

MINUTES OF MEETING
Annual Membership Meeting
of Recreational Equipment, Inc.

March 26, 2007

The Annual Membership Meeting of Recreational Equipment, Inc. (REI) was called to order by Chair, Doug Walker at 7:05 p.m. at REI's Seattle Flagship store in Seattle, Washington.

Directors in attendance were:

Ivar Chhina
Anne Farrell
John Hamlin
Joanne Harrell
Tom Harville
Sally Jewell

Chuck Katz
Edward Schmults
Cheryl Scott
Mike Smith
Doug Walker

Mr. Walker gave opening remarks, which included an explanation of the role and responsibilities of REI's Board of Directors. REI's Board of Directors currently consists of 11 members: 10 independent directors and REI's President/CEO. The Board has four standing committees: Executive, Nominating and Governance, Compensation, and Audit and Finance. Mr. Walker explained that REI is not a publicly traded company, yet it nonetheless follows "best practices" in corporate governance. After Mr. Walker concluded his introduction, each director introduced himself or herself.

Mr. Walker then informed members that REI has dedicated 3% of its operating profits for grants to non-profits involved in environmental stewardship, conservation, and recreation programs for youth.

After completing his remarks, Mr. Walker called for approval of the minutes of the 2006 Annual Membership meeting, held March 27, 2006. On motion made and seconded, the minutes were approved as submitted.

Mr. Walker introduced director Anne Farrell, chair of the Nominating and Governance Committee. Ms. Farrell described the duties and role of the Nominating and Governance Committee and gave the election results for the four candidates on the ballot this year: Anne Farrell (62,701 votes), John Hamlin (61,664 votes), Tom Harville (62,555 votes), and Edward Schmults (61,824 votes). Ms. Farrell then announced the officers of the Board and the committee chairs for 2007-2008: Doug Walker, Chair of the Board; Anne Farrell, Vice Chair of the Board; Ivar Chhina, Chair of Audit & Finance; Joanne Harrell, Chair of Compensation; Anne Farrell, Chair of Nominating and Governance. Ms. Farrell closed by announcing REI's corporate officers elected by the Board:

Sally Jewell	President and Chief Executive Officer
Brad Johnson	Senior Vice President, Chief Financial Officer and Chief Administrative Officer
Matt Hyde	Senior Vice President, Marketing and Merchandising, Online & Public Affairs
Brian Unmacht	Senior Vice President, Sales, Service and Store Development
Brad Brown	Vice President, E-Commerce & Web Strategy
Michelle Clements	Vice President, Human Resources
Jeff Zon	Vice President, Information Services
Michael Collins	Vice President, Public Affairs
Lee Fromson	Vice President, Gear & Apparel
David Presley	Vice President, Distribution and Logistics
Tom Vogl	Vice President, Marketing
Angela Owen	Vice President, Merchandising
Janet Hopkins	Regional Vice President, Midwest-East Region
Tim Spangler	Regional Vice President, West Region
Catherine Walker	Vice President, General Counsel and Corporate Secretary
Danette Capello	Assistant Secretary
Russell Paquette	Treasurer

Doug Walker thanked Bill Britt and Angel Rodriguez for their service on the Board of Directors. Mr. Britt represented REI members for 25 years, serving as the first out-of-state director, flying in from Anchorage, Alaska. Mr. Britt served as board chair multiple times, and chaired every committee of the board. Through his guidance, REI has grown from six stores and \$55 million in sales to the co-op of today. Mr. Rodriguez joined the board in 1993, frequently traveling from his home in Panama. He brought to the board a great depth of experience and insight into the bicycling industry. Today REI is a significant part of the bicycle industry and his high expectations and understanding of what makes for a credible specialty shop have helped shape the co-op's evolution. Both individuals were presented with plaques for their years of service.

Doug Walker then introduced Sally Jewell, President and CEO of REI to present the President's Report. Ms. Jewell informed the audience that 551,000 new members joined in 2006, with over 3.5 million members shopping with REI over the past year, the highest retention rate in many years. In Rhode Island, 10,000 new members have signed up, along with the opening of the first store in that state in March. In 2006, \$30 million was invested in retail stores to improve their appearance and efficiency. Ms. Jewell reported several highlights from REI Gear & Apparel, including the Novara Transfer, *Bicycling* magazine's Editor's Choice Award winner 2006 for commuter bikes. She also touched on projects for 2007, which include creating an online community by connecting members through REI.com and introducing product reviews. REI was also once again named to the list of 100 Best Companies to Work For, listed at #27, and #1 for work/life balance.

Ms. Jewell then discussed REI stewardship, which encompasses sustainability, fair labor, and service. For sustainability, key focus areas are: climate change and energy, paper and forest products, waste reduction and recycling, green buildings, and product stewardship. Through its efforts, REI earned the U.S. Environmental Protection Agency's "top 25 green power users."

In the area of service, through REI's efforts:

- 169,000 volunteers gave 900,000 hours of time to service projects;
- 126,000 kids participated in Promoting Environmental Awareness in Kids Program (PEAK), and 2,300 children benefited from the Gear Bank Program;
- 4,395 miles of trails and 89 acres of land were preserved and maintained for recreational use; and
- \$522,550 was raised through grants.

Ms. Jewell identified VolunteerMatch as a new stewardship partner for REI in 2006. VolunteerMatch helps match volunteers with various opportunities in their communities. There are over 40,000 non-profits represented, and more than 2,600 referrals have already taken place since the program began in November 2006. Finally, Ms. Jewell announced the launching of the first ever REI sustainability report, available to members at REI.com.

Ms. Jewell concluded her report with a presentation on REI's financial performance. In 2006, REI sales increased \$158 million, the largest dollar increase in history, to a total of \$1.18 billion. Comp store growth was 9.5% (comp stores are stores opened for 12 months or more). REI distributed over \$55 million in dividends to members, and had retained earnings of approximately \$40 million.

There being no further business to come before the membership, the Chair adjourned the meeting at 8:05 p.m.

Respectfully submitted,

Catherine Walker
Corporate Secretary