

Golfsmith®

Authentic. Integrated. Innovative.

JANUARY 2008

Safe Harbor

Our presentation includes, and our response to various questions may include, forward-looking statements about the Company's revenues and earnings and about our future plans and objectives. Any such statements are subject to risks and uncertainties that could cause the actual results and the implementation of the Company's plans and operations to vary materially. These risks are discussed in the Company's filings with the S.E.C., including, without limitation, the FORM 10K filed March 30, 2007.

Golfsmith International Holdings, Inc.

Safe Harbor Statement

Under the Private Securities Litigation Reform Act of 1995

Golfsmith | Industry Overview

Industry Trends - Golf

- Industry consolidation continues as independent “mom and pop” retailers lose share to dominant retail chains that offer superior assortment, service and multi-channel access
- Total golf retail spend remains flat at \$6 billion
- Total rounds played has been flat for the last five years
- Big Box has 18.3% of all doors in 2007 versus 15% in 2006
- In 2007, total square footage of off-course retail increased by 6.5%, while the number of total off-course doors decreased by 5%
- Demographics favor long-term growth – baby boomers alone should increase rounds played from 500mm to 600mm by 2020

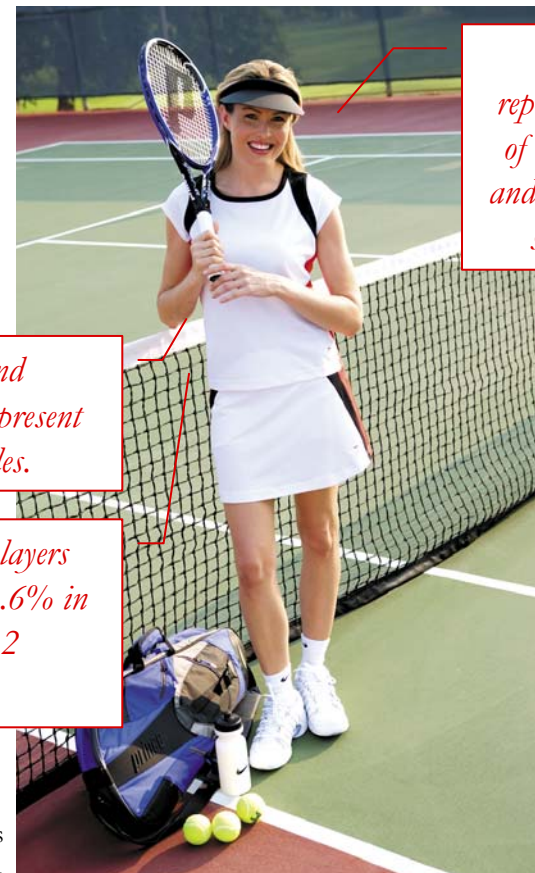
-source: National Golf Foundation and Longitudes Group, LLC.



Industry Trends – Tennis

- Opportunity to consolidate a fragmented market
- Currently in 58 stores
- Expert tennis stringers in stores
- Fits strategically with focus on women and apparel
 - Male = 47.1%
 - Female = 52.9%
- Overall participation in tennis has grown 12.2% over the past 6 years

\$1+ Billion Market



Women represent 53% of the market and 63% of the spending.

Apparel and footwear represent 65% of sales.

Frequent players increased 9.6% in 2005 to 5.2 million.

Source: Tennis Industry Association, National Sporting Goods Association, US Tennis Association.

