

## **GOLFSMITH INTERNATIONAL HOLDINGS, INC. AUDIT COMMITTEE CHARTER**

The Board of Directors (the “Board”) of Golfsmith International Holdings, Inc. (the “Company”) has constituted and established an Audit Committee (the “Committee”) with the authority, responsibility and specific duties as described in this Audit Committee Charter (the “Charter”).

### **I. Purpose**

The purpose of the Committee is to assist the Board in (i) its oversight of the integrity of the Company’s financial statements and other published financial information, (ii) monitoring the performance of the Company’s financial reporting process, and (iii) monitoring the Company’s compliance with legal and regulatory requirements and corporate policies and controls. In addition, the Committee shall select and retain, on behalf of the Company, subject to stockholder ratification, if applicable, the independent auditor and approve all fees paid to the independent auditor.

The purposes and provisions specified in this Charter are meant to serve as guidelines, and the Committee is delegated the authority to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities. Unless otherwise prescribed in this Charter, the rules and procedures applicable to the operation of the Board shall apply to the operation of the Committee with any necessary changes. Nothing herein is intended to expand applicable standards of liability under state or federal law for directors of a Company.

The Committee relies on the expertise and knowledge of management and the independent auditor in carrying out its oversight responsibilities. Management of the Company is responsible for determining the Company’s financial statements are complete, accurate and in accordance with generally accepted accounting principles. The independent auditor is responsible for auditing the Company’s financial statements. It is not the duty of the Committee to plan or conduct audits, to determine that the financial statements are complete and accurate and in accordance with generally accepted accounting principles, to conduct investigations, or to assure compliance with laws and regulations or the Company’s standards of business conduct, codes of ethics, internal policies, procedures and controls.

### **II. Membership**

Unless otherwise permitted by applicable law or the rules of the Nasdaq National Market and determined by the Board, the members of the Committee shall consist of three or more members of the Board as follows: At the time of the Company’s initial public offering (“IPO”), one member of the Committee shall qualify as an “independent director” under applicable law and the listing requirements of the Nasdaq National Market. Ninety days following the IPO, a majority of the Committee shall qualify as “independent directors.” Within one year following the IPO, all members of the Committee shall qualify as “independent directors.”

All of the members of the Committee shall be financially literate as determined by the Board in its business judgment. At least one member of the Committee shall be a “financial expert” under the listing requirements of the Nasdaq National Market and the rules of the

Securities and Exchange Commission (“SEC”) as determined by the Board in its business judgment.

The Committee’s members shall be appointed by and serve at the discretion of the Board. Members shall serve until their successors are duly designated and qualified. Any vacancy in the Committee occurring for any cause whatsoever may be filled by a majority of the Board then in office.

The Committee’s chairperson shall be designated by the Board. A majority of the members of the Committee shall constitute a quorum for the transaction of business and the act of a majority of those present at any meeting at which there is a quorum shall be the act of the Committee.

### **III. Meetings and Authority**

The Committee shall meet at least once each fiscal quarter or more frequently as circumstances require. The Committee may ask members of management or others to attend the meeting and provide pertinent information, as necessary.

The Committee shall meet separately at such times as it deems appropriate with management and representatives of the independent auditor to discuss any matters that the Committee or any of these persons or firms believe should be discussed privately. It is the responsibility of the Committee to maintain free and open communication between the Committee, the independent auditor and management of the Company.

The Committee shall have the power to retain, without Board approval and at the Company’s expense, and terminate, as it deems appropriate, outside counsel, and other experts and consultants to assist the Committee in connection with its responsibilities, and shall have the sole authority to approve such firms’ fees and other retention terms.

The Committee may delegate its authority to subcommittees established from time to time by the Committee, which subcommittees shall consist of one or more members of the Committee and shall report to the Committee; provided, however, that in the event the Committee delegates to a subcommittee its authority to pre-approve audit and permitted non-audit services, any determination by the subcommittee to grant such pre-approvals shall be presented to the full Committee at its next scheduled meeting.

