



Callaway Golf Company Retroactively Implements SEC Staff Accounting Bulletin 101 Revises 2000 fourth quarter and full year results Raises FY 2001 diluted EPS expectations by \$0.03

Quarter Results | [Statement of Operations](#) | [Balance Sheet](#)

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CARLSBAD, CA / March 19, 2001 / Callaway Golf Company (NYSE: ELY) announced today that it has retroactively implemented the Securities and Exchange Commission's Staff Accounting Bulletin No. 101 ("SAB 101"). As a result, the Company is revising its previously announced 2000 fourth quarter and full year results to reflect the implementation of SAB 101, effective January 1, 2000. The net effect of this action is to increase the revenues and EPS results reported for the fourth quarter of 2000 as well as EPS expectations for the full year 2001, while reducing the revenues and EPS reported for the full year 2000.

SAB 101 provides expanded guidelines on revenue recognition. Prior to the implementation of SAB 101, the Company recognized revenue when it shipped products to its customers. Current interpretations of SAB 101 specify that revenue should be recognized upon delivery, rather than upon shipment, if the seller, either legally or through its practice, bears a portion of the risk of loss or damage during transit.

"After further review of Callaway Golf's current shipping practices, we felt it was appropriate to revise our 2000 fourth quarter and full year results in compliance with SAB 101," commented Brad Holiday, Executive Vice President and Chief Financial Officer. "This effectively shifts revenue from one period into the subsequent period with no impact to our business. Demand for the Company's products has remained solid during the first quarter, and this accounting change does not affect the amount of products shipped during 2000 or estimated to be shipped in 2001. We expect the net sales and associated earnings that were shifted from fiscal 2000 to be additive to fiscal 2001 and are increasing our EPS guidance for fiscal 2001 by \$0.03 to a range of \$1.54 to \$1.59."

As a result of implementing SAB 101, the Company realized fourth quarter net sales of \$142.2 million, a 22% increase from the same period in 1999. The revised fourth quarter net sales includes a \$12.4 million shift from third quarter 2000 and \$5.9 million shift from fourth quarter to the first quarter of 2001. As a result of this shift in net sales, revised fourth quarter net income was \$4.6 million or \$0.07 per diluted share, as compared to \$157,000 and less than \$0.01 per diluted share for the fourth quarter 1999, respectively.

For the year ended December 31, 2000, revised net sales were \$837.6 million, a 16% increase from net sales of \$719.0 million during 1999. The revised full year net sales includes a \$3.0 million shift from 1999 and a \$5.9 million shift into 2001. As a result, the revised full year 2000 net income and diluted earnings per share were \$81.0 million and \$1.13, as compared to \$55.3 million and \$0.78 for the full year 1999, respectively. The change in net income and EPS also includes the cumulative effect of implementing SAB 101.

Further information on these adjustments are shown on the attached financial schedules.

The Company has scheduled a conference call for today, Monday, March 19, 2001 at 2:00 pm (PST) to discuss the implementation of SAB 101. Investors interested in participating in today's conference call may call 785-832-1523 or listen to a

live webcast at the Company's website (www.callawaygolf.com). A replay of the conference will be available until Wednesday, March 21, 2001 and can be accessed on the Company's website or by calling 402-220-0664.

