GOLFSMITH INTERNATIONAL HOLDINGS INC
Form S-4
November 08, 2002

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON NOVEMBER 8, 2002

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

GOLFSMITH INTERNATIONAL, INC. As Issuer and Registrant of Debt Securities		GOLFSMI HO As Regist
DELAWARE (State or Other Jurisdiction of Incorporation or Organization)	5940 (Primary Standard Industrial Classification Code Number)	(State or O Incorporat
22-1957337 (I.R.S. Employer Identification No.)		(I.R.S. Emplo

SUBSIDIARY GUARANTORS LISTED ON SCHEDULE A HERETO
(Exact name of registrants as specified in their charters)

11000 N. IH-35
AUSTIN, TEXAS 78753-3195
(512) 837-8810
(Address, including zip code, and telephone number, including area code, of registrants' principal executive offices)

JAMES D. THOMPSON
CHIEF EXECUTIVE OFFICER AND PRESIDENT
GOLFSMITH INTERNATIONAL, INC.
11000 N. IH-35
AUSTIN, TEXAS 78753-3195
(512) 837-8810
(Name, address, including zip code, and telephone number, including area code, of agent for service)

WITH A COPY TO:
MARY A. BERNARD
TRACY KIMMEL
KING & SPALDING
1185 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10036-4003
(212) 556-2100

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED EXCHANGE OFFER: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box. [ ]

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT(1)	PROPOSE AGG OFFERIN
8.375% Senior Secured Notes Due 2009.......	$93,750,000	80%	$75,
Guarantees of 8.375% Senior Secured Notes Due 2009....................................	--	--	

(1) Estimated solely for the purpose of computing the registration fee based upon the book value of the notes as of November 8, 2002, in the absence of a market for them, in accordance with Rule 457(f)(2) under the Securities Act of 1933.

(2) Pursuant to rule 457(n), no additional registration fee is payable with respect to the guarantees.

THE REGISTRANTS HEREBY AMEND THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANTS SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

SCHEDULE A

STATE OR OTHER JURISDICTION OF   I.R.S. EMPLOYER

SUBSIDIARY GUARANTORS	INCORPORATION OR ORGANIZATION	IDENTIFICATION NO.
Golfsmith GP Holdings, Inc.	Delaware	74-2882421
Golfsmith Holdings, L.P.	Delaware	74-2882420
Golfsmith GP, L.L.C.	Delaware	74-2882412
Golfsmith Delaware, L.L.C.	Delaware	74-2882419
Golfsmith Canada, L.L.C.	Delaware	74-2882407
Golfsmith Europe, L.L.C.	Delaware	74-2882408
Golfsmith USA, L.L.C.	Delaware	74-2882405
Golfsmith NU, L.L.C.	Delaware	74-2882404
Golfsmith Licensing, L.L.C.	Delaware	N/A
Golfsmith International, L.P.	Delaware	74-2864257

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT OFFER THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED NOVEMBER __ , 2002
GOLFSMITH INTERNATIONAL, INC.

OFFER TO EXCHANGE

$93,750,000

8.375% SENIOR SECURED NOTES DUE 2009
THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933

FOR

ALL OUTSTANDING UNREGISTERED
8.375% SENIOR SECURED NOTES DUE 2009

THE REGISTERED NOTES

- The terms of the new notes are substantially identical to the old notes, except that the new notes will be freely tradable.

- We will pay interest on the new notes at an annual rate of 8.375%. Interest on the new notes is payable on March 1 and September 1 of each year, beginning March 1, 2003.

- The new notes will be senior secured obligations and will rank equally with all of our other senior indebtedness.

- The information in this prospectus is not complete and may be changed. We may not offer these securities until the Registration Statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted. The new notes will mature on October 15, 2009.

- Our senior credit facility and the related guarantees are secured by a first priority lien on substantially all of our assets, the assets of our parent (including our common stock) and the assets of our subsidiaries, other than real property, fixtures, equipment and proceeds thereof. The new notes and the related guarantees will be secured by a first priority lien on real property, fixtures, equipment and the proceeds thereof and a second priority lien on substantially all other assets.

- We may redeem some or all of the new notes at any time prior to October 15, 2006 at a make-whole redemption price. On or after October 15, 2006, we may, at our option, redeem some or all of the new notes at a redemption price that will decrease ratably from 106.50% of accreted value to 100.00% of accreted value on October 15, 2008, in all cases plus accrued and unpaid interest. Prior to October 15, 2005, we may redeem on one or more occasions new notes and old notes, if any outstanding, in an amount equal to up to 35% in the aggregate of the principal amount at maturity of the notes originally issued at a redemption price equal to 113% of accreted value plus accrued and unpaid interest with the proceeds of certain equity offerings.

- On October 15, 2007 and October 15, 2008, we must make a partial pro rata redemption of 20% and 10% (which percentages are subject to reduction as described in this prospectus), respectively, of the principal amount at maturity of each new note, plus accrued and unpaid interest to the redemption date. These redemption requirements may be reduced by the aggregate principal amount at maturity of any notes we have previously repurchased pursuant to excess cash flow offers.

- Within 120 days after the end of each fiscal year and beginning after the first full fiscal year, we must offer to repurchase a portion of the notes at 100% of their accreted value with 50% of our excess cash flow.

- If we experience a change of control, we must give holders of the new notes the opportunity to sell to us their new notes at 101% of their accreted value plus accrued and unpaid interest.

- If we sell assets, we may have to offer to use the proceeds to repurchase new notes at 100% of their accreted value plus accrued and unpaid interest.

- All of our existing and future domestic restricted subsidiaries and our parent company will guarantee the new notes on a senior secured basis.

THE EXCHANGE OFFER

- The exchange offer will expire at 5:00 p.m. New York City time, on   , 2002, unless extended.

- The exchange offer is not subject to any conditions other than that the exchange offer not violate applicable law or any applicable interpretation of the staff of the SEC.

- All old notes that are validly tendered and not validly withdrawn will be exchanged.

- Tenders of old notes may be withdrawn at any time before the expiration of the exchange offer.

SEE "RISK FACTORS" BEGINNING ON PAGE 12 FOR A DISCUSSION OF THE FACTORS THAT YOU SHOULD CONSIDER IN CONNECTION WITH THE EXCHANGE OFFER AND AN EXCHANGE OF OLD NOTES FOR NEW NOTES.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED THAT THIS PROSPECTUS IS ACCURATE OR COMPLETE OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is   , 2002.

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EACH BROKER-DEALER THAT RECEIVES NEW NOTES FOR ITS OWN ACCOUNT PURSUANT TO THE EXCHANGE OFFER MUST ACKNOWLEDGE THAT IT WILL DELIVER A PROSPECTUS IN CONNECTION WITH ANY RESALE OF THE NEW NOTES. THE LETTER OF TRANSMITTAL STATES THAT BY SO ACKNOWLEDGING AND BY DELIVERING A PROSPECTUS, A BROKER-DEALER WILL NOT BE DEEMED TO ADMIT THAT IT IS AN "UNDERWRITER" WITHIN THE MEANING OF THE SECURITIES ACT OF 1933, AS AMENDED, WHICH WE REFER TO AS THE SECURITIES ACT. THIS PROSPECTUS, AS IT MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, MAY BE USED BY A BROKER-DEALER IN CONNECTION WITH RESALES OF NEW NOTES RECEIVED IN EXCHANGE FOR OLD NOTES WHERE THE OLD NOTES WERE ACQUIRED BY THE BROKER-DEALER AS A RESULT OF MARKET-MAKING ACTIVITIES OR OTHER TRADING ACTIVITIES. WE HAVE AGREED THAT, FOR A PERIOD OF UP TO 180 DAYS AFTER THE EXPIRATION OF THE EXCHANGE OFFER, WE WILL MAKE THIS PROSPECTUS AVAILABLE TO ANY BROKER-DEALER FOR USE IN CONNECTION WITH ANY SUCH RESALE. SEE "PLAN OF DISTRIBUTION."

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-4 under the Securities Act with respect to our offering of the new notes. This prospectus does not contain all the information included in the registration statement and the exhibits and schedules thereto. You will find additional information about us and the new notes in the registration statement. The registration statement and the exhibits and schedules thereto will be available to the public over the Internet at the SEC's web site at http://www.sec.gov. You may also read and copy any document we file with the SEC at its public reference facilities at 450 Fifth Street, N. W., Washington, D. C. 20549, 233 Broadway, New York, New York 10279 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. You can also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D. C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. Statements made in this prospectus about legal documents may not necessarily be complete and you should read the documents which are filed as exhibits to the registration statement or otherwise filed with the SEC.

You may also request a copy of these filings at no cost, by writing or calling us at the following address:

Golfsmith International, Inc.
11000 N. IH-35
Austin, Texas 78753-3195
(512) 837-8810
Attention: Chief Executive Officer

TO OBTAIN TIMELY DELIVERY OF THIS INFORMATION, YOU MUST REQUEST IT NO LATER THAN FIVE (5) BUSINESS DAYS BEFORE   , 2002, THE EXPIRATION DATE OF THE EXCHANGE OFFER.

In addition, while any notes remain outstanding, we will make available, upon request, to any holder and any prospective purchaser of notes the information required pursuant to Rule 144A(d)(4) under the Securities Act during any period in which we are not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS. NEITHER WE NOR ANY OF THE GUARANTORS HAVE AUTHORIZED ANYONE ELSE TO PROVIDE YOU WITH ADDITIONAL OR DIFFERENT INFORMATION. WE ARE ONLY OFFERING TO EXCHANGE THE OLD NOTES FOR NEW NOTES IN STATES WHERE THE OFFER IS PERMITTED. YOU SHOULD NOT ASSUME THAT THE INFORMATION IN THIS PROSPECTUS IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE ON THE FRONT OF THIS DOCUMENT.

MARKET SHARE, RANKING AND OTHER INDUSTRY DATA

The market share, ranking and other industry data contained in this prospectus are based either on our estimates or derived from industry data or third-party sources and, in each case, we believe these estimates are reasonable as of the date of this prospectus. However, market share data is subject to change and cannot always be verified due to limits on the availability and reliability of independent sources, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market shares. In addition, purchasing patterns and consumer preferences can and do change. As a result, you should be aware that market share, ranking and other similar data set forth herein, and estimates and beliefs based on such data, may not be accurate.

