



Callaway Golf Introduces To The World Two New Titanium Drivers For 2001

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CARLSBAD, CA, October 18, 2000 – Callaway Golf Company (NYSE:ELY) announced today at a global news conference that it has created two new drivers, both of which the company predicts will have a major beneficial effect on golfers around the world. Both drivers fully conform with the equipment rules and regulations of the R&A. One of these new drivers – the Hawk Eye® VFT™ Titanium Driver – is made out of cast titanium and offers the best performance in distance and forgiveness that Callaway Golf has ever been able to deliver in a cast driver. The other driver – the ERC™ II Forged Titanium Driver – uses a four-piece construction from forged titanium components to deliver the hottest and most forgiving driver Callaway Golf has ever made. Both of these extraordinary, breakthrough products incorporate Callaway Golf's "VFT" (Variable Face Thickness Technology) and will be available soon to the Company's retail customers around the world. Delivery will begin in limited quantities not later than January 2001.

THE NEW HAWK EYE VFT TITANIUM DRIVER – OPTIMUM PERFORMANCE IN A CAST TITANIUM DRIVER

"We have created a choice for golfers," said Richard C. Helmstetter, Senior Executive Vice President of R&D for golf clubs and golf balls. "If you prefer a slightly smaller (although still oversized) clubhead and the performance of cast titanium, then the Hawk Eye VFT is the driver for you. It has our patented 'Variable Face Thickness' design cast into the face. This has enabled us to make the clubface very "hot" – much hotter than our original Hawk Eye Driver. The Hawk Eye VFT Driver also has our proprietary weighting system and design that provides optimum launch parameters. With only a handful in play in the last few weeks, prototypes of this great new driver have enjoyed tremendous success on the tours, with 4 wins already. Just as the pros appreciate the many benefits of the Hawk Eye VFT Driver's technology, we believe that amateur golfers will appreciate the super performance of the Hawk Eye VFT Driver."

In addition to drivers, Callaway Golf is also introducing a full line of Hawk Eye VFT Fairway Woods. Beginning not later than January 2001, the Hawk Eye VFT Metal Woods will be heavily advertised and promoted to the trade and to consumers in a campaign featuring leading golf professionals. Several Callaway Golf Staff Professionals have been using prototype drivers of this general design for the past few weeks.

Golf legend Arnold Palmer is one of the professionals who has been using the Hawk Eye VFT prototype driver in his competitive rounds in U.S. Senior PGA Tour events recently. Said Mr. Palmer, "I am tremendously pleased by the good things this new technology brings to my game. I am looking forward to using this new VFT Driver in all of the tournaments I enter in the U.S. next year."

THE NEW ERC II FORGED TITANIUM DRIVER – THE HOTTEST AND MOST FORGIVING DRIVER EVER FROM CALLAWAY GOLF

The new ERC II Forged Titanium Driver is the state of the art from Callaway Golf's research and development department. Like the Hawk Eye VFT Driver, the ERC II Driver fully conforms with the R&A's equipment rules and may be played by amateurs and pros alike. Using a proprietary four-piece forged titanium fabrication process, the ERC II Driver is the hottest driver Callaway Golf has ever made – slightly exceeding even the original ERC Driver sold by Callaway Golf in limited quantities in Japan, Europe and elsewhere in 2000. In addition, golfers will find the ERC II Driver to be significantly more forgiving. Mr. Helmstetter summed up

what this means: "This is quite simply the hottest and most forgiving driver we have ever designed and made."

Chuck Yash, President of Callaway Golf Company, stated, "In the ERC II Driver's design, there has been developed a major improvement in general playability or 'forgiveness'. We believe that this extra forgiveness will give the ERC II Driver even broader appeal for most amateur golfers, compared to the original ERC Driver that we introduced in early 2000."

