

## **K2 Inc.**

### **AUDIT COMMITTEE CHARTER**

Adopted by the Board of Directors as of February 11, 2005

This charter, as amended from time to time, shall govern the operations of the Audit Committee of K2 Inc. (the "*Company*"). The primary purpose of the committee is to represent and assist the Board of Directors in fulfilling its oversight responsibilities relating to: (1) management's conduct of the Company's financial reporting process and the integrity of the Company's financial statements; (2) the Company's compliance with legal and regulatory requirements; (3) the outside auditors' qualifications and independence; and (4) the performance of the Company's internal audit function and the Company's outside auditors. The committee also prepares the report required by the rules of the Securities and Exchange Commission ("*SEC*") to be included in the Company's annual proxy statement.

#### ***Organization and Qualifications***

The committee shall be appointed by the Board of Directors upon the recommendation of the Corporate Governance and Nominating Committee and shall be comprised of at least three independent directors, including one chair. For purposes hereof, the term "independent" shall mean a director who meets the independence requirements of the New York Stock Exchange applicable to directors and audit committee members, as determined by the Board.

All committee members, as determined by the Board of Directors in its business judgment, shall be financially literate, or shall become financially literate within a reasonable period of time after appointment to the committee, and at least one member, as so determined by the Board of Directors, shall have accounting or related financial management expertise.

The committee shall meet at least four times per year, either in person or telephonically, and at such times and places as the committee shall determine. The committee shall meet separately in executive sessions, periodically, with management, internal audit and the outside auditors. The committee shall report regularly to the full Board of Directors with respect to its activities.

The committee is empowered to investigate any matter it deems appropriate with full access to all books, records, facilities, and personnel of the Company. The committee shall have the authority to retain such outside counsel, experts and other advisors as it determines appropriate to assist it in the performance of its functions. The committee shall receive appropriate resources from the Company, as determined by the committee, for the payment of compensation to any such advisors and for the payment of ordinary administrative expenses necessary or appropriate in carrying out the committee's duties.

### ***Responsibilities and Processes***

The committee shall follow such procedures and policies as it deems appropriate, and its specific duties and responsibilities shall include, without limitation, the following:

1. The committee shall be directly responsible, in its capacity as a committee of the Board, for the appointment, compensation, retention and oversight of the work of the outside auditors. In this regard, the committee shall appoint and retain, subject to ratification by the Company's shareholders, evaluate, and terminate when appropriate, the outside auditors, which shall report directly to the committee.

2. The committee shall request or obtain and review, at least annually, a report by the outside auditors describing the outside auditors' internal quality-control procedures; and any material issues raised by the most recent internal quality-control review, or peer review, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the outside auditors, and any steps taken to deal with any such issues.

3. The committee shall approve in advance all audit and permissible non-audit services to be provided by the outside auditors, and shall establish policies and procedures for the engagement of the outside auditors to provide audit and permissible non-audit services, which shall provide, among other things, for delegation to one or more committee members of authority to pre-approve such services.

4. The committee shall request annually from the outside auditors, a formal written statement delineating all relationships between the outside auditors and the Company consistent with Independence Standards Board Standard No. 1 and shall discuss any disclosed relationships and their impact on the outside auditors' independence.

5. The committee shall review and discuss with the outside auditors the scope of the audit, the results of the annual audit examination, and any difficulties the auditors encountered in the course of their audit work and management's response.

6. The committee shall meet to review and discuss with management and the outside auditors the annual audited and quarterly financial statements, including reviewing the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

7. The committee shall discuss with the outside auditors the matters required to be discussed by Statement of Auditing Standards No. 61 and Statement of Auditing Standards No. 100.

8. The committee, based upon the reviews and discussions noted above, shall make a recommendation to the Board of Directors as to the inclusion of the Company's audited financial statements in the Company's Annual Report to the SEC on Form 10-K.

9. The committee shall discuss with management, internal audit and the outside auditors the adequacy and effectiveness of the Company's internal controls and disclosure controls and procedures.

10. The committee shall review and discuss earnings press releases and discuss the Company's practices with respect to: (a) earnings press releases; and (b) financial information and earnings guidance provided to analysts and ratings agencies.

11. The committee shall review and discuss the Company's practices with respect to risk assessment and risk management.

12. The committee shall assist the Board in its oversight with respect to legal and regulatory requirements and review the Company's Code of Business Conduct and Ethics to monitor compliance with the Code.

13. The committee shall establish and oversee procedures for handling complaints regarding accounting, internal accounting controls and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters.

14. The committee shall establish policies for the hiring of employees and former employees of the outside auditors.

15. The committee shall evaluate its performance annually, and shall review and reassess the adequacy of this charter annually and recommend any changes believed to be appropriate to the Board of Directors.