinanced loan. The interest rate on the refinanced loan will be determined based on the prevailing rate at the time the loan is refinanced.

**Missed Loan Payments.** If you miss a loan payment, the Plan includes steps you need to take to get back on track to avoid defaulting on your loan. For more information about loan default rules, visit the Schwab Retirement Plan Services website at [workplace.schwab.com](http://workplace.schwab.com). You can contact the ESC for your repayment options.

### What is the Difference Between Re-amortization and Refinancing?

**Re-amortization** means you adjust your loan payment schedule or amount for the remaining period of your loan term.

**Refinancing** means you pay off your existing loan by replacing it with a new loan. Because the refinanced loan is technically considered a new loan, you must complete new loan paperwork and the interest rate must be based on current rates. By refinancing your loan, you can extend the term of your loan, up to the maximum term available.

## LOAN DEFAULT

If you don't make loan payments when due or your loan is otherwise in default, your remaining balance will become due and payable. If that happens, the outstanding principal and accrued interest, plus any applicable tax withholdings, will be collected by withdrawal from your Plan accounts to the extent allowed by IRS rules.

Any loan amount that is in default and isn't repaid by withdrawal will be treated as a taxable distribution to you even though the loan remains outstanding.

**Employment termination.** If your employment terminates and you have an outstanding loan balance, the entire loan balance will be due and payable and may be offset against the distribution of your Plan accounts.

## DISABILITY AND DEATH BENEFITS

### IF YOU BECOME DISABLED

If you become disabled while working for REI, you'll automatically be 100% vested in the value of your REI contributions account, regardless of how long you've been an REI employee, and you'll be eligible to receive payments the same as any other participant who terminates employment.

You're considered disabled for Plan purposes if you qualify to receive benefits under the REI Long Term Disability Plan or, if you are not eligible for benefits under the REI Long Term Disability Plan, if you have been determined to be totally disabled by the Social Security Administration.

### IF YOU DIE

If you die while working for REI or while performing qualified military service during USERRA leave,

you'll automatically be 100% vested in your REI contributions account. The value of all your accounts will be paid to your designated beneficiary or beneficiaries, subject to these rules:

- Beneficiaries can elect to receive payment in any available form, except a joint and survivor annuity. If your beneficiary is your spouse or life partner, benefits will automatically be paid as a whole life annuity unless your spouse or life partner rejects this form of payment in writing and elects another available payment option instead. If your beneficiary is your estate, payment will be made in a lump sum.
- For a nonspouse beneficiary (including your life partner), benefits will be paid as soon as administratively possible after your death.
- If your spouse is your beneficiary, he or she can elect to defer payment up to December 31 of the year you would have turned age 70 1/2.

## HOW TO DESIGNATE YOUR BENEFICIARY

When you enroll in the Plan, you'll be prompted by Schwab to designate your beneficiary. You can also log on to the Schwab website at any time to designate your beneficiary or change an existing beneficiary designation, subject to restrictions described in this section. Beneficiary means the person or persons (which may include a trust) who will receive the value of your Plan account if you die before your account is fully distributed. It's your responsibility to make sure your beneficiary designation is up to date.

If you're married, you cannot designate someone who isn't your spouse to be the primary beneficiary unless your spouse consents to your designation in writing and that consent is witnessed by a Plan representative or a notary public.

If you're married and you designate a nonspouse beneficiary before the start of the year in which you turn age 35, the designation will not be valid after the start of that year. If you have such a designation, you should complete a new beneficiary designation form promptly after your old designation expires.

If your beneficiary dies after you but before full distribution to the beneficiary, any remaining balance will be paid to the beneficiary's estate. The following will apply to any part of your benefit for which no valid beneficiary designation is in effect at your death:

- Your benefit will be paid in to your surviving spouse, or

- If you don't have a surviving spouse, your benefit will be paid to your surviving children in equal shares, or
- If you don't have a surviving spouse or surviving children, your benefit will be paid to your estate.

#### **Life Partner**

An adult of the same or opposite gender with whom a participant has a committed spouse-like relationship for at least six months. The Committee may require documentation of the relationship in a form it finds acceptable.

#### **Spouse**

A person of the same or opposite gender to whom a participant is married under applicable law.

## FACTS ABOUT THE PLAN

### TRUSTEE FUNCTIONS

The Trustee designated by the Committee will receive and hold all contributions in a trust. The Trustee will invest the trust funds for the benefit of the Plan, as directed by Plan participants and the Committee. The Trustee keeps complete records and gives periodic reports to the Committee about trust funds.

### IF THE PLAN BECOMES TOP HEAVY

A plan is treated as "top heavy" if contributions are determined, based on annual testing, to benefit certain officers and owners of the plan sponsor, called "key employees." A minimum contribution or benefit under the Plan must be provided by REI for each year that the Plan is top heavy. This minimum contribution or benefit is required for each Plan participant regardless of his or her compensation during the year or the number of hours of service he or she has completed during the period. Since the minimum contribution or benefit will vary, you will need to consult with the Committee concerning its amount. Additional information will be provided to you regarding these contributions if the Plan is ever determined to be top heavy.