SUMMARY

The following summary is qualified in its entirety by the more detailed information included elsewhere in this prospectus. Because this is a summary, it may not contain all of the information that may be important to you. You should read this prospectus carefully before making an investment decision. On October 15, 2002, we were acquired by a subsidiary of Atlantic Equity Partners III, L.P. in a merger transaction described below under "-- The Merger." Unless the context requires otherwise, references in this prospectus to (1) "Golfsmith," "our company," "we," "our," "us" and similar expressions refer to Golfsmith International, Inc., a Delaware corporation, and its consolidated subsidiaries and (2) "Holdings" refers to Golfsmith International Holdings, Inc., a Delaware corporation, which became our parent company upon completion of the merger. As used herein, references to any "fiscal" year of our company refer to our fiscal year ended or ending on the Saturday closest to December 31 of such year.

THE COMPANY

OVERVIEW

We believe we are one of the largest, multi-channel, specialty retailers of golf equipment and related accessories in the industry and are an established designer and marketer of golf equipment. We have a 35-year history as a retailer in the golf industry. We offer equipment from leading manufacturers, including Callaway(R), Cobra(R), FootJoy(R), Nike(R), Ping(R), Taylor Made(R) and Titleist(R). In addition, we offer our own proprietary brands, including Golfsmith(R), Lynx(R), Snake Eyes(R) and Killer Bee(R). We market our products through 24 superstores as well as through our direct-to-consumer channel, which includes our clubmaking and accessory catalogs and our Internet site. For fiscal 2001 and the six months ended June 29, 2002, we generated net revenues of $229.2 million and $119.6 million, respectively.

We offer a complete line of golf equipment and related accessories through multiple distribution channels:

Superstores. We opened our first golf superstore in 1992 and currently operate 24 superstores. These stores range in size from approximately 11,000 to 30,000 square feet. Our superstores feature a wide selection of golf equipment from substantially all of the major name brand manufacturers. Our superstore format enables us to provide customers a superior shopping experience and a wide selection of golf products. Our superstores accounted for approximately 56.9% and 55.3% of our net revenues for fiscal 2001 and the six months ended June 29, 2002, respectively.

Direct-to-Consumer. Our principal publications are the Golfsmith Accessory Catalog and the Golfsmith Clubmaking Catalog. We leverage our sizable catalog business through our website, www.golfsmith.com. Through our direct-to-consumer distribution channels, we provide customers our extensive offering of products, including equipment, apparel, accessories and clubmaking components and tools. Our direct-to-consumer channels accounted for approximately 40.3% and 41.5% of our net revenues for fiscal 2001 and the six months ended June 29, 2002, respectively.

In 1993, we partnered with Austin native and well-known golf instructor, the late Harvey Penick, to form the Harvey Penick Golf Academy. The academy earned a spot in GOLF Magazine's listing of golf's top 25 instructional schools in 1999 and has attracted over 15,000 students since its inception. We believe the academy adds to our quality image and helps contribute to sales at our adjacent Austin superstore. We believe that the strength of the Harvey Penick name and the academy's strong reputation could allow us to open additional Harvey Penick Golf Academies although we do not currently have plans to open any new academies. The academy accounted for approximately 0.5% and 0.6% of our net revenues for fiscal 2001 and the six months ended June 29, 2002, respectively.

We work with a group of international distributors to offer golf club components and equipment to clubmakers and golfers in selected regions outside the United States. In the United Kingdom, we sell our proprietary branded equipment through a commissioned sales force directly to retailers. Throughout most of Europe and parts of Asia and other parts of the world, we sell our products through a network of distributors.

In fiscal 2001, we shipped products to customers, including through our direct-to-consumer channel, in more than 60 countries. Sales made through our international distributors and our distribution center near London accounted for approximately 2.2% and 2.6% of our net revenues for fiscal 2001 and the six months ended June 29, 2002, respectively.

INDUSTRY OVERVIEW

The golf industry has a base of over 26 million participants in the United States and is expected to grow steadily at 1% to 2% annually over the next ten years. In addition to stability and growth, the golf industry is characterized by a base of core participants and favorable demographic trends. The typical golfer is male, just over 40 years old, has a household income of more than $70,000, and plays 22 rounds of golf per year. As the typical golfer ages and has more time and disposable income, the golf retailing industry is poised to benefit. This consumer base of over 26 million mostly affluent golfers spends approximately $6 billion annually on golf products, including range balls. In addition, there are a number of trends indicating that the golf industry will continue to grow through the next decade, including growth of the two largest segments of the American population, the 40 to 60 year old age group (the group that generally plays the most rounds and spends the most money on golf) and people in their 20s (the age when many people start playing golf), and increased interest in golf by women, junior and minority golfers.

The retail infrastructure in the golf industry is highly fragmented. The leading retail channel for golf equipment, apparel and accessories is the specialty off-course distribution channel, which includes Golfsmith, other large golf-focused retailers and golf specialty shops not located at a golf course. The specialty off-course channel accounts for over 40% of all retail golf sales in 2000.

BUSINESS STRENGTHS

Multi-Channel Market Leadership. We use a multi-faceted marketing strategy, which leverages our established position in the golf industry. Our distribution channels consist of our 24 superstores and our direct-to-consumer channel, which includes our clubmaking and accessory catalogs and our Internet site. This approach allows for strong sales due to the complementary nature of our channels and higher margins as we leverage our overhead and infrastructure across both channels. In addition, we believe our own high margin, vertically-integrated, proprietary product brands, Golfsmith(R), Lynx(R), Snake Eyes(R) and Killer Bee(R), benefit from traffic created by third-party manufacturers marketing their brand name golf equipment that we sell and the general marketing of our stores, catalogs, website and instructional golf academy.

Premier Brand Recognition. Through 35 years of operations serving the golf industry and our multiple distribution channels, we believe we have built substantial brand equity with golfers ranging from golfers who build custom clubs to golfers who seek to improve their games through the major brands' latest equipment offerings. We have a long history in product development and design of golf club components. In addition, through our regular interaction with clubmakers, we believe we stay attuned to new developments in club design and player specifications.

Portfolio of Proprietary Brands. Sales of our proprietary brands, including components, constituted over 20% of our net revenues in fiscal 2001. These brands generate substantially higher gross profit margins than products we sell that are produced by other manufacturers. We offer a wide range of quality products under several different well known brand names, which allows us to supply beginning, casual and advanced players along various price points. In addition to being an attractive source of revenue and profits, we believe that our portfolio of vertically-integrated, proprietary brands enhances the appeal of our superstores and direct-to-consumer channels and differentiates us from our competitors.

Advanced Infrastructure. We have made significant investments in our information systems and supply-chain capabilities, which have improved the efficiency of our order fulfillment and inventory management capabilities. Our 240,000 square foot shipping facility, warehouse and distribution center at our Austin, Texas-based headquarters supports our existing network of superstores, catalog and Internet customers and should enable us to handle our expected growth with minimal additional infrastructure. Through our implementation of an ERP information system in fiscal 2000, we improved reporting, reduced our inventory levels by 29% from

the year end of fiscal 1999 to the year end of fiscal 2001, and reduced order processing costs, payroll, and corporate overhead. The lower inventory levels are the result of our ability to better manage inventory at our distribution center and our retail stores.

Proven Management Team with a Significant Equity Stake; Relationship with First Atlantic. We have a strong management team that combines in-depth knowledge of the golf industry with substantial large-store retailing experience. Our senior management team has an average of over 15 years of industry experience and an average tenure with us of over 14 years. Jim Thompson is our chief executive officer. Mr. Thompson and his management team have had responsibility for many of our day-to-day operations over the last few years. Messrs. Carl Paul and Franklin Paul, our founders, along with our management team, own approximately 20.1% of Holdings' common stock on a fully diluted basis and Atlantic Equity Partners III, L.P., a limited partnership operated by First Atlantic Capital Ltd., owns approximately 79.2% of Holdings' common stock on a fully diluted basis. In connection with the merger, we entered into a management consulting agreement with First Atlantic. Under the agreement, First Atlantic is available to advise us in connection with proposed financial transactions, acquisitions and other senior management matters. The management consulting agreement is more fully described under "Related Party Transactions -- Management Consulting Agreement."

Significant Expansion Opportunities. We intend to expand and open additional stores. Based on our experience to date, we expect to spend approximately $1.2 million to open each additional superstore. In addition to internal growth opportunities, we believe that as the golf industry continues to divide into premium brands and secondary brands, we will have opportunities to acquire companies and market selected brands through our retail distribution network. From time to time, we evaluate opportunities to make acquisitions in our industry. We believe that by controlling certain product offerings from conception through delivery to the customer, we control brand image, product differentiation, distribution, prices and margins, and in so doing, establish an advantage over our competitors.

BUSINESS STRATEGY

The primary objectives of our business plan are:

- to expand our store base by adding stores in existing or new markets;

- to leverage our existing infrastructure, scale, proprietary brands and multi-channel distribution model to increase market share;

- to modify certain larger stores and open new stores using a smaller, more productive layout that increases our profitability and lowers per-store capital investments, while continuing to provide customers with value, product selection, services and a superior shopping environment;

- to capture market segments that are under-served by major brands through the design and development of proprietary equipment; and

- to expand our direct-to-consumer distribution channel by improving customer acquisition and retention initiatives, and by offering an enjoyable on-line shopping experience to our customers.

THE MERGER

On October 15, 2002, BGA Acquisition Corp., a wholly owned subsidiary of Golfsmith International Holdings, Inc., merged with and into Golfsmith International, Inc. Golfsmith is the surviving corporation and is a wholly owned subsidiary of Holdings as a result of the merger. The aggregate purchase price paid in connection with the merger was approximately $124.5 million, which included the payment of $100.8 million in cash and $12.8 million in equity securities (subject to a possible post-closing adjustment) to our stockholders prior to the merger, $8.0 million paid to repurchase a minority interest in one of our subsidiaries and the repayment of $34.3 million of existing indebtedness less $31.4 million of existing cash as of June 29, 2002. The merger was closed simultaneously with the issuance of the old notes and the closing of our new senior credit facility. For more information about the purchase price and the other terms of the merger

generally, you should read the description of the merger agreement contained under the caption "Related Party Transactions -- Merger Agreement."

Holdings was formed by Atlantic Equity Partners III, L.P., a limited partnership operated by First Atlantic Capital Ltd. First Atlantic is a private equity investment firm. Holdings was formed solely for the purpose of completing the merger and had no operations, assets or properties prior to the merger. In connection with the merger, Atlantic Equity Partners III contributed $48.7 million in equity and owns approximately 79.2% of Holdings' common stock on a fully diluted basis. Our stockholders prior to the merger, including members of our management, own in the aggregate 20.8% of Holdings' common stock on a fully diluted basis. In connection with the merger, we entered into a management consulting agreement with First Atlantic, and all of our stockholders, including members of our management, entered into a stockholders agreement and certain other contractual arrangements with First Atlantic as described under "Related Party Transactions."

