Callaway Golf v. Acushnet

Callaway Golf's Opening Statement

Mike Yagley - Golf Ball R&D at Callaway Golf



- Vice President of Product Management at Callaway Golf
- > Came to Callaway Golf in 1997 to work on golf ball development
- Led golf ball research and development team at Callaway Golf

Callaway Golf





- > Founded by Ely Callaway in 1982
- > Headquartered in Carlsbad, California
- > 2600+ employees
- Launched Big Bertha driver in 1991
- Premier manufacturer of golf clubs in the world

Callaway Golf





- Decided in 1996 to make golf balls
- Started R&D from scratch
- Introduced the Rule 35 golf ball in January 2000
 - Solid core, ionomer inner cover, polyurethane outer cover
 - Received critical acclaim
- Bought Spalding's golf business, Top-Flite, including all patents, in 2003

Callaway Golf Ball Introductions

Jan. 2000



Rule 35 Red



Rule 35 Blue

Oct. 2001



CTU 30 Red



CTU 30 Blue

Mar. 2002



HX Red



HX Blue

2004-2005



HX Tour



HX Tour 56

Callaway Golf - Key Events



Ely Callaway buys into Hickory Stick, USA

1984

Company renamed as Callaway Hickory Stick



1989

Company name is changed to Callaway Golf Company



1991

Callaway Big Bertha driver is introduced



1996

Callaway Golf Ball Company is formed

2000

Rule 35 Balls



2003

Callaway acquires Top-Flite



1980s

1990s

2000s

Tom Kennedy - Golf Ball Development at Spalding



- Senior Vice President, Intellectual Property Development at Callaway Golf
- > 20+ years in golf ball development at Spalding and Callaway
- Worked with Mike Sullivan at Spalding
- Working at Callaway Golf since 2003

Spalding Owned the Sullivan Patents









- One of earliest and best known sporting goods companies
- > Manufactured golf balls sold under Top-Flite brand
- Technology leader in golf balls since the 1960s
- Built on work of Sullivan, Nesbitt, Molitor and others
- Competed with Acushnet for years

Spalding Company Timeline

1876

> A.G. Spalding & Bros. was founded by Hall of Fame pitcher Albert Goodwill SPALDING. Spalding

> > Introduced first major-league baseball



1887 Introduced first American-made football

1888

Introduced first American-made tennis ball



1894

Introduced first American-made golf club



1895

First U.S. manufacturer of golf balls



1903

First to use Balata in a golf ball cover



1909

First U.S. manufacturer of dimpled golf balls

1968

Executive First 2-piece golf ball



1971

Top-Flite XL First 2-piece, Surlyncovered golf ball

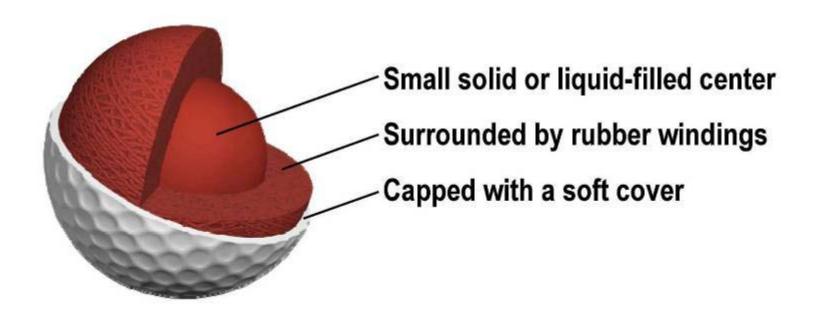


1996 Strata



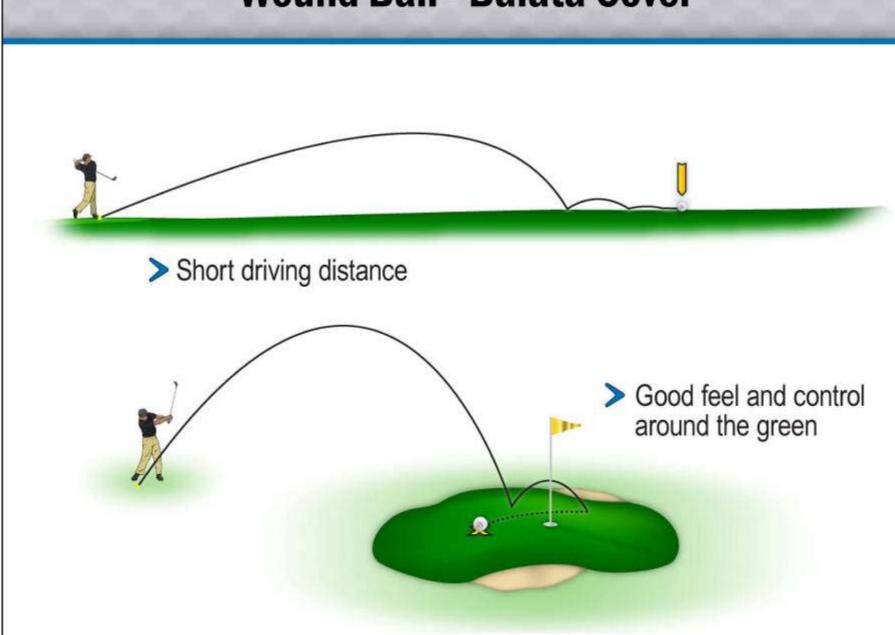
ls 1850s 1860s 1870s 1880s 1890s 1900s 1910s 1920s 1930s 1940s 1950s 1960s 1970s 1980s 1990s 2000s

Prior Art: Wound Golf Balls

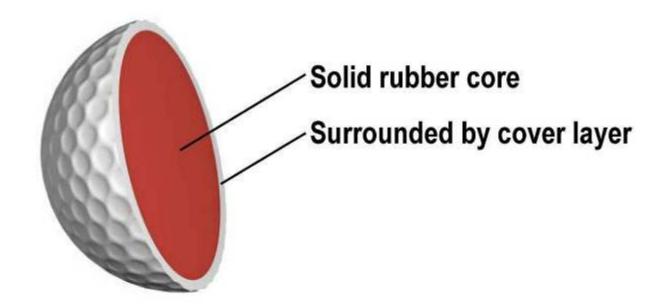


- Advantage: Soft cover provides superior spin and "feel"
- > Disadvantage: Less distance; easily cut
- Was popular with professionals, not with amateurs
- > Examples: Titleist Professional, Titleist Tour Prestige

