

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

April 28, 2011
Date of Report (Date of earliest event reported)

CALLAWAY GOLF COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction
of incorporation)

1-10962
(Commission
File Number)

95-3797580
(IRS Employer
Identification No.)

2180 RUTHERFORD ROAD, CARLSBAD, CALIFORNIA

(Address of principal executive offices)

92008-7328

(Zip Code)

(760) 931-1771

Registrant's telephone number, including area code

NOT APPLICABLE

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.*

On April 28, 2011, Callaway Golf Company issued a press release captioned "Callaway Golf Company Releases First Quarter 2011 Results." A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by this reference.

Item 9.01 Financial Statements and Exhibits.*

(c) Exhibits.

The following exhibit is being furnished herewith:

Exhibit 99.1 Press Release, dated April 28, 2011, captioned "Callaway Golf Company Releases First Quarter 2011 Results."

* The information furnished under Item 2.02 and Item 9.01 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any registration statement or other filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CALLAWAY GOLF COMPANY

Date: April 28, 2011

By: /s/ Brian P. Lynch
Name: Brian P. Lynch
Title: Vice President and
Corporate Secretary

Exhibit Index

Exhibit Number

Description

99.1

Press Release, dated April 28, 2011, captioned "Callaway Golf Company Releases First Quarter 2011 Results."

Callaway Golf Company Releases First Quarter 2011 Results

CARLSBAD, Calif., April 28, 2011 /PRNewswire/ -- Callaway Golf Company (NYSE:ELY) today announced its financial results for the first quarter of 2011.

“Our first quarter results varied significantly by region with some reflecting robust recoveries and others reflecting the effects of external mitigating factors,” commented George Fellows, President and Chief Executive Officer of Callaway Golf Company. “Our sales in Europe, Canada and emerging markets are off to a strong start this season and were able to offset the slight decline in sales in the United States. Unfortunately, the recent tragedy in Japan, the flooding in Australia, and the delayed opening of the golf season in Korea due to extreme weather have offset these recoveries and caused a decline in our first quarter sales.”

“We are encouraged, however, by early signs of recovery in Japan and by early indications that the overall golf industry is recovering in 2011,” continued Mr. Fellows. “We are seeing improved industry sales across a majority of product categories, driven by increases in average selling prices and increased traffic at retail. Consistent with these industry trends, the initial retail sell-through of our new products in general, and our RAZR line of woods and irons in particular, has been positive. As a result of the favorable industry trends, initial retail sell-through, and continued improvement in our operations, we expect that in 2011 our underlying operational performance and full year financial results will improve compared to 2010.”

- Net sales of \$286 million, a decrease of \$17 million (6%) as compared to net sales of \$303 million for the first quarter of 2010. Sales in Japan decreased \$16 million (30%). Changes in foreign currency exchange rates favorably affected net sales by \$8 million. On a currency neutral basis (i.e. translating the Company’s first quarter 2011 results at first quarter 2010 exchange rates), net sales would have been \$278 million, a decrease of 8% compared to the first quarter of 2010.
- Gross profit of \$124 million (43% of net sales), compared to gross profit of \$137 million (45% of net sales) for the first quarter of 2010. First quarter results included charges of \$6 million and \$1 million for 2011 and 2010, respectively, associated with the Company’s global operations strategy. The decline in sales in Japan also affected gross margins as the Company sells a significant amount of premium priced specialty products in Japan.
- Operating expenses for the quarter of \$101 million (35% of sales), compared to \$109 million (36% of sales) for the first quarter of 2010. Operating expenses for 2011 included a gain of \$6 million on the sale of three buildings in Carlsbad.
- Operating income for the quarter of \$23 million (8% of sales), compared to \$28 million (9% of sales) for the first quarter of 2010.
- Other expense for the quarter increased \$3.0 million (to \$1.4 million in expense from \$1.6 million of income for the first quarter of 2010), due to the impact of a weaker U.S. dollar on outstanding foreign exchange contracts compared to last year.
- Earnings per diluted share of \$0.15 (on 84.7 million shares). For the first quarter of 2010, the Company reported fully diluted earnings per share of \$0.24 (on 83.9 million shares). The first quarter of 2011 included an after-tax charge of approximately \$0.05 per share, while the first quarter of 2010 included a charge of \$0.01 per share, related to the Company’s global operations strategy.

