



Callaway Golf Company Files Lawsuit Against Royal Canadian Golf Association For Interference With Launch Of New ERC™ Driver

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CARLSBAD, Calif./ May 8, 2000/ Callaway Golf Company (NYSE:ELY) announced today that it has filed a lawsuit in the United States District Court in the Central District of California against the Royal Canadian Golf Association for unfairly, improperly and unlawfully interfering with the commercial launch of its new ERC™ Forged Titanium Driver. The lawsuit seeks both injunctive relief, unspecified compensatory and punitive damages, and the recovery of legal fees and costs.

"On April 18, 2000, with no warning or consideration for the rights of golf equipment manufacturers, retailers or Canadian golfers, the RCGA announced that the ERC™ Driver would be considered a 'non-conforming club for all RCGA-sanctioned events,'" said Ely Callaway, Founder, Chairman and CEO of Callaway Golf. "This was done even though no other country within the jurisdiction of the Royal & Ancient Golf Club of St. Andrews, the ruling body of golf outside the U.S. and Mexico, has found the ERC™ Driver to be non-conforming. We are very disturbed that the RCGA was bound and determined on April 18 to single out our ERC™ Driver – the 'hottest' driver we have ever made – as the only driver that Canadian golfers are not permitted to use in RCGA events."

The lawsuit alleges that the RCGA engaged in unfair, unlawful and deceptive business practices; interfered with contract and prospective economic advantage; acted with negligence; and breached its fiduciary duties to Callaway Golf and others. It is also alleged that the RCGA is estopped from arbitrarily abandoning the established rules of the R&A.

"A self-appointed ruling body cannot exercise its considerable power over others in a way that is arbitrary, unfair and unlawful," said Steve McCracken, Callaway Golf's Executive Vice President and Chief Legal Officer. "In this situation the RCGA has acted, to our knowledge, without doing any technical golf club research of its own, and without engaging in any dialog with the people affected. I don't think anyone could have predicted that the RCGA would, out of the blue, split from the R&A and take such an arbitrary action. Unless this situation is remedied, Callaway Golf, its customers and its shareholders will be unfairly deprived of the benefits this new technology brings to the game."

The USGA has announced that the 11° lofted ERC™ Driver (it has not tested any other models) is "non-conforming" under the Rules of Golf in the United States. However, this ERC™ Driver is not marketed or sold by Callaway Golf in the U.S., and the USGA's ruling has no applicability outside of the U.S. except in Mexico. The RCGA's announcement even went farther than the USGA's in that it declared all lofts of the ERC™ Driver to be "non-conforming." On the other hand, ten other drivers found by the USGA to be "non-conforming" in the U.S. were not banned by the RCGA until May 5 – two and one-half weeks later.

The ERC™ Forged Titanium Driver was launched commercially in Canada in April. It is also being marketed and sold in Europe, Japan, Korea and elsewhere within the jurisdiction of the R&A.

The R&A has recently announced that it plans to continue to study the question of whether modern drivers permit golfers to obtain too much distance off the tee, and has stated that it does not expect to take any definitive action until October 2000 at the earliest. The result is that Canada is now, and will continue to be for some time, the only country within the jurisdiction of the R&A where a driver has been ruled "non-conforming" in sanctioned events because it hits a golf ball too far.

Metal Woods, Big Bertha® Steelhead Plus™ Stainless Steel Metal Woods, ERC™ Forged Titanium Drivers, Great Big Bertha® Hawk Eye® Tungsten Injected™ Titanium Irons, Big Bertha® Steelhead™ X-14™ Stainless Steel Irons, Odyssey® Dual Force® and TriForce™ Putters with Stronomic® inserts, Odyssey® White Hot® Putters, and Callaway Golf® and Bobby Jones® Putters. Callaway Golf Ball Company makes and sells Callaway Golf Rule 35™ Firmfeel™ and Softfeel™ golf balls.

For more information about Callaway Golf Company, please visit our website at www.callawaygolf.com.

For more information about Odyssey Golf, please visit our website at www.odysseygolf.com.

If you would like to receive Callaway Golf's press releases via e-mail in the future, please send your request to: newslist@callawaygolf.com.