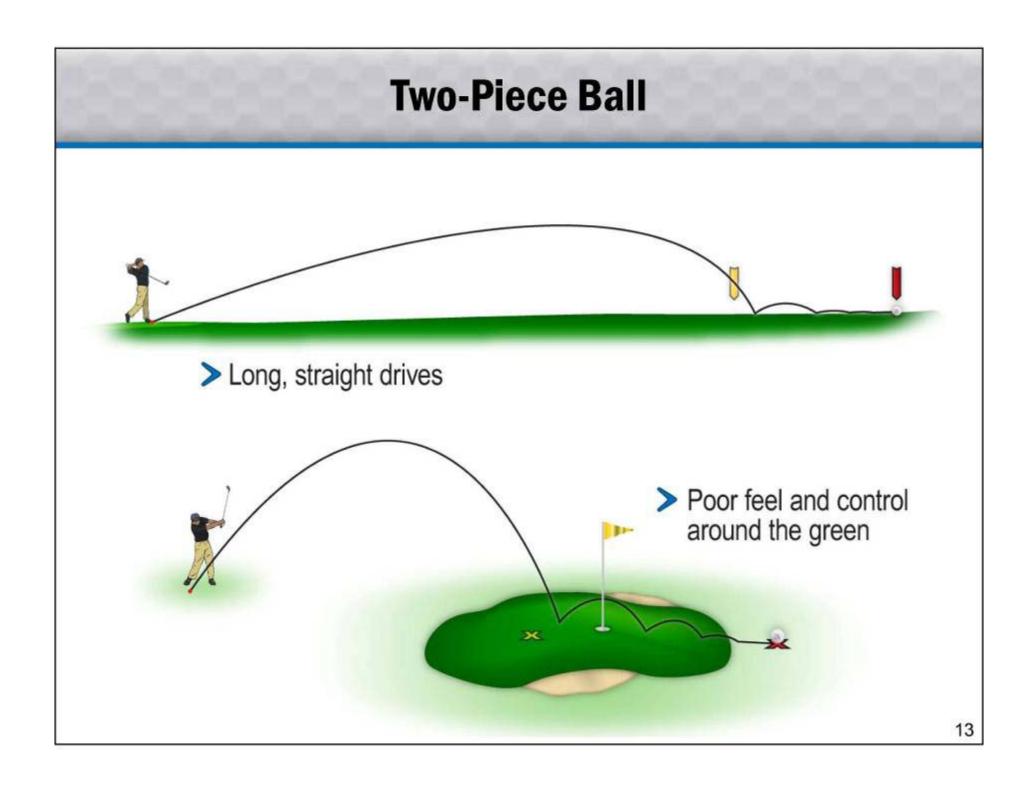




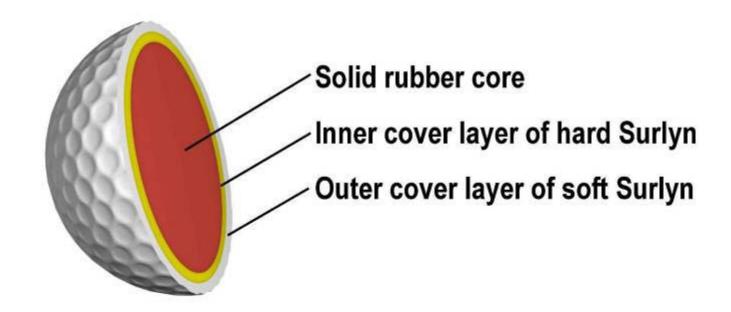
Prior Art: Two-Piece Solid-Core Golf Balls



- > Advantage: Superior distance
- Disadvantage: Less spin, control, click and "feel"
- Popular with amateurs, not with professionals
- > Examples: Spalding Executive, Spalding Top-Flite

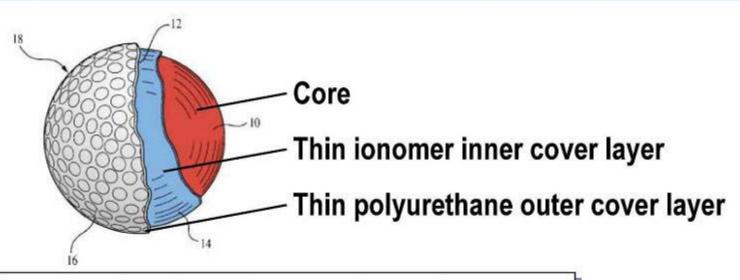


Prior Art: Three-Piece Surlyn-Covered Golf Ball



- Advantage: Better "feel" than two-piece balls
- > Disadvantage: Less distance than two-piece balls
- Used by amateurs, few professionals
- > Example: Spalding Strata

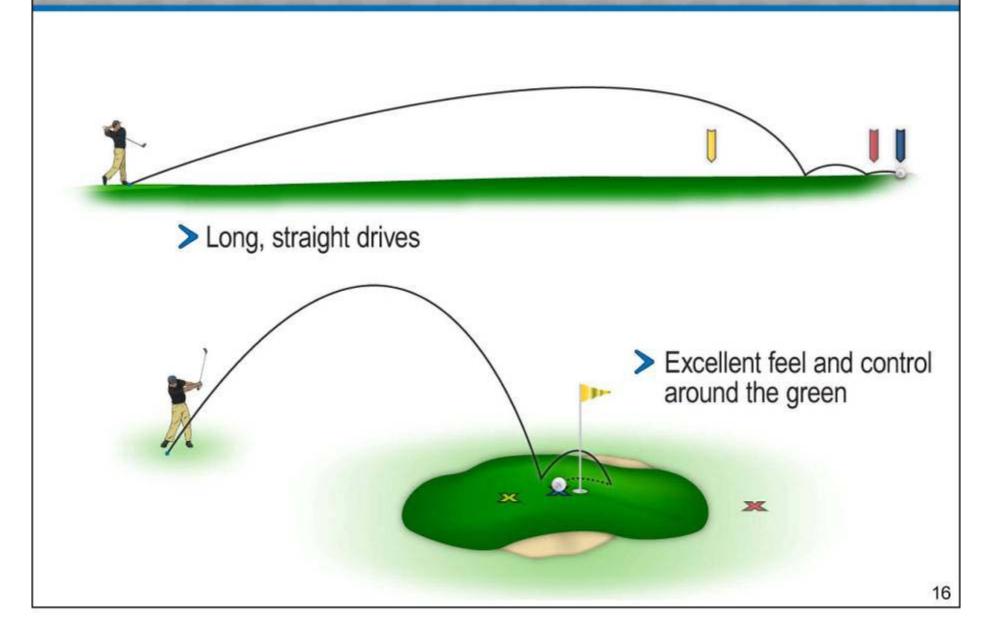
Patented Invention



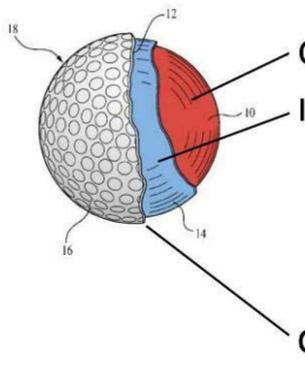
The present invention is directed to an improved multi-layer golf ball comprising a core, an inner cover layer and an outer cover layer. The inner cover layer is comprised of a low acid ionomer blend which may or may not include a filler such as zinc-stearate. The outer cover layer is comprised of a soft, non-ionomeric thermoplastic or thermosetting elastomer such as polyurethane, polyester or polyesteramide. The resulting multi-layered golf ball of the present invention provides for enhanced distance without sacrificing playability or durability when compared to known multi-layer golf balls.

U.S. Patent No. 6,210,293 Abstract [PX-3]





Claimed Invention in More Detail



Core

Inner cover layer

- Blend of low acid ionomers ("blend claims") or including a low acid ionomer ("non-blend claims")
- Shore D hardness of 60 or more measured on the ball
- Thickness between 0.010 and 0.100 inches (3 claims)
- Modulus between 15,000 and 70,000 psi (4 claims)

Outer cover layer

- Polyurethane
- Shore D hardness of 64 or less measured on the ball
- Thickness between 0.010 and 0.070 inches (5 claims) or between 0.010 and 0.050 inches (1 claim) or between 0.030 and 0.060 inches (1 claim)

Michael Sullivan - Inventor



- > Scientist at Spalding from 1984 to 1999
- Bachelors Degree in Chemistry; Masters in polymer science
- Inventor on nearly 300 golf ball patents; more than any other person

Michael Sullivan - Inventor



- Worked with Dennis Nesbitt and Bob Molitor at Spalding
- Invented the golf balls of the patents-in-suit in 1991
- Applied for the patents beginning in 1993
- Hired away from Spalding by Acushnet in 1999

Patents-in-Suit

United States Patent Sullivan				(45) Patent No.: US 6,210,293 B1 (45) Date of Patent: Apr. 3, 2001		
(54)	MULTI-LAYER GOLF BALL		(58) Field of Search 473/370-37			
(75)	Inventor:	Michael J. Sullivan, Chicopee, MA	(56)	References Cited		
		(US)		U.S. PATENT DOCUMENTS		
(73)	Assignee: Spalding Sports Worldwide, Inc.,		4	1,431,193 * 2/1984 Nesbitt		
		Chicopee, MA (US)		5,068,151 * 11/1991 Nakamura		
(*)	Notice:	Subject to any disclaimer, the term of this	CHEST AND THE SANSTANT OF PORCES FOR			
	patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.		- cite	ed by examiner		
				ary Examiner—Mark S. Graham		
		This patent is subject to a terminal dis- claimer.	(57)	ABSTRACT		
(21)			The present invention is directed to an improved multi-layer			
(21)	Appl. No.	: 09/470,196		golf ball comprising a core, an inner cover layer and an outer cover layer. The inner cover layer is comprised of a low acid		
(22)	Filed:	Filed: Dec. 21, 1999		ionomer blend which may or may not include a filler such		

Related U.S. Application Data

Continuation of application No. 08/870,585, filed on Jun. 6, 1997, which is a continuation of application No. 08/556,237, filed on Nov. 9, 1995, now abandoned, which is a continuation-in-part of application No. 08/070,510, filed on Jun. 1, 1993, now abandoned.