We were incorporated in Texas in 1973 and reincorporated in Delaware in 1998. Our principal offices are located at 11000 N. IH-35, Austin, Texas 78753-3195. Our telephone number is (512) 837-8810. Our website address is www.golfsmith.com. Information on our website does not constitute part of this prospectus.

THE EXCHANGE OFFER

On October 15, 2002, we completed the offering of $93,750,000 aggregate principal amount at maturity of our 8.375% senior secured notes due 2009 in a transaction exempt from registration under the Securities Act. The net proceeds of the offering were used to finance the merger. In connection with the offering, we and the guarantors entered into a registration rights agreement with the initial purchaser of the old notes in which we agreed to commence this exchange offer. Accordingly, you may exchange your old notes for new notes which have substantially the same terms. We refer to the old notes and the new notes together as the notes. The following summary of the exchange offer is not intended to be complete. For a more complete description of the terms of the exchange offer, see "The Exchange Offer" in this prospectus.

Securities Offered...........	$93,750,000 aggregate principal amount at maturity of our 8.375% senior secured notes due 2009, registered under the Securities Act. The terms of the new notes offered in the exchange offer are substantially identical to those of the old notes, except that the transfer restrictions, registration rights and penalty interest provisions relating to the old notes do not apply to the new notes.
The Exchange Offer............	We are offering new notes in exchange for a like principal amount of our old notes. We are offering these new notes to satisfy our obligations under a registration rights agreement which we entered into with the initial purchaser of the old notes. You may tender your outstanding notes for exchange by following the procedures described under the heading "The Exchange Offer."
Expiration Date; Tenders; Withdrawal....................	The exchange offer will expire at 5:00 p.m., New York City time, on , 2002, unless we extend it. You may withdraw any old notes that you tender for exchange at any time prior to the expiration date of this exchange offer. We will accept any and all old notes validly tendered and not validly withdrawn before the expiration date. See "The Exchange Offer -- Procedures for Tendering Old Notes" and "-- Withdrawals of Tenders of Old Notes" for a more complete description of the tender and withdrawal period.
Certain United States Federal Income Tax Consequences.......	Your exchange of old notes for new notes to be issued in the exchange offer will not result in any gain or loss to you for United States federal income tax purposes. See "Certain United States Federal Income Tax Consequences" for a summary of United States federal income tax consequences associated with the exchange of old notes for new notes and the ownership and disposition of those new notes.
Use of Proceeds..............	We will not receive any cash proceeds from the exchange offer.
Exchange Agent................	U.S. Bank Trust National Association.
Shelf Registration...........	If applicable interpretations of the staff of the SEC do not permit us to effect the exchange offer, or upon the request of any holder of old notes under certain circumstances, we will be

required to file, and use our reasonable best efforts to cause to become effective, a shelf registration statement under the Securities Act which would cover resales of old notes. See "Description of the New Notes -- Exchange Offer; Registration Rights."

Consequences of Your Failure to Exchange Your Old Notes....	Old notes that are not exchanged in the exchange offer will continue to be subject to the restrictions on transfer that are described in the legend on the old notes. In general, you may offer or sell your old notes only if they are registered under, or offered or sold under an exemption from, the Securities Act and applicable state securities laws. We do not currently intend to register the old notes under the Securities Act. If your old notes are not tendered and accepted in the exchange offer, it may become more difficult for you to sell or transfer your old notes.
Consequences of Exchanging Your Old Notes................	Based on interpretations of the staff of the SEC, we believe that you will be allowed to resell the new notes that we issue in the exchange offer without complying with the registration and prospectus delivery requirements of the Securities Act if:

- you are acquiring the new notes in the ordinary course of your business,
- you are not engaging in and do not intend to engage in a distribution of the new notes,
- you have no arrangement or understanding with any person to participate in the distribution of the new notes, and
- you are not an "affiliate," as defined in Rule 405 under the Securities Act, of us or any of the guarantors.

If any of these conditions are not satisfied and you transfer any new notes issued to you in the exchange offer without delivering a proper prospectus or without qualifying for a registration exemption, you may incur liability under the Securities Act. We will not be responsible for, or indemnify you against, any liability you incur.

If you are a broker-dealer and you will receive new notes for your own account in exchange for old notes that you acquired as a result of market-making activities or other trading activities, you will be required to acknowledge that you will deliver a prospectus in connection with any resale of the new notes. See "Plan of Distribution" for a description of the prospectus delivery obligations of broker-dealers in the exchange offer.

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THE NEW NOTES

The following summary is not intended to be complete. For a more complete description of the terms of the new notes, see "Description of the New Notes" in this prospectus.

Issuer........................	Golfsmith International, Inc.
Securities Offered............	$93,750,000 aggregate principal amount of our 8.375% senior secured notes due 2009.
Issue Price...................	The old notes were issued at an issue price of $800 per note. Each note will have a principal amount at maturity of $1,000.
Maturity Date.................	October 15, 2009.
Interest Rate and Payment Dates.........................	We will pay interest on the new notes at a rate equal to 8.375% per year. Interest on the new notes will be payable semi-annually in cash in arrears on March 1 and September 1 of each year, beginning on March 1, 2003.
Original Issue Discount.......	The new notes will be issued with original issue discount (that is, the difference between the stated principal amount at maturity and the issue price of the notes) for federal income tax purposes. Thus, original issue discount will accrue from the issue date and be included as interest income periodically in a holder's gross income for federal income tax purposes in advance of receipt of the cash payments to which the income is attributable. See "Certain United States Federal Income Tax Consequences."
Guarantees....................	Holdings, our parent company, will guarantee the new notes on a senior secured basis. In addition, all of our domestic restricted subsidiaries will guarantee the new notes on a senior secured basis. If we are unable to make payments on the new notes when they are due, Holdings and our subsidiary guarantors will be obligated to make them instead.
Security Interest.............	The new notes will be secured by a first priority lien on our real property, fixtures, equipment and proceeds thereof and a second priority lien on substantially all of our other assets (including stock of subsidiaries), and each guarantee will be secured by a first priority lien on the real property, fixtures, equipment and proceeds thereof of the relevant

guarantor and a second priority lien on substantially all of the other assets (including stock of subsidiaries) of such guarantor. Our senior credit facility is secured by a first priority lien on substantially all of the assets of the borrowers and the guarantors under the senior credit facility, including stock of their respective subsidiaries (including all of our stock) but excluding real property, fixtures, equipment and proceeds thereof.

Ranking...................... The new notes will be senior secured obligations and will rank equal in right of payment with all of our existing and future senior indebtedness. The guarantees will be senior secured obligations of Holdings and the subsidiary guarantors and will rank equal in right of payment with all of their respective existing and future senior indebtedness. As of October 31, 2002, other than the old notes and the subsidiary guarantees, none of Holdings, our company or our subsidiary guarantors have any indebtedness outstanding. However, we have $9.5 million of borrowing availability (after giving effect to

required reserves of $500,000), subject to customary conditions, under our senior credit facility, which, if borrowed, would be senior indebtedness.

Optional Make-Whole Redemption................... We may, at our option, redeem some or all of the new notes at any time prior to October 15, 2006 by paying the greater of (1) 100% of the accreted value of the new notes and (2) the sum of the present values of 106.5% of the accreted value of the new notes plus scheduled interest payments on the new notes through and including October 15, 2006, discounted to the redemption date on a semi-annual basis at the adjusted treasury rate plus 50 basis points, plus accrued and unpaid interest to the redemption date.

Optional Redemption........... On or after October 15, 2006, we may redeem all or a portion of the new notes at our option at the redemption prices described under "Description of the New Notes -- Redemption -- Optional Redemption on or After October 15, 2006."

Equity Offering Optional Redemption................... Prior to October 15, 2005, we may redeem on one or more occasions new notes and old notes, if any outstanding, in an amount equal to up to 35% in the aggregate of the principal amount at maturity of the notes originally issued at 113% of the accreted value of the notes being redeemed plus accrued and unpaid interest, if any, to the redemption date with the net cash proceeds realized by us from any equity offering.

Mandatory Redemption.......... We must make a partial pro rata redemption of a portion of the original principal amount at maturity of each new note according to the following schedule:

DATE	PERCENTA PRINCIPAL
October 15, 2007.......................	20%
October 15, 2008.......................	10%

In addition, we must pay accrued and unpaid interest on the principal amount of new notes redeemed to the redemption date.

If we issue additional notes after the issue date, these percentages will be reduced by multiplying the relevant percentage by a fraction, the numerator of which is the principal amount at maturity of notes issued on the issue date and the denominator of which is the sum of the principal amount at maturity of such notes and the principal amount at maturity of any additional notes issued under the indenture.

However, the principal amount at maturity of notes we must redeem on the dates set forth above will be reduced by the aggregate principal amount at maturity of notes we have previously repurchased pursuant to the excess cash flow offers, as described below.

Excess Cash Flow Offer........ Within 120 days after the end of each fiscal year (beginning 120 days after the end of fiscal 2003), we must offer to repurchase a portion of the notes at 100% of their accreted value with 50% of our excess cash flow from our previous fiscal year. The indenture governing the new notes defines excess cash flow as EBITDA less

certain capital expenditures, increases in working capital, cash interest expense and income taxes.

Change of Control Offer....... If we experience a change of control, each holder of new notes will have the right to sell us all or a portion of its new notes at 101% of the accreted value of the new notes, plus

	accrued and unpaid interest, if any, to the date of purchase.
Asset Sale Offers.............	If we do not reinvest the proceeds from the sale of assets in our business, we may have to use the proceeds to offer to repurchase new notes at 100% of the accreted value of the new notes, plus accrued and unpaid interest, if any, to the date of purchase.
Restrictive Covenants.........	The indenture governing the new notes contains covenants that, among other things, limit our ability to:

- incur additional indebtedness or issue disqualified capital stock;
- pay dividends or make other restricted payments;
- issue capital stock of certain subsidiaries;
- make capital expenditures;
- enter into transactions with affiliates;
- enter into sale/leaseback transactions;
- create or incur liens;
- transfer or sell assets;
- incur dividend or other payment restrictions affecting certain subsidiaries; and
- consummate a merger, consolidation or sale of all or substantially all of our assets.

These covenants are subject to a number of important exceptions described below in "Description of the New Notes -- Certain Covenants."

