

REEBOK INTERNATIONAL LTD.
BOARD OF DIRECTORS
CORPORATE GOVERNANCE POLICIES

Board and Committee Operations

1. Number of Committees

The current standing committees of the Board are: Audit, Board Affairs, Management Development and Compensation, and Executive. The Board also has a TIDE Committee with responsibility for evaluating the Company's Shareholder Rights Plan.

2. Assignment of Committee Members

The Chairman of the Board will review Committee assignments and chairmanships on an annual basis in consultation with the Board Affairs Committee and make recommendations to the Board taking into account the expertise, experience and desires of individual Board members. A blend of rotation of committee assignments and continuity of membership seems appropriate.

3. Committee Meetings

The Chairman of each Committee, in consultation with the Chairman of the Board and Committee members, will determine the frequency and length of the meetings of the Committee. In accordance with NYSE listing requirements, the Audit Committee shall meet at least four times per year. The Chairman of each Committee, in appropriate consultation with management, will develop the Committee's agenda.

4. Selection of Agenda Items For Board Meetings

The Chairman of the Board will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items(s) on the agenda.

5. Board Materials Distributed In Advance

It is the sense of the Board that information and data that is important to the Board's understanding of the business be distributed in writing to the Board sufficiently in advance of each meeting to permit the directors to prepare for a discussion of the items at the meeting. Management will make every attempt to see that this material is focused to enable decisions to be made.

6. Attendance at Meetings

The Chairman of the Board will develop an annual schedule of meetings of the Board and of Committees well in advance of the beginning of the year. The schedule will be designed, to the extent possible, so as to be free of any known conflicts of any Board member. As such, absent unexpected, extenuating circumstances, Directors are expected to attend each Board and each relevant Committee meeting and the annual meeting of stockholders.

7. Management Involvement With The Board

Certain members of management attend Board and/or Committee meetings on a regular basis, and the Board believes this is appropriate. While the Chief Executive Officer and other members of management may serve on the Board of Directors, the Board does not believe Board membership is necessary to obtain higher management positions in the Company.

8. Meetings of Non-employee Directors

Starting in May 2004, the Board will hold executive sessions after each regularly scheduled Board meeting for only non-employee Directors without management present. The directors have determined that the Chairman of the Board Affairs Committee will act as the presiding director for these meetings. This individual will develop the agenda and preside over any meetings. The non-employee directors may also meet without management present at such other times as determined by the presiding director. In addition, if the Board has non-employee directors who do not satisfy the independence requirements of these Policies, the independent directors shall meet separately at least once per year.

9. Access To Outside Advice

The Board and all of its committees shall have access to such outside advice as the Board or appropriate Committee in its sole discretion deems necessary or appropriate, including but not limited to, outside attorneys and/or other outside consultants. Funding for such retained services shall be provided for by the Company.

Board Composition

10. Size of The Board

The Board presently has 10 members, which pursuant to the current by-laws may be expanded to 12 members.

11. Independence of Board And Committee Members

In accordance with the listing requirements of the New York Stock Exchange, independent directors must constitute a majority of the Board. In addition, all members of the Management Development and Compensation, Audit, and Board Affairs Committees must be independent. An independent director is one who during the past three years:

- Has not been an employee, or whose immediate family member has not been an executive officer, of the Company, although this standard will not prevent any director who served as interim chief executive officer during that period from qualifying as independent;
- Has not received, and whose immediate family member has not received, more than \$100,000 per year in direct compensation from the Company, other than director and committee fees, pension or other forms of deferred compensation for prior service or, in the case of a family member, compensation as a non-executive employee of the Company;
- Has not been affiliated with or employed by, and whose immediate family member has not been affiliated with or employed in a professional capacity by, a present or former internal or external auditor of the Company;
- Has not been employed, and whose immediate family member has not been employed, as an executive officer of another company where any of the Company's current executive officers serve on the other company's compensation committee;
- Has not been an executive officer or employee, and whose immediate family member has not been an executive officer of, a company that makes payments to, or receives payments from, the Company for property or services in an amount that, in any single fiscal year, exceeds the greater of \$1 million or 2% of the other company's consolidated gross revenues; and
- Has not been an executive officer of any charitable organization that has received grants or endowments from the Company in excess of the greater of \$1 million or 2% of the organization's consolidated gross revenues.

In addition, members of the Audit Committee must satisfy the independence requirements of Rule 10A-3 under the Securities Exchange Act.