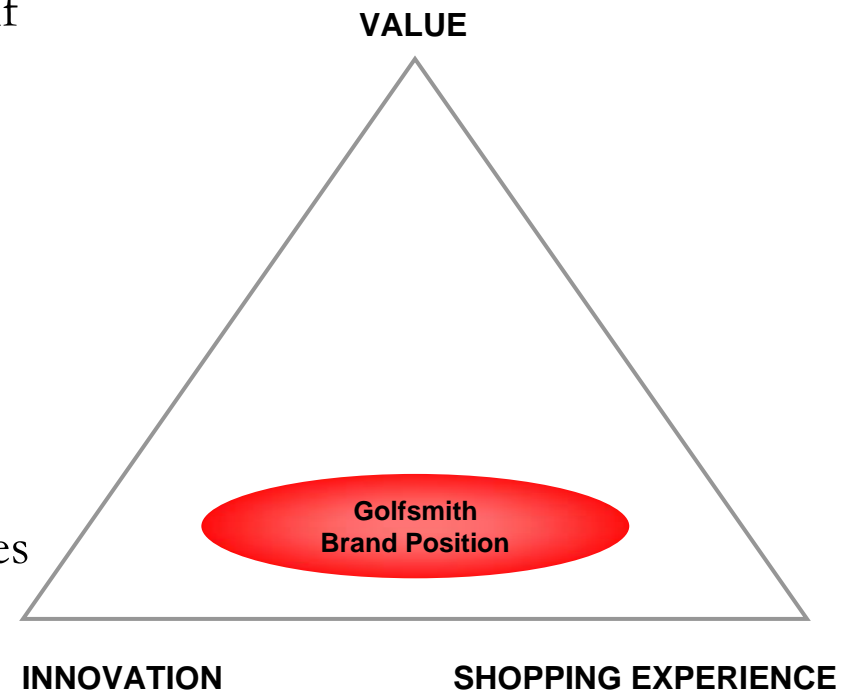
Golfsmith | *Who We Are*

Who We Are

- One of the largest multi-channel retailers of golf equipment, apparel, club making, services
- Recognized retail brand with 40-year history
- Proven store model with activity-based shopping environment
- Differentiated mix of national brands such as Callaway and TaylorMade and integrated proprietary brands such as Lynx and Snake Eyes
- Golf and Tennis leader

Why Own Golfsmith

- **Brand Recognition**
 - Leading retailer known for innovation and unique shopping experience in the golf and tennis specialty store market
- **Retail Growth Opportunity**
 - Expand store base in key markets
- **Established Direct Channel**
 - Catalog represents dominant player in category; opportunities to leverage internet, catalog and retail to drive sales
- **Scalable infrastructure**
 - Flexible, scalable, cost-effective
- **Experienced Leadership**



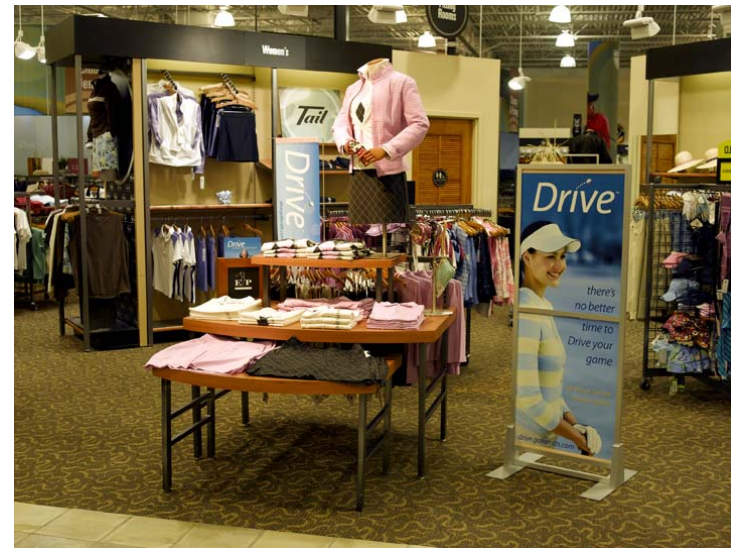
Stores Strategy

Golfsmith offers an exceptional guest experience in an environment that supports both full and self-service options, leveraging its product and technical expertise

- Provide an exceptional guest experience
- Activity-based, interactive environments
- Leverage our multi-channel model – kiosks, order online pick-up in-store
- Educate our guests with “how-to/technical” messaging, promoting the most innovative solutions, lifestyle offerings and the hottest brands
- Size the store to the market opportunity



Stores Strategy



Raleigh – the Golfsmith “Megastore” Model

Golfsmith sizes its stores to the market opportunity and creates innovative and inspiring environments that support the golf and tennis lifestyle