### THE FUTURE OF THE PLAN

REI has reserved the right to amend or terminate the Plan at any time. However, the Plan cannot be changed in a way that would reduce your vested rights or the benefits you have accrued. Also, Plan assets cannot be used for anything other than to provide benefits to participants and their beneficiaries and to pay the Plan's administrative expenses.

If the Plan is terminated or all contributions are discontinued, your Plan accounts will be fully vested immediately. If the Plan's vesting schedule changes, the vested percentage you earned before the change will not be reduced. Provided you had at least three years of service at the time of the change, you will have the option of continuing to earn vesting service under the previous schedule.

If the Plan is terminated, REI will either pay out vested benefits immediately following termination or pay out benefits as participants request payment or when they reach normal retirement age. If benefits are paid immediately, the net assets (after payment of expenses) will be allocated among participants and beneficiaries in proportion to their interests, except for any amount required by law or by the terms of the Plan to be returned to REI.

### PROTECTION OF BENEFITS AND A QUALIFIED DOMESTIC RELATIONS ORDER

The Plan is for your personal benefit. Your benefits generally cannot be assigned, seized, transferred or claimed by creditors. Benefits can, however, be assigned to someone else by a qualified domestic relations order (QDRO). A QDRO:

- Creates, recognizes the existence of, or assigns to an alternate payee the right to receive all or a portion of the benefits payable to a Plan participant, and
- Specifies the amount of benefit payable to an alternate payee or the method of determining the amount of benefit payable.

A domestic relations order is any court judgment, decree or order relating to child support, alimony, or marital property. To be "qualified," a domestic relations order must meet standards imposed by federal law. The Committee has procedures for determining if a domestic relations order is qualified. It will notify you if it receives an order relating to your account and when it determines whether the order is qualified. Until it makes this determination, no part of your account affected by the domestic relations order will be distributed.

Plan participants and beneficiaries can obtain a copy of the Committee's QDRO procedures for free.

### CIRCUMSTANCES CAUSING INELIGIBILITY OR LOSS OF BENEFITS

Your right to participate or receive benefits from the Plan will be affected by the following:

- Being covered by a collective bargaining agreement that does not provide for participation in this Plan, being a leased employee, independent contractor or temporary employee, being a nonresident alien with no U.S.-source earned income or not being on REI's U.S. payroll (ineligibility),
- Not having 1,000 hours of service in a Plan year required for continued participation in REI contributions (ineligibility),
- Terminating employment before full vesting (loss of benefits), and
- Being subject to a qualified domestic relations order (loss of benefits).

## IRS APPROVAL

The IRS has previously issued determination letters confirming the qualified status of the Plan under the Internal Revenue Code and the tax-exempt status of the trust. It's REI's practice to request a new determination letter from time to time and to inform participants of any such request.

## PLAN ADMINISTRATION

### THE RETIREMENT PLAN COMMITTEE AUTHORITY

The Retirement Plan Committee (Committee) consists of one or more persons appointed by REI's Board of Directors and three additional members elected by the Board-appointed Committee members after being nominated by Plan participants. The Committee is the plan administrator, as that term is defined under federal law, and is responsible for carrying out general administration of the Plan in a nondiscriminatory way for the exclusive benefit of participants and beneficiaries.

The Committee has authority to:

- Make and enforce rules necessary for efficient Plan administration,
- Interpret Plan provisions.
- Make determinations affecting an employee's eligibility to participate,
- Determine the eligibility for and amount of each participant's benefits, and
- Establish the Plan's investment policy.

The Committee has absolute authority to carry out its responsibilities under the Plan. Any interpretation or action by the Committee with respect to the Plan and its administration shall be conclusive and

binding upon all affected parties and persons, subject to the Plan's appeal procedure (see *If Your Claim Is Denied*).

### IF YOUR CLAIM IS DENIED

A claim for benefits is considered filed when you or your beneficiary submit a written request to the Committee or to anyone to whom the Committee has appointed. An authorized representative may file the claim on behalf of you or your beneficiary. The Committee will respond to a claim in writing or electronically.

**If your claim is denied.** If your claim is wholly or partially denied, you'll be notified in writing or electronically within 90 days after the Committee receives your claim. If special circumstances require an extension of the time for processing, you'll be notified of the extension and the circumstances that require the extension within the initial 90-day period. The extension won't exceed 90 days after the end of the initial 90-day period

The denial notice will indicate:

- The specific reasons for the denial,
- The specific Plan provisions on which the denial is based,
- An explanation of the Plan's claims appeal procedure, including the time limits for review,
- A statement of your right or your beneficiary's right to bring a civil action under ERISA, and
- A description of any additional material or information necessary to complete the claim and an explanation of why this is necessary.

