

GOLFSMITH INTERNATIONAL HOLDINGS, INC.

POLICY ON THE PREVENTION OF INSIDER TRADING

JUNE 12, 2006

A. INTRODUCTION AND LEGAL BACKGROUND

Golfsmith International Holdings, Inc. (the “Company”) is committed to the highest standards of ethics, as well as to full compliance with both the letter and the spirit of all applicable rules and regulations. To that end, the Company’s board of directors has adopted this Policy on the Prevention of Insider Trading (this “Policy”) with respect to the trading of the Company’s securities, as well as the trading in securities of any other company about whom you learn material, nonpublic information in the course of performing your duties for the Company.

Federal and state securities laws prohibit the purchase or sale of a company’s securities by persons who are aware of material information about the company that is not generally known by or available to the public. These laws also prohibit persons who are aware of such material, nonpublic information from disclosing this information to others who may trade. Companies and their directors, officers and other supervisory personnel are also subject to liability if they fail to take reasonable steps to prevent insider trading by company personnel.

This Policy is designed to prevent insider trading or allegations of insider trading and to protect the Company’s reputation for integrity and ethical conduct. This Policy is also intended to enable Company personnel who hold Company securities or wish to invest in the Company to do so consistent with applicable law. It is your obligation to understand and comply with this Policy. Should you have any questions regarding this Policy, please contact the Company’s General Counsel (the “Stock Compliance Officer”).

B. SCOPE OF POLICY

1. Persons Covered

This Policy covers trading by all directors, officers and other employees of the Company and its subsidiaries, as well as any consultants of the Company and its subsidiaries who are designated by the Stock Compliance Officer to be subject to this Policy (collectively, the “Restricted Persons”). The same restrictions that apply to Restricted Persons also apply to (i) family members who reside with Restricted Persons, (ii) anyone else who lives in the household of a Restricted Person and (iii) any family member who does not live in the household of a Restricted Person but whose transactions in Company securities are directed by or subject to the influence or control of a Restricted Person.

2. Transactions Covered

This Policy applies to all transactions in Company securities, including common stock, options for common stock and any other securities the Company may issue from time to time, such as preferred stock, warrants and convertible debentures, as well as derivative securities relating to the Company’s common stock, whether or not issued by the Company, such as exchange-traded options. This Policy does not apply to the exercise of employee stock options; however, it does apply to the sale of securities

of the Company as part of a broker-assisted cashless exercise of an option or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

3. Companies Covered

The prohibition on insider trading in this Policy is not limited to trading in the Company's own securities, but also includes trading in securities of any other company about whom a Restricted Persons learns material, nonpublic information in the course of performing his or her duties for the Company. For example, it can include trading in securities of customers or suppliers of the Company, competitors of the Company and those with which the Company may be negotiating major transactions, such as an acquisition, investment or sale. Information that is not material to the Company may still be material to one of those other firms.

C. DEFINITION OF MATERIAL, NONPUBLIC INFORMATION

Material Information. Information is material if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold or sell a security. Any information that could reasonably be expected to affect the price of the security is material. While this is not intended to be a comprehensive list, common examples of material information include:

- quarterly or annual financial results;
- projections of future earnings or losses, or other earnings guidance;
- a significant increase or decrease in financial results;
- significant actions by regulatory bodies;
- significant management changes;
- commencement of major litigation;
- a purchase or sale of substantial assets;
- launches or acquisitions of new products;
- a significant merger or acquisition proposal or agreement; or
- dividend increases or decreases.

It is also important to keep in mind that material information need not be certain or definitive information. Even information concerning events, actions, results, etc. that may happen can be considered material under certain circumstances. For example, if you found out that the Company was in merger negotiations, even though the deal had not yet been agreed to, that information could very well be material.

Nonpublic Information. Nonpublic information is information that is not generally known or available to the public. Information is considered publicly available, and thus public, only when it has been released broadly to the market place (such as by a press release or a filing with the Securities and Exchange Commission ("SEC")) and the investing public has had time to absorb the information fully.

As a general rule, the Company considers information nonpublic until the end of the second full trading day after the information has been released.

D. OUR POLICY

1. No Trading on Inside Information

No Restricted Person who is aware of material, nonpublic information may, directly or through family members or other persons or entities, buy or sell securities of (i) the Company or (ii) any other company if the Restricted Person is aware of material, nonpublic information about that company obtained in the course of his or her employment with or engagement by the Company.

2. No Tipping

Restricted Persons are prohibited from “tipping” others. The concept of unlawful tipping includes passing on information to friends or family members (“tippees”) under circumstances that suggest that the “tipper” was trying to help them make a profit or avoid a loss. When tipping occurs, both the tipper and the tippee may be held liable, and this liability may extend to all those to whom the tippee, in turn, gives the information.

Restricted Persons should not discuss internal matters or developments with anyone outside of the Company (including family members), except as required in the performance of his or her regular duties. This prohibition applies specifically (but not exclusively) to inquiries about the Company that may be made by the financial press, investment analysts or others in the financial community. Unless an individual is expressly authorized to respond to inquiries of this nature, such inquiries should be referred to the Stock Compliance Officer.

E. EVENT-SPECIFIC BLACKOUT PERIODS

From time to time, an event may occur that is material to the Company and which is known by only a few directors, officers and other employees and consultants. For so long as the event remains material and nonpublic, Restricted Persons designated by the Stock Compliance Officer may not trade in the Company’s securities. Any person made aware of the existence of an event-specific blackout period should not disclose the existence of the blackout for any reason. The failure of the Stock Compliance Officer to designate a person as being subject to an event-specific blackout shall not relieve that person of both the obligation not to trade while aware of material, nonpublic information and not to disclose the existence of the blackout for any reason. Directors and executive officers may also be subject to event-specific blackouts pursuant to the SEC’s Regulation Blackout Trading Restriction, which prohibits certain sales and other transfer by insiders during certain pension plan blackout periods.