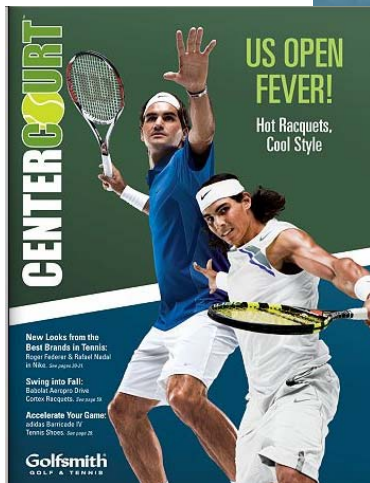
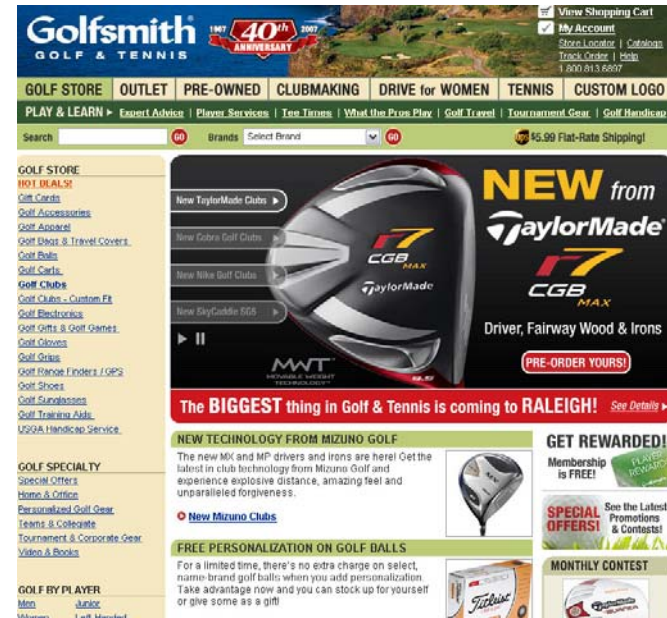
- An interactive, engaging big box destination golf and tennis store
- An environment that supports the lifestyle of the game
- A guest experience unrivalled within the industry
- Activity areas that encourage practice, game improvement and fun
- An enhanced apparel selection with a focus on premium brands
- A showcase for the latest technology innovations

Raleigh – the Golfsmith “Megastore” Model



Direct Strategy

Leverage our experience in the Direct business and our multi-channel model to provide guests the most flexible and convenient ways to shop



★ Top 50 Reviewer

Overall Rating
4 out of 5

Great Feel, Bad Sound

Received this last month and I really like this club. I ordered it to my specs but decided to stick with standard RE*AX shaft rather than my standard shaft of choice (UST V2 65g) since the weight was the same. Club has great action off the face and feel is good for a non-TP model. Standard shaft is quite comparable to the UST with a little higher kick. Originally thought the moveable weights was a gimmick but they do make a noticeable difference in ball flight using the same swing. Only major complaint is the sound which I can only compare to hitting a hammer against a paint can. Although there is a nice sound difference between hitting the sweet spot and off center hits, the overall noise is not pleasant. Overall, a strong club but likely to be the victim of my usual new driver every 18 months and not a bag fixture.

Written by: MZehner (Newport Beach, CA)
 (read all mzi reviews)
 Date: September 10, 2007

Skill Level: Intermediate
 Gender: Male
 Where do you play most often?: No preference
 How often do you play?: Multiple times per month

Share this Review

Was this review helpful to you? Yes No
 (Report Inappropriate Review)

Average Customer Rating:
 ★★★★★ 4.7 out of 5

Golfsmith Q&A
 7 Questions | 9 Answers
[Read all Q&A](#) [Ask a new question](#)

Share this Product:

Flexible Infrastructure



Scalable, cost-effective, capable of supporting growth strategy

Golfsmith | Growth Strategy

Growth Strategy

- **Continue to expand store base**
 - Now 74 stores in 28 markets, 19 states
 - Ample real estate available for core golf and tennis concept
- **Size stores to the market opportunity**
- **Grow direct channel**
 - Scalable Internet business
 - Expanding catalog titles
- **Increase same store revenues and profitability**
 - Activity-based stores
 - Grow proprietary, women's, tennis and services businesses
- **Diversify sales base with New Business opportunities**
 - Third party gift cards, incentive programs, corporate logo, travel, team sales
- **Grow with discipline**
 - Metrics driven
 - Experienced management