In an interesting twist, it should be noted the ERC II Driver, like the original ERC Driver, will not conform to the USGA's "spring-like effect rule" that limits a driver's "coefficient of restitution" or COR (the efficiency with which a driver transfers energy from the club to the ball). The USGA (United States Golf Association) publishes the Rules of Golf in the United States where the ERC II Driver is made. Despite being non-conforming to U.S. rules, Callaway Golf plans to make the ERC II Driver available to consumers in the U.S. who wish to enjoy its many significant benefits in rounds not governed by the USGA's restrictions. Due to limited supplies, the ERC Driver was never offered for sale in the U.S. by Callaway Golf.

"The ERC II Driver will be offered for use by the recreational golfer in the U.S., where it cannot be used in competitive rounds governed by USGA Rules," Mr. Yash continued. "The clubs sold in the U.S. will be clearly marked 'Does Not Conform With USGA Rules – App. II, 5a.' On the other hand, because the ERC II Driver fully conforms with all of the Rules of the R&A, we expect that it will be used by both recreational golfers and very skilled amateur golfers and professionals competing in tournament golf in areas of the world governed by the R&A. We believe that golfers everywhere will benefit from the superior performance features built into the ERC II Driver."

"For the first time we have chosen to make and sell a non-conforming driver – the new ERC II Forged Titanium Driver – in the United States along with our other conforming golf clubs such as the Hawk Eye VFT Driver," said Ely Callaway, Founder, Chairman and CEO. "We see this as a revolutionary policy change, for we are the first large, premium brand company to offer U.S. consumers such a radical new choice in 'conforming' as well as 'non-conforming' driver technology. We intend to spend a significant amount of time and money and effort on the design of drivers for the world market, in accordance with the Rules of Golf as published by the R&A. It is inevitable that some of these products, like the new ERC II Driver, will not conform to the USGA's more restrictive Rules. When this happens, we intend to offer our improved products to all golfers around the world, and to recreational golfers in the U.S. We believe that this policy will add to the enjoyment and growth of the game worldwide."

"I applaud and fully support Callaway Golf's ability to create and sell their really remarkable new ERC II Driver in the United States along with all of their other markets throughout the world," said Arnold Palmer. "I have done a lot of testing with the ERC II and I believe this driver will have a tremendous appeal to all of us golfers who very often go out on the course simply to enjoy this great game with family and friends. I expect to use the ERC II Driver in recreational play at Bay Hill, Latrobe and elsewhere next year. Just as I have found personally, I believe that nearly every golfer will get special enjoyment from the extra forgiveness and extra distance off the tee that this driver can give to them."

The ERC II driver will be heavily advertised and promoted beginning no later than January, 2001. In the United States, the campaign will feature Arnold Palmer's choice of the ERC II Driver for his personal use when he is involved in games of recreational golf with his friends and family. Said Mr. Yash, "Arnold has assured us that he expects to use his new ERC II Driver frequently next year in recreational rounds because this new driver can add so much additional enjoyment to his game."

CALLAWAY GOLF'S KEY ADVANTAGE IN SUPPLY

"Our proprietary design specifications for the ERC II Driver's forged titanium clubhead are more complex than any we have ever encountered in mass production," Mr. Helmstetter continued. "Our patented 'VFT' clubface and very high COR – and the extraordinary combination of playability and durability of this new ERC II Driver – are very difficult to achieve. But we have done it. This clubhead is truly unique in design and function, with features that are mostly hidden inside the clubhead."

"For more than a year, the Callaway Golf team has worked very hard to get to a point where we could make enough of these extraordinary drivers to begin to supply our global markets," explained Ron Drapeau, Senior Executive Vice President of Manufacturing for golf clubs and golf balls. "Our experts in metallurgy, clubhead design, development, testing, and process controls have worked night and day with our supplier abroad and with me and Richard Helmstetter and his special 'ERC Team' in creating what we believe is not only the hottest face, highest COR driver, but one which is the most forgiving, most durable, longest distance driver in the industry."

