

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

July 21, 2005  
Date of Report (Date of earliest event reported)

CALLAWAY GOLF COMPANY

(Exact name of registrant as specified in its charter)

DELAWARE

1-10962

95-3797580

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(IRS Employer  
Identification No.)

2180 RUTHERFORD ROAD, CARLSBAD, CALIFORNIA

92008-7328

(Address of principal executive offices)

(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))

Item 2.02 Results of Operations and Financial Condition.\*

On July 21, 2005, Callaway Golf Company issued a press release captioned  
"Callaway Golf Announces Results for Second Quarter and First Six Months of  
2005." 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.

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The following exhibit is being furnished herewith:

Exhibit 99.1 Press Release, dated July 21, 2005, captioned "Callaway  
Golf Announces Results for Second Quarter and First Six  
Months of 2005."

\* 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: July 21, 2005

By: /s/ Bradley J. Holiday

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Name: Bradley J. Holiday  
Title: Senior Executive Vice President  
and Chief Financial Officer

Exhibit Index

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Exhibit Number  
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Description  
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99.1

Press release, dated July 21, 2005, captioned "Callaway Golf Announces Results for Second Quarter and First Six Months of 2005."

Callaway Golf Announces Results for Second Quarter  
and First Six Months of 2005

CARLSBAD, Calif.--(BUSINESS WIRE)--July 21, 2005--Callaway Golf Company (NYSE:ELY) today announced its financial results for the quarter and six months ended June 30, 2005, reporting for the quarter consolidated net sales of \$323.1 million, net income of \$18.4 million, and fully diluted earnings per share of \$0.27 on 68.7 million shares. Reported net income and earnings per share include after-tax charges associated with the integration of the Top-Flite operations acquired in late 2003 of \$2.0 million and \$0.03, respectively. Excluding these charges, the Company's pro forma net income and fully diluted earnings per share would have been \$20.4 million and \$0.30, respectively. Reported net sales, net income and fully diluted earnings per share for the same quarter in 2004 (which included after-tax integration charges of \$6.7 million or \$0.10 per share) were \$297.9 million, \$13.7 million and \$0.20, respectively, on 68.4 million shares.

For the six months ended June 30, 2005, the Company reported consolidated net sales of \$623.0 million, net income of \$36.8 million, and fully diluted earnings per share of \$0.54 on 68.6 million shares. Reported net income and earnings per share for the six-month period were reduced by \$4.4 million and \$0.06, respectively, due to Top-Flite integration charges. Excluding these charges, the Company's pro forma net income and fully diluted earnings per share for the six-month period were \$41.2 million and \$0.60, respectively. Reported net sales, net income and fully diluted earnings per share for the same period in 2004 (which included after-tax integration charges of \$9.9 million or \$0.15 per share) were \$661.7 million, \$54.3 million and \$0.79, respectively, on 68.4 million shares.

Overall, the Company's sales improved during the second quarter of 2005 relative to the same period last year. The Company's products were generally well-received at retail and demand for the Company's products was strong, exceeding the Company's ability to supply some products. The Company's second quarter earnings were tempered by increased operating expenses related to brand investment and the timing of marketing expenses in support of second and third quarter new product launches. The Company does not expect to have product discounting issues in the second half of 2005 similar to those faced in 2004 and as a result anticipates significant year-over-year improvements in third quarter sales and earnings.

For more details, including pro forma reconciliations to assist in year-over-year comparison, please see the attached "Supplemental Financial Information."

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](http://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 two hours after the conclusion, and will remain available through 9:00 p.m. PDT on July 28, 2005. The replay may be accessed through the Internet at [www.callawaygolf.com](http://www.callawaygolf.com) or by telephone by calling 1-800-475-6701 toll free for calls originating within the United States or 320-365-3844 for International calls. The replay pass code is 789761.

Disclaimer: Statements used in this press release that relate to future plans, events, financial results, performance or prospects, including statements relating to future discounting and anticipated improvement in sales and 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 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 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(R), Top-Flite(R), Odyssey(R) and Ben Hogan(R) brands. For more information, visit [www.callawaygolf.com](http://www.callawaygolf.com).

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

	June 30, 2005	December 31, 2004
	-----	-----
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$42,656	\$31,657
Accounts receivable, net	238,253	105,153
Inventories, net	193,361	181,230
Deferred taxes	36,644	32,959
Income taxes receivable	1,083	28,697
Other current assets	13,555	14,036
	-----	-----
Total current assets	525,552	393,732
Property, plant and equipment, net	132,070	135,865
Intangible assets, net	176,910	179,636
Deferred taxes	6,234	9,837
Other assets	16,447	16,667
	-----	-----
	\$857,213	\$735,737
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$122,105	\$75,501
Accrued employee compensation and benefits	28,706	20,215
Accrued warranty expense	13,232	12,043
Line of credit	50,000	13,000
Other current liabilities	17	39
	-----	-----
Total current liabilities	214,060	120,798
Long-term liabilities	27,700	28,622
Shareholders' equity	615,453	586,317
	-----	-----