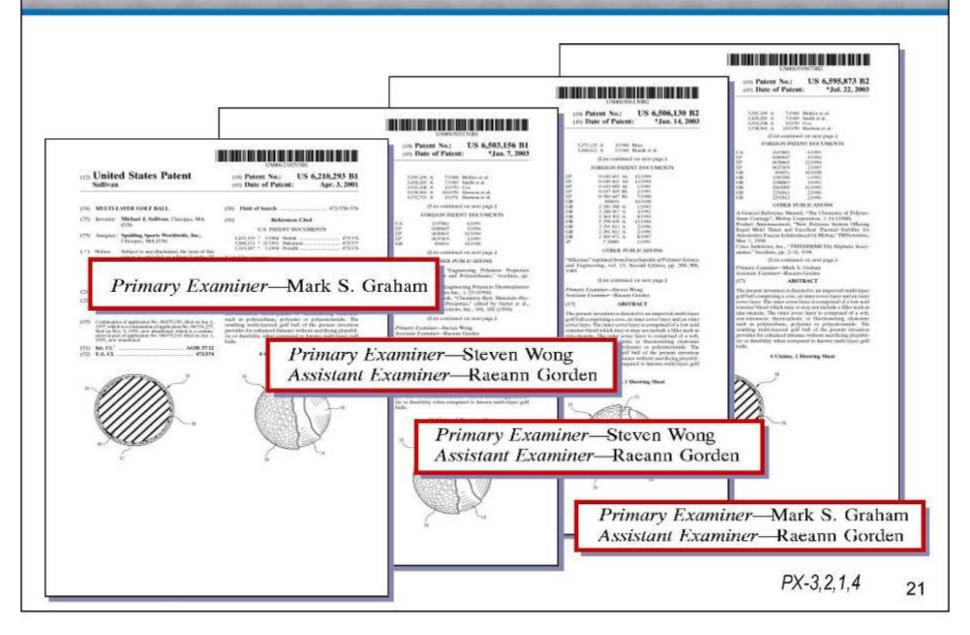
PX-3

(63) Continuation of application No. 08/1997, which is a continuation of applifiled on Nov. 9, 1995, now abandon ation-in-part of application No. 08/1

1993, now abandoned.

(51) Int. Cl.⁷

Three Examiners Allowed the Patents-in-Suit



Sullivan Told PTO About Acushnet's Prior Art

US08210293B1

(58) Field of Smerch

(50)

(12) United States Patent Sullivan (10) Patent No.: US 6,210,293 B1 (45) Date of Patent: Apr. 3, 2001

References Cited

U.S. BATENT DOCUMENTS

4.631,203 * 2.1064 Nobbit 5386,251 * 31,799 Nobbit 5,814,287 * 5,1094 Penditi

ABSTRACT

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much as polyanuthans, polyander as polyonterarnic. The residing multi-layered gall bell of the personi revention povision for enhanced distance without sacrificing playability or durafully when compared in known multi-layer gall

Printery Enterior - Mark S. Greham

475/370-378

(54) MULTI-LAYER GOLF BALL.

(25) Irrovec: Michael J. Sallivan, Chicopoe, MA (US)

(73) Assignor: Spaiding Sports Worldwide, Inc., Chicoper, MA (US)

(*) Notice: Subject to any discharge, the term of this potent is entitled or adjourned under 25 cited by examiner U.S.C. 154(b) by 0 days.

Primary Examiner.

This potent is subject to a terminal dis-

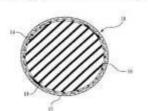
(21) Appl. No.: 09/478,296

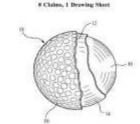
(22) Filed. Dec. 21, 1999.

Related U.S. Application Data

(6.7) Continuation of application No. (8.070, 500, 1844 on Inn. 8, 1007, which is a tentional on dispolaration No. (8.709, 251, 1864 on June 3, 1007, 100

(51) Int. CL² A638 57/1 (52) U.S. CL 473/57





(10) Patent No.:

US 6,210,293 B1

(45) Date of Patent:

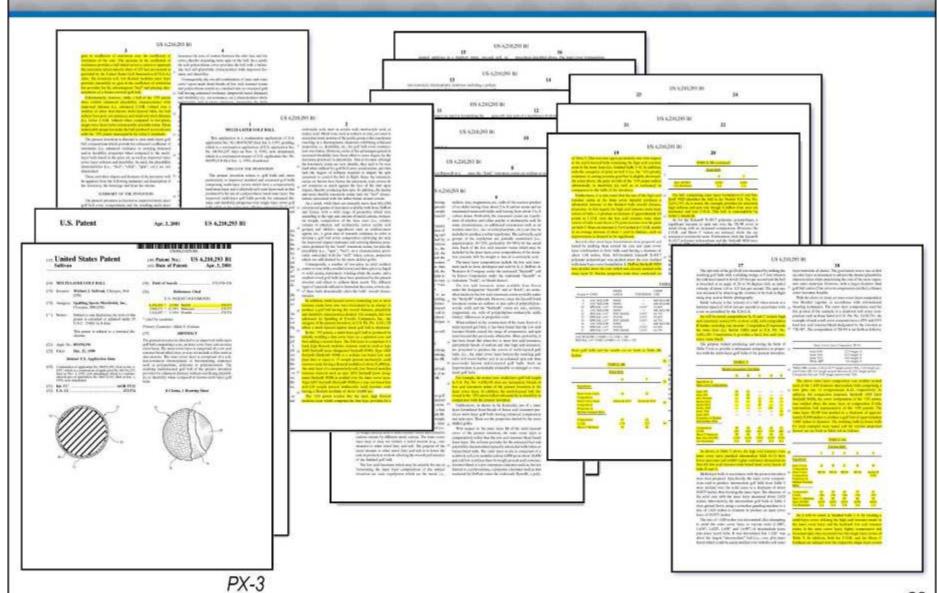
Apr. 3, 2001

(56) References Cited

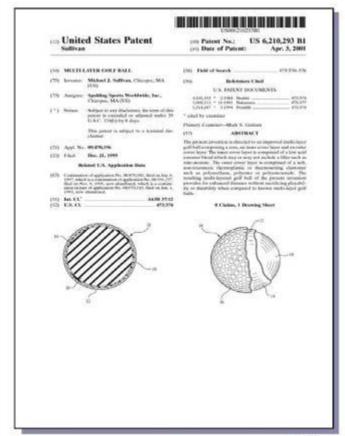
U.S. PATENT DOCUMENTS

* cited by examiner

Sullivan Discussed Nesbitt at Length



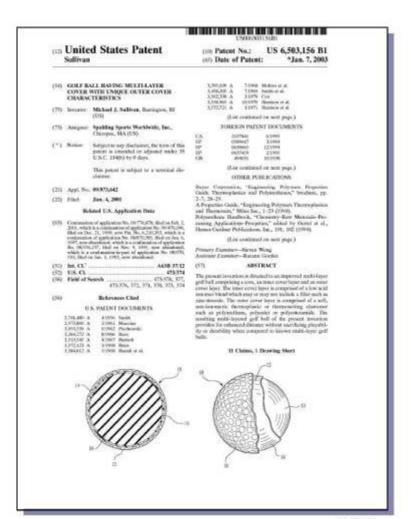
Sullivan Also Discussed Molitor '751



The hardness of the ball is the second principal property involved in the performance of a golf ball. The hardness of the ball can affect the playability of the ball on striking and the sound or "click" produced. Hardness is determined by 10 the deformation (i.e., compression) of the ball under various load conditions applied across the ball's diameter (i.e., the lower the compression value, the harder the material). As indicated in U.S. Pat. No. 4,674,751, softer covers permit the accomplished golfer to impart proper spin. This is because the softer covers deform on impact significantly more than balls having "harder" ionomeric resin covers. As a result, the better player is allowed to impart fade, draw or backspin to the ball thereby enhancing playability. Such properties may 20 be determined by various spin rate tests such as the "nine iron" spin rate test described below in the Examples.