RISK FACTORS

Before deciding to tender your old notes in exchange for new notes pursuant to the exchange offer, you should consider carefully the information included in the "Risk Factors" section, as well as all other information set forth in this prospectus.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following summary consolidated financial data for fiscal 1999, 2000 and 2001 have been derived from the audited consolidated financial statements of Golfsmith International, Inc., which have been audited by Ernst & Young LLP. The summary financial data for the six months ended June 30, 2001 and June 29, 2002 have been derived from the unaudited financial statements of Golfsmith

International, Inc. and, in our opinion, reflect all adjustments, consisting of normal accruals, necessary for a fair presentation of the data for that period. Golfsmith International Holdings, Inc. became the parent company of Golfsmith International, Inc. on October 15, 2002 as a result of the merger. Holdings is a holding company and had no material assets or operations prior to acquiring all of the capital stock of Golfsmith International, Inc. in the merger. Our results of operations for the six months ended June 29, 2002 may not be indicative of results that may be expected for the fiscal year. The following summary pro forma balance sheet data give effect to the offering of the old notes and the merger as if they occurred as of June 29, 2002.

The other financial data set forth below include calculations of EBITDA. EBITDA is not a measure of operating results or cash flows, as determined in accordance with generally accepted accounting principles. Please see footnote (2) below for further discussion of this measure.

You should read the information set forth below in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations", the consolidated financial statements and related notes and "Unaudited Pro Forma Combined Condensed Financial Statements" included elsewhere in this prospectus.

	FISCAL YEAR			SIX MONTHS ENDED	
	1999	2000	2001	JUNE 30, 2001	JUNE 29, 2
	(DOLLARS IN THOUSANDS, EXCEPT RATIOS)				
RESULTS OF OPERATIONS:					
Net revenues	$275,967	$239,348	$229,206	$125,574	$119,603
Gross profit	95,139	80,963	80,796	43,518	42,312
Selling, general and administrative	81,101	78,948	66,949	34,506	33,729
Operating income(1)	13,545	126	13,192	9,012	8,236
OTHER FINANCIAL DATA:					
EBITDA(2)	$ 19,146	$ 9,244	$ 19,909	$ 12,310	$ 11,088
Depreciation and amortization(3)	5,601	9,118	6,717	3,298	2,852
Capital expenditures(4)	9,740	2,107	1,345	527	1,034

	AS OF JUNE 29, 2002	
	ACTUAL	PRO FORMA
BALANCE SHEET DATA:		
Cash and cash equivalents	$ 31,424	$ --
Total assets	111,488	151,228
Total debt	26,659	75,000
Total stockholders' equity	37,056	43,717

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(1) Operating income reflects net revenues less cost of products sold, selling, general and administrative expenses and store pre-opening/closing expenses.

(2) EBITDA represents operating income plus depreciation and amortization. EBITDA is not an alternative measure of operating results or cash flows from operations, as determined in accordance with generally accepted accounting principles. We have included EBITDA because we believe it is a widely accepted indicator of a company's ability to incur and service debt and make capital expenditures. EBITDA as presented by us may not be comparable to similarly titled measures reported by other companies.

(3) Excludes the amortization of the debt discount and deferred charges associated with our outstanding 12% senior subordinated notes and the deferred charges associated with our credit facility in effect prior to the merger.

(4) Capital expenditures consist of total capital expenditures including capital costs associated with opening new stores.

RISK FACTORS

You should carefully consider the following risk factors before deciding to tender your old notes in exchange for new notes pursuant to the exchange offer.

RISK FACTORS RELATING TO THE NEW NOTES

OUR SUBSTANTIAL INDEBTEDNESS COULD ADVERSELY AFFECT OUR FINANCIAL HEALTH AND PREVENT US FROM FULFILLING OUR OBLIGATIONS UNDER THE NEW NOTES.

We have a significant amount of indebtedness and we are highly leveraged. Our total debt outstanding as of October 31, 2002 was $75.0 million, and we have the ability, subject to customary conditions, to incur $9.5 million of additional debt under our new senior credit facility (after giving effect to required reserves of $500,000). After giving effect to the offering of the old notes and the merger,

- our pro forma ratio of total debt to total capital would have been 63.2% at June 29, 2002;

- our pro forma ratio of total debt to EBITDA would have been 6.8x for the six months ended June 29, 2002;

- our pro forma ratio of EBITDA to cash interest expense would have been 5.3x for the six months ended June 29, 2002; and

- our pro forma ratio of earnings to fixed charges for the six months ended June 29, 2002 would have been 1.6x.

Our substantial amount of indebtedness could have important consequences for you. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to the new notes;

- limit our ability to obtain additional financing, if needed, for working capital, capital expenditures, acquisitions, and general corporate purposes;

- increase our vulnerability to adverse economic and industry conditions;

- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing funds available for working capital, capital expenditures, acquisitions and other purposes;

- limit our flexibility in planning for, or reacting to, changes in our business and/or our industry; and

- place us at a competitive disadvantage compared to our competitors that have less indebtedness.

The terms of the indenture allow us to incur additional indebtedness, subject to certain limitations. Any such additional debt could increase the risks associated with our substantial leverage.

THE INDENTURE AND OUR SENIOR CREDIT FACILITY IMPOSE SIGNIFICANT OPERATING AND FINANCIAL RESTRICTIONS ON US. IF WE DEFAULT UNDER OUR SENIOR CREDIT FACILITY, WE MAY NOT BE ABLE TO MAKE PAYMENTS ON THE NEW NOTES.

The indenture and our senior credit facility impose significant operating and financial restrictions on us. These restrictions limit our ability and the ability of our subsidiaries, among other things, to:

- incur additional indebtedness or issue disqualified capital stock;

- pay dividends or make other restricted payments;

- issue capital stock of subsidiaries;

- make capital expenditures;

- enter into transactions with affiliates;

- create or incur liens;

- transfer or sell assets;

- incur dividend or other payment restrictions affecting subsidiaries; and

- consummate a merger, consolidation or sale of all or substantially all of our or its assets.

In addition, our senior credit facility requires us to maintain compliance with specified financial ratios, including fixed charge coverage and total leverage ratios, as well as achievement of a minimum level of EBITDA. Our ability to comply with these ratios may be affected by events beyond our control. See "Description of Senior Credit Facility."

A breach of any of the covenants contained in our senior credit facility, or our inability to comply with the required financial ratios, could result in an event of default, which would allow the lenders under the senior credit facility to discontinue lending and/or to declare all borrowings outstanding to be due and payable. We, the borrowers under the senior credit facility and the other guarantors of the senior credit facility have granted the lenders under our new senior credit facility a first priority security interest in substantially all of our respective assets (including, without limitation, our common stock, all of the capital stock of our domestic subsidiaries and 65% of the voting capital stock and 100% of the non-voting capital stock of our foreign subsidiaries that are direct subsidiaries of us or any of our domestic subsidiaries), other than real property, fixtures, equipment and proceeds thereof. In the event of any default under the senior credit facility, the lenders thereunder could elect to discontinue lending and/or to declare all amounts outstanding to be immediately due and payable, to foreclose upon the assets pledged to them, to require us to apply all of our available cash to repay our borrowings or to prevent us from making payments on the new notes. If the amounts outstanding under the senior credit facility or the notes were to be accelerated, we cannot assure you that our assets would be sufficient to repay in full the money owed to the lenders or to our other debt holders, including you as a noteholder. Further, if the lenders under our senior credit facility proceed against the collateral securing that indebtedness, the proceeds received upon the realization of the collateral upon which the lenders under the senior credit facility have a first priority lien would be applied first to amounts due under our senior credit facility before any proceeds will be available to make payments on the new notes.

THE LENDERS UNDER OUR CREDIT FACILITY MAY LIMIT BORROWINGS UNDER OUR SENIOR CREDIT FACILITY.

The amount available to be borrowed under our senior credit facility is limited for each borrower to 85% of the net amount of eligible receivables of such borrower plus the lesser of 65% of the value of eligible inventory (valued on a lower of cost or market basis) of such borrower and 60% of the net orderly liquidation value of eligible inventory of such borrower. The lender agent under our senior credit facility retains the right from time to time to establish or modify advance rates, standards of eligibility and reserves against availability. The borrowers have agreed with the lender agent that, in addition to other reserves that the lender agent may impose, they will maintain an availability reserve at all times of $0.5 million. As a result, the amount of borrowings available to the borrowers under the senior credit facility may at no time exceed $9.5 million, unless the lender agent releases that reserve. In addition, the occurrence of an event of default under the senior credit facility, or the occurrence of a material adverse change in our financial condition, operations, business or prospects, or the inability of the borrowers to make certain representations required to be made upon each borrowing, would entitle the lenders to withhold further funding under the senior credit facility. These limitations may result in the borrowers being able to borrow less than the $9.5 million availability under the senior credit facility (after giving effect to required reserves of $500,000).

WE MAY NOT BE ABLE TO GENERATE SUFFICIENT CASH FLOW TO MAKE INTEREST PAYMENTS UNDER THE NEW NOTES DUE TO EVENTS THAT ARE BEYOND OUR CONTROL.

Economic, financial, competitive, regulatory, and other factors beyond our control affect our ability to generate cash flow from operations to make payments on, or to refinance, the new notes and our other indebtedness and to fund necessary working capital. We cannot assure you that our operations will generate sufficient cash flow to enable us to meet our obligations. A significant reduction in operating cash flow would likely increase the need for alternative sources of liquidity. If we are unable to generate sufficient cash flow to make payments on the new notes or other debt, we will have to pursue one or more alternatives, such as

reducing or delaying capital expenditures, refinancing the new notes or other debt, selling assets or raising equity. We cannot assure you that any of these alternatives could be accomplished on satisfactory terms or that they would yield sufficient funds to retire the new notes and our other debt.

FRAUDULENT CONVEYANCE LAWS MAY PERMIT COURTS TO VOID THE GUARANTEE OF OUR PARENT OR THE SUBSIDIARY GUARANTEES OF THE NEW NOTES IN SPECIFIC CIRCUMSTANCES, WHICH WOULD INTERFERE WITH THE PAYMENT OF THESE GUARANTEES.

U.S. federal bankruptcy law and comparable state statutes may allow courts, upon the bankruptcy or financial difficulty of a parent or subsidiary guarantor, to void that parent's or that subsidiary's guarantee of the new notes. If a court voids a guarantee or holds it unenforceable, you will cease to be a creditor of, and you may be required to return payments received from, that guarantor, and you will be a creditor solely of us and the other guarantors whose guarantees have not been voided. In the alternative, the court could subordinate that guarantee (including all payments thereunder) to all other debt of the guarantor. The court could take these actions in respect of a guarantee if, among other things, the guarantor, at the time it incurred the debt evidenced by its guarantee:

- incurred the guarantee with the intent of hindering, delaying or defrauding current or future creditors; or

- received less than reasonably equivalent value or fair consideration for incurring the guarantee, and

  - was insolvent or was rendered insolvent by reason of the incurrence; or

  - was engaged, or about to engage, in a business or transaction for which the assets remaining with it constituted unreasonably small capital to carry on such business; or

  - intended to incur, or believed that it would incur, debts beyond its ability to pay as those debts matured; or

- was a defendant in an action for money damages, or had a judgment for money damages entered against it, if, in either case, after final judgment the judgment was unsatisfied.