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

	Quarter Ended June 30,			
	----- 2005 -----		----- 2004 -----	
Net sales	\$323,132	100%	\$297,908	100%
Cost of sales	176,399	55%	170,072	57%
	-----			
Gross profit	146,733	45%	127,836	43%
Operating expenses:				
Selling expenses	90,640	28%	74,496	25%
General and administrative expenses	21,239	7%	21,834	7%
Research and development expenses	7,083	2%	7,559	3%
	-----			
Total operating expenses	118,962	37%	103,889	35%
Income from operations	27,771	9%	23,947	8%
Other expense, net	(1,806)		(1,592)	
	-----			
Income before income taxes	25,965	8%	22,355	8%
Provision for income taxes	7,573		8,640	
	-----			
Net income	\$18,392	6%	\$13,715	5%
	=====			
Earnings per common share:				
Basic	\$0.27		\$0.20	
Diluted	\$0.27		\$0.20	
Weighted-average shares outstanding:				
Basic	68,270		67,788	
Diluted	68,660		68,368	

	Six Months Ended June 30,			
	----- 2005 -----		----- 2004 -----	
Net sales	\$622,989	100%	\$661,694	100%
Cost of goods sold	343,650	55%	367,667	56%
	-----			
Gross profit	279,339	45%	294,027	44%
Operating expenses:				
Selling	166,385	27%	145,691	22%
General and administrative	40,324	6%	44,695	7%
Research and development	13,323	2%	15,668	2%
	-----			
Total operating expenses	220,032	35%	206,054	31%
Income from operations	59,307	10%	87,973	13%
Other expense, net	(2,987)		(1,321)	
	-----			
Income before income taxes	56,320	9%	86,652	13%
Provision for income taxes	19,568		32,392	
	-----			
Net income	\$36,752	6%	\$54,260	8%
	=====			
Earnings per common share:				
Basic	\$0.54		\$0.80	
Diluted	\$0.54		\$0.79	
Weighted-average shares outstanding:				
Basic	68,226		67,536	
Diluted	68,643		68,367	

(In thousands)  
(Unaudited)

	Six Months Ended June 30,	
	2005	2004
Cash flows from operating activities:		
Net income	\$36,752	\$54,260
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	22,659	26,320
Non-cash compensation	3,957	2
Loss on disposal of long-lived assets	856	1,619
Tax benefit from exercise of stock options	269	1,832
Net non-cash foreign currency hedging losses	--	1,552
Deferred taxes	(1,184)	5,972
Changes in assets and liabilities, net	(67,368)	(111,002)
Net cash used in operating activities	(4,059)	(19,445)
Cash flows from investing activities:		
Capital expenditures	(19,056)	(7,739)
Proceeds from sale of capital assets	20	366
Business acquisitions, net of cash acquired	--	(9,215)
Net cash used in investing activities	(19,036)	(16,588)
Cash flows from financing activities:		
Net proceeds from line of credit	37,000	20,000
Issuance of Common Stock	3,560	16,691
Dividends paid, net	(4,853)	(4,728)
Acquisition of Treasury Stock	(39)	(6,298)
Payments on financing arrangements	(22)	(301)
Net cash provided by financing activities	35,646	25,364
Effect of exchange rate changes on cash and cash equivalents	(1,552)	(926)
Net increase (decrease) in cash and cash equivalents	10,999	(11,595)
Cash and cash equivalents at beginning of period	31,657	47,340
Cash and cash equivalents at end of period	\$42,656	\$35,745

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

Net Sales by Product Category

	Quarter Ended June 30,		Growth/(Decline)	
	2005	2004	Dollars	Percent
Net sales:				
Woods	\$69,583	\$75,436	\$(5,853)	-8%
Irons	111,686	87,047	24,639	28%
Putters	33,976	29,193	4,783	16%
Golf balls	70,759	74,531	(3,772)	-5%
Accessories and other	37,128	31,701	5,427	17%
	\$323,132	\$297,908	\$25,224	8%

Six Months Ended  
June 30, Growth/(Decline)

	2005	2004	Dollars	Percent
Net sales:				
Woods	\$135,047	\$199,234	\$(64,187)	-32%
Irons	219,634	183,493	36,141	20%
Putters	65,824	66,143	(319)	0%
Golf balls	129,792	146,627	(16,835)	-11%
Accessories and other	72,692	66,197	6,495	10%
	\$622,989	\$661,694	\$(38,705)	-6%

#### Net Sales by Region

	Quarter Ended June 30,		Growth/(Decline)	
	2005	2004	Dollars	Percent
Net sales:				
United States	\$181,453	\$171,316	\$10,137	6%
Europe	56,568	57,843	(1,275)	-2%
Japan	30,274	16,630	13,644	82%
Rest of Asia	19,064	17,140	1,924	11%
Other foreign countries	35,773	34,979	794	2%
	\$323,132	\$297,908	\$25,224	8%

