

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

April 19, 2010

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: Brenda Davis, Anne Farrell, John Hamlin, Joanne Harrell, Sally Jewell, Chuck Katz, Jesse King, Stephen Lockhart, José Lozano, Cheryl Scott, and Mike Smith.

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 11 members: 10 independent directors (nine elected and one appointed), and REI's President/CEO. The Board has four standing committees: Executive, Nominating and Governance, Compensation, 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 described the challenging economic times of 2009 and the company's success despite those challenges. As a result of that success, the Board declared a ten percent (10%) patronage refund for 2009, returning more than \$80 million back to members. At the same time, REI has remained committed to stewardship, donating \$2 million in grants in 2009 to non-profits involved in environmental stewardship, conservation, and recreation programs for youth. Ms. Farrell then expressed her gratitude to the directors and employees for their service to the co-op, and for their commitment to long-term success and sustainability of the co-op.

After completing her remarks, Ms. Farrell called for approval of the minutes of the 2009 Annual Membership Meeting, held March 30, 2009. On motion made and seconded, the minutes were approved as submitted.

Chuck Katz, in his role as 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: Brenda Davis (73,067 votes for, 1,713 votes withheld), Anne Farrell (72,788 votes for, 1,874 votes withheld), John Hamlin (72,921 votes for, 1,734 votes withheld) and José Lozano (72,153 votes for, 2,390 votes withheld). Mr. Katz then recognized Stephen Lockhart as an appointed director. Mr. Katz announced the officers of the Board and the committee chairs for 2010-2011: Anne Farrell, Chair of the Board; John Hamlin, Vice Chair of the Board; Mike Smith, Chair of Audit and Finance Committee; Cheryl Scott, Chair of Compensation Committee; and Chuck Katz, Chair of Nominating and Governance Committee.

Mr. Katz closed his report by announcing REI's corporate officers elected by the Board:

President & Chief Executive Officer:	Sally Jewell
Executive Vice President:	Matt Hyde
Executive Vice President:	Brian Unmacht

Executive Vice President, Chief Financial Officer, & Assistant Treasurer:	Ivar Chhina
Senior Vice President, General Counsel & Corporate Secretary:	Catherine Walker
Senior Vice President of Human Resources:	Michelle Clements
Vice President of Public Affairs:	Michael Collins
Vice President of E-Commerce & Direct Sales:	Brad Brown
Vice President of Logistics & Distribution:	Dave Presley
Vice President of REI Gear & Apparel:	Lee Fromson
Vice President of Merchandising:	Angela Owen
Vice President of Retail:	Tim Spangler
Vice President of Customer Experience:	Janet Hopkins
Vice President of Marketing:	Tom Vogl
Vice President of Information Technology:	Bill Baumann
Assistant Secretary:	Danette Capello
Treasurer:	Russell Paquette

Ms. Farrell led the recognition of several retiring directors. Ivar Chhina resigned to become the Chief Financial Officer and Executive Vice President of the co-op, and Ed Schmults resigned to become CEO of an outdoor gear and apparel retailer. Tom Harville was specifically thanked for his service on the board of directors, representing REI members for the past 12 years. Mr. Harville was presented with a plaque and deep gratitude for his years of service.

Sally Jewell, President and CEO of REI, presented the President's Report. Ms. Jewell provided a brief overview of 2009 headlines and the state of the economy, noting that unemployment is still high and consumer confidence is still low. Ms. Jewell then highlighted REI's financial performance for the year compared to the prior year – REI's total sales increased slightly over 2008, comp store growth was down 3.5% compared to a planned decrease of 5% (comp stores are stores opened for 12 months or more), direct sales growth also dropped in 2009 and net income in 2009 recovered from a low in 2008. REI distributed approximately \$80 million in dividends to members in 2009. New memberships were slightly down for 2009, but are trending above plan for 2010. Ms. Jewell noted that REI is focusing on the future with four strategic imperatives addressing infrastructure improvements, product availability and delivery, customer communications, and the overall customer experience.

Ms. Jewell continued her report with information on the five new stores opened in 2009: Brentwood, California; Richmond, Virginia; Westminster, Colorado; East Hanover, New Jersey; and Pittsburgh, Pennsylvania. Ms. Jewell then highlighted several award-winning REI Gear & Apparel products, including the UL Flash 65 pack, the Halo (+25) sleeping bag, and the Wheely Beast 28 luggage.

Ms. Jewell described REI's stewardship efforts, which were focused in 2009 in engagement in the local communities the co-op serves. Through REI's efforts:

- 76,000 adult volunteers gave over 663,000 hours of time to service projects;
- Over 110,000 kids participated in the Promoting Environmental Awareness in Kids (PEAK) Program; and
- 6,000 miles of trails and 35,000 acres of land were preserved and maintained for recreational use.

Additionally, the co-op's efforts in sustainability continued in 2009, with progress made on several fronts – energy savings, better packaging, fuel cost savings, recycling programs, and paper sourcing. Turning to REI as a great place to work, Ms. Jewell noted that REI was once again named to *Fortune* magazine's list of 100 Best Companies to Work For, listed at #14 overall. Ms. Jewell also provided an overview of the co-op's work to inspire people to play outdoors, including advocating on a national level with the company's governmental affairs efforts. Ms. Jewell concluded her report with a reflection on the co-op's inspiration – Mary Anderson, a co-founder of the co-op, celebrated her 100th birthday last December.

At the completion of Ms. Jewell's presentation, Ms. Farrell opened the meeting for questions from the attendees. One member asked for an explanation of certain write-offs in recent years as reflected on the company's audited financial statements, and Ms. Jewell responded. This member also asked why Gear & Apparel and payroll expenses were high. Ivar Chhina, CFO, explained that fixed costs in stagnant growth periods do not allow us to leverage expenses as well as we can in growth periods.

The member further (a) expressed concern that REI lately appeared to be more of "fashion" store than an authentic outdoor store, (b) questioned the co-op's ability to compete on price, particularly online, (c) questioned the company's product innovation, (d) asked how we could engage more members in the annual meeting, and (e) observed that several of REI's management team members are former Board members, and questioned whether the company recruits talent from anywhere other than the Board. Ms. Jewell responded to the questions and concerns. With respect to member engagement, Ms. Jewell noted that governance is not the primary reason people are members, and then described several member engagement sessions that have occurred over the last few years across the country as another way to interact with, and receive feedback from, members.

Another member asked what REI feels and looks like five years from now. Ms. Jewell observed that the company would probably have less energy usage, more efficient use of physical space, streamlined systems, diverse employee and customer bases, and freshening of product. Another member led a cheer in support of the co-op, and a first time attendee to the annual meeting suggested that the question be asked whether this was the first member meeting for anybody else.

There being no further business to come before the membership, the Chair adjourned the meeting at 8:30 p.m.

Respectfully submitted,

Danette M. Capello
Assistant Secretary