

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

January 20, 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 January 20, 2005, Callaway Golf Company issued a press release captioned
"Callaway Golf Announces Results for Fourth Quarter and Full Year 2004." 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 January 20, 2005,
captioned "Callaway Golf Announces Results
for Fourth Quarter and Full Year 2004."

* 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: January 20, 2005

By: /s/ Bradley J. Holiday

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

Exhibit Index

Exhibit Number

Description

99.1

Press release, dated January 20, 2005, captioned "Callaway Golf Announces Results for Fourth Quarter and Full Year 2004."

Callaway Golf Announces Results for Fourth Quarter and Full Year 2004

CARLSBAD, Calif.--(BUSINESS WIRE)--Jan. 20, 2005--Callaway Golf Company (NYSE:ELY) today announced its financial results for the quarter and the year ended December 31, 2004. For the quarter, the Company reported net sales of \$144.4 million, a net loss of \$28.5 million, or \$0.42 per fully diluted share, on 68.0 million shares. Included in both the net loss and fully diluted net loss per share were charges of \$3.2 million and \$0.05, respectively, associated with the integration of the Top-Flite operations acquired in late 2003. On a pro forma basis, which excludes these charges, the Company would have reported a net quarterly loss of \$25.3 million, or \$0.37 per fully diluted share, compared with "analyst consensus" estimates (which also excluded integration charges) of a net loss of \$0.31 per fully diluted share. Reported net sales, net loss and fully diluted net loss per share for the same quarter in 2003 (which included integration charges of \$16.2 million or \$0.24 per share) were \$146.6 million, a net loss of \$33.4 million and a net loss of \$0.50 per share on 66.7 million shares, respectively.

For the year ended December 31, 2004, the Company reported net sales of \$934.6 million, a net loss of \$10.1 million, or \$0.15 per fully diluted share, on 67.7 million shares. Net income and earnings per share for the year were reduced by \$17.5 million and \$0.26, respectively, due to charges associated with the integration of the Top-Flite operations. On a pro forma basis, which excludes these charges, the Company would have reported net income for the year of \$7.4 million, and fully diluted earnings per share of \$0.11, compared with "analyst consensus" estimates (which also excluded integration charges) of fully diluted earnings per share of \$0.19. Reported net sales, net income and fully diluted earnings per share for the same period in 2003 (which included sixteen weeks of Top-Flite results and integration charges of \$16.2 million or \$0.24 per share) were \$814.0 million, \$45.5 million and \$0.68 on 66.5 million shares, respectively.

"Our fourth quarter results reflect the pricing initiatives taken mid-year, to reduce inventory levels at retail prior to the start of 2005," said William C. Baker, Chairman and CEO. "Reports from the field indicate that our efforts have met with success, and we enter 2005 in far better position than six months ago. In addition to correcting specific channel inventory issues, we continue to pull together as a team and evaluate every aspect of the business. Fortunately, our brands are strong, and we are excited about our new product introductions for 2005."

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

In accordance with the Company's usual dividend practice, the next dividend will be determined by the Board of Directors at its upcoming meeting.

BUSINESS OUTLOOK

"We have a wide range of new products across our brands for 2005," reported Brad Holiday, Senior Executive Vice President and Chief Financial Officer. "In addition to the Callaway Golf(R) Heavenwood(R) Hybrids, Big Bertha(R) Fusion(R) Irons, and the Odyssey(R) White Steel(TM) putters launched in late 2004, we have recently launched our new Big Bertha Titanium 454 Driver, X-18 and X-18(TM) Pro Series Irons, and the HX(R) Hot Golf Ball. These products are selling into golf shops at a good pace, and will be supported by marketing plans developed in conjunction with our new advertising agency, Young & Rubicam."

"At the same time, Top-Flite and Ben Hogan are launching their first families of new products developed since joining forces with Callaway Golf in late 2003," continued Mr. Holiday. "Those new products for 2005 include several new Top-Flite(R) golf ball models, as well as the Ben Hogan(R) Big Ben(R) C.S3(TM) Drivers, Big Ben C455(TM) Fairway Woods, BH-5(TM) and BH-5 Offset Irons, Ben Hogan Sure Out(R) Wedges, Ben Hogan by Bettinardi The Hawk(TM) Putters, and the Hogan Tour Deep(TM) Golf Ball. We are also rolling out a new branding icon and market position for the Top-Flite brand in the marketplace. Most of these new Top-Flite and Ben Hogan products have already started shipping to retailers."

The Company will be holding a conference call at 2:00 p.m. PST on January 20, 2005, which will be hosted by William C. Baker, Chairman and Chief Executive Officer, and Bradley J. Holiday, Senior Executive Vice President and Chief Financial Officer. 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 two hours after the conclusion of the conference call. 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 3388356 and the replay will be available through 9:00 p.m. PST on January 27, 2005.