U.S. Patent No. 6,210,293, Col. 5: 6-22

Sullivan Also Disclosed Molitor '637 and Wu



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4,218,543 A
              8/1980 Weber et al.
4,248,432 A
              2/1981 Hewitt et al.
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              6/1981 Nakade et al.
4,274,637 A
             6/1981 Molitor
              7/1982 Saito et al.
4,337,946 A
4,431,193 A * 2/1984 Nesbitt .....
4,442,282 A 4/1984 Kolycheck
4,570,937 A 2/1986 Yamada
4.582,887 A 4/1986 Dominguez et al.
             5/1986 Nissen et al.
4.590,219 A
4,607,090 A 8/1986 Dominguez
4.650,193 A
             3/1987 Molitor et al.
4,674,751 A
             6/1987 Molitor et al.
             7/1987 Melvin et al.
4,679,795 A
4.688,801 A
              8/1987 Reiter
4.690,981 A
               9/1987 Statz
```

Presumption of Validity

- > Patents are presumed to be valid
- All of Acushnet's prior art was before the Patent Office Examiners who issued the patents
- To find the claims invalid, there must be clear and convincing evidence that the Patent Office should not have issued the patents

Acushnet

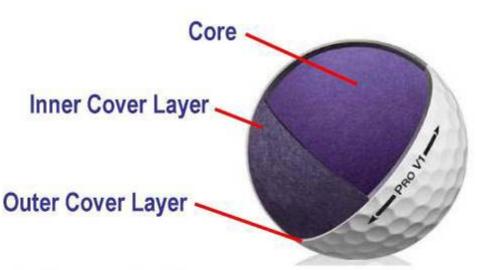




- Golf division of Fortune Brands
- Includes Titleist as well as Pinnacle, Footjoy and Cobra
- Leading golf ball manufacturer
- In 2000, when the Rule 35 came out, Titleist's premium golf balls were all wound (Professional, Tour Prestige)

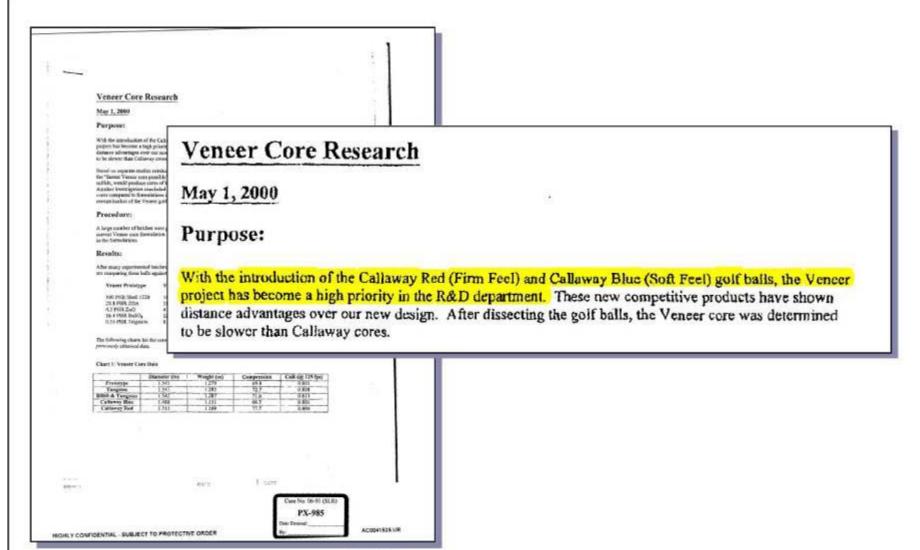
Acushnet



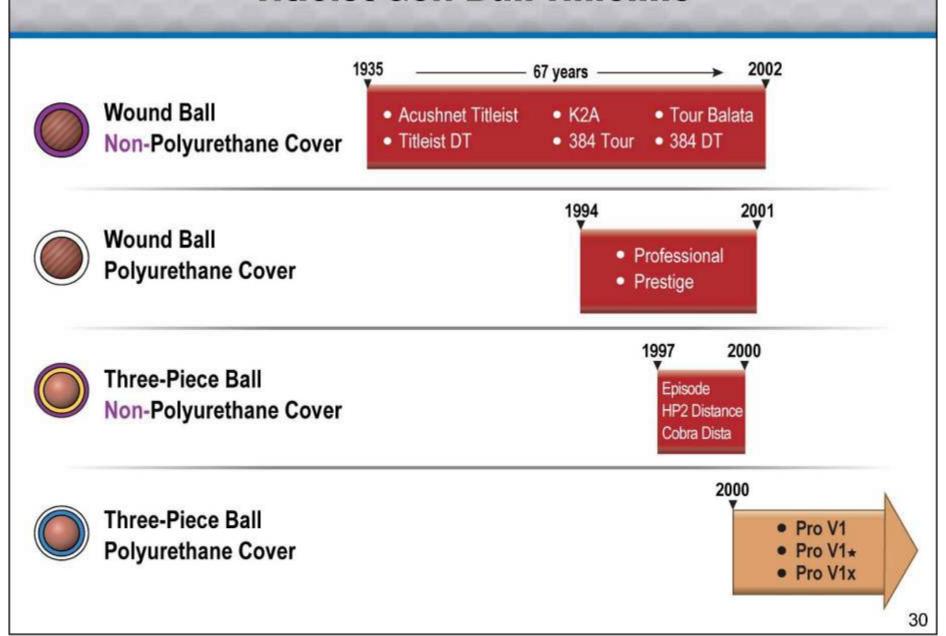


- Had to play catch-up to Callaway Golf, as well as Nike and Bridgestone
- Recognized the revolutionary technology
- Introduced Pro V1 in October 2000
 - Core, ionomer inner cover, polyurethane outer cover
- Received patents the Hebert Patents on the "veneer concept"

Acushnet Had to Play Catch-Up



Titleist Golf Ball Timeline



Acushnet's Hebert '172 Patent

United States Patent Hebert et al. [51] MULTILAYER COLF RALL WITH A THERMOSET OUTER LAYER [75] Insureres: Edmund A. Hobert, North D. Mans.; William F. Morgan, B R.L. Bean Smill, Occasiola, 6 [23] Assignee: Arashnet Company, Fairlee [21] Appl. No.: 863,788 [22] Filed: May 27, 1997 [51] Int. Cir. A638 37/68, A References Cited U.S. EXTENT DOCUMENTS U.S. POLITON DOCUMENT 1,147,230 - 41990 Final at al. 1,157,200 - 41990 Final at al. 2,202,272 - 71990 Final at al. 2,202,272 - 71990 Final at al. 2,202,211 - 11990 Final at al. 2,202,211 - 11990 Final at al. 2,202,211 - 11990 Final 4,202,204 - 12,1990 INNER COVER -- Flex Mod. 65,000psi - 120,000psi Thickness: 0.020m, -0.045in, Shore D: 65 - 74 Solid or Liquid Center

Ur	ited	Sta	tes Patent [19]				
Heb	ert et	al.					
[54]	MULTILAYER GOLF BALL WITH A THIN THERMOSET OUTER LAYER						
[75]	Inventors: Edmund A. Hebert, North Dartmouth, Mass.; William E Morgan, Barrington, R.I.; Dean Snell, Oceanside, Calif.						
[73]	Assignce: Acushnet Company, Fairhaven, Mass.						
[21]	Appl. N	o.: 863 ,	788				
[22]	Filed: May 27, 1997						
[51]	Int. Cl.		A63B 37/08; A63B 37/12; A63B 37/06				
[52]	U.S. Cl.						
[58] Field of Search							
			473/384, 354, 363, 365, 374, 376				
[56]		Re	eferences Cited				
	1	U.S. PA	TENT DOCUMENTS				
3	3,147,324	9/1964	Ward 264/254				
Company of the Control of the Contro		4/1965	Ford et al 264/275				
3,262,272 7/1966			Barakauskas et al 60/39.05				
		10/1971	Satchell et al				
THE CONTROL OF THE		11/1976 5/1980	Isaac				
4.431.193		2/1984					
	,625,964	12/1986	Yamada 273/62				
4	,848,770	7/1989	Shama 273/228				
	,919,434	4/1990	Saito 273/235 R				
4	,959,000	9/1990	Giza 425/116				

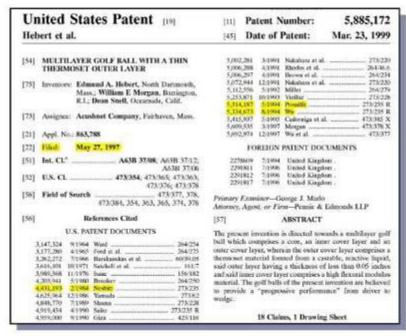
[11] P	atent N	lumber:	5,885,172	
[45] D	ate of Patent:		Mar. 23, 1999	
5,002,281		1 Nakahara et al 273/220		
5,006,288				
5,006,297		Brown et al 264/234		
5,072,944		Nakahara et al 273/220		
5,112,556	5/1992	Miller 264/279		
5,253,871		Viollaz 273/228		
5,314,187			273/235 R	
5,334,673		Wu 273/235 R		
5,415,937		Cadorniga et al 473/385 X		
5,609,535	3/1997	Morgan 473/378 X		
5,692,974	12/1997	Wu et al	473/377	
F	OREIGN	PATENT DO	CUMENTS	
2278609	7/1994	United Kingdom .		
2291811	7/1996	6 United Kingdom .		
2291812	7/1996	United Kingd	lom .	
2291817	7/1996	United Kingdom .		
		eorge J. Marle m—Pennie &	Edmonds LLP	
[57]		ABSTRACT		
ball which couter cover le thermoset me said outer lay and said inne material. The	omprises ayer, wher aterial for yer having r cover lay golf balls	a core, an inrein the outer of med from a ca a thickness of ver comprises a of the present	wards a multilayer golf her cover layer and an cover layer comprises a astable, reactive liquid, of less than 0.05 inches a high flexural modulus t invention are believed	

to provide a "progressive performance" from driver to

18 Claims, 1 Drawing Sheet

wedge.

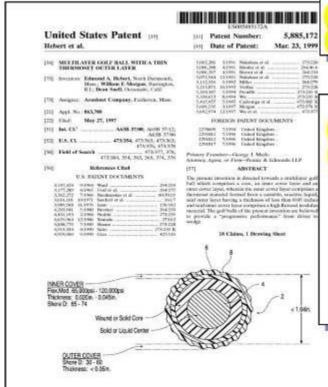
Acushnet's Hebert '172 Patent



PX-17

- Covers three-piece, solid-core balls with cast polyurethane cover
- Acushnet insisted that Callaway Golf buy a license to the Hebert Patents
- Callaway Golf and Acushnet both learned later that it was Sullivan, not Hebert, who invented this new technology

Acushnet's Hebert '172 Patent



The invention is particularly directed towards a multilayer golf ball which comprises a core, an inner cover layer and an outer cover layer. The thickness of the outer cover layer

Thermoset polyurethanes and urethanes are particularly preferred for the outer cover layers of the balls of the present invention. Polyurethane is a product of a reaction between a polyurethane prepolymer and a curing agent. The polyurethane prepolymer is a product formed by a reaction between a polyol and a diisocyanate. The curing agent is typically either a diamine or glycol. Often a catalyst is employed to promote the reaction between the curing agent and the polyurethane prepolymer.

Spalding's Golf Business Struggled in Late 1990's

- > Bought by New York investment bank in 1996
- The bank saddled Spalding with huge debt load
- > Management struggled to service that debt
- > Made it difficult for Spalding to capitalize on R&D

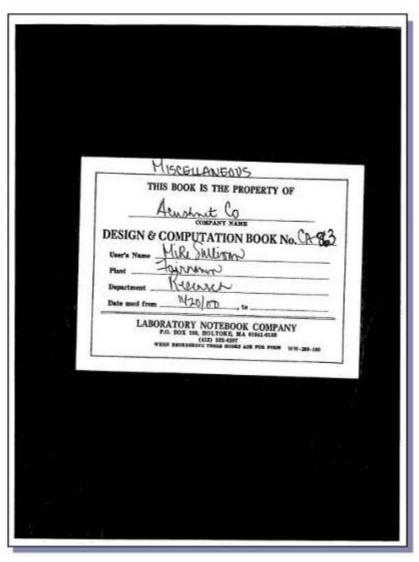
Acushnet Hired Sullivan Away from Spalding

- > Hired by Acushnet in 1999
- Acushnet wanted Mr. Sullivan's golf ball design experience



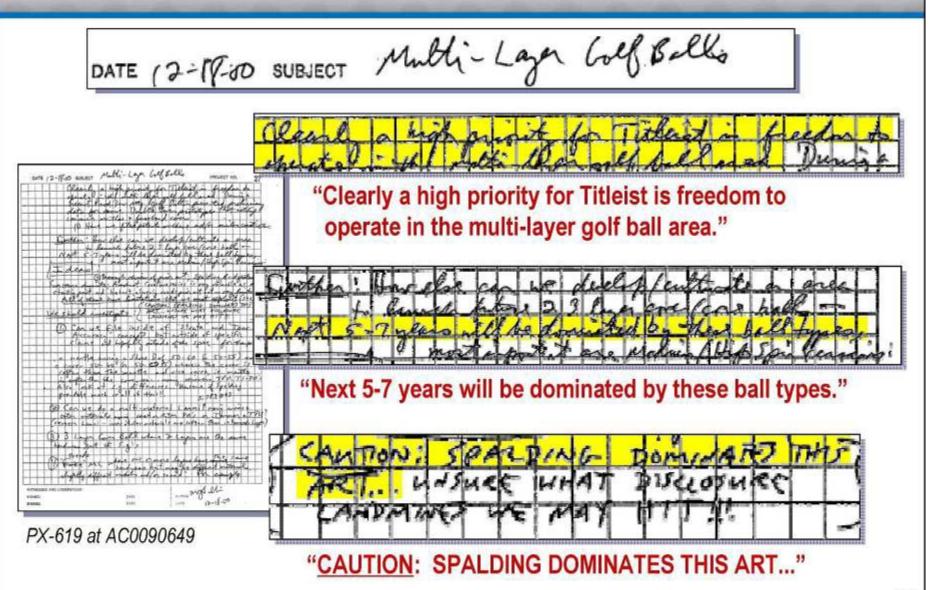