Disclaimer: Statements used in this press release that relate to future plans, events, financial results or performance, including statements relating to the Company's estimated net sales and earnings for 2001, 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 market acceptance of current and future products, including the Company's golf ball products and the Company's new golf club products (not all of which conform to USGA rules), seasonality, adverse market and economic conditions, competitive pressures, delays, difficulties or increased costs in the manufacturing of the Company's golf club or ball products, or in the procurement of materials or resources needed to manufacture the Company's golf club or ball products (including business interruptions or increased costs resulting from power outages or shortages), and any actions taken by the USGA or other golf association that could have an adverse impact upon demand for the Company's products (such as the USGA's announcement that scores in rounds played with clubs that do not conform to USGA rules such as the Company's ERC™ II Forged Titanium Driver may not be posted for USGA handicap purposes). For details concerning these and other risks and uncertainties, you should consult our most recent Form 10-Q filed with the Securities and Exchange Commission ("SEC"), as well as the Company's other periodic reports on Forms 10-K, 10-Q and 8-K subsequently filed with the SEC from time to time. 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® Metal Woods and Irons, including Big Bertha ERC™ II Forged Titanium Drivers, Big Bertha Hawk Eye® VFT™ and Big Bertha Hawk Eye VFT Pro Series Titanium Drivers and Fairway Woods, Big Bertha Steelhead Plus™ Stainless Steel Drivers and Fairway Woods, Hawk Eye Tungsten Injected™ Titanium Irons, Steelhead™ X-14® and Steelhead X-14 Pro Series Stainless Steel Irons. Callaway Golf Company also makes and sells Odyssey® Putters, including White Hot®, TriHot™, and Dual Force® Putters. Callaway Golf Company makes and sells the Callaway Golf® "Rule 35®" Firmfeel™ and Softfeel™ golf balls, and the CB1™ Red golf ball. For more information about Callaway Golf Company, please visit our Web sites at www.callawaygolf.com, www.callawaygolfball.com and www.odysseygolf.com.

| [Quarter Results](#) | [Statement of Income](#) | [Balance Sheet](#) |

Callaway Golf Company
Consolidated Condensed Statement of Operations
(In thousands, except per share data)

	Fourth Quarter Ended				Year Ended			
	(unaudited)				December 31,			
	2000		1999		2000		1999	
Net sales	\$135,656	100%	\$116,599	100%	\$840,444	100%	\$719,038	100%
	76,487		60,718		441,271		384,265	
Cost of goods sold		56%		52%		53%		53%
Gross profit	59,169	44%	55,881	48%	399,173	47%	334,773	47%
Operating expenses:								
Selling	38,734	29%	32,825	28%	170,541	20%	128,565	18%
General and administrative	14,530	11%	25,121	22%	70,333	8%	92,478	13%
Research and development	8,331	6%	8,596	7%	34,579	4%	34,002	5%
Restructuring			(6,325)	(5%)			(5,894)	(1%)
			5,713				5,713	
Sumitomo transition costs				5%				1%

Income from operations	(2,426)	(2%)	(10,049)	(9%)	123,720	15%	79,909	11%
Other income (expense), net	852		4,819		7,267		5,588	
Income before income taxes	(1,574)	(1%)	(5,230)	(4%)	130,987	16%	85,497	12%
Income tax (benefit) provision	(4,094)		(5,387)		47,964		30,175	
Net income	\$2,520	2%	\$157	0%	\$83,023	10%	\$55,322	8%
Earnings per common share:								
Basic	\$0.04		\$0.00		\$1.19		\$0.79	
Diluted	\$0.04		\$0.00		\$1.16		\$0.78	
Common equivalent shares:								
Basic	68,678		70,726		69,946		70,397	
Diluted	70,301		71,787		71,412		71,214	

| [Quarter Results](#) | [Statement of Income](#) | Balance Sheet |

Callaway Golf Company
Consolidated Condensed Balance Sheet
(In thousands)

	December 31, 2000	December 31, 1999
ASSETS		
Current assets:		
Cash and cash equivalents	\$102,596	\$112,602
Accounts receivable, net	64,696	54,252
Inventories, net	131,373	97,938
Deferred taxes	28,094	32,558
	17,721	13,122
Other current assets		
Total current assets	344,480	310,472
Property, plant and equipment, net	134,712	142,214
Intangible assets, net	112,824	120,143
	40,935	43,954
Other assets		
	\$632,951	\$616,783
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$44,173	\$46,664
Accrued employee compensation and benefits	22,574	21,126
Accrued warranty expense	39,363	36,105
Accrued restructuring costs		1,379
	3,189	
Income taxes payable		
Total current liabilities	109,299	105,274
Long-term liabilities:		
Deferred compensation	9,884	11,575
	513,768	499,934
Stockholders' equity		
	\$632,951	\$616,783

| [Quarter Results](#) | [Statement of Operations](#) | Balance Sheet |