



## **Callaway Golf Announces Delayed 10-Q Filing; Confirms Third Quarter Results**

CARLSBAD, Calif.--(BUSINESS WIRE)--Nov. 19, 2002--Callaway Golf Company (NYSE:ELY) announced today that the Company has elected to delay the filing of its Form 10-Q for the quarter ended September 30, 2002 but confirmed that, excluding the effects of its warranty reserve adjustment, its results for the third quarter of 2002 would be the same as announced in its October 17, 2002 earnings release.

The Company had previously announced that as a result of its refinement of its methodology for estimating warranty claims, it had undertaken a review of its warranty reserve. The Company completed its review during the third quarter and as a result of such review announced that it would be reducing its warranty reserve by \$17 million. Because the Company believed this reduction was the result of a change in estimate of future warranty claims, the Company initially determined that it would be appropriate to record the reduction entirely in the third quarter of 2002. However, the Company also announced pro forma quarterly (\$0.03 per diluted share) and nine month (\$1.03 per diluted share) results that excluded the effects of the adjustment, and reported that it would consult with the Staff of the Securities and Exchange Commission with respect to the appropriate periods in which to record the adjustment. The Company also announced last week that it filed with the Securities and Exchange Commission a Form 12b-25, which in effect gave the Company until today to file its Form 10-Q for the third quarter.

The Company announced today that its review of the periods in which to reflect the \$17 million reduction in its warranty reserve was not yet completed. The final resolution of this matter could result in a decision to shift some or all of the non-cash warranty reserve reduction to prior periods. However, this process is not expected to change any other aspects of the Company's announced financial results for this quarter.

Brad Holiday, Executive Vice President and Chief Financial Officer, stated, "We will continue to work with our auditors to complete our analysis and determine the appropriate periods in which to record the warranty reserve reduction. It is important for investors to understand that the resolution of this matter will have no effect on the Company's current operations. This is strictly a non-cash accounting matter as to which periods to record an increase in earnings due to the reduction in the Company's warranty reserve. Excluding the effects of the \$17 million non-cash warranty reserve adjustment, the results the Company reports in its 10-Q will be consistent with the results the Company announced in its October 17, 2002 earnings release."

Disclaimer: Statements used in this press release that relate to future plans, events, financial results or performance, including statements as to the expected filing date and contents of the Company's 10-Q, are forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. These statements are based upon current information and expectations. Actual results may differ materially from those anticipated as a result of certain risks and uncertainties, including but not limited to further advice of the Staff of the Securities and Exchange Commission regarding presentation of warranty reserves. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Callaway Golf Company makes and sells Big Bertha(R) Metal Woods and Irons, including Great Big Bertha(R) II Titanium Drivers and Fairway Woods, Big Bertha C4(TM) Compression Cured Carbon Composite Drivers, Big Bertha ERC(R) II Forged Titanium Drivers, Big Bertha ERC Forged Titanium Fairway Woods, Big Bertha Hawk Eye(R) VFT(R) and Big Bertha Hawk Eye VFT Pro Series Titanium Drivers and Fairway Woods, Big Bertha Steelhead(TM) III

Stainless Steel Drivers and Fairway Woods, Hawk Eye VFT Tungsten Injected(TM) Titanium Irons, Big Bertha Stainless Steel Irons, Steelhead X-16(TM) and Steelhead X-16 Pro Series Stainless Steel Irons, Steelhead X-14(R) and Steelhead X-14 Pro Series Stainless Steel Irons, and Callaway Golf Forged Wedges. Callaway Golf Company also makes and sells Odyssey(R) Putters, including White Hot(R), TriHot(R), DFX(TM) and Dual Force(R) Putters. Callaway Golf Company makes and sells the Callaway Golf(R) HX(R) Blue and HX Red balls, the CTU 30(R) Blue and CTU 30 Red balls, the HX 2-Piece Blue and HX 2-Piece Red balls, the CB1(R) Blue and CB1 Red balls, and the Warbird(TM) golf balls. For more information about Callaway Golf Company, please visit our Web sites at [www.callawaygolf.com](http://www.callawaygolf.com) and [www.odysseygolf.com](http://www.odysseygolf.com).

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