



Callaway Golf Company Releases Preliminary Second Quarter Net Sales and Earnings

CARLSBAD, Calif.--(BUSINESS WIRE)--July 7, 2005--Callaway Golf Company (NYSE:ELY) today announced that, based on current information, the Company estimates net sales for the second quarter ended June 30, 2005 of approximately \$323 million, with corresponding earnings per diluted share ranging from \$0.25 to \$0.27. Excluding integration charges of approximately \$0.03 per diluted share associated with the consolidation of the Top-Flite and Callaway Golf operations, pro forma earnings per diluted share are estimated to range from \$0.28 to \$0.30.

The Company reports that it is continuing to see steady improvements in its business this year. Preliminary results suggest that the second quarter will generate growth in sales compared with both the second quarter of 2004 and the first quarter of 2005, although earnings growth will be tempered by planned spending increases related to brand investment and third quarter product launches. The Company is experiencing stronger demand and sell-through at retail for its current products versus last year, and does not anticipate discounting issues in the second half of 2005 similar to those faced in 2004. As a result, the Company expects significant year over year improvements in third quarter earnings.

The Company will release actual second quarter financial results on July 21, 2005. A conference call and webcast will also take place at that time.

Disclaimer: Investors should be aware that the Company has not yet finalized its results for the second quarter and that the Company's "preliminary" estimates of net sales and earnings for the second quarter reflect management's estimates based upon the information available at the time made. These estimates could differ materially from the Company's actual results if the information on which the estimates were based ultimately proves to be incorrect or incomplete. In addition, statements used in this press release that relate to future plans, events, financial results, performance or prospects, including statements relating to future discounting and improvements in the Company's business and third quarter earnings, 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 delays, difficulties or unanticipated costs in integrating the Top-Flite Golf and Callaway Golf assets, brands and businesses, the maintenance of good vendor relationships, adverse market and economic conditions, market acceptance of current and future products, adverse weather conditions and seasonality, competitive pressures, fluctuations in foreign currency exchange rates, 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, any rule changes or other actions taken by the USGA or other golf association that could have an adverse impact upon demand for the Company's products, a decrease in participation levels in golf and the effect of terrorist activity or armed conflict on the economy generally, on the level of demand for the Company's products or on the Company's ability to manage its supply and delivery logistics in such an environment. For additional information concerning these and other risks and uncertainties, see Part I, Item 2 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005, as well as other risks and uncertainties detailed from time to time in the Company's reports on Forms 10-K, 10-Q and 8-K subsequently filed from time to time with the Securities and Exchange Commission. 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.

Regulation G: The preliminary financial results reported in this press release have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). In addition to the GAAP results, the Company has also provided additional information concerning its preliminary results, which includes certain financial measures

not prepared in accordance with GAAP. The non-GAAP financial measures included in this press release exclude charges associated with the integration of the Callaway Golf Company and Top-Flite Golf Company operations. These non-GAAP financial measures should not be considered a substitute for any measure derived in accordance with GAAP. These non-GAAP financial measures may also be inconsistent with the manner in which similar measures are derived or used by other companies. Management believes that the presentation of such non-GAAP financial measures, when considered in conjunction with the most directly comparable GAAP financial measures, provides additional useful information concerning the Company's operations without the Top-Flite integration charges. The Company has provided reconciling information in the text of this press release.

Through an unwavering commitment to innovation, Callaway Golf Company creates products and services designed to make every golfer a better golfer. Callaway Golf Company manufactures and sells golf clubs and golf balls, and sells golf accessories, under the Callaway Golf®, Top-Flite®, Odyssey® and Ben Hogan® brands. For more information visit www.callawaygolf.com.

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SOURCE: Callaway Golf Company