The tests for fraudulent conveyance, including the criteria for insolvency, will vary depending upon the law of the jurisdiction that is being applied. Generally, however, a debtor would be considered insolvent if, at the time the debtor incurred the debt, either:

- the sum of the debtor's debts and liabilities, including contingent liabilities, was greater than the debtor's assets at fair valuation; or

- the present fair saleable value of the debtor's assets was less that the amount required to pay the probable liability on the debtor's total existing debts and liabilities, including contingent liabilities, as they became absolute and matured.

Because certain of our subsidiaries who are guarantors of the new notes are direct borrowers under the senior credit facility, in the event that guarantees are voided, the lenders under our senior credit facility would continue to have recourse to the assets of these subsidiaries; in contrast, holders of the new notes would be forced to look to dividends and similar equity payments from those subsidiaries, after payment of the senior credit facility obligations.

THE COLLATERAL SECURING THE NEW NOTES IS SUBJECT TO CONTROL BY THE LENDERS UNDER OUR SENIOR CREDIT FACILITY. IF THERE IS A DEFAULT, THE VALUE OF THE COLLATERAL MAY NOT BE SUFFICIENT TO REPAY BOTH THE LENDERS UNDER OUR SENIOR CREDIT FACILITY AND THE HOLDERS OF THE NEW NOTES.

The rights of the holders of the new notes with respect to the collateral securing the new notes are limited pursuant to the terms of the intercreditor agreement. The intercreditor agreement permits borrowings of up to $12.5 million principal amount under the senior credit facility, which is secured by the same collateral, other than collateral consisting of real property, fixtures, equipment and proceeds thereof, that secures the new notes. Although the lenders under our senior credit facility and the holders of the new notes share in the

proceeds of this collateral (other than collateral consisting of real property, fixtures, equipment and the proceeds thereof), the lenders under our senior credit facility are entitled to receive proceeds from any realization of such collateral to repay their obligations in full before the holders of the new notes. In addition, under the intercreditor agreement, at any time that obligations under our senior credit facility are outstanding, any actions that may be taken with respect to such collateral, including the ability to cause the commencement of enforcement proceedings against such collateral and to control the conduct of such proceedings, will be at the direction of the lenders under our senior credit facility, and the trustee, on behalf of the holders of the new notes, does not have the ability to control or direct such actions, even if the rights of the holders of the new notes are adversely affected. See "Description of the New Notes -- Security."

We cannot assure you that the value of the collateral securing the senior credit facility and the notes will be sufficient to repay in full all indebtedness outstanding under the senior credit facility and the new notes. After the payment in full of amounts due under the senior credit facility, any claim for the shortfall between the amount realized by the holders of the notes from the sales of such collateral securing the notes and our obligations under the notes will rank equally in right of payment with all existing and future senior indebtedness and, in some cases, junior to the claims of any person holding liens which are permitted liens as described under "Description of the New Notes." The indenture does not require that we maintain the current level of collateral or maintain a specific ratio of indebtedness to asset values. Any additional notes issued pursuant to the indenture will rank equal to the notes and be entitled to the same rights and priority with respect to the collateral. Thus, the issuance of additional notes pursuant to the indenture may have the effect of significantly diluting your ability to recover in full from the then existing pool of collateral.

The value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. The proceeds from any sale of the collateral may be insufficient to satisfy the amounts outstanding under the notes after payment in full of all obligations under our senior credit facility. If such proceeds are not sufficient to repay amounts outstanding under the notes, then holders of the notes (to the extent not repaid from the proceeds of the sale of the collateral) would have only an unsecured claim against our remaining assets. As of October 31, 2002, we had no indebtedness outstanding under our senior credit facility and $9.5 million of borrowing availability under our senior credit facility (after giving effect to required reserves of $500,000).

BANKRUPTCY LAWS MAY LIMIT YOUR ABILITY TO REALIZE VALUE FROM THE COLLATERAL.

The right of the collateral agent to repossess and dispose of the collateral upon the occurrence of an event of default under the indenture governing the new notes is likely to be significantly impaired by applicable bankruptcy law if a bankruptcy case were to be commenced by or against us before the collateral agent repossessed and disposed of the collateral. Upon the commencement of a case for relief under Title 11 of the United States Code, a secured creditor such as the collateral agent is prohibited from repossessing its security from a debtor in a bankruptcy case, or from disposing of security repossessed from such debtor, without bankruptcy court approval. Moreover, the bankruptcy code permits the debtor to continue to retain and use collateral even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given "adequate protection." The meaning of the term "adequate protection" may vary according to circumstances, but it is intended in general to protect the value of the secured creditor's interest in the collateral and may include cash payments or the granting of additional security, if and at such times as the court in its discretion determines that the value of the secured creditor's interest in the collateral is declining during the pendency of the bankruptcy case. A bankruptcy court may determine that a secured creditor may not require compensation for a diminution in the value of its collateral if the value of the collateral exceeds the debt it secures.

In view of the lack of a precise definition of the term "adequate protection" and the broad discretionary powers of a bankruptcy court, it is impossible to predict:

- how long payments under the new notes could be delayed following commencement of a bankruptcy case;

- whether or when the collateral agent could repossess or dispose of the collateral;

- the value of the collateral at the time of the bankruptcy petition; or

- whether or to what extent holders of the new notes would be compensated for any delay in payment or loss of value of the collateral through the requirement of "adequate protection."

Any disposition of the collateral during a bankruptcy case would also require permission from the bankruptcy court. Furthermore, in the event a bankruptcy court determines the value of the collateral is not sufficient to repay all amounts due on the notes, the holders of the notes would hold secured claims to the extent of the value of the collateral to which the holders of the notes are entitled, and unsecured claims with respect to such shortfall. The bankruptcy code only permits the payment and accrual of post-petition interest, costs and attorney's fees to a secured creditor during a debtor's bankruptcy case to the extent the value of its collateral is determined by the bankruptcy court to exceed the aggregate outstanding principal amount of the obligations secured by the collateral.

The intercreditor agreement also prohibits the holders of the new notes or the collateral agent from seeking adequate protection with respect to the collateral which also secures the senior credit facility and prohibits the collateral agent and holders of the new notes from objecting to the lender agent or the lenders seeking adequate protection with respect to such collateral.

AN ACTIVE TRADING MARKET FOR THE NEW NOTES MAY NOT DEVELOP, WHICH COULD REDUCE THEIR VALUE.

The new notes are a new issue of securities for us for which there is currently no public market. We do not intend to list the new notes on any national securities exchange or automated quotation system. Accordingly, no market for the new notes may develop, and any market that develops may not last. If the new notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our performance and other factors. To the extent that an active trading market does not develop, you may not be able to resell your new notes at their fair market value or at all.

To the extent that old notes are surrendered and accepted in the exchange offer, the trading market for unsurrendered old notes and for surrendered-but-unaccepted old notes could be adversely affected due to the limited amount of old notes that are expected to remain outstanding following the exchange offer. Generally, when there are fewer outstanding securities of an issue, there is less demand to purchase that security, which results in a lower price for the security. Conversely, if many old notes are not surrendered, or are surrendered-but-unaccepted, the trading market for the new notes could be adversely affected. To the extent our affiliate Atlantic Equity Partners III continues to own any old notes at the consummation of the exchange offer, these notes will not be eligible for exchange and will remain outstanding. As of November 8, 2002, Atlantic Equity Partners III held $15 million of old notes that are not eligible for exchange. See "Plan of Distribution" and "The Exchange Offer" for further information regarding the distribution of the new notes and the consequences of failure to participate in the exchange offer.

IF YOU DO NOT EXCHANGE YOUR OLD NOTES FOR NEW NOTES, YOU WILL CONTINUE TO HAVE RESTRICTIONS ON YOUR ABILITY TO RESELL THEM.

The old notes were not registered under the Securities Act or under the securities laws of any state and may not be resold, offered for resale, or otherwise transferred unless they are subsequently registered or resold pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws. If you do not exchange your old notes for new notes pursuant to the exchange offer, you will not be able to resell, offer to resell, or otherwise transfer the old notes unless they are registered under the Securities Act or unless you resell them, offer to resell them or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act. In addition, we will no longer be under an obligation to register the old notes under the Securities Act except in the limited circumstances provided in the registration rights agreement.

WE MAY BE UNABLE TO REPURCHASE THE NEW NOTES UPON A CHANGE OF CONTROL AS REQUIRED BY THE INDENTURE.

Upon the occurrence of certain specific kinds of change of control events, we must offer to repurchase all outstanding new notes. However, it is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of new notes or that restrictions in our senior credit facility will not allow such repurchases. If we are required to repurchase the new notes, we would probably require third party financing. We cannot be sure that we would be able to obtain third party financing on acceptable terms, or at all. Our failure to purchase the new notes would be a default under the indenture, which would result in a default under our senior credit facility.

HOLDERS OF THE NEW NOTES WILL BE REQUIRED TO INCLUDE AMOUNTS IN GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES IN ADVANCE OF RECEIPT OF CASH PAYMENTS.

The new notes will be issued with original issue discount for United States federal income tax purposes. As a result, U.S. holders, as defined under "Certain United States Federal Income Tax Consequences," will be required to include amounts in income in respect of the new notes on a constant yield to maturity basis in advance of the receipt of the cash to which such income is attributable. See "Certain United States Federal Income Tax Consequences--U.S. holders -- Original Issue Discount."

RISK FACTORS RELATING TO OUR BUSINESS

OUR SUCCESS DEPENDS ON THE CONTINUED POPULARITY OF GOLF AND THE GROWTH OF THE MARKET FOR GOLF-RELATED PRODUCTS.

We generate substantially all of our net revenues from the sale of golf-related equipment and accessories. The demand for our golf products is directly related to the popularity of golf, the number of golf participants and the number of rounds of golf being played by these participants. If golf participation decreases, sales of our products would be adversely affected. In addition, the popularity of golf organizations, such as the Professional Golfers Association, also affects the sales of our golf equipment and golf-related apparel. We depend on the exposure of our brands to increase brand recognition and reinforce the quality of our products. Any significant reduction in television coverage of PGA or other golf tournaments, or any other significant decreases in either attendance at golf tournaments or viewership of golf tournaments, will reduce the visibility of our brand and could adversely affect our sales.