“Operationally we are pleased with the progress of our global operations strategy, and given the increasing inflationary pressures in China, we remain confident in our decision to diversify our supply base by relocating our North American club manufacturing operation to Mexico,” added Mr. Fellows. “We believe this will be an important step towards adding supply-chain flexibility, significantly reducing production costs, and driving long-term shareholder value. The start-up of our new facility has gone smoothly and we began shipping finished clubs to the U.S. during the quarter.”

“While early market indicators are trending positively, the second quarter is an important quarter of the year and is driven by successful sell-through at retail,” emphasized Mr. Fellows. “While it is difficult to estimate the full year impact of Japan at this time, we are encouraged that Japan is showing signs of recovery and by improving industry and market conditions. We are also encouraged by the continued growth in our emerging markets, further development of our apparel business, and the progress on the Company’s global operations strategy, including the reorganization of our manufacturing and distribution operations. As a result, we expect that in 2011 our underlying operational performance and full year financial results will improve compared to 2010 and we expect that the significant investments we have made in our global operations strategy will be completed by the end of 2011.”

Business Outlook

Given the difficulty of estimating the full year impact of the recent natural disasters in Japan, the Company is temporarily suspending specific financial guidance for 2011 at this time. The Company, however, still expects to be profitable on a pro forma basis, excluding charges for the final stages of its global operations strategy, which are estimated to be approximately \$23 million (pre-tax) or \$0.22 per share (after-tax) for the full year 2011.

Conference Call and Webcast

The Company will be holding a conference call at 2:00 p.m. PDT today. The call will be broadcast live over the Internet and can be accessed at www.callawaygolf.com. To listen to the call, please go to the website at least 15 minutes before the call to register and for instructions on how to access the broadcast. A replay of the conference call will be available approximately three hours after the call ends, and will remain available through 9:00 p.m. PDT on Thursday, May 5, 2011. The replay may be accessed through the Internet at www.callawaygolf.com or by telephone by calling 1-800-642-1687 toll free for calls originating within the United States or 706-645-9291 for International calls. The replay pass code is 59622082.

Disclaimer: Statements used in this press release that relate to future plans, events, financial results, performance or prospects, including statements relating to improved industry or market conditions, a recovery in Japan, supply chain flexibility, reduced production costs, increased shareholder value, the estimated amount of charges or timing of the completion of the Company’s investments in its global operations strategy, improvements in 2011 in the Company’s operational performance or full year financial results, and estimated profitability for 2011, are forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. These estimates and statements are based upon current information and expectations. Accurately estimating the forward-looking statements is based upon various unknowns, including future changes in foreign currency exchange rates, consumer acceptance and demand for the Company’s products, the level of promotional activity in the marketplace, as well as future consumer discretionary purchasing activity, which can be significantly adversely affected by unfavorable economic or market conditions. Actual results may differ materially from those estimated or anticipated as a result of these unknowns or other risks and uncertainties, including continued compliance with the terms of the Company’s credit facility; delays, difficulties or increased costs in the supply of components needed to manufacture the Company’s products, in manufacturing the Company’s products, or in connection with the implementation of the Company’s planned global operations strategy initiatives or other future initiatives; adverse weather conditions and seasonality; any rule changes or other actions taken by the USGA or other golf association that could have an adverse impact upon demand or supply of the Company’s products; a decrease in participation levels in golf; and the effect of terrorist activity, armed conflict, natural disasters or pandemic diseases 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 that could affect these statements, the golf industry, and the Company’s business, see the Company’s Annual Report on Form 10-K for the year ended December 31, 2010 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.

Currency Neutral Basis: This press release includes information regarding certain aspects of the Company's financial results for the first quarter that is presented on a "currency neutral basis." This information estimates the impact of the effect of foreign currency translation on the Company's 2011 results as compared to the same period in 2010. This impact is derived by taking the Company's 2011 local currency results and translating them into U.S. dollars based upon 2010 foreign currency exchange rates for the periods presented and does not include any other effect of changes in foreign currency rates on the Company's results.

