

Callaway® GOLF

A better game by design.

THE MARKET

More than two decades ago, Ely Callaway set out to build a company that would bring more enjoyment and game improvement to golfers of all skill levels. He accomplished much of that goal in 1991, introducing a technological wonder called the Big Bertha Driver. By creating in Big Bertha a larger clubhead without adding weight, the late founder of Callaway Golf Company turned the most-feared club into the most-loved almost overnight. The driver became the fastest-selling club at retail. Many innovations have followed. From woods, irons, and putters to golf balls and golf accessories, Callaway Golf has consistently used ingenuity, quality construction, and technology to make the finest premium products in the industry.

Callaway Golf has also become a global company, doing business in 107 countries and 29 languages. Through an unwavering commitment to product innovation, Callaway Golf creates products and services designed to make every golfer a better golfer.

ACHIEVEMENTS

Simply put, Callaway Golf has changed the way the game is played. Golfers around the world have used the company's products to increase enjoyment and improve performance. The best example is the revolutionary Big Bertha line of metal woods. In the era B.B. — Before Bertha — the driving club induced dread in most golfers. It was too difficult to hit for more than just a few highly



skilled players. Then in 1991, Callaway Golf's ambitious attempt to create an oversize metal driver with increased forgiveness and performance succeeded where other companies' efforts had failed. The original Big Bertha Stainless Steel Driver was born, and ever since, Big Bertha and her progeny — including such current products as the Big Bertha Fusion FT-3 Driver and the Big Bertha Titanium 454 Driver — have replaced fear with fun and made millions of players better.

Callaway Golf now designs and produces a complete line of drivers, fairway woods, irons, putters, and golf balls that aim to make the game more fun and make golfers of all skill levels, from first-time golfers to Tour professionals, better golfers. In fact, Callaway Golf products are among the most popular on the world's professional tours and have been used to set several scoring records and win hundreds of tournaments.

This success helped Callaway Golf become the world's largest manufacturer of golf clubs within five years of the Big Bertha Driver's launch, prompting major changes within the golf industry. Callaway Golf's success enabled it to become the first major golf company to go public, as shares of company stock began trading on the New York Stock Exchange in 1992, under the ELY ticker symbol.

HISTORY

Callaway Golf's success story begins with a small three-person golf company called Hickory Stick USA, which was founded in 1982 in Temecula, California. The company initially made wedges and putters that had unique shafts constructed of hickory with a steel core. These clubs caught the eye of Ely Callaway, who bought an interest in the company the following year. Mr. Callaway had already been a successful businessman in the fields of textiles and wine, and golf would become the third and most successful act in his entrepreneurial career. His business philosophy — that every product his company makes should be demonstrably superior and pleasingly different from every other product on the market — is the cornerstone for the company that has become one of the largest makers of golf clubs in the world.

By 1988, the company had been renamed Callaway Golf and had shifted from trying to re-create classic clubs of the past to pioneering innovative design ideas. Under the direction of Richard Helmstetter, the design genius who joined the company in 1986, a series of engineering and production advancements led to the creation of the Big Bertha Stainless Steel Driver in 1991. The revolutionary product was the spark for Callaway Golf's phenomenal growth.

The company has continued to flourish. Callaway Golf bought putter manufacturer Odyssey Golf in 1997, and its models have become the dominant putters at retail. Callaway Golf also entered the golf ball business in 2000, becoming the number-two golf ball in play across the world's major professional tours combined in less than three years.

In 2003, Callaway Golf bought the golf assets of Spalding Sports, adding the well-known Top-Flite and Ben Hogan brands to its portfolio. Though Ely Callaway passed away in 2001, his spirit lives on in every product produced by the company that bears his name.

THE PRODUCT

Callaway Golf has an extensive line of golf clubs, balls, and accessories that are sold around the world. The company's driver and fairway wood products currently include the Big Bertha Fusion FT-3 Drivers and Big Bertha Fusion Fairway Woods, Big Bertha Titanium 454 Drivers, Big Bertha Titanium Fairway Woods, Big Bertha Stainless Steel Fairway Woods, and Big Bertha Heavenwood Hybrids. In irons, Callaway Golf products include the Big Bertha

Fusion Irons, X-Tour Irons, X-18 and X-18 Pro Series Irons, Big Bertha Irons, and the GES (Game Enjoyment System). The company also makes the classically styled Callaway Golf Forged+ Wedges. The company's putter lines include the I-Trax and Tour Blue putters under the Callaway Golf name, as well as the Odyssey White Steel, White Hot, and DFX putters, and a variety of Odyssey 2-Ball Putter models. The company's golf ball line includes the HX Tour 56 and HX Tour Balls, HX Blue and Red Balls, HX Hot Balls, Big Bertha Blue and Red Balls, and Warbird Balls.

Products bearing the Callaway Golf name are also sold through exclusive licensing agreements with Ashworth (apparel), TRG (accessories), Fossil (timepieces), and Tour Golf Group (footwear). The company also makes and sells golf equipment under the Top-Flite and Ben Hogan brands through the Top-Flite Golf Company, a wholly owned subsidiary.