In addition, we do not believe there has been any material increase in golf participation or the number of golf rounds played in 1999, 2000, or 2001. In fact, we believe that the number of rounds played declined in nine out of twelve months during 2001, perhaps reflecting the general decline in the U.S. economy. Furthermore, we believe that since 1997, the overall worldwide premium golf club market has experienced little growth in dollar volume from year to year. We can not assure you that the overall dollar volume of the worldwide market for golf-related products will grow, or that it will not decline, in the future.

WE MAY NOT BE ABLE TO BORROW ADDITIONAL FUNDS, IF NEEDED, TO EXPAND OUR BUSINESS OR COMPETE EFFECTIVELY AND, AS A RESULT, OUR NET REVENUES AND PROFITABILITY MAY BE MATERIALLY ADVERSELY AFFECTED.

The indenture and our senior credit facility limit almost completely our ability to borrow additional funds. We believe that the terms of the liens securing our senior credit facility and the notes effectively preclude us from borrowing additional funds, other than under our new senior credit facility. As a result, to the extent that we do not have borrowing availability under our senior credit facility, we will have to fund our operations, including new store openings and capital expenditures as well as any future acquisitions, with cash flow from operations. If we do not generate sufficient cash flow from our operations to fund these expenditures, we may not be able to compete effectively and our sales and profitability would likely be materially adversely affected.

A REDUCTION IN DISCRETIONARY CONSUMER SPENDING COULD REDUCE SALES OF OUR PRODUCTS.

Our products are recreational in nature and are therefore discretionary purchases for consumers. Consumers are generally more willing to make discretionary purchases of golf products during favorable

economic conditions. Discretionary spending is affected by many factors, including, among others, general business conditions, interest rates, the availability of consumer credit, taxation, and consumer confidence in future economic conditions. Our customers' purchases of discretionary items, including our products, could decline during periods when disposable income is lower, or periods of actual or perceived unfavorable economic conditions. Any significant decline in these general economic conditions or uncertainties regarding future economic prospects that adversely affect discretionary consumer spending could lead to reduced sales of our products. In addition, our sales could be adversely affected by a downturn in the economic conditions in the markets in which our superstores operate. The general slowdown in the United States economy and the uncertain economic outlook have adversely affected consumer spending habits, which has adversely affected our net revenues. A prolonged economic downturn could have a material adverse effect on our business, financial condition, and results of operations.

OUR SALES AND PROFITS MAY BE ADVERSELY AFFECTED IF WE AND OUR SUPPLIERS FAIL TO SUCCESSFULLY DEVELOP AND INTRODUCE NEW PRODUCTS.

Our future success will depend, in part, upon our and our suppliers' continued ability to develop and introduce innovative products in the golf equipment market. The success of new products depends in part upon the various subjective preferences of golfers, including a golf club's look and "feel," and the level of acceptance that a golf club has among professional and recreational golfers. The subjective preferences of golf club purchasers are difficult to predict and may be subject to rapid and unanticipated changes. If we or our suppliers fail to successfully develop and introduce innovative products on a timely basis, then our sales and profits may suffer.

In addition, if we or our suppliers introduce new golf clubs too rapidly, it could result in close-outs of existing inventories. Close-outs can result in reduced margins on the sale of older products, as well as reduced sales of new products given the availability of older products at lower prices. These reduced margins and sales may adversely affect our results of operations.

OUR SALES AND PROFITABILITY MAY BE ADVERSELY AFFECTED IF NEW COMPETITORS ENTER THE GOLF PRODUCTS INDUSTRY.

Increased competition in our markets due to the entry of new competitors, including companies which currently supply us with products that we sell, could reduce our net revenues. Our competitors currently include other specialty retailers, mass merchandise retailers, conventional sporting goods retailers, on-course pro shops, and online retailers of golf equipment. These businesses compete with us in one or more product categories. In addition, traditional and specialty golf retailers are expanding more aggressively in marketing brand-name golf equipment, thereby competing directly with us for products, customers and locations. Some of these potential competitors have been in business longer than us and/or have greater financial or marketing resources than we do and may be able to devote greater resources to sourcing, promoting and selling their products. Several of our key vendors have begun to operate retail stores or websites that sell directly to consumers and may compete with us and reduce our sales. As a result of this competition, we may experience lower sales or greater operating costs, such as marketing costs, which would have an adverse effect on our profitability.

NEW SUPERSTORES THAT WE MAY OPEN MAY NOT BE PROFITABLE AND MAY PRESENT OTHER CHALLENGES THAT CAUSE OUR NET REVENUES TO DECREASE AND OUR OPERATING COSTS TO INCREASE.

Our growth strategy involves opening additional superstores in new and existing markets. In the six-month period ended June 29, 2002, we opened one additional store and incurred store pre-opening expenses of $86,000 and $0.3 million in capital expenditures. We expect to open two additional stores during the remainder of fiscal 2002. Subject to our ability to generate sufficient cash flow, we currently plan to spend $4.0 million to $7.0 million to open additional stores and/or retrofit existing stores in fiscal 2003. However, to the extent that we use capital for acquisitions, our budget for store openings and retrofittings will be reduced. Typically, we estimate that we incur $0.6 million in net working capital costs and $0.6 million in capital expenditures in connection with the opening of a new store. These amounts are estimates and actual store opening costs may vary. We intend to fund new store openings through cash flow from operations. Our senior

credit facility and the indenture governing the notes significantly restrict our ability to incur indebtedness and to make capital expenditures. We may not have or be able to obtain sufficient funds to fund our planned expansion.

Our ability to open new stores on a timely and profitable basis is subject to various contingencies, some of which are beyond our control. These contingencies include our ability to locate suitable store sites, negotiate acceptable lease terms, build-out or refurbish sites on a timely and cost-effective basis, hire, train and retain skilled managers and personnel, obtain adequate capital resources and successfully integrate new stores into existing operations. We did not open any new stores in 2000 and 2001 and have opened one additional superstore in the first half of 2002. We can not assure you that our new stores will achieve levels of sales and profitability comparable to our existing stores.

In addition, our expansion in new and existing markets may present competitive, distribution, and merchandising challenges that differ from our current challenges, including competition among our stores clustered in a single market, diminished novelty of our store design and concept, added strain on our distribution center and management information systems and diversion of management attention from existing operations. To the extent that we are not able to meet these new challenges, our net revenues could decrease and our operating costs could increase.

IF WE DO NOT ACCURATELY PREDICT OUR SALES DURING OUR PEAK SEASONS AND THEY ARE LOWER THAN WE EXPECT, OUR PROFITABILITY MAY BE MATERIALLY ADVERSELY AFFECTED.

Our business is highly seasonal. Our sales during our second fiscal quarter of each year, which includes the Father's Day selling season, and the Christmas holiday selling season have historically contributed a disproportionate percentage of our net revenues and most of our net income for the entire year. We make decisions regarding merchandise well in advance of the season in which it will be sold, particularly for the Father's Day and Christmas holiday selling seasons. We incur significant additional expenses leading up to and during our second fiscal quarter and the month of December in anticipation of higher sales in those periods, including acquiring additional inventory, preparing and mailing our catalogs, advertising, creating in-store promotions and hiring additional employees. If our sales during our peak seasons are lower than we expect for any reason, we may not be able to adjust our expenses in a timely fashion. As a result, our profitability may be materially adversely affected.

IF THE PRODUCTS WE SELL DO NOT SATISFY THE STANDARDS OF THE UNITED STATES GOLF ASSOCIATION AND THE ROYAL AND ANCIENT GOLF CLUB OF ST. ANDREWS IN THE FUTURE, OUR NET REVENUES ATTRIBUTABLE TO THOSE PRODUCTS AND OUR PROFITABILITY MAY BE REDUCED.

We and our suppliers generally seek to satisfy the standards established by the United States Golf Association and the Royal and Ancient Golf Club of St. Andrews in the design of golf clubs because these standards are generally followed by golfers within their respective geographic areas. We believe that all of the products we sell conform to these standards, except where expressly marketed as non-conforming. However, we cannot assure you that our products will satisfy these standards in the future or that the standards of these organizations will not be changed in a way that makes our products non-conforming. If our products that are intended to conform are determined to be non-conforming, our net revenue attributable to those products and, as a result, our profitability may be reduced.

WE LEASE MOST OF OUR SUPERSTORE LOCATIONS. IF WE ARE UNABLE TO MAINTAIN THOSE LEASES OR LOCATE ALTERNATIVE SITES FOR OUR SUPERSTORES ON TERMS THAT ARE ACCEPTABLE US, OUR NET REVENUES AND PROFITABILITY COULD BE REDUCED.

We lease 23 of our 24 superstores. As of September 15, 2002, we operated one of our superstores under a lease with a term that expires in less than one year. We cannot assure you that we will be able to maintain our existing store locations as leases expire, or that we will be able to locate alternative sites on favorable terms. If we cannot maintain our existing store locations or locate alternative sites on favorable or acceptable terms, our net revenues and profitability could be reduced.

OUR COMPARABLE STORE SALES MAY FLUCTUATE, WHICH COULD NEGATIVELY IMPACT OUR FUTURE OPERATING PERFORMANCE. OUR COMPARABLE STORE SALES ARE AFFECTED BY A VARIETY OF FACTORS, INCLUDING, AMONG OTHERS:

- customer demand in different geographic regions;
- our ability to efficiently source and distribute products;
- changes in our product mix;
- promotional events;
- effects of competition;
- our ability to effectively execute our business strategy; and
- general economic conditions.

Our comparable store sales have fluctuated significantly in the past and we believe that such fluctuations may continue. Our historic results are not necessarily indicative of our future results, and we cannot assure you that our comparable store sales will not decrease again in the future. Any reduction in or failure to increase our comparable store sales could negatively impact our future operating performance.

IF WE FAIL TO ACCURATELY TARGET THE APPROPRIATE SEGMENT OF THE CONSUMER CATALOG MARKET OR IF WE FAIL TO ACHIEVE ADEQUATE RESPONSE RATES TO OUR CATALOGS, OUR RESULTS OF OPERATIONS MAY SUFFER.

Our results of operations depend in part on the success of our catalog operations. We believe that the success of our catalog operations depends on our ability to:

- achieve adequate response rates to our mailings;
- continue to offer a merchandise mix that is attractive to our mail order customers;
- cost-effectively add new customers;
- cost-effectively design and produce appealing catalogs; and
- timely deliver products ordered through our catalogs to our customers.

We have historically experienced fluctuations in the response rates to our catalog mailings. If we fail to achieve adequate response rates, we could experience lower sales, significant markdowns or write-offs of inventory and lower margins, which would adversely affect our results of operations, perhaps materially.

OUR SUCCESS DEPENDS IN PART ON OUR ABILITY TO MEET OUR LABOR NEEDS.