Regulation G: This press release and the financial statement schedules attached to 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 provided certain financial information concerning its results, which includes certain financial measures not prepared in accordance with GAAP. The non-GAAP financial measures included in the press release and attached schedules present certain of the Company's financial results (i) on a "currency neutral basis," (ii) excluding charges for the Company's global operations strategy, (iii) excluding the effects of a \$7.5 million Top-Flite intangible asset charge, (iv) excluding a \$6.2 million gain on the sale of three buildings, and (v) excluding interest, taxes, depreciation, amortization expenses, and the \$7.5 million Top-Flite intangible asset charge ("Adjusted EBITDA"). 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 for investors as to the underlying performance of the Company's business without regard to these items. The Company has provided reconciling information within the press release and attached schedules.

About Callaway Golf

Through an unwavering commitment to innovation, Callaway Golf Company (NYSE:ELY) 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 apparel, footwear and accessories, under the Callaway Golf®, Odyssey®, Top-Flite®, and Ben Hogan® brands in more than 110 countries worldwide. For more information please visit www.callawaygolf.com or shop.callawaygolf.com.

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(Logo: <http://photos.prnewswire.com/prnh/20091203/CGLOGO>)

Callaway Golf Company
Consolidated Condensed Balance Sheets
(In thousands)
(Unaudited)

| | March 31, 2011 | December 31, 2010 |
|---|-------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 28,542 | \$ 55,043 |
| Accounts receivable, net | 266,667 | 144,643 |
| Inventories | 257,895 | 268,591 |
| Deferred taxes, net | 25,404 | 24,393 |
| Income taxes receivable | 786 | 10,235 |
| Other current assets | 41,332 | 41,703 |
| Total current assets | 620,626 | 544,608 |
| Property, plant and equipment, net | 122,701 | 129,601 |
| Intangible assets, net | 161,564 | 161,957 |
| Other assets | 47,471 | 48,813 |
| Total assets | <u>\$ 952,362</u> | <u>\$ 884,979</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 174,224 | \$ 139,312 |
| Accrued employee compensation and benefits | 35,903 | 26,456 |
| Accrued warranty expense | 8,646 | 8,427 |
| Income tax liability | 1,110 | 971 |
| Credit facility | 3,000 | - |
| Total current liabilities | 222,883 | 175,166 |
| Long-term liabilities | 18,926 | 13,967 |
| Shareholders' equity | 710,553 | 695,846 |
| Total liabilities and shareholders' equity | <u>\$ 952,362</u> | <u>\$ 884,979</u> |

Callaway Golf Company
Statements of Operations
(In thousands, except per share data)
(Unaudited)

Quarter Ended
March 31,

| | 2011 | 2010 |
|---|------------------|------------------|
| Net sales | \$ 285,599 | \$ 302,875 |
| Cost of sales | <u>161,918</u> | <u>165,580</u> |
| Gross profit | 123,681 | 137,295 |
| Operating expenses: | | |
| Selling | 75,219 | 74,628 |
| General and administrative | 16,287 | 24,976 |
| Research and development | <u>9,197</u> | <u>9,318</u> |
| Total operating expenses | 100,703 | 108,922 |
| Income from operations | 22,978 | 28,373 |
| Other income (expense), net | <u>(1,380)</u> | <u>1,571</u> |
| Income before income taxes | 21,598 | 29,944 |
| Income tax provision | <u>8,780</u> | <u>9,641</u> |
| Net income | 12,818 | 20,303 |
| Dividends on convertible preferred stock | <u>2,625</u> | <u>2,625</u> |
| Net income allocable to common shareholders | <u>\$ 10,193</u> | <u>\$ 17,678</u> |

Earnings per common share:

| | | |
|---------|--------|--------|
| Basic | \$0.16 | \$0.28 |
| Diluted | \$0.15 | \$0.24 |

Weighted-average common shares outstanding:

| | | |
|---------|--------|--------|
| Basic | 64,303 | 63,653 |
| Diluted | 84,719 | 83,926 |