RECENT DEVELOPMENTS

Callaway Golf has one of the most advanced research and development departments in the golf industry. Some of the groundbreaking new products to come out of the Richard C. Helmstetter Test Center include:

- The FT-3 Driver, which has more than 100 patents covering its multimaterial design — combining a titanium face, a carbon composite body, and strategic internal weighting to provide performance unlike any all-titanium 460cc driver on the market.
- The Big Bertha Fusion Irons, which have a unique three-piece design, including a proprietary Tunite alloy cradle, a soft TPU Sensert, and a lightweight titanium face.
- The X-Tour Irons, forged irons as only Callaway Golf could make them, with advanced two-piece construction utilized to combine performance, playability, and feel.



- The HX Tour 56 Golf Ball, which takes golf ball technology beyond dimples with next-generation HEX Aerodynamics, along with advanced three-piece construction that improves ball flight and potential distance.
- The Odyssey 2-Ball Putter, which became the world's bestselling — and perhaps most-imitated — putter on the strength of its proprietary alignment aid system that helps increase confidence and accuracy.

PROMOTION

Led by the Big Bertha name, Callaway Golf is one of the world's most-loved and recognizable golf brands. The tech-savvy identity of the company is summed up in the tagline, "A better game by design."

Over the years, Mr. Callaway appeared in only a few of the company's print and television advertisements. One of the most memorable found him bouncing a golf ball off the face of a driver in a hip, good-natured takeoff on Tiger Woods' popular television ad. "I understand they paid that fella a lot of money to do this," Mr. Callaway teased. "I agreed to do it for nothing. But I did make them put my name on the ball." The company's impressive list of celebrity endorsers have included Microsoft's Bill Gates, rocker Alice Cooper, Motown legend Smokey Robinson, singer Celine Dion, and baseball slugger Mike Piazza.

Richard C. Helmstetter, one of the game's best-known tech gurus and the father of the Big Bertha Driver, continues to be a popular and effective voice domestically and abroad for the company's technical messages. Helmstetter is especially well-known and respected in Japan, where he's fluent in the language and spent a good portion of his life before being lured to Carlsbad by Mr. Callaway in the company's early days.

One of the more amazing aspects to the Callaway Golf success story is that the company has found a way to engineer golf clubs that perform well for a tremendously broad spectrum of players. While average golfers around the globe find more fun, confidence, and playability with Callaway Golf products, the best players in the world have great results with them, too. Swedish superstar Annika Sorenstam, the world's best female player, has used Callaway Golf clubs since turning pro, and The King, Arnold Palmer, began using and promoting Callaway Golf products a few years back after happening upon the company's inaugural golf ball during a desert golf outing. Masters champion Phil Mickelson, winner of the tournament in 2004 and one of the most-loved players in the game, leads the company's PGA Tour staff. Other staff pros include young star Charles Howell III and legends Gary Player, Johnny Miller, and Seve Ballesteros.

BRAND VALUES

The global Callaway Golf brand stands for leadership, innovation, passion, and boldness in the industry. With names like Odyssey, Top-Flite, and Ben Hogan augmenting the Callaway Golf image, the company boasts an enviable and unparalleled collection of golf brands. "Callaway Golf and

Odyssey Golf are strong, dynamic brands with products that are established leaders at retail," says William Baker, chairman and CEO of Callaway Golf. "Adding the Top-Flite and Ben Hogan names to the company gave us an amazing opportunity to build a group of brands unlike anything the golf industry has ever witnessed. And the real benefit to golfers around the world is that whenever they purchase a product from any of those brands, it will live up to the Callaway Golf standard of helping make a difficult game a little easier and helping them improve their own game — regardless of their level of play."

The fun, forgiveness, and confidence first inspired by Big Bertha Drivers has spread throughout the bag, from fairway woods and irons to putters, golf balls, and accessories. From the Hickory Stick beginnings to the multimaterial clubheads and HEX golf ball aerodynamics of today, the company is the clear leader in finding new ways to create products and services designed to make every golfer a better golfer.

THINGS YOU DIDN'T KNOW ABOUT CALLAWAY GOLF

- The original Big Bertha Driver was named by founder Ely Callaway after the World War I "Big Bertha" cannon, which was feared and revered for its distance and accuracy.
- A distant cousin of golfing great Bobby Jones, Ely Callaway was an accomplished player who once won the club championship at Georgia's Highland Country Club four years running.
- Annika Sorenstam used Callaway Golf clubs and balls to become the first woman to shoot a 59 in competition, and Phil Mickelson has also shot a 59 using the company's equipment.
- Callaway Golf was awarded 102 patents from the U.S. Patent and Trademark Office in 2003, marking the first time a golf company had received more than 100 patents in a single year.
- By the end of 2005, the Callaway Golf Foundation will have made more than \$6 million in grants to charities since 1995.