### **IV. Duties and Responsibilities**

The Committee shall have the power and authority of the Board to perform the following duties and to fulfill the following responsibilities:

#### **Independent Auditor:**

1. Retain and terminate the independent auditor subject, if applicable, to stockholder ratification. In making its determination regarding the retention or termination of the independent auditor and otherwise as it deems necessary, the Committee shall:

- a. (i) obtain and review a written report by the independent auditor describing (a) the firm's internal quality-control procedures; and (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting any independent audit carried out by the firm, and any steps taken to deal with any such issues, and (ii) review the independent auditor's work throughout the year, including obtaining the opinions of management;
  - b. receive written statements from the independent auditor delineating all relationships between the independent auditor and the Company, discuss with the independent auditor any disclosed relationships or services that may impact the objectivity and independence of the independent auditor, and recommend any appropriate actions to be taken; and
  - c. review the independent auditor's written submission to the Company of annual fees billed.
2. Pre-approve, or adopt procedures to pre-approve, all audit and all non-audit services, and related fees and terms, permitted to be provided to the Company by the independent auditor under applicable law and regulations. The pre-approval of auditing and non-auditing services can be carried out with input from, but no delegation of authority to, management.
  3. Discuss with management the timing and process for the rotation of the lead audit partner and the reviewing partner as required by applicable law and rules.
  4. Establish policies for hiring employees or former employees of the independent auditor in accordance with applicable law and regulations.

#### Internal Accounting and Financial Controls:

1. Review with management and the independent auditor, the Company's policies and procedures relative to the adequacy of internal accounting and financial controls.
2. Evaluate whether management is effectively communicating the importance of internal accounting and financial control effectiveness.
3. Determine whether internal accounting and financial control improvement recommendations made by the independent auditor have been appropriately implemented in a timely manner by management.

#### Financial Reporting:

1. Review with the independent auditor: (i) the scope and results of the audit; (ii) any problems or difficulties that the auditor encountered in the course of the audit work, and management's response; and (iii) any questions, comments or suggestions the auditor may have relating to the internal controls and accounting practices and procedures, of the Company.

2. Periodically review and discuss with management and the independent auditor significant accounting and reporting issues, including financial reporting pronouncements and proposals, and understand their impact on the Company's financial statements.
3. Review with management and the independent auditor the annual and quarterly financial statements of the Company, including: the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations"; any material changes in accounting principles or practices used in preparing the financial statements prior to the filing of a report on Form 10-K or 10-Q with the SEC; and the items required by Statement of Auditing Standards 61 as in effect at that time in the case of the annual statements and Statement of Auditing Standards 100 as in effect at that time in the case of the quarterly statements
4. Discuss with management generally the types of information (including financial earnings guidance) to be disclosed in earnings press releases and earnings calls, as well as to analysts and rating agencies.
5. Discuss with the independent auditor the matters required by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any difficulties encountered in the course of the audit effort, restrictions on the scope of procedures or access to requested information and any significant disagreements with management.
6. Prepare the "Report of the Audit Committee" included in the Company's annual proxy statement.
7. Receive periodic reports from the independent auditor regarding:
  - a. critical accounting policies and practices;
  - b. all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the issuer, ramifications of the use of alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
  - c. other material written communications between the independent auditor and management, including any management letter or schedule of adjusted differences.
8. Review and discuss with the independent auditor, the independent auditor's judgments as to the quality, not just the acceptability, of the Company's accounting principles.
9. Review with the Company's general counsel (the "General Counsel") legal and regulatory matters that could have a material impact on the financial statements.
10. Establish procedures for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or

auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, and review any complaints or concerns received pursuant to such procedures.

11. Review with management and the independent auditor (i) the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, and (ii) the processes followed for assessment of internal controls under Section 404 of the Sarbanes-Oxley Act of 2002.
12. Review with management and the independent auditor risks of material misstatements due to fraud, and the process and controls implemented by the Company to manage the risks.

#### Legal Compliance:

Review and monitor, as appropriate, (i) litigation or other legal matters that could have a significant impact on the Company's financial results, (ii) significant findings of any examination by regulatory authorities or agencies, in the areas of securities, accounting or tax, such as the SEC or the Internal Revenue Service, and (iii) the Company's disclosure controls and procedures. The Committee shall be fully entitled to rely on reports that it receives and shall be under no obligation to conduct any independent investigation or verification.

#### Other Responsibilities:

1. Periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for consideration and approval.
2. Conduct an annual self-performance evaluation of the Committee.
3. Review and approve related party transactions in accordance with the listing requirements of the Nasdaq National Market or as referred by the Board.
4. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities.

#### **V. Reporting**

The Committee will apprise the Board regularly of significant developments in the course of performing the above responsibilities and duties.

Last amended: June 12, 2006