**Requesting a review.** You have the right to request a review by the Committee if your claim for benefits is denied in whole or in part, you dispute the benefit determination or are otherwise adversely affected by action of the Committee. (If you're deceased, this right also applies to your beneficiary.) You or your representative must make the request for review in writing within 60 days after you're advised of the Committee's action. If you don't submit the request within 60 days, you'll forfeit the right to a review.

Upon your request and free of charge, you'll be provided reasonable access to and copies of all documents, records and other information relevant to the claim. You can also submit written comments, documents, records and other information relating to your claim.

**Review of your claim.** The Committee will provide a full and fair review of your claim, taking into account all submitted comments, documents, records and other information that relates to the claim, which may include any information previously submitted or considered in the initial benefit determination. If necessary, the Committee may hold a hearing

The Committee will issue a decision in writing or electronically that will reaffirm, modify or set aside the initial determination no later than 60 days after it receives the written request for a review – or 120 days if special circumstances, such as a hearing, require an extension. If an extension is needed, you'll be notified in writing or electronically of the extension, the reasons why an extension is required, and the date on which the Committee expects to render a decision.

**Decision on review.** You'll be provided with a copy of the Committee's claim determination which will include:

- The specific reasons for the decision, with reference to the specific Plan provisions on which it's based,
- A statement that you're entitled to receive upon request and free of charge reasonable access to and copies of all documents, records and other information relevant to the claim,
- A description of any voluntary appeals procedures and a statement of your right or your beneficiary's right to obtain information about the procedures, and
- A statement of you or your beneficiary's right to bring a civil action under ERISA.

The Committee's decision about the claim will be final and binding upon the claimant and all other involved persons.

## **PENSION BENEFIT GUARANTY CORPORATION INSURANCE**

The Pension Benefit Guaranty Corporation (PBGC), an agency of the federal government, guarantees most vested benefits under defined benefit pension plans in the event of plan termination. The PBGC doesn't guarantee benefits under defined contribution plans, since benefit rights in such plans never exceed total trust funds. This Plan is a defined contribution plan, so your interest under the Plan isn't insured by the PBGC.

## **YOUR RIGHTS UNDER ERISA**

Federal regulations provide the following summary of your rights under ERISA as a participant in the

Plan. References to "plan administrator" are to the Committee.

As a participant in the Plan, you're entitled to certain rights and protections under ERISA. ERISA provides that all Plan participants shall be entitled to:

### **Receive Information About Your Plan and Benefits**

- Examine, without charge, at the plan administrator's office and at other specified locations, such as worksites, all documents governing the Plan, including insurance contracts, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the plan administrator, copies of documents governing the operation of the Plan, including insurance contracts, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The plan administrator may make a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.
- Obtain a statement telling you whether you have a right to receive a pension at normal retirement age (age 60) and if so, what your benefits would be at normal retirement age if you stop working under the Plan now. If you don't have a right to a pension, the statement will tell you how many more years you must work to get a right to a pension. This statement must be requested in writing and isn't required to be given more than once every 12 months. The Plan must provide the statement free of charge.

**Prudent Actions by Plan Fiduciaries.** In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer or any other person, can fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

**Enforcing Your Rights.** If your claim for a pension benefit is denied or ignored, in whole or in part, you



have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials weren't sent because of reasons beyond the control of the plan administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court. If plan fiduciaries misuse the Plan's money, or if you're discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you're successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees (for example, if it finds your claim is frivolous).

**Assistance With Your Questions.** If you have any questions about your Plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the plan administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, DC 20210.

You can also obtain certain publications about your rights and responsibilities under ERISA by visiting [www.dol.gov/topic/retirement/erisa.htm](http://www.dol.gov/topic/retirement/erisa.htm) or calling the publications hotline of the Employee Benefits Security Administration at 1-866-444-EBSA (3272).

## ADMINISTRATIVE FACTS

<b>Name of Plan</b>	Recreational Equipment, Inc. Retirement and Profit Sharing Plan
<b>Plan ID number</b>	001
<b>Type of Plan</b>	Defined contribution plan
<b>Plan year-end</b>	December 31
<b>Plan Sponsor</b>	Recreational Equipment, Inc. 6750 South 228th Street Kent, WA 98032 1-253-395-3780
<b>Employer Identification number (EIN)</b>	91-0656890
<b>Participating Employers</b>	Recreational Equipment, Inc.
<b>Plan Administrator</b>	Retirement Plan Committee Recreational Equipment, Inc. 6750 South 228th Street Kent, WA 98032 1-253-395-3780
<b>Agent for Legal Process</b>	Vice President, General Counsel and Corporate Secretary Legal process can also be served upon the Trustee.
<b>Source of Contributions</b>	Employee elective contributions and employer profit sharing contributions.
<b>Trustee</b>	Charles Schwab Bank 211 Main Street, 14 <sup>th</sup> Floor San Francisco, CA 94105

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