

**CHARTER OF THE AUDIT COMMITTEE OF THE
BOARD OF DIRECTORS OF
REEBOK INTERNATIONAL LTD. (THE “COMPANY”)**

1. Purpose. The purpose of the Audit Committee (the “Committee”) shall be to (a) appoint, oversee and replace, if necessary, the Company’s independent auditor, (b) assist the Board of Directors (the “Board”) in its oversight of (i) the preparation of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the independent auditor's qualifications and independence, and (iv) the performance of the Company's internal audit function and the independent auditor; and (c) prepare the report that the SEC rules require be included in the Company's annual proxy statement.

2. Composition of the Audit Committee. The Committee shall consist of no fewer than three Board members. Committee members may be appointed and removed by the Board in its discretion. Each member of the Committee shall satisfy the independence requirements of the Sarbanes-Oxley Act of 2002, the SEC, and the New York Stock Exchange. Members of the Committee shall be versed in reading and understanding financial statements. No member of the Committee may sit on more than three separate audit committees unless the Board affirmatively determines that such services will not impair their effectiveness.

3. Meetings and Governance of the Audit Committee. The Committee shall hold at least four regularly scheduled meetings during each calendar year and such special meetings as circumstances dictate. It shall meet separately, at least quarterly, with management, with the internal auditor, and with the independent auditor to discuss results of examinations, or discuss any matters that the Committee or any of these persons or firms believe should be discussed privately. In order to fulfill its role, the Committee shall be governed in the following manner:

- The Chairperson or any two members may call a meeting of the Committee upon due notice to each other member at least forty-eight hours prior to the meeting;
- The Committee may delegate its authority to a subcommittee consisting of one or more members;
- Action may be taken by the Committee upon the affirmative vote of a majority of the members; and
- Action may be taken by the Committee without a meeting if all of the members of the Committee indicate their approval thereof in writing.

4. Responsibilities of the Audit Committee. The function of the Committee is oversight. The Committee has direct and sole responsibility for the appointment, compensation, oversight and replacement, if necessary, of the independent auditor, including the resolution of disagreements between management and the auditor regarding financial reporting. Each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company that it receives information from, and (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board).

5. Duties and Proceedings of the Audit Committee. The Committee shall assist the Board in fulfilling the Board's and the Committee's oversight responsibilities by accomplishing the following:

5.1 Oversight of Independent Auditor.

(a) Annually evaluate, determine the selection of, and if necessary, determine the replacement of or rotation of, the independent auditor.

(b) Review, evaluate and discuss formal reports, at least annually, from the independent auditor regarding the auditor's independence, including a delineation of all relationships between the independent auditor and the Company and the written disclosures required by the Independence Standards Board; and recommend actions to satisfy the Board of the independence of the independent auditor.

(c) Approve or pre-approve all auditing services (including comfort letters and statutory audits) and all permitted non-audit services by the independent auditor.

(d) At least annually, receive a report, orally or in writing, from the independent auditor detailing the firm's internal quality control procedures and any material issues raised by the independent auditor's internal quality control review, peer review or any governmental or other professional inquiry performed within the past five years and any remedial actions implemented by the firm.

(e) Establish hiring policies for employees or former employees of the independent auditors.

5.2 Oversight of Audit Process and Company's Legal Compliance Program.

(a) Review with the Director of Corporate Audit Services and the independent auditor the overall scope and plans for audits. Review with management, the internal auditor, and the independent auditor any difficulties or disputes with management encountered in connection with audits and management's response.

(b) Review and discuss with management, the internal auditor, and independent auditor the Company's system of internal control, including information systems controls and security, its financial and critical accounting practices, and policies relating to risk assessment, including steps that management has taken to minimize risk to the Company.

(c) Receive and review reports of the independent auditor discussing (i) all critical accounting policies and practices used in the preparation of the Company's financial statements, (ii) all alternative treatments of financial information within generally accepted accounting principles ("GAAP") that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor, and (iii) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.

(d) Discuss with management and the independent auditor any changes in the Company's critical accounting policies and the effects of alternative GAAP methods, off-balance sheet structures and regulatory and accounting initiatives.

(e) Review and discuss with management and the independent auditor the annual and quarterly financial statements and the Company's "Management's Discussion and Analysis of Financial Conditions and Results of Operations" ("MD&A") prior to the filing of the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Discuss any significant changes in the audit plan, results of the annual audit and quarterly review and any other matters required to be communicated to the committee by the independent auditor under generally accepted auditing standards. Discuss with management and the independent auditor their judgment about the quality of accounting principles, the reasonableness of significant judgments, including a description of any transactions as to which the management obtained Statement on Auditing Standards No. 50 letters, and the clarity of disclosures in the financial statements, including the Company's disclosures of critical accounting policies and other disclosures.

(f) Review, or establish standards for the type of information and the type of presentation of such information to be included in, earnings press releases and earnings guidance provided to analysts and rating agencies.

(g) Receive from the Chief Executive Officer and Chief Financial Officer a report of all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting, and any fraud that involves management or other employees who have a significant role in the company's internal controls over financial reporting.

(h) Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters.

5.3 Other Responsibilities.

- (a) Review and concur in the appointment, replacement, reassignment, or dismissal of the internal auditor.
- (b) Prepare a report for inclusion in the Company's annual proxy statement as required by the rules of the Securities and Exchange Commission.
- (c) Report to the Board on a regular basis.
- (d) Annually perform, or participate in, an evaluation of the performance of the Committee, the results of which shall be presented to the Board.
- (e) Perform any other activities consistent with the Charter, By-laws and governing law as the Board or the Audit Committee shall deem appropriate.

6. Authority and Resources of the Audit Committee. The Committee has the authority to retain legal, accounting or other experts that it determines to be necessary to carry out its duties. It also has authority to determine compensation for such advisors as well as for the independent auditor. The Committee may determine appropriate funding needs for its own ordinary administrative expenses that are necessary and appropriate to carrying out its duties. Funding for such retained services shall be provided for by the Company.

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