

**CHARTER OF THE MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF
REEBOK INTERNATIONAL LTD. (THE “COMPANY”)**

I. Organization and Governance of the Committee. There shall be a committee of the Board of Directors (the “Board”) to be known as the Management Development & Compensation Committee (the “Committee”). The Committee shall be composed of no fewer than three directors, each of whom shall satisfy the independence requirements of the New York Stock Exchange. In addition, each member of the Committee shall be a “non-employee director” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934. Members of the Committee may be appointed and removed by the Board in its discretion.

In order to fulfill its role, the Committee shall be organized and governed in the following manner:

- Action may be taken by the Committee upon the affirmative vote of a majority of the members;
- The Committee shall meet at least two times during each calendar year;
- The Chairman 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;
- Action may be taken by the Committee without a meeting if all of the members of the Committee indicate their approval thereof in writing;
- The Committee shall have the authority to delegate to sub-committees of the Committee any of the responsibilities of the full Committee; and
- If the Committee in its discretion deems it necessary or appropriate it shall establish a Compensation Sub-committee consisting of all members of the Committee who are deemed to be “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code. This sub-committee shall review and take all actions required by outside directors under Section 162(m).

II. Statement of Purpose and Responsibilities. The Committee has direct responsibility to perform the following duties:

- Review the qualifications of the executive officers of the Company and nominate executive officers for election by the Board after receiving input from the Chairman;
- Review with the Chief Executive Officer the Company’s organizational structure, the qualifications, development and potential for promotion of the senior levels of the Company’s management, and the development, maintenance and presentation to the Board of executive succession plans;

- Review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of those goals and objectives and determine and approve the compensation of the Chief Executive Officer based on this evaluation, the Chief Executive Officer's qualifications and other relevant factors; the Committee shall undertake such review and make such determination annually;
- Periodically review the compensation levels for all executive officers and other highly compensated employees;
- Periodically review the total compensation structure (both short-term and long-term) of the Company to determine that the Company is properly rewarding and providing incentives to its personnel;
- Make recommendations to the Board regarding the adoption of new, and changes to existing, employee incentive compensation plans and equity-based plans and administer the Company's existing incentive compensation plans and equity-based plans, including the issuance of equity participation rights pursuant to those plans and the approval of all grants to executive officers;
- Produce a compensation committee report on executive compensation for inclusion in the Company's annual proxy statement in accordance with the SEC proxy rules;
- Review and assess the adequacy of this charter and submit any changes to the Board for approval;
- Report its actions and any recommendations to the Board on a periodic basis;
- Annually perform, or participate in, an evaluation of the performance of the Committee, the results of which shall be presented to the Board; and
- Review such other matters as the Board or the Committee shall deem appropriate.

III. Powers of the Compensation Committee. In order to fulfill its role, the Committee shall have the power to:

- Adopt, administer, amend or terminate compensation plans applicable to any class of employees of the Company and/or any subsidiary of the Company; and
- The Committee has the authority to retain and terminate a consulting firm (or other expert) to assist in the assessment of the CEO or other senior executive officer compensation and has the authority to approve the consulting firm's or other expert's fee and retention terms. The Committee also has the authority to retain legal, accounting or other experts that it determines to be necessary to carry out its duties and to determine compensation for such advisors. Funding for such retained services shall be provided for by the Company.

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