- Acushnet wanted Mr. Sullivan to help them build their patent portfolio
- Acushnet wanted to keep Mr. Sullivan from going to Callaway Golf

Sullivan's Work at Acushnet



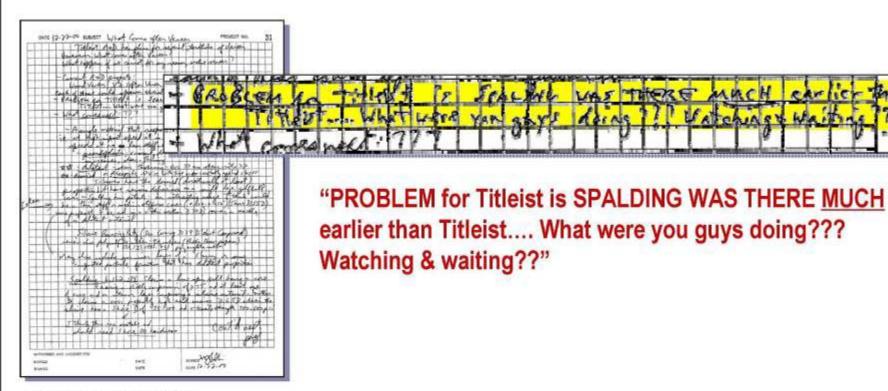
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Sullivan's Work at Acushnet



Sullivan's Work at Acushnet

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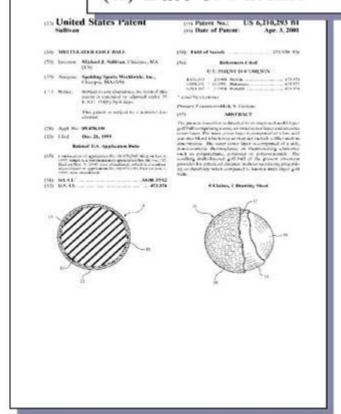
The '293 Patent Issued Right After Callaway Golf Signed the Hebert License with Acushnet

(10) Patent No.:

US 6,210,293 B1

(45) Date of Patent:

Apr. 3, 2001



- Early 2001 Acushnet and Callaway Golf sign the Hebert license
- April 3, 2001 The Sullivan '293 Patent issues to Spalding

Acushnet Realized that Spalding, Not Acushnet, Owned the Patents on the Key Concept

United States Patent

Sullivan

(10) Patent No.:

US 6,210,293 B1

(45) Date of Patent:

Apr. 3, 2001

MULTI-LAYER GOLF BALL

Inventor: Michael J. Sullivan, Chicopee, MA

(US)

Assignce: Spalding Sports Worldwide, Inc.,

Chicopee, MA (US)

Appl. No.: 09/470,196

Dec. 21, 1999 Filed:

Related U.S. Application Data

Continuation of application No. 08/870,585, filed on Jun. 6, 1997, which is a continuation of application No. 08/556,237, filed on Nov. 9, 1995, now abandoned, which is a continuation-in-part of application No. 08/070,510, filed on Jun. 1, 1993, now abandoned.

Int. Cl.	***************************************	A63B 37/12
U.S. Cl.	***************************************	473/374

United States Patent [19]

Hebert et al. [11] Patent Number:

5,885,172

Date of Patent:

Mar. 23, 1999

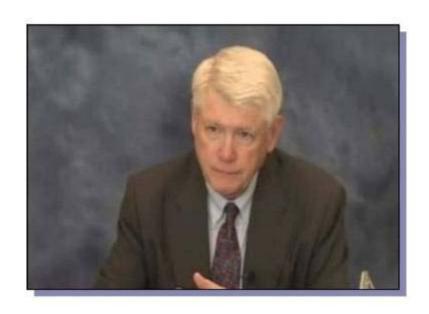
- MULTILAYER GOLF BALL WITH A THIN THERMOSET OUTER LAYER
- [75] Inventors: Edmund A. Hebert, North Dartmouth. Mass.; William E Morgan, Barrington, R.I.: Dean Snell, Oceanside, Calif.
- Assignce: Acushnet Company, Fairhaven, Mass.
- Appl. No.: 863,788
- May 27, 1997 Filed:
- [51] Int. Cl.⁶ A63B 37/08; A63B 37/12; A63B 37/06
- U.S. Cl. 473/354; 473/365; 473/363; 473/376; 473/378

473/384, 354, 363, 365, 374, 376

Reaction at Acushnet to the Issuance of the Sullivan '293 Patent

- Internal Acushnet e-mails regarding the '293 Patent on the same day it issued
- > Frantic search for prior art
- Result: Acushnet changed opinion concept of polyurethane-covered multilayer golf ball was now "obvious"

Dr. Risen Will Explain that the Asserted Claims Are Not Obvious



- > Dr. Bill Risen
- Professor of Chemistry at Brown University
- > 20 years in golf ball design

Dennis Nesbitt Does Not Think He Invented the Polyurethane Covered Three-Piece Golf Ball



Q. Do you think that you invented the polyurethane three-piece golf ball?

No, I didn't.

Nesbitt Deposition, April 11, 2007, Page 249:13-15

The Market Demanded the Patented Technology

The Road to Our Present Day Pro VI Journey

+ Wound Culture & Concentration

17 7

- + Competitive Landscape Challenges
- + Nature of the Game & Player Changes
- Golfer Strength & Performance Requirements Evolving...Distance is the Holy Grail
- Await Competition's Best Shot and Respond

Why the Accelerated Launch of Pro V1 Now?

- + Momentum and buzz within industry
- Opportunity to capitalize upon noise and consumer curiosity timely
- Pre-empt Competitive counter antics and actions...Product and Marketing
- Satisfy consumer demand, as well as avoid negative trade and player sentiments due to exclusion

The Road to Our Present Day Pro V1 Journey

- + Wound Culture & Concentration
- + Competitive Landscape Challenges
- + Nature of the Game & Player Changes
- Golfer Strength & Performance
 Requirements Evolving...Distance is the
 Holy Grail
- + Await Competition's Best Shot and Respond

HIGHLY CONFIDENTIAL - SUBJECT TO PROTECTIVE ORDER

Acushnet Introduced the Pro V1 in Response to Competition, including Callaway Golf

New Yor W1 Product Brid

- Dimensitrate the multi-component centification performance aspertacity of the Titleigh brand to cresh the gryth that Titlesti is the "wound balt' company.
- Fortify and protect our worldwide #1 ball in gelf perifice by porading multicomponent technology to compliment our interprevent, would technology.
- · Enhance Titleist's equitation as the technology and performance leader in all construction categories by conducting that Titletet was the first to develop and receive potents for this new large core, mobil-compensat technology.
- . Deliver products entireized for the next generation of golfess. .. New Hereds.
- . Affirm its superior performance by the imposting appearance (usage & successors) on the worldwide professional tours.
- Capitalize on the success of our Uestiana Electower fachagings and increase market share in On/Officharpets at the expense of competitive models.

 Stimulate trial among competitive high performance golf balt was and "valuerable."
- Titleist golf hall sours.

Current pempetitive golf hall users

- · Callanay Red
- Callanny Blue
- Dilke Four Accuracy
- · Bridgestone Precept Your
- . State Tour Professional Marfii Revolutien
- Outrest Titleast assets who are Avid one, perious soften as
 - High ball/olub speed playing

Migh purformence golf ball targeted focus on high haltichib spood players

- Longer distance with driver and?
- Tight ball flight to all wind med;
- · bligher twenching, loss aroing, fla
- Steeper angle of descent with ap
 Brep-and-Step TM performance
- . Soft feel (distinctly different see
- · Shoer and abracion durability

Packaging Platters Foll with Capper accents.

Golfer Audience

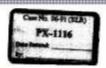
- Current competitive golf ball users:
 - Callaway Red
 - Callaway Blue
 - Nike Tour Accuracy
 - Bridgestone Precept Tour Premium
 - Strata Tour Professional
 - Maxfli Revolution
- Current Titleist users who are vulnerable to switching to competitive models.

New Pro V1

Product Brief

- Avid core, serious golfers seeking the highest performance technology.
- High ball/club speed players.

NIGHLY CONFIDENTIAL - SUBJECT TO PROTECTIVE ORDER



AC0030010

Acushnet's Strategy Was to Watch and Wait

New Pro VI Product Byief

Objectives

- Demonstrate the multi-component censitiation performance asperturity of the Triticial
- bound to smalt the gryth that Titlese is the "wound bolt" company.