Callaway Golf Company
Consolidated Condensed Statements of Cash Flows
(In thousands)
(Unaudited)

| | Quarter Ended | |
|---|------------------|------------------|
| | March 31, | |
| | 2011 | 2010 |
| Cash flows from operating activities: | | |
| Net income | \$ 12,818 | \$ 20,303 |
| Adjustments to reconcile net income to net cash used in operating activities: | | |
| Depreciation and amortization | 9,880 | 9,949 |
| Deferred taxes, net | (125) | (1,746) |
| Non-cash share-based compensation | 2,305 | 2,519 |
| Gain on disposal of long-lived assets | (6,242) | (14) |
| Changes in assets and liabilities | <u>(58,010)</u> | <u>(90,098)</u> |
| Net cash used in operating activities | <u>(39,374)</u> | <u>(59,087)</u> |
| Cash flows from investing activities: | | |
| Capital expenditures | (6,918) | (4,149) |
| Proceeds from sales of property, plant and equipment | 18,172 | 14 |
| Other investing activities | - | (1,950) |
| Net cash provided by (used in) investing activities | <u>11,254</u> | <u>(6,085)</u> |
| Cash flows from financing activities: | | |
| Issuance of common stock | 1,160 | 1,301 |
| Dividends paid, net | (3,270) | (3,266) |
| Proceeds from credit facilities, net | 3,000 | 31,000 |
| Other financing activities | <u>169</u> | <u>(167)</u> |
| Net cash provided by financing activities | <u>1,059</u> | <u>28,868</u> |
| Effect of exchange rate changes on cash and cash equivalents | 560 | (158) |
| Net decrease in cash and cash equivalents | (26,501) | (36,462) |
| Cash and cash equivalents at beginning of period | 55,043 | 78,314 |
| Cash and cash equivalents at end of period | <u>\$ 28,542</u> | <u>\$ 41,852</u> |

Callaway Golf Company
Consolidated Net Sales and Operating Segment Information
(In thousands)
(Unaudited)

| | Net Sales by Product Category | | | |
|------------|-------------------------------|---------------------|------------------|---------|
| | Quarter Ended | | | |
| | March 31, | | Growth/(Decline) | |
| | 2011 | 2010 ⁽¹⁾ | Dollars | Percent |
| Net sales: | | | | |
| Woods | \$ 81,027 | \$ 94,306 | \$ (13,279) | -14% |
| Irons | 69,992 | 57,289 | 12,703 | 22% |

| | | | | |
|-----------------------|-------------------|-------------------|--------------------|------|
| Putters | 28,831 | 38,090 | (9,259) | -24% |
| Golf balls | 44,613 | 51,038 | (6,425) | -13% |
| Accessories and other | 61,136 | 62,152 | (1,016) | -2% |
| | <u>\$ 285,599</u> | <u>\$ 302,875</u> | <u>\$ (17,276)</u> | -6% |

Net Sales by Region

| | Quarter Ended | | | |
|-------------------------|-------------------|-------------------|--------------------|---------|
| | March 31, | | Growth/(Decline) | |
| | 2011 | 2010 | Dollars | Percent |
| Net sales: | | | | |
| United States | \$ 145,373 | \$ 151,058 | \$ (5,685) | -4% |
| Europe | 46,155 | 42,259 | 3,896 | 9% |
| Japan | 37,535 | 53,383 | (15,848) | -30% |
| Rest of Asia | 23,506 | 24,587 | (1,081) | -4% |
| Other foreign countries | 33,030 | 31,588 | 1,442 | 5% |
| | <u>\$ 285,599</u> | <u>\$ 302,875</u> | <u>\$ (17,276)</u> | -6% |

Operating Segment Information

| | Quarter Ended | | | |
|------------------------------------|-------------------|---------------------|--------------------|---------|
| | March 31, | | Growth/(Decline) | |
| | 2011 | 2010 ⁽¹⁾ | Dollars | Percent |
| Net sales: | | | | |
| Golf clubs | \$ 240,986 | \$ 251,837 | \$ (10,851) | -4% |
| Golf balls | 44,613 | 51,038 | (6,425) | -13% |
| | <u>\$ 285,599</u> | <u>\$ 302,875</u> | <u>\$ (17,276)</u> | -6% |
| Income (loss) before income taxes: | | | | |
| Golf clubs | \$ 29,555 | \$ 43,711 | \$ (14,156) | -32% |
| Golf balls | 2,050 | 1,799 | 251 | 14% |
| Reconciling items ⁽²⁾ | (10,007) | (15,566) | 5,559 | 36% |
| | <u>\$ 21,598</u> | <u>\$ 29,944</u> | <u>\$ (8,346)</u> | -28% |

(1) Certain prior period amounts have been reclassified to conform with the current period presentation.