	Six Months Ended June 30,		Growth/(Decline)	
	2005	2004	Dollars	Percent
Net sales:				
United States	\$366,554	\$388,958	\$(22,404)	-6%
Europe	107,731	125,056	(17,325)	-14%
Japan	55,127	48,335	6,792	14%
Rest of Asia	33,729	33,122	607	2%
Other foreign countries	59,848	66,223	(6,375)	-10%
	\$622,989	\$661,694	\$(38,705)	-6%

#### Operating Segment Information

	Quarter Ended June 30,		Growth/(Decline)	
	2005	2004	Dollars	Percent
Net sales:				
Golf clubs	\$252,373	\$223,377	\$28,996	13%
Golf balls	70,759	74,531	(3,772)	-5%
	\$323,132	\$297,908	\$25,224	8%

Income before provision for income taxes: (1)				
Golf clubs (2)	\$33,365	\$32,659	\$706	2%
Golf balls (2)	6,018	3,756	2,262	60%
Reconciling items (3)	(13,418)	(14,060)	642	5%
	\$25,965	\$22,355	\$3,610	16%

	Six Months Ended June 30,		Growth/(Decline)	
	2005	2004	Dollars	Percent
Net sales:				
Golf clubs	\$493,197	\$515,067	\$(21,870)	-4%
Golf balls	129,792	146,627	(16,835)	-11%



\$622,989	\$661,694	\$(38,705)	-6%
=====	=====	=====	

Income before provision for  
income taxes: (1)

Golf clubs	\$73,744	\$111,502	\$(37,758)	-34%
Golf balls	7,744	2,109	5,635	267%
Reconciling items (2)	(25,168)	(26,959)	1,791	7%
	-----	-----	-----	
	\$56,320	\$86,652	\$(30,332)	-35%
	=====	=====	=====	

(1) Prior period amounts have been reclassified to conform with 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 June 30,

-----  
2005  
-----

	Pro Forma Callaway Golf	Integration Charges	Total as Reported
	-----	-----	-----
Net sales	\$323,132	\$-	\$323,132
Gross profit	148,027	(1,294)	146,733
% of sales	46%	n/a	45%
Operating expenses	116,996	1,966	118,962
	-----	-----	-----
Income (loss) from operations	31,031	(3,260)	27,771
Other income (expense), net	(1,806)	-	(1,806)
	-----	-----	-----
Income (loss) before income taxes	29,225	(3,260)	25,965
Provision for income taxes	8,812	(1,239)	7,573
	-----	-----	-----
Net income (loss)	\$20,413	\$(2,021)	\$18,392
	=====	=====	=====
Diluted earnings (loss) per share:	\$0.30	\$(0.03)	\$0.27
Weighted-average shares outstanding:	68,660	68,660	68,660

Quarter Ended June 30,

-----  
2004  
-----

	Pro Forma Callaway Golf	Integration Charges	Total as Reported
	-----	-----	-----
Net sales	\$297,908	\$-	\$297,908
Gross profit	133,704	(5,868)	127,836
% of sales	45%	n/a	43%
Operating expenses	99,069	4,820	103,889
	-----	-----	-----
Income (loss) from operations	34,635	(10,688)	23,947
Other income (expense), net	(1,592)	-	(1,592)
	-----	-----	-----
Income (loss) before income taxes	33,043	(10,688)	22,355
Provision for income taxes	12,658	(4,018)	8,640
	-----	-----	-----
Net income (loss)	\$20,385	\$(6,670)	\$13,715
	=====	=====	=====
Diluted earnings (loss) per share:	\$0.30	\$(0.10)	\$0.20

Weighted-average shares outstanding:	68,368	68,368	68,368
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Six Months Ended June 30,

2005

	Pro Forma Callaway Golf	Integration Charges	Total as Reported
Net sales	\$622,989	\$-	\$622,989
Gross profit	283,716	(4,377)	279,339
% of sales	46%	n/a	45%
Operating expenses	217,322	2,710	220,032
Income (loss) from operations	66,394	(7,087)	59,307
Other income (expense), net	(2,987)	-	(2,987)
Income (loss) before income taxes	63,407	(7,087)	56,320
Provision for income taxes	22,261	(2,693)	19,568
Net income (loss)	\$41,146	\$(4,394)	\$36,752
Diluted earnings (loss) per share:	\$0.60	\$(0.06)	\$0.54
Weighted-average shares outstanding:	68,643	68,643	68,643

Six Months Ended June 30,

2004

	Pro Forma Callaway Golf	Integration Charges	Total as Reported
Net sales	\$661,694	\$-	\$661,694
Gross profit	303,365	(9,338)	294,027
% of sales	46%	n/a	44%
Operating expenses	199,596	6,458	206,054
Income (loss) from operations	103,769	(15,796)	87,973
Other income (expense), net	(1,321)	-	(1,321)
Income (loss) before income taxes	102,448	(15,796)	86,652
Provision for income taxes	38,297	(5,905)	32,392
Net income (loss)	\$64,151	\$(9,891)	\$54,260
Diluted earnings (loss) per share:	\$0.94	\$(0.15)	\$0.79
Weighted-average shares outstanding:	68,367	68,367	68,367

CONTACT: Callaway Golf Company  
Brad Holiday, Patrick Burke, Larry Dorman, 760-931-1771