Many of our employees are in entry-level or part-time positions that historically have high rates of turnover. We may be unable to meet our labor needs and control our costs due to external factors such as unemployment levels, minimum wage legislation, and wage inflation. If we cannot attract and retain quality employees, our performance will suffer and we may not be able to successfully execute our growth strategy.

IF WE LOSE THE SERVICES OF KEY MEMBERS OF OUR MANAGEMENT, WE MAY NOT BE ABLE TO MANAGE OUR OPERATIONS AND IMPLEMENT OUR GROWTH STRATEGY EFFECTIVELY.

Our future success depends, in large part, on the continued service of Jim Thompson, our chief executive officer, and some of our other key executive officers and managers who possess significant expertise and knowledge of our business and markets. We do not maintain key person insurance on any of our officers or managers. Any loss or interruption of the services of these individuals could significantly reduce our ability to effectively manage our operations and implement our growth strategy because we cannot assure you that we would be able to find appropriate replacements for our key executives and managers should the need arise.

On October 28, 2002, Mark Osborn submitted his resignation as our executive vice president, chief financial officer and treasurer. Mr. Osborn has indicated that he will continue his employment with Golfsmith through November 2002. We are in the process of conducting a search for a new chief financial officer.

OUR PARENT COMPANY IS CONTROLLED BY ONE PRINCIPAL STOCKHOLDER, WHICH MAY GIVE RISE TO A CONFLICT OF INTEREST.

Atlantic Equity Partners III, L.P. owns approximately 79.2% of Holdings' common stock on a fully diluted basis. All of the stockholders of Holdings are parties to a stockholders agreement that contains voting arrangements that give Atlantic Equity Partners III voting control over the election of all but one of our directors. As a result, Atlantic Equity Partners III controls us and Holdings and effectively has the power to approve any action requiring the approval of the holders of our or Holdings' stock, including adopting certain amendments to our or Holdings' certificate of incorporation and approving mergers or sales of all of our assets. In addition, as a result of Atlantic Equity Partners III's ownership interest, conflicts of interest could arise with respect to transactions involving business dealings between us and Atlantic Equity Partners III or First Atlantic Capital Ltd., which operates Atlantic Equity Partners III, potential acquisitions of businesses or properties, the issuance of additional securities, the payment of dividends by us or Holdings and other matters.

IF WE ARE UNABLE TO ENFORCE OUR INTELLECTUAL PROPERTY RIGHTS, OR IF WE ARE ACCUSED OF INFRINGING ON A THIRD PARTY'S INTELLECTUAL PROPERTY RIGHTS, OUR NET REVENUES MAY DECLINE.

We currently hold a substantial number of industrial designs, and trademarks. The exclusive right to use these designs and trademarks has helped establish our market share. The loss or reduction of any of our significant proprietary rights could hurt our ability to distinguish our products from competitors' products and retain our market share. In addition, our proprietary products generate substantially higher margins than products we sell that are produced by other manufacturers. If we are unable to effectively protect our proprietary rights and less of our sales come from our proprietary products, our net revenues and profits may decline.

Additionally, third parties may assert claims against us alleging infringement, misappropriation or other violations of patent, trademark or other proprietary rights, whether or not such claims have merit. Such claims can be time consuming and expensive to defend and could require us to cease using and selling the allegedly infringing products, which may have a significant impact on our net revenues and cause us to incur significant litigation costs and expenses.

WE RELY ON OUR MANAGEMENT INFORMATION SYSTEMS FOR INVENTORY MANAGEMENT, DISTRIBUTION AND OTHER FUNCTIONS. IF OUR INFORMATION SYSTEMS FAIL TO ADEQUATELY PERFORM THESE FUNCTIONS OR IF WE EXPERIENCE AN INTERRUPTION IN THEIR OPERATION, OUR BUSINESS AND RESULTS OF OPERATIONS COULD BE ADVERSELY AFFECTED.

The efficient operation of our business is dependent on our management information systems. We rely on our management information systems to effectively manage order entry, order fulfillment, point-of-sale, and inventory replenishment processes. In 2000, we replaced our existing systems with a new, company-wide, integrated management information system. In connection with implementing this new system, we experienced significant difficulties that resulted in lost sales, higher customer returns, increased operating costs and higher inventory levels. Although we believe we have resolved these difficulties, the failure of our management information systems to perform as we anticipate could disrupt our business and could result in decreased sales, increased overhead costs, excess inventory and product shortages, causing our business and results of operations to suffer.

In addition, our management information systems are vulnerable to damage or interruption from:

- earthquake, fire, flood and other natural disasters; and

- power loss, computer systems failure, Internet and telecommunications or data network failure.

Any such interruption could have a material adverse effect on our business.

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OUR PROFITABILITY WOULD BE ADVERSELY AFFECTED IF THE OPERATION OF OUR AUSTIN CALL CENTER OR DISTRIBUTION CENTER WERE INTERRUPTED OR SHUT DOWN.

We operate a centralized call center and distribution center in Austin, Texas. We receive most of our catalog orders and receive and ship a substantial portion of our merchandise at our Austin facility. Any natural disaster or other serious disruption to this facility due to fire, tornado or any other cause would substantially disrupt our sales and would damage a portion of our inventory, impairing our ability to adequately stock our stores. In addition, we could incur significantly higher costs and longer lead times associated with fulfilling our direct-to-consumer orders and distributing our products to our stores during the time it takes for us to reopen or replace our Austin facility. As a result, disruption at our Austin facility would adversely affect our profitability.

IF OUR SUPPLIERS FAIL TO DELIVER PRODUCTS ON A TIMELY BASIS AND IN SUFFICIENT QUANTITIES, SUCH FAILURE COULD HAVE A MATERIAL ADVERSE AFFECT ON OUR OPERATIONS.

We depend on a limited number of suppliers for our clubheads and shafts. In addition, some of our products require specifically developed manufacturing techniques and processes which make it difficult to identify and utilize alternative suppliers quickly. Any significant production delay or inability of current suppliers to timely deliver products including clubheads and shafts in sufficient quantities, or the transition to other suppliers, could have a material adverse effect on our results of operations.

A disruption in the operations of the port in Long Beach, California could interrupt the supply of our products. We import substantially all of our proprietary products from Asia, and a significant amount of the products we buy from vendors to resell through our distribution channels is shipped to us from Asia. A significant amount of these shipments arrive in the United States at the port in Long Beach. The contract between the International Longshore and Warehouse Union, the union that represents the workers at the port in Long Beach, and the Pacific Maritime Association, which represents terminal operators and ocean ship companies, expired on July 1, 2002 and the two parties have been in contract negotiations for several months. On September 30, 2002, the Pacific Maritime Association locked out the union workers. On October 9, 2002, a federal court temporarily ordered the port reopened. The court order will be effective until December 28, 2002. We cannot assure you that the dispute will be resolved or that a strike or another lock-out will not occur in the future. If a strike or another lock-out occurs, we may begin to ship some of our products from Asia by air freight, and our suppliers may also begin to ship their products by air freight. Shipping by air freight is more expensive than shipping by boat, and if we cannot pass these increased shipping costs on to our customers, our profitability will be reduced. A renewed disruption at the port in Long Beach would have a material adverse effect on our results of operations.

WE MAY BE SUBJECT TO PRODUCT WARRANTY CLAIMS OR PRODUCT RECALLS WHICH COULD HARM OUR BUSINESS AND RESULTS OF OPERATIONS.

We may be subject to risks associated with our products, including product liability. Our existing or future products may contain design or materials defects, which could subject us to product liability claims and product recalls. Although we maintain limited product liability insurance, if any successful product liability claim or product recall is not covered by or exceeds our insurance coverage, our business, results of operation and financial condition would be harmed. In addition, product recalls could adversely affect our reputation in the marketplace. In May 2002, we learned that some of our private label products sold in the last two years were not manufactured in accordance with their design specifications. Upon discovery of this discrepancy, we offered our customers refunds, replacements or gift certificates. As a result, in the six-months ended June 29, 2002, we recognized approximately $340,000 in product-return and replacement expenses.

AN INCREASE IN THE COSTS OF MAILING, PAPER, AND PRINTING OUR CATALOGS WOULD DECREASE OUR NET INCOME.

Postal rate increases and paper and printing costs affect the cost of our catalog mailings. We rely on discounts from the basic postal rate structure such as discounts for bulk mailings and sorting by zip code and carrier routes for our catalogs. In fiscal 2001, we spent approximately $9 million on paper, printing and postage

for our catalogs. We are not a party to any long-term contracts for the supply of paper. Our cost of paper has fluctuated significantly during the past three fiscal years, and our future paper costs are subject to supply and demand forces external to our business. A material increase in postal rates or printing or paper costs for our catalogs could materially decrease our net income.

A DISRUPTION IN THE SERVICE OF OUR PRIMARY DELIVERY SERVICE FOR OUR DIRECT-TO-CONSUMER SALES MAY DECREASE OUR PROFITABILITY.

During fiscal 2001, we generated approximately 40.3% of our net revenues through our direct-to-consumer sales. We use UPS for substantially all of our ground shipments of products sold through our catalogs and Internet site to our customers in the United States. Any significant interruption in UPS's services would impede our ability to deliver our products to our direct-to-consumer channel, which could cause us to lose sales and/or customers. In the event of an interruption in UPS's services, we may not be able to engage alternative carriers to deliver our products in a timely manner on equally favorable terms. If we incur higher shipping costs, we may be unable to pass these costs on to our customers, which could decrease our profitability.

CURRENT AND FUTURE TAX REGULATIONS MAY ADVERSELY AFFECT OUR DIRECT-TO-CONSUMER BUSINESS AND NEGATIVELY IMPACT OUR RESULTS OF OPERATIONS.

Our direct-to-consumer business may be adversely affected by state sales and use taxes as well as the regulation of Internet commerce. We currently must collect taxes for less than half of our catalog and Internet sales. An unfavorable change in state sales and use taxes could adversely affect our business and results of operations. In addition, future regulation of the Internet, including the imposition of taxes on Internet commerce, could affect the development of our Internet business and negatively affect our ability to increase our net revenues.

IF WE DO NOT ANTICIPATE AND RESPOND TO THE CHANGING PREFERENCES OF OUR CUSTOMERS, OUR REVENUES COULD SIGNIFICANTLY DECLINE AND WE COULD BE REQUIRED TO TAKE SIGNIFICANT MARKDOWNS IN INVENTORY.

Our success depends, in large part, on our ability to identify and anticipate the changing preferences of our customers and stock our stores with a wide selection of quality merchandise that appeals to their preferences. Our customers' preferences for merchandise and particular brands vary from location to location, and may vary significantly over time. We cannot guarantee that we will accurately identify or anticipate the changing preferences of our customers or stock our stores with merchandise that appeals to them. If we do not accurately identify and anticipate our customers' preferences, we may lose sales or we may overstock merchandise, which may require us to take significant markdowns on our inventory. In either case, our revenues could significantly decline and our business and financial results may suffer.

