

**RECREATIONAL EQUIPMENT, INC.
ANNUAL MEMBERSHIP MEETING**

March 31, 2008

The Annual Membership Meeting of Recreational Equipment, Inc. (REI) was called to order by Chair, Anne Farrell, at 7:00 p.m. at REI's flagship store in Seattle, Washington.

Directors in attendance were:

Ivar Chhina
Anne Farrell
John Hamlin
Jesse King
Tom Harville
Sally Jewell

Chuck Katz
Edward Schmults
Cheryl Scott
Mike Smith
Doug Walker

(Directors Joanne Harrell and Brenda Davis were absent from the meeting.)

Ms. Farrell gave opening remarks, which included an explanation of the roles and responsibilities of REI's Board of Directors. REI's Board of Directors currently consists of 13 members: 12 independent directors and REI's President/CEO. The Board has four standing committees: Executive, Nominating and Governance, Compensation and Leadership Development, and Audit and Finance. Ms. Farrell explained that REI is not a publicly traded company, yet it nonetheless follows "best practices" in corporate governance. After Ms. Farrell concluded her introduction, each director introduced himself or herself.

Ms. Farrell then informed members that the Board declared a ten percent (10%) patronage refund for 2007. REI has also dedicated 3% of its operating profits for grants to non-profits involved in environmental stewardship, conservation, and recreation programs for youth.

After completing her remarks, Ms. Farrell called for approval of the minutes of the 2007 Annual Membership meeting, held March 26, 2007. On motion made and seconded, the minutes were approved as submitted.

Ms. Farrell, in her role as past chair of the Nominating and Governance Committee, described the duties and role of the committee and gave the election results for the four candidates on the ballot this year: Jesse King (53,121 votes for, 2,395 votes withheld), Cheryl Scott (54,849 votes for, 982 votes withheld), and Michael Smith (54,124 votes for, 1,431 votes withheld). Ms. Farrell then announced the officers of the Board and the committee chairs for 2008-2009: Anne Farrell, Chair of the Board; Ivar Chhina, Vice Chair of the Board and Chair of Audit and Finance; Joanne Harrell, Chair of Compensation; Tom Harville, 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
Matt Hyde	Executive Vice President, Marketing, Merchandising, Online, and Public Affairs
Brian Unmacht	Executive Vice President, Sales, Store Development, and Logistics
Michelle Clements	Senior Vice President, Human Resources
Brad Johnson	Senior Vice President, Chief Financial Officer, Chief Administrative Officer, and Assistant Treasurer
Catherine Walker	Senior Vice President, General Counsel and Corporate Secretary
Brad Brown	Vice President, E-Commerce & Web Strategy
Michael Collins	Vice President, Public Affairs
Lee Fromson	Vice President, Gear & Apparel
Dave 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
Danette Capello	Assistant Secretary
Russell Paquette	Treasurer

Ms. Farrell thanked Doug Walker for his service on the board of directors. Mr. Walker represented REI members for 12 years, serving as board chair, and chair of every committee of the board. He brought to the board a great depth of experience and insight into the climbing industry and advocacy of wild and scenic places. During Mr. Walker's tenure with the board of directors, the co-op achieved many significant milestones, including expanding REI from \$500 million in sales to more than \$1 billion and from 44 stores to nearly 100 stores. Mr. Walker was presented with a plaque and deep gratitude for his years of service.

Ms. Farrell then introduced Sally Jewell, President and CEO of REI, to present the President's Report. Ms. Jewell informed the members that 2008 is the 70th anniversary of the co-op, and that the company's core aspiration is to thrive as a co-op serving outdoor enthusiasts 100 years from now and beyond. Over 626,000 new members joined the co-op in 2007, with a 70.5% member retention rate. Ms. Jewell highlighted both new membership materials that were launched in 2007 using member-submitted photographs and new member benefits introduced in 2007. Among the new benefits is the ability to donate dividends to The REI Foundation. The co-op also conducted member engagement sessions in Washington D.C., and Chicago, Illinois.

Ms. Jewell continued her report with information on the seven new stores opened in 2007 and the grand re-opening of an expanded prototype store in Boulder, Colorado. The co-op also opened its second distribution center in Bedford, Pennsylvania. Ms. Jewell highlighted several award-winning REI Gear & Apparel products, including the Novara Transfer bicycle and the Quarter Dome T3 tent. REI Gear & Apparel also launched eco-sensitive products in 2007. The co-op's websites experienced significant growth and change in 2007, with the launch of product reviews, expert advice videos, and other features.

Turning to REI as a great place to work, Ms. Jewell noted that the company's turnover rate is significantly lower than industry standard. Additionally, REI was once again named to the list of 100 Best Companies to Work For, listed at #34 overall, and #2 for work/life balance. All employees have access to healthcare and are eligible for sick and vacation time.

Ms. Jewell then discussed REI's diversity and inclusion initiatives: employee diversity, diversity in the outdoors, and inclusive leadership. She continued the discussion with reference to REI's stewardship efforts, which encompass sustainability, fair labor, and community service. For sustainability, key focus areas are: climate change and energy, paper and forest products, waste reduction and recycling, green buildings, and product stewardship. The 2007 Stewardship Report will be available on the website by the end of April.

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

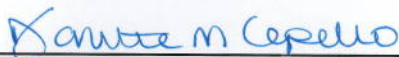
- 260,666 volunteers gave 2,100,000 hours of time to service projects;
- 142,000 kids participated in the Promoting Environmental Awareness in Kids Program (PEAK), and 14,000 children participated in the Passport to Adventure program (which consists of five family-friendly bike rides and five family-friendly hikes); and
- 9,730 miles of trails and 14,680 acres of land were preserved and maintained for recreational use.

Ms. Jewell concluded her report with a presentation on REI's financial performance for 2007. REI's sales increased 13.5% over 2006, and comp store growth was just over 8% (comp stores are stores opened for 12 months or more). REI made \$105 million in capital investments in the business, distributed \$63 million in dividends to members, and had retained earnings of \$40 million.

The floor was opened to questions from members. One member expressed concern about the decline in gross margin in 2007 and the potential impact the decline had on the dividend distribution. Both Ms. Jewell and Brad Johnson, Chief Financial Officer, responded to the concern. Another member questioned REI's sustainability efforts in the area of global product sourcing and manufacturing. Ms. Jewell noted that REI instituted fair labor and sourcing standards in the early 1990s, and that REI conducts audits in over 90% of the factories in which REI-brand product is manufactured. With respect to environmental impacts, REI is participating in an industry group to review and define packaging standards, labeling standards, and other related issues. REI is also working on reducing greenhouse gas emissions related to transportation of products. A third member criticized the changes over the last couple of years in REI's Bylaws with regard to the director election process. Specifically, the member expressed his strong disagreement with the elimination of the petition process and with the Board's decision not to run multiple candidates for a single director position. Ms. Farrell responded by acknowledging the historical Bylaw changes and by describing REI's self-nomination process as an avenue for qualified members to be considered as director candidates. Ms. Jewell added that the current process is in the best interest of sustaining the co-op and positioning it for long term success.

There being no further business to come before the membership, the Chair adjourned the meeting at 8:28 p.m.

Respectfully submitted,



Danette M. Capello
Assistant Secretary