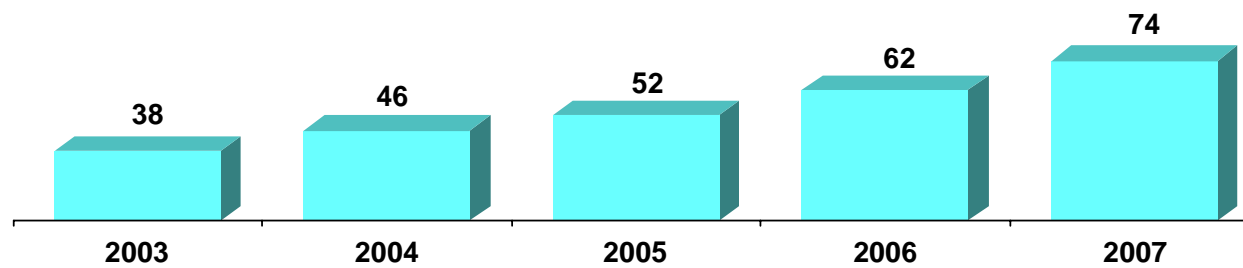
What will be different in 2008

- Inventory productivity improvement
- Bottom line results
 - Payroll process/leverage
 - Best in class models
 - Conservative budgeting/spending
- Real estate flexibility
 - Sizes, locations
- Execution
 - Financial
 - Marketing
 - Buying
 - Selling

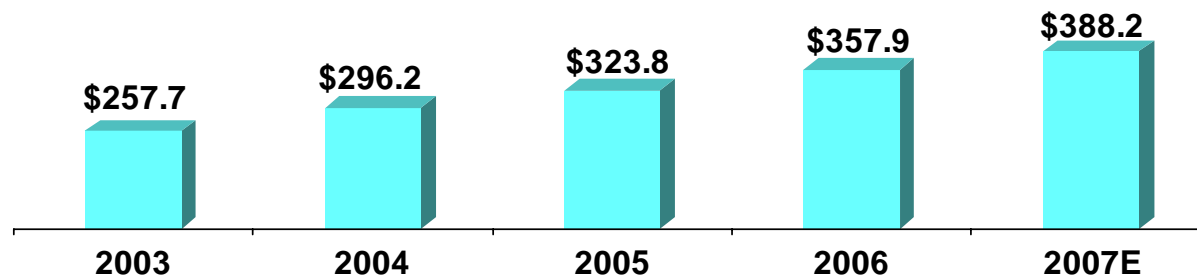
Golfsmith | Financial Performance

Growth

of stores



Total Revenues



Core Store Model (excludes new Mega store concept)

Model Store Investment*

(dollars in thousands)

Net Capital Expenditures	\$	600
Net Inventory Investment	\$	400
Pre-opening Expenses	\$	150
	\$	1,150

<u>Year</u>	<u>Open</u>	<u>Open +1</u>	<u>Open +2</u>	<u>Open +3</u>
Total Sales	\$ 2.6	\$ 4.6	\$ 4.7	\$ 4.9
Comp %		17%	9%	3%
Cash Contributions**	0%	10%	12%	13%
Cash ROI	0%	38%	51%	55%

* Capex varies by market and property condition and excludes tenant improvement. Inventory is net of AP.

** Assumes May average opening. Contribution excludes pre-open, depreciation and indirect.

Outlook

Fiscal Year 2007

- -3.7% comps
- Revenues of \$388 million
- EPS of \$0.13 to \$0.16

Difficult industry dynamics

Soft consumer market

Outlook

- Fiscal Year 2008
 - Flat to slightly positive comp sales growth
 - Slowed store unit/sq. footage growth
 - Focus on improved inventory productivity and meaningful profit growth through payroll leverage and cost containment
 - Full outlook to be provided in early March with earnings release and 10K filing

What will be different in 2008

- Climatic marketing
- December marketing
- Accelerate apparel business
- Services bidding
- Margin improvement

Golfsmith | Summary

Why Golfsmith?

- One of the largest multi-channel retailers of golf equipment, apparel, club making, services
- Recognized retail brand with 40-year history
- Proven store model with activity-based shopping environment
- Differentiated mix of national brands and integrated proprietary brands such as Lynx and Snake Eyes
- Established direct channel
 - Catalogs, Internet
- Advanced infrastructure
 - Flexible, scalable, cost-effective
- Experienced leadership
- Growth strategy
 - Expand store base, grow direct channel, new business opportunities