WE MAY BE SUBJECT TO ENVIRONMENTAL LIABILITY.

We are subject to various foreign, federal, state, and local environmental protection, chemical control, and health and safety laws and regulations. We own and lease real property, and some environmental laws hold current or previous owners or operators of businesses and real property liable for contamination on or originating from that property, even if they did not know of and were not responsible for the contamination. The presence of hazardous substances on any of our properties or the failure to meet environmental regulatory requirements may materially adversely affect our ability to use or to sell the property or to use the property as collateral for borrowing, and may cause us to incur substantial remediation or compliance costs. If hazardous substances are released from or located on any of our properties, we could incur substantial liabilities through a private party personal injury or property damage claim or a claim by a governmental entity for other damages.

In addition, some of the products we sell contain hazardous or regulated substances, such as solvents and lead. Environmental laws may impose liability on any person who disposes of hazardous substances, regardless of whether the disposal site is owned or operated by such person.

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If we incur material costs or liabilities in the future under environmental laws for any reason, our results of operations may be materially adversely affected.

THERE CAN BE NO ASSURANCE THAT OUR WEBSITE CAN HANDLE INCREASED TRAFFIC OR THAT WE CAN PREVENT UNAUTHORIZED SECURITY BREACHES.

A key element of our strategy is to generate a high volume of traffic on, and use of, our website. Accordingly, the satisfactory performance, reliability and availability of our website, transaction processing systems and network infrastructure are critical to our reputation and our ability to attract and retain customers, as well as maintain adequate customer service levels. Our Internet revenues will depend on the number of visitors who shop on our website and the volume of orders we can fill on a timely basis. Problems with our website or order fulfillment performance would reduce the volume of goods sold and the attractiveness of our merchandise and could also adversely affect consumer perception of our brand name. We may experience periodic system interruptions from time to time. If there is a substantial increase in the volume of traffic on our website or the number of orders placed by customers, we may be required to expand and upgrade further our technology, transaction processing systems and network infrastructure. There can be no assurance that we will be able to accurately project the rate or timing of increases, if any, in the use of our website, or that we will be able to expand and upgrade our systems and infrastructure to accommodate such increases on a timely basis.

The success of our website depends on the secure transmission of confidential information over public networks. We rely on encryption and authentication technology licensed from third parties to provide the security and authentication necessary to effect secure transmission of confidential information, such as customer credit card numbers. In addition, we maintain an extensive confidential database of customer profiles and transaction information. There can be no assurance that advances in computer capabilities, new discoveries in the field of cryptography, or other events or developments will not result in a compromise or breach of the algorithms we use to protect customer transaction and personal data contained in our customer database. If any such compromise of our security were to occur, it could have a material adverse effect on our reputation, business, operating results and financial condition. A party who is able to circumvent our security measures could misappropriate proprietary information or cause interruptions in our operations. We may be required to expend significant capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the federal securities laws. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words "may," "could," "would," "should," "believe," "expect," "anticipate," "plan," "estimate," "target," "project," "intend," or similar expressions. These statements include, among others, statements regarding our expected business outlook, anticipated financial and operating results, our business strategy and means to implement the strategy, our objectives, the amount and timing of future store openings, store retrofits and capital expenditures, the likelihood of our success in expanding our business, financing plans, working capital needs and sources of liquidity.

Forward-looking statements are only predictions and are not guarantees of performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information.

Important assumptions relating to the forward-looking statements include, among others, assumptions regarding demand for our products, the introduction of new product offerings, store opening costs, our ability to lease new sites on a timely basis, expected pricing levels, the timing and cost of planned capital expenditures, competitive conditions and general economic conditions. These assumptions could prove inaccurate. Forward-looking statements also involve risks and uncertainties, which could cause actual results that differ materially from those contained in any forward-looking statement. Many of these factors are beyond our ability to control or predict. Such factors include, but are not limited to, the following:

- the continued popularity of golf and golf-related products;
- our ability to borrow funds to expand our business or compete effectively;
- economic conditions and their effect on discretionary spending by consumers;
- our ability and our suppliers' ability to develop and introduce new products;
- new competitors entering the market;
- the profitability of new superstores that we may open;
- our ability to accurately predict our sales during our peak seasons;
- the impact of standards developed by golf associations;
- our ability to maintain or negotiate new leases for our superstores;
- fluctuations in comparable store sales;
- our ability to achieve adequate response rates to our catalogs;
- our ability to attract and retain quality employees;
- the continued service of our key executive officers;
- being controlled by our principal stockholder;
- our ability to enforce our intellectual property rights and defend infringement claims;
- the operation of our management information systems;
- our dependence on our Austin call center and distribution center;
- interruptions in the supply of the products we sell, including at the port in Long Beach, California;
- claims against us from users of our products;
- fluctuations in the costs of mailing, paper and printing;
- interruptions in the operations of our delivery service;
- the impact of state tax regulations and regulation of the Internet;

- changing preferences of our customers;

- potential environmental liabilities;

- increased traffic and possible security breaches on our website; and

- other factors referenced in this prospectus, including those set forth under "Risk Factors."

In addition, an investment in the new notes is subject to a number of additional risks that may affect our ability to fulfill our obligations under the new notes. These risks include:

- our ability to borrow additional funds;

- our substantial indebtedness;

- significant operating and financial restrictions placed on us by the indenture and our senior credit facility;

- restrictions on our ability to borrow under our senior credit facility;

- our ability to generate cash flow to make interest payments on the new notes;

- our parent's and our subsidiaries' ability to make payments under their guarantees;

- the sufficiency of the collateral securing the new notes;

- the effect of bankruptcy laws on the disposition of the collateral;

- the existence of a trading market for the new notes;

- restrictions upon transfer of the old notes if they are not exchanged for new notes;

- our ability to repurchase the new notes upon a change in control; and

- the requirement that holders of new notes include amounts in gross income for federal income tax purposes in advance of receipt of cash payments.

We believe the forward-looking statements in this prospectus are reasonable; however, you should not place undue reliance on any forward-looking statements, which are based on current expectations. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to updated publicly any of them in light of new information or future events.

USE OF PROCEEDS

This exchange offer is intended to satisfy our obligations under the registration rights agreement. Neither we nor the guarantors will receive any proceeds from the exchange offer. You will receive, in exchange for old notes tendered by you and accepted by us in the exchange offer, new notes in the same principal amount. The old notes surrendered in exchange for the new notes will be retired and cancelled and cannot be reissued. Accordingly, the issuance of the new notes will not result in any increase of our outstanding debt.

CAPITALIZATION

The following table sets forth our capitalization as of June 29, 2002:

- on an actual basis; and

- on a pro forma basis giving effect to the merger, the offering of the old notes and our use of the proceeds from the offering of the old notes.

You should read the table below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our unaudited consolidated financial statements and the related notes included elsewhere in this prospectus.

	AS OF JUNE 29, 2002	
	ACTUAL	PRO FORMA
	(DOLLARS IN THOUSANDS)	
Cash and cash equivalents	$31,424	$ --
Total debt:		
Senior credit facility(1)	$ --	$ --
12% senior subordinated notes	26,659	--
Senior secured notes due 2009	--	75,000
Total debt	26,659	75,000
Minority interest	12,881	--
Stockholders' equity	37,056	43,717
Total capitalization	$76,596	$118,717

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(1) We have $9.5 million of borrowing availability, subject to customary conditions, under our new senior credit facility entered into in connection with the merger (after giving effect to required reserves of $500,000).

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THE EXCHANGE OFFER

PURPOSE AND EFFECT OF THE EXCHANGE OFFER

As a condition to the initial sale of the old notes, we, the guarantors and the initial purchaser entered into a registration rights agreement dated as of October 15, 2002. Pursuant to the registration rights agreement, we agreed to:

- file a registration statement under the Securities Act with respect to the new notes with the SEC by February 12, 2003; and

- use our reasonable best efforts to cause the registration statement to become effective under the Securities Act on or before April 13, 2003.

We agreed to issue and exchange the new notes for all old notes validly tendered and not validly withdrawn before the expiration of the exchange offer. A copy of the registration rights agreement has been filed as an exhibit to the registration statement which includes this prospectus. The registration statement is intended to satisfy some of our obligations under the registration rights agreement.

The term "holder" with respect to the exchange offer means any person in whose name old notes are registered on the trustee's books or any other person who has obtained a properly completed bond power from the registered holder, or any person whose old notes are held of record by The Depository Trust Company, which we refer to as the Depositary or DTC, who desires to deliver the old note by book-entry transfer at DTC.

RESALE OF THE NEW NOTES

We believe that you will be allowed to resell the new notes to the public without registration under the Securities Act, and without delivering a prospectus that satisfies the requirements of Section 10 of the Securities Act, if you can make the representations set forth below under "The Exchange Offer -- Procedures for Tendering Old Notes." However, if you intend to participate in a distribution of the new notes, or you are an "affiliate" of us as defined in Rule 405 of the Securities Act, you must comply with the registration requirements of the Securities Act and deliver a prospectus, unless an exemption from registration is otherwise available to you. You have to represent to us in the letter of transmittal accompanying this prospectus that you meet the conditions exempting you from the registration requirements.

We base our view on interpretations by the staff of the SEC in no-action letters issued to other issuers in exchange offers like ours. However, we have not asked the SEC to consider this particular exchange offer in the context of a no-action letter. Therefore, you cannot be sure that the SEC will treat it in the same way it has treated other exchange offers in the past.

A broker-dealer that has bought old notes for market-making or other trading activities has to deliver a prospectus in order to resell any new notes it receives for its own account in the exchange. This prospectus may be used by a broker-dealer to resell any of its new notes. We have agreed in the registration rights agreement to send this prospectus to any broker-dealer that requests copies for a period of up to 180 days after the expiration of the exchange offer. See "Plan of Distribution" for more information regarding broker-dealers.

The exchange offer is not being made to, nor will we accept surrenders for exchange from, holders of old notes in any jurisdiction in which this exchange offer or the acceptance of the exchange offer would not be in compliance with the securities or blue sky laws.

TERMS OF THE EXCHANGE OFFER

General. Based on the terms and conditions set forth in this prospectus and in the letter of transmittal, we will accept any and all old notes validly tendered and not validly withdrawn before the expiration date.

Subject to the minimum denomination requirements of the new notes, we will issue $1,000 principal amount of new notes in exchange for each $1,000 principal amount of outstanding old notes validly tendered