If a director or any member of the director's immediately family has any relationship of any of the types described above that does not meet the applicable thresholds, that relationship will not be material for purposes of assessing the director's independence. The Board will review any other relationship, direct or indirect, between the director and the Company not covered by the above categories to determine whether it is material for purposes of assessing the director's independence. The Company will disclose the basis for any such determination in the annual proxy statement. An immediate family member shall include that person's spouse, parents, children, siblings, in-laws and anyone who shares the person's home. The Board Affairs Committee will periodically review relationships between non-management directors and the Company in order to evaluate independence.

12. Limitation of Service on other Boards of Directors

Non-employee directors are encouraged to limit the number of other boards (excluding non-profit organizations) on which they serve to no more than four. Directors will advise the Chairman in advance of accepting an invitation to serve on another board.

13. Board Membership Criteria

The Board Affairs Committee in consultation with the Chairman is responsible for reviewing with the Board on a periodic basis the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. This assessment should include issues of diversity, skills such as understanding of product marketing, international background, etc, -- all in the context of an assessment of the perceived needs of the Company at that point in time.

14. Selection Of New Director Candidates; Nomination of Directors for Election

The Board itself should be responsible, in fact as well as procedure, for selecting its own members. The Board delegates to the Board Affairs Committee the screening process involved with the selection of any new nominee, and the Board Affairs Committee will consult with the Chairman of the Board in the process. The Board Affairs Committee will determine whether to recommend that the Board of Directors nominate a candidate for election to the Board. The nomination of Directors for re-election shall be made by the entire Board. A member of the Board who is under consideration for re-election should not participate in the consideration of his or her nomination.

15. Resignation of Directors Who Experience a Change in Circumstance

The Board expects individual Directors who: (a) retire from full-time employment, (b) leave their present employment for any reason, (c) whose present job changes to a substantially lesser role, or (d) reaches age 72 (each scenario shall be considered a “change in circumstance” for purposes of this section) during their Board service immediately to notify the Board of such change in circumstance. A Director whose circumstances change will tender to the Chairman of the Board their resignation from the Board at the time of such change in circumstances. The Chairman, in consultation with the Board Affairs Committee, should consider the appropriateness of the Director continuing for the balance of his or her term and shall determine whether to accept such Director’s resignation at such time. If such Director’s resignation is not immediately accepted, the Board via the Board Affairs Committee will review at the end of such Director’s term the appropriateness of nomination for re-election to the Board. The exception to this policy is any termination from a Director’s present employment for cause or poor performance, which shall result in the Director submitting, and the Chairman accepting, his or her immediate resignation.

16. Board Compensation

Only directors who are not employees of the Company will receive compensation for Board service. The Board Affairs Committee will set the compensation for non-employee directors. The policy is to provide a blend of cash and equity compensation, with equity compensation being a significant portion of the total compensation. The equity portion of the compensation should generally be in the form of stock options and deferred stock units, which align the directors’ interests with those of the stockholders. The Board Affairs Committee will review the compensation practices at comparable companies to insure that the Company’s Board compensation levels are consistent with those of its peer companies.

Leadership Development

17. Assessing The Board’s Performance

The Board Affairs Committee is responsible for reviewing the Board’s performance and reporting to the Board. This review should be of the Board’s contribution as a whole and individual Director contributions and should specifically review areas in which the Board and/or management believes a better contribution could be made.

18. Chief Executive Officer Performance Evaluation

An evaluation of Chief Executive Officer performance should be made annually by the Management Development and Compensation Committee based on objective and subjective criteria such as performance of the business, accomplishment of long-term strategic objectives, management development, etc.

19. Management Development and Succession Planning

There should be an annual report to the Management Development and Compensation Committee by the Chief Executive Officer on the Company's program for management development and succession planning.

20. Director Orientation and Continuing Education

Management is responsible for developing a director orientation program that will familiarize a new director with the Company and its business, its financial statements and operations, its strategic direction and its culture. Management will also recommend to the Board and the Board Affairs Committee such continuing education programs and information that will keep directors informed about the Company's business and the directors' duties.

Stock Ownership

21. Director Share Ownership

The Board recognizes that alignment of the interests of Board members with those of shareholders is desirable and therefore believes that, after an appropriate phase-in period, all Directors should own Reebok stock with a market value of at least four times their annual retainer. To help achieve that objective, 40% of the annual retainer paid by the Company will be paid in the form of Reebok common stock. Directors have the right, under the 2001 Equity Incentive and Director Deferred Compensation Plan, to take up to 100 % of their compensation in Reebok stock, and are encouraged to maximize their holdings of Company stock. However, at a minimum, within five years from the date of first election to the Board, all Board members are expected to own Reebok stock with a market value equal to or greater than four times their annual retainer.