F. GENERAL PROVISIONS

1. Hardship Trades

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception to this Policy. The U.S. securities laws do not recognize such mitigating circumstances, and even the appearance of an improper transaction must be avoided to preserve the Company’s reputation for adhering to the highest standard of conduct. Notwithstanding the foregoing, the Company’s Stock Compliance Officer may, on a case-by-case basis, authorize trading in the Company’s securities during a restricted period due to financial hardship or other hardships only after: (i) the person wishing to trade has notified the Company’s Stock Compliance

Officer in writing (which writing may be in the form of electronic mail) of the circumstances of the hardship and the amount and nature of the proposed trade(s) and (ii) the person trading has certified to the Company's Stock Compliance Officer in writing no earlier than two business days prior to the proposed trade(s) that he or she is not in possession of material, nonpublic information concerning the Company. The Company's Stock Compliance Officer may approve or reject any such trading requests at his sole discretion.

2. Short Selling of Company Stock and Transactions in Puts or Calls

Restricted Persons may not (i) engage in any short sale of the Company's stock (sales of securities that are not then owned), including a "sale against the box" (a sale with delayed delivery), or (ii) buy or sell puts or calls on the Company's stock. This restriction is designed to encourage investment in the Company's stock for the long-term, on a buy and hold basis, and to discourage active trading or short term speculation. Exceptions to this restriction may only be made with the Stock Compliance Officer's approval.

3. Margin Accounts and Pledging

Securities held in a margin account or pledge as collateral for a loan means that the securities may be sold without your consent by the broker if you fail to meet a margin call or by the lender in foreclosure if you default on the loan. A margin or foreclosure sale that occurs when you are aware of material, nonpublic information may, thus, result in unlawful insider trading. Because of this danger, you should exercise caution in holding Company securities in a margin account or pledging Company securities as collateral for a loan.

4. Termination of Employment or Office

The restrictions set forth in this Policy apply to Restricted Persons following the termination of their employment or term of office, as applicable, for such period as such person is in possession of material, nonpublic information or until the information has become public or is no longer material.

5. Consultation with Counsel

The ultimate responsibility for adhering to this Policy and avoiding improper trading rests with you. Because there are so many "grey areas" in the law of insider trading, you should not try to make close calls about what is legal or illegal by yourself. Err on the side of caution: either (i) refrain from trading altogether if there is any question in your mind about the propriety of a particular trade, even if it is proposed to take place outside of a blackout period, or (ii) consult with the Stock Compliance Officer with respect to a particular trade prior to execution. Remember, however, the ultimate responsibility for adhering to this Policy and avoiding improper transactions rests with you. It is imperative that you use your best judgment.

6. Compliance with Policy

The Company expects strict compliance with these procedures by all Restricted Persons. Although this Policy is expressly not intended to result in the imposition of additional legal liability that would not otherwise exist, failure to observe these procedures will be considered an extremely serious matter and may be grounds for appropriate disciplinary action, including termination of employment. All employees must certify their understanding of, and intent to comply with, this Policy.

G. POSSIBLE CONSEQUENCES AND PENALTIES OF INSIDER TRADING UNDER U.S. LAW

The possible consequences of insider trading can be severe. Insider trading is a crime, penalized by criminal fines of up to \$5 million and imprisonment for up to 20 years. In addition, the SEC may seek the imposition of a civil penalty of up to three times the profits made or losses avoided from the trading. Insider traders must also disgorge any profits made and are often subjected to an injunction against future violations. Finally, under some circumstances, insider traders may be subjected to civil liability in private lawsuits.

The Company and its controlling persons (including the board of directors, as well as officers and other supervisory personnel) could also be held vicariously responsible for the insider trading violations of employees if they fail to adopt adequate policies and procedures to prevent insider trading. If the Company fails to take the necessary steps to prevent illegal insider trading, it may be held to have “controlling person” liability with civil penalties of up to the greater of \$1 million and three times the profit gained or loss avoided, as well as a criminal penalty of up to \$25 million.

For all of the foregoing reasons, it is very important, both to you and the Company, that insider trading violations not occur and that the policies detailed in this statement be adhered to. You should be aware that stock market surveillance techniques are becoming more sophisticated all the time, and the chance that U.S. federal authorities will detect and prosecute even small-level trading is a significant one. Even a SEC investigation that does not result in prosecution can tarnish one’s reputation and damage a career. In short, the risk of insider trading is simply not worth taking.

GOLFSMITH INTERNATIONAL HOLDINGS, INC.
CERTIFICATION OF
THE POLICY ON THE PREVENTION OF INSIDER TRADING

To Golfsmith International Holdings, Inc.:

I, _____ (name), have received and read a copy of Golfsmith International Holdings, Inc.'s Policy on the Prevention of Insider Trading dated June __, 2006 (the "Policy"). I hereby agree to comply with the specific requirements of the Policy in all respects during my employment, my service on the board of directors or other service relationship of or with Golfsmith International Holdings, Inc., and thereafter to the extent required by the Policy. I understand that my failure to comply in all respects with the Policy is a basis for termination for cause of my employment or termination of my service relationship with Golfsmith International Holdings, Inc.

Signature

Date