(2) Represents corporate general and administrative expenses and other income (expense) not utilized by management in determining segment profitability.

Callaway Golf Company
Supplemental Financial Information
(In thousands, except per share data)
(Unaudited)

| | Quarter Ended March 31, | | | | Quarter Ended March 31 | | | |
|---|-------------------------|--|--------------------------|-------------------|-------------------------|--|-------------------|--|
| | 2011 | | 2010 | | 2011 | | 2010 | |
| | Pro Forma Callaway Golf | Global Operations Strategy Initiatives | Gain on Sale of Building | Total as Reported | Pro Forma Callaway Golf | Global Operations Strategy Initiatives | Total as Reported | |
| Net sales | \$ 285,599 | \$ - | \$ - | \$ 285,599 | \$ 302,875 | \$ - | \$ 302,875 | |
| Gross profit | 129,983 | (6,302) | - | 123,681 | 138,295 | (1,000) | 137,295 | |
| % of sales | 46% | n/a | n/a | 43% | 46% | n/a | 45% | |
| Operating expenses | 106,646 | 227 | (6,170) | 100,703 | 108,869 | 53 | 108,922 | |
| Income from operations | 23,337 | (6,529) | 6,170 | 22,978 | 29,426 | (1,053) | 28,373 | |
| Other income (loss), net | (1,380) | - | - | (1,380) | 1,571 | - | 1,571 | |
| Income before income taxes | 21,957 | (6,529) | 6,170 | 21,598 | 30,997 | (1,053) | 29,944 | |
| Income tax provision | 8,912 | (2,378) | 2,246 | 8,780 | 10,065 | (424) | 9,641 | |
| Net income | 13,045 | (4,151) | 3,924 | 12,818 | 20,932 | (629) | 20,303 | |
| Dividends on convertible preferred stock | 2,625 | - | - | 2,625 | 2,625 | - | 2,625 | |
| Net income allocable to common shareholders | <u>\$ 10,420</u> | <u>\$ (4,151)</u> | <u>\$ 3,924</u> | <u>\$ 10,193</u> | <u>\$ 18,307</u> | <u>\$ (629)</u> | <u>\$ 17,678</u> | |
| Diluted earnings per share: | \$ 0.15 | \$ (0.05) | \$ 0.05 | \$ 0.15 | \$ 0.25 | \$ (0.01) | \$ 0.24 | |
| Weighted-average shares outstanding: | 84,719 | 84,719 | 84,719 | 84,719 | 83,926 | 83,926 | 83,926 | |

| Adjusted EBITDA: | 2011 Trailing Twelve Months Adjusted EBITDA | | | | 2010 Trailing Twelve Months Adjusted EBITDA | | | |
|------------------|---|---------------|--------------|-----------|---|---------------|--------------|-----------|
| | Quarter Ended | | | | Quarter Ended | | | |
| | June 30, | September 30, | December 31, | March 31, | June 30, | September 30, | December 31, | March 31, |

| | 2010 | 2010 | 2010 | 2011 | Total | 2009 | 2009 | 2009 | 2010 | Total |
|---------------------------------------|-----------|-------------|-------------|-----------|-------------|-----------|-------------|-------------|-----------|------------|
| Net income (loss) | \$ 11,465 | \$ (18,317) | \$ (32,255) | \$ 12,818 | \$ (26,289) | \$ 6,912 | \$ (13,429) | \$ (15,555) | \$ 20,303 | \$ (1,769) |
| Interest expense (income), net | (242) | (1,234) | (444) | 142 | (1,778) | 551 | (46) | (435) | (118) | (48) |
| Income tax provision (benefit) | 8,932 | (22,100) | (13,231) | 8,780 | (17,619) | 3,859 | (11,308) | (11,142) | 9,641 | (8,950) |
| Depreciation and amortization expense | 9,606 | 10,687 | 10,707 | 9,880 | 40,880 | 10,172 | 10,128 | 10,504 | 9,949 | 40,753 |
| Impairment charge | - | - | 7,547 | - | 7,547 | - | - | - | - | - |
| Adjusted EBITDA | \$ 29,761 | \$ (30,964) | \$ (27,676) | \$ 31,620 | \$ 2,741 | \$ 21,494 | \$ (14,655) | \$ (16,628) | \$ 39,775 | \$ 29,986 |