- Postify and protect our worldwide #1 ball in gelf-perifien by possiting multicomponent technology to complement our interpretation, would technology.
- Enhance Titlein's reputation as the technology and performance leader in all
 construction entirpoise by emphasizing that Titlein was the fact to develop and
 receive paints for the open services.
- Deliver products epting;
- Allims its seperior posts the worldwide products
- Capitalize on the aucent
- Stimulate trial among or Titleist golf half stores.

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- Callaway Red
- Calloway Blue
- Diffe Tour Acce
 Bridgestone Pre
- . Sticke Town Prof
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- Avid one, perious;
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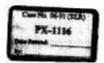
- High purformence getf built focus on high haltichte spec
- Longer distance with d
- Tight ball flight to all w
- Higher trunching, less
 Steeper angle of datos
- . Brep-and-Stop To per
- . Soft feel (distinctly diff
- Shour and abracion dur

Packaging Platinum Foll with Cappo

Why has Titleist waited so long to introduce this ball?

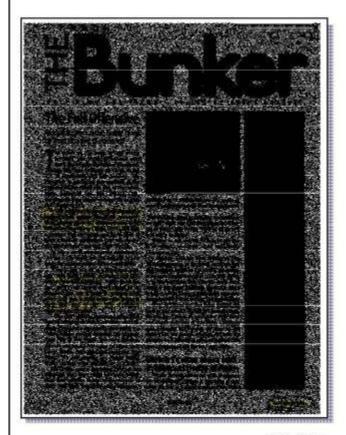
- Given the current competitive gelf ball environment, Titleist's introduction strategy was to allow the competition to launch what was their first and, what we considered to be, their best shot. We watched and responded accordingly with the high performance multi-component Pro VI, a product of superior performance.
- The Pro V1 has been designed to respond to the changing nature of the game. Many of today's highly skilled golfers are placing a greater premium on distance.
- The new Fre VI secomplishes the distance objective through its high launch, low spin performance characteristics while retaining the playability the golfer expects in a high performance golf boll.

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AC0030020

The Bunker



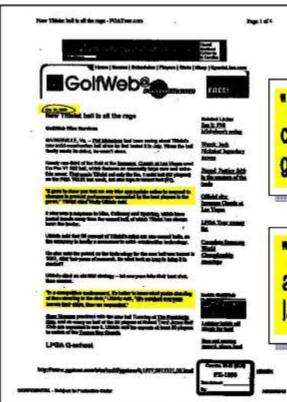
PX-984

October 13, 2000

The Acushnet Company has mounted a counterattack against Nike (Tour Accuracy) and Callaway (Rule 35) with the launch of its solid-core, three-layer Titleist Pro V1 392 ball.

"Clearly, this is a bit of a Normandy landing," said Wally Uihlein, president and CEO of the Acushnet Company. "Apart from the fact [the V1] has been in development for as long as it has, our strategy is to watch what everybody else is going to do—the feeling is their first shot is their best shot—and respond appropriately."

PGATOUR.COM



OCTOBER 17, 2000

"It goes to show you that we can take appropriate action to respond to changes in product performance warranted by the best players in the game," Titleist chief Wally Uihlein said.

"In a competitive environment, it's better to know what you're shooting at than shooting in the dark," Uihlein said. "We watched everyone launch their ships, then we responded."

Golfweek: "Titleist's Big Makeover"



Titleist's big makeover

Development of the then-unnamed golf ball continued at a fairly steady pace through the 2000 PGA Merchandise Show in Orlando, Fla.

"But then things really accelerated,"
Uihlein says. "We had made the decision to
wait and see what our competitors came
out with at the show and where we had to
be for our product to be better. And once
we knew what they had, we really pushed
on."

Before Introducing the Pro V1, Acushnet Was Facing Obsolescence

This is Wally's note to the team in Las Vega: To: Bill Morgan, George Sine, Joe Gomes, Noc: Ed Abeain, Herb Boehm, foe Nauman, D Nicholson, Bill Young, Mae Fritz Subject: V1-Las Vegas

ok, the game is on.....

You should already be anticipating next step story be at week's end be as follows:

"Titleist affirms its position as the #1 ball in and Titleist ProV1 392 golf ball golf leaves Title #1 non wound ball on tour (solid, multi con

This is the story.

FOREWARNED; Both the competition and the death of the wound ball! WHY? The cormedia will want to write it this way because story.

BULL ____ Written as a wound versus no

This is Wally's note to the team in Las Vegas, telling the V1 story
To: Bill Morgan, George Sine, Joe Gomes, Mary Lou Bohn
cc: Ed Abrain, Herb Boehm, Joe Nauman, Dennis Doherty, Dale Shenk, Peg
Nicholson, Bill Young, Mac Fritz
Subject: V1-Las Vegas

I do not need to put into historical perspective the magnitude of the challenge before us. In the genre of the Pro Shop only decision of the 1930's, the recovery from the hurricane of '54, the comeback from the 'A' ball introduction of 73, the Pinnacle launch of 1980 and the rebuff of the Nippon invaison of the

late 1980's, this is one of those STRATEGIC INFLECTION POINTS/MOMENTS OF TRUTH where the history of the company and the long term viability of the entity is at risk and in play.

This is spin time and I am confident that I have the best team possible in front of this one.

The fact that the competition has already begun the trash talk ("wound is dead", "the ball's too hot", etc. etc.), is all the evidence that you need that THEY ARE SCARED S of what the future holds.

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Nicholson, Bill Young, Mac Pritz.

Subject: V1-Las Vega ok, the game is on....

You should already by story be at week's end

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This is the story.

FOREWARNED; Be the death of the wour media will want to w story.

BULL Writt

And if a brand story that after the competi still #1 FAR AND AW

The next two to three years will be the most critical years that we will, as individuals, will experience as part of this company's history.

Twenty, Thirty and Forty years from now when the story is told as to how we looked down the gun barrel of potential technological obsolescence, refused to blink and then prevailed with faster guns and better shots will be the stuff that legends grow from.

leader on tour. If this story does not get told as such, SHAME ON US.

Ed Abrain, I want Sirak, Nugent/Gardner/Seanor and Adam Barr called today with the tidbits shown below and the themes expressed above.

Lou, George and Joe......you need to be sure that the media is headed this way during your briefings.

