

SUMMARY OF MINUTES
Regular Meeting
of the Board of Directors
of Recreational Equipment, Inc.
February 3, 2006

The meeting was attended by Board Chair Doug Walker and directors, Anne Farrell, Bill Britt, Joanne Harrell, Tom Harville, Sally Jewell, Chuck Katz, Angel Rodriguez, Cheryl Scott and Mike Smith. The meeting started with an executive session. Here is a summary of the subjects discussed and the actions taken.

- The board approved the consent agenda, including a bylaw amendment that permits the board to appoint a term-limited director to one additional year if agreed to by a two-thirds majority of elected directors.
- Chief Executive Officer Sally Jewell provided the President's report, which included an update on REI's industry leadership efforts and relationships, and a recap of the company's 2005 performance and accomplishments.
- Chief Administrative Officer and Chief Financial Officer Brad Johnson presented the Financial report for 2005. Upon reviewing these results, the board declared a 10% patronage refund to be returned to members totaling \$50.4 million; community giving of \$3 million; a special \$1 million grant program for community parks in recognition of REI's achievement of \$1 billion in sales; a \$2 million contribution to the REI Foundation.
- Based on Company performance in 2005, the board approved full funding of the employee retirement and profit sharing plan.
- Mark Lester, Director of Planning and Reporting, presented the 2006 final budget, which was approved by the board as presented.
- Senior Vice President for Strategy, Marketing and Communications, Atsuko Tamura, reviewed for the Board the company's marketing programs, short and long-term objectives and current strategies.
- Senior Vice President for Sales and Service, Brian Unmacht introduced Jerry Chevassus, Director of Real Estate, to provide a real estate update that included store opening strategies, a review of new store performance and ongoing improvement opportunities in the division's processes.
- Doug Walker presented the Executive Committee report and committee re-assignments that were necessary because of the resignation of director Catherine Walker, who left the board to accept an officer position with the company.
- Nominating and Governance Committee Chair Anne Farrell reported on the committee's candidate recruiting efforts, gave a review governance matters under discussion, and provided an update on the board evaluation process.
- Tom Harville presented the Audit and Finance Committee report and an update on audit work being done by REI's internal and external auditors. He also discussed the company's 2006 budget.
- Joanne Harrell gave a report on the work of the Compensation Committee and its approval of 2005 incentive payouts and its authorization of the CEO to set 2006 goals. The committee also reported on its work on executive compensation philosophy and pay levels.
- With Bill Britt excused, the Board voted to appoint him to complete the remaining one year for the seat previously held by Catherine Walker, which ends in 2007.
- The meeting concluded with an executive session and was adjourned at 5:10 p.m.