



Callaway Golf Announces Filing of Form 12b-25

CARLSBAD, Calif.--(BUSINESS WIRE)--Nov. 14, 2002--Callaway Golf Company (NYSE:ELY) announced today that the Company-initiated review by SEC staff of its proposed accounting treatment of a warranty reserve reversal in the third quarter of 2002 had not yet been completed, and that the Company had therefore requested an extension of time to file its Form 10-Q with respect to that quarter. Procedurally, the Company has filed with the Securities and Exchange Commission a Notification of Late Filing on Form 12b-25 with respect to its Quarterly Report on Form 10-Q for the quarter ended September 30, 2002.

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 \$17.0 million. Because the Company believed this reduction was the result of a change in estimate of future warranty claims, the Company elected to record the reduction entirely in the third quarter of 2002. However, the Company also announced pro forma quarterly and year-to-date results that excluded the effects of the adjustment, and reported that it would seek confirmation from the Staff of the Securities and Exchange Commission with respect to the appropriate periods in which to record the adjustment. The Company has initiated that process, but it is not completed. As is permitted under applicable rules of the Securities and Exchange Commission, the Company filed with the Securities and Exchange Commission a Form 12b-25, which in effect gives the Company an additional five days to file its report.

Brad Holiday, Executive Vice President and Chief Financial Officer, stated, "Because we expect to receive the Staff's guidance within the next few days, we thought it would be prudent to file the Form 12b-25 and then file our 10-Q after we have received the benefit of the Staff's guidance. That process could result in a decision to shift some or all of the non-cash warranty reserve reduction to prior periods. We expect to file the 10-Q on or before November 19, 2002. 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 reported 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 relating to the SEC staff's guidance and 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 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 and www.odysseygolf.com.

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