If on Thursday/Friday or in next week's tabloids this week's Normandy landing counter attack reads like our functal rather than our finest hour, then we all have some explaining to do to 5000 fellow associates.

This is spin time and I am confident that I have the best team possible in front of this one.

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Golfweek: "Titleist's Big Makeover"



Golfweek: "Titleist's Big Makeover"



PX-722

Titleist's big makeover

But the consumer response to Pro V1 did not give Titleist that luxury of time, and the company feverishly began converting urethane-cover production to that new ball.

"Yes, we were very confident about this ball because we were getting a lot of enthusiastic feedback from our Tour players," Uihlein says. "Still, it was a challenging process, and the speed at which this all took place is unprecedented, especially as it related to increasing capacity to meet the demand. I think it is the most massive paradigm shift ever seen in the golf ball category, and certainly the most intense and accelerated one in any product category I've ever witnessed."

The Pro V1 Has Been Extremely Successful

Question for you:

Was this success due in part to the patented technology, or not?

Before Sullivan Patents Issued, Acushnet Emphasized the Patented Technology

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- Exhause Titleint's expension to the technique to construction categories by emphasising to receive patients for this new large core, o
- Deliver produce optimized for the next · Affirm its repetier prefermance by the i
- the worldwide professional tours. . Capitalize on the sacress of our Ucotha-
- share in Cn/Off changels at the exposur Stimulate trial using competitive high a Titleist golf hill worn.

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High performance golf built largeted to a pri focus on high half-labb speed playest seeks

- . Longer distance with driver and long in
- Fight bull flight in all wind renditions
- Higher hunching, Jest weing, Out and h
- Steeper engls of descent with approach
 Drop-and-Step The performance into the
- Soft feel (fistiacity different orque) facil Show and abracing durability

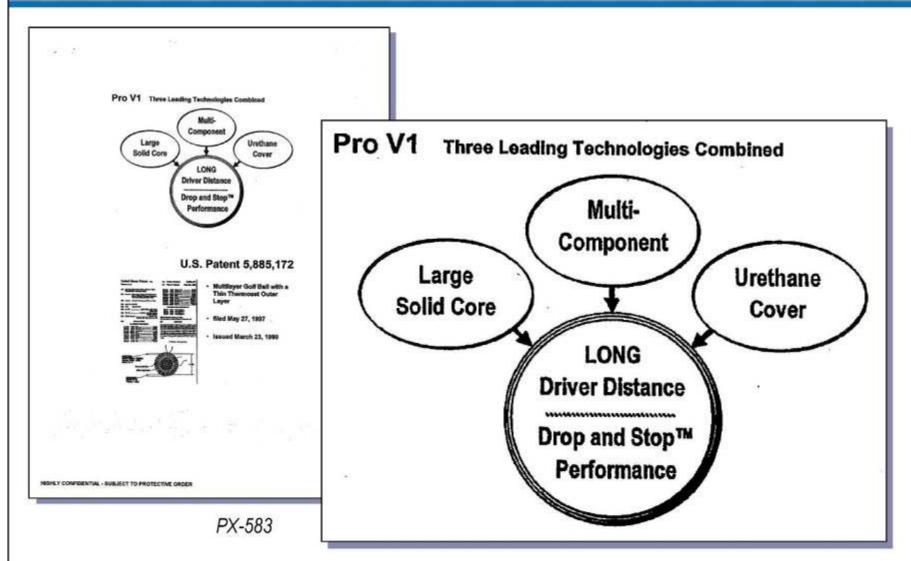
Packaging Photorus Post with Capper scents

HISHLY CONFIDENTIAL - SUBJECT TO PROTECTIVE OFF

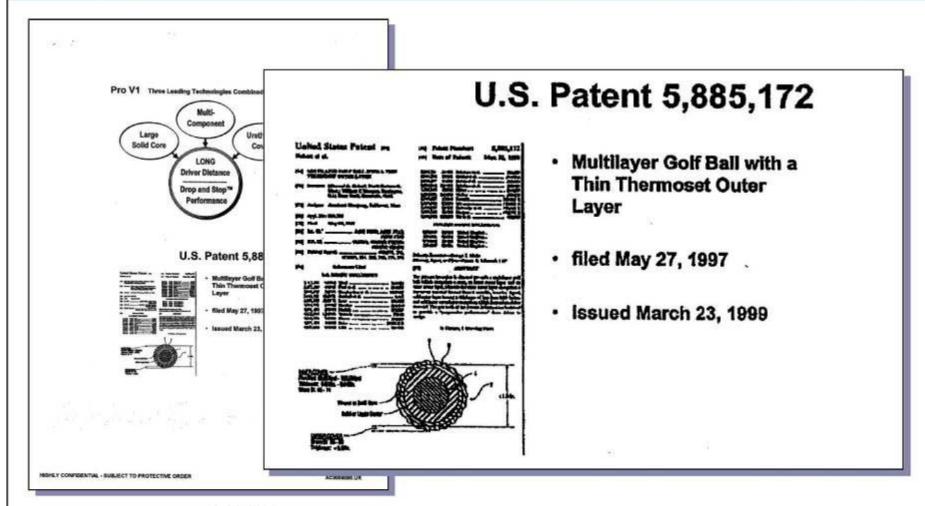
How does the Pro V1 perform? And how does this differ from multi-layer or high performance wound gelf balls?

- The exchains and preprietary large core muki-component and thin Urethone Elastomer technology of the Pro VI provides a combination of high launch and low driver spin which ereates a flatter trajectory to improve distance.
- The Pre V1 produces lower spin with full iron shots for greater distance, however with less than full swings, the very soft unthane elastomer outer surface increases spin and combines with the higher launch to produce a very controlled shot to the green.
- The Pro V1 design combines the short game control of a soft severed high performance golf ball with the driver distance of a solid distance ball.
- The Pro VI differs from multi-layer golf balls in that the very saft urethanc electomer outer surface increases spin and combines with the inherent steep angle of descent to create a Drou-and-Stup " type of shot into the groon.
- High performance wound balls offer a softer feel, and higher spin off the driver, long and mid-frons, allowing bester players the ability to "work" their shots more efficiently. construction golf balls generally deliver lower spin and longer distance off the driver, long and mid irons and a higher trajectory and steeper angle of descent into the greens.

Before Sullivan Patents Issued, Acushnet Emphasized the Patented Technology



Before Sullivan Patents Issued, Acushnet Emphasized the Patented Technology



Acushnet Advertisement in Golfweek Magazine



ACUSHNET COMPANY

Wally Uthlein Chairman and Chief Executive Officer August 2001

ACLESCOPET COMPOSED

The Logic Chiles.

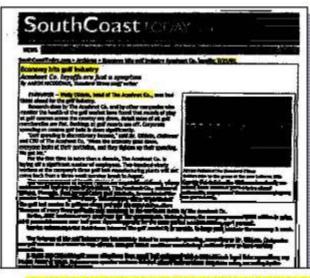
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As you undoubtedly know, the introduction of the Titleist Pro V1 golf ball has been an unprecedented success. Since its tour debut in October 2000, the Titleist Pro V1 has been the #1 ball on the worldwide professional tours. With this groundswell of tour usage and acceptance, word of Titleist's new high performance golf ball quickly traveled to players everywhere and demand grew prior to it even being introduced to the marketplace. As a result, we accelerated our planned introduction date by four months, the timing of which did not allow us to build adequate inventory to address the overwhelming consumer demand that would soon follow.

Our manufacturing facilities have been working overtime since the December 2000 marketplace introduction in an effort to supply golf shops with ample Pro VI inventory. We have had to allocate Pro VI shipments among all of our valued customers to ensure that each has at least a minimum supply.

- Our associates have been working a 24-hour per day, 7-day per week Pro V1 production schedule. Dedicated work crews have continued production through the Memorial Day and Fourth of July holidays as well as during Titleist's traditional two week summer manufacturing shutdown for the first time in company history. The \$1.6 million in overtime and other expenses have delivered an incremental 250,000 dozen Pro V1 golf balls which otherwise would not have been available for sale.
- We're investing an additional \$14 million in capital equipment, both in core expansion and
 urethane elastomer capacity. This significant capital investment will contribute to our expanded
 capacity this fail as well as prepare us for future demand.

SouthCoast Today



JULY 21, 2002

Economy hits golf industry

Acushnet Co. layoffs are just a symptom

By AARON NICODEMUS, Standard-Times staff writer

FAIRHAVEN -- Wally Uihlein, head of The Acushnet Co., sees bad times ahead for the golf industry.

The Pro VI saved this company, said Mr. Uihlein. When demand for that golf ball took off in 2000, the company added equipment and employees. With the layoffs, the company's total number of employees is back to where it was in 2000, at 2,086, he said.



PX-723