According to Mr. Drapeau, a vital part of this superior product development has been Callaway Golf's willingness and ability to plan far ahead in developing a source capable of supplying this one-of-a-kind clubhead – the part of the golf club that makes it "non-conforming" to USGA Rules. "We believe our supplier of clubheads for the new ERC II Driver is the only source in the world now capable of producing significant quantities of these specially designed and manufactured clubheads. Fortunately, our supplier is now in a good position so that it can begin delivering to us substantial quantities of the unique ERC II Driver clubheads very early in 2001, with gradual increases expected as needed throughout the remainder of next year. "This was not easy to accomplish and, in my opinion, required a company with Callaway Golf's human and financial resources, as well as a commitment to success and a lot of time and hard work, to succeed."

CALLAWAY GOLF'S MOST EXCITING TITANIUM DRIVERS – EVER

In elaborating on the company's merchandising plans for its new drivers, Mick McCormick, Executive Vice President for Global Sales, commented, "We have for 2001 the most advanced, most appealing, lines of golf clubs we have ever created for our customers in all markets. And they all conform to R&A Rules."

"One more pleasant surprise comes with this announcement," Mr. McCormick added. "We believe that our retailers and their customers will be pleased by the prices for our drivers."

Mr. McCormick added that both of these new drivers, like the Company's other products, will be sold with Callaway Golf's two-year warranty against defects which might adversely affect playability in the hands of professionals and amateurs alike.

LEGAL TENSION WITH USGA SHOULD BE ELIMINATED

Although Callaway Golf's drivers have never been ruled non-conforming by the R&A, there have been tensions between the USGA and Callaway Golf in the past over the USGA's restriction on a driver's COR – a restriction intended to limit distance off the tee. Recently the R&A announced that it saw no reason to adopt the USGA's restriction on drivers.

"There has been speculation since May of 1998 that we might sue the USGA over the adoption of its 'spring-like effect' test," said Mr. Callaway. "Although we still disagree with that limitation on drivers and the way in which it was adopted, and think that the R&A acted wisely and properly in turning it down, we have decided that we will not initiate a lawsuit against the USGA because of its new COR Test. Under our policy announced today, we are in effect agreeing with the right of the USGA to publish equipment rules for competitive rounds in the United States, and will be offering our new Hawk Eye VFT Driver and the rest of our Hawk Eye, Steelhead Plus™ and Odyssey® products as the very best equipment, in our opinion, that any golfer can use in such events."

"This should be an end to the legal suspense involving the USGA," said Steve McCracken, Senior Executive Vice President and Chief Legal Officer. "We would expect that the legal tensions that have existed between our organizations in the past few years would come to an end – so long as the USGA does not attempt to stigmatize or ostracize U.S. golfers who use our ERC II Drivers in recreational play, or make unfounded, inaccurate or damaging statements about the performance benefits of our new ERC II driver. In the future, we would like to see both of us working together in the United States to grow the game and add to its enjoyment."

BIG BERTHA MEANS ENJOY THE GAME

"We believe that these two new titanium drivers – the Hawk Eye VFT and the ERC II – will greatly add to golfers' pleasure when playing," concluded Mr. Callaway. "More than ever before, the Big Bertha trademark means drivers that can help everyone 'enjoy the game!'"

Callaway Golf Company makes and sells Big Bertha® Metal Woods and Irons, including the Big Bertha ERC™ II Forged Titanium Driver, the Hawk Eye® VFT™ Titanium Driver and Fairway Woods, the Big Bertha Steelhead™ X-14® Pro Series Irons, the Great Big Bertha® Hawk Eye Titanium Metal Woods and Hawk Eye Tungsten Injected™ Titanium Irons, Big Bertha Steelhead Plus™ Stainless Steel Metal Woods, Steelhead X-14 Stainless Steel Irons, and Bobby Jones® and Carlsbad Series™ Putters. Callaway Golf Company also makes and sells Odyssey® putters with Stronomic® inserts, including White Hot™ and TriForce® Putters. Callaway Golf Ball Company, a wholly-owned subsidiary of Callaway Golf Company, makes and sells the Callaway Golf "Rule 35™" Firmfeel™ and Softfeel™ golf balls. For more information about Callaway Golf Company, please visit our Web sites at www.callawaygolf.com, www.callawaygolfball.com and www.odysseygolf.com.