Disclaimer: Statements used in this press release that relate to future plans, events, financial results, performance or prospects, including statements relating to anticipated consumer response to and sell-through of the Company's products, retail inventory levels, the Company's ability to compete effectively and success of the Company's future marketing initiatives, 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 (including the lasting effects from severe adverse weather) 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 September 30, 2004, 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.

"Analyst Consensus" Estimates: Analyst consensus estimates reported in this press release are based upon the public reports of Thomson First Call and are provided for informational purposes only. The Company does not support, endorse or otherwise adopt the estimates of analysts, either individually or as a group. The use of an analyst consensus estimate in this release or otherwise does not suggest or imply that the Company believes that such estimate provides a reasonable basis for evaluating, measuring or predicting the Company's performance.

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 the 2004 charges associated with the integration of the Top-Flite Golf business acquired in late 2003. They also report the results of the Callaway Golf and Top-Flite operations each on a stand-alone basis, although such operations are not reportable business segments. 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 useful information to investors by permitting additional relevant period-to-period comparisons of the historical operations of the Callaway Golf business excluding the operations of the recently acquired Top-Flite Golf business, as well as information concerning operations notwithstanding the Top-Flite integration charges. For certain non-GAAP financial measures, the Company has provided Supplemental Financial Information as an attachment to this press

release which reconciles those non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP. In other circumstances, the reconciling information is presented in the text of this press release.

Callaway Golf Company makes and sells Metal Woods, Irons, Hybrids and Golf Balls. Callaway Golf Company also makes and sells Odyssey(R) Putters. Callaway Golf also owns and operates The Top-Flite Golf Company, a wholly owned subsidiary that includes the Top-Flite(R), Strata(R) and Ben Hogan(R) brands and Bettinardi Putters. For more information about Callaway Golf Company, please visit our websites at www.callawaygolf.com, www.topflite.com and www.odysseygolf.com. The Top-Flite Golf Company is a wholly owned subsidiary of Callaway Golf Company and is the world's largest golf ball manufacturer. It is the first US manufacturer of golf balls, dimpled golf balls, two-piece golf balls, multi-layer golf balls, and American-made golf clubs. Under The Top-Flite Golf Company umbrella are the TOP-FLITE(R) and BEN HOGAN(R) brands. To find more information on The Top-Flite Golf Company, visit our website at www.topflite.com or call Consumer Relations at TFGOLFCO (866-834-6532). The BEN HOGAN(R) brand has been inspired for 50 years by Mr. Hogan's ability to grasp the mechanics of the game and translate them into the finest instruments. The Ben Hogan Company was formed in 1953, with a quest to make golf equipment "as close to perfect as modern tools and technology would allow." Today the team of Ben Hogan craftsmen continues to build Ben Hogan golf equipment one club at a time, ever mindful of Mr. Hogan's vision of perfection for the equipment that bears his signature. To find more information on Ben Hogan Golf, visit our website at <http://www.benhogan.com> or call the Consumer Relations Department at 866-834-6532.

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

	Quarter Ended December 31,			
	2004		2003	
	-----	-----	-----	-----
Net sales	\$144,413	100%	\$146,602	100%
Cost of goods sold	105,689	73%	112,538	77%
	-----		-----	
Gross profit	38,724	27%	34,064	23%
Operating expenses:				
Selling	59,098	41%	58,256	40%
General and administrative	21,964	15%	22,294	15%
Research and development	7,034	5%	8,881	6%
	-----		-----	
Total operating expenses	88,096	61%	89,431	61%
Loss from operations	(49,372)	-34%	(55,367)	-38%
Other income, net	1,219		684	
	-----		-----	
Loss before income taxes	(48,153)	-33%	(54,683)	-37%
Income tax benefit	(19,685)		(21,252)	
	-----		-----	
Net loss	\$(28,468)	-20%	\$(33,431)	-23%
	=====		=====	
Loss per common share:				
Basic	(\$0.42)		(\$0.50)	
Diluted	(\$0.42)		(\$0.50)	
Weighted-average shares outstanding:				
Basic	67,961		66,731	
Diluted	67,961		66,731	

	Year Ended December 31,			
	2004		2003	
	-----	-----	-----	-----
Net sales	\$934,564	100%	\$814,032	100%
Cost of goods sold	575,742	62%	445,417	55%
	-----		-----	

Gross profit	358,822	38%	368,615	45%
Operating expenses:				
Selling	263,089	28%	207,783	26%
General and administrative	89,878	10%	65,448	8%
Research and development	30,557	3%	29,529	4%
	-----		-----	
Total operating expenses	383,524	41%	302,760	37%
Income (loss) from operations	(24,702)	-3%	65,855	8%
Other income, net	989		2,028	
	-----		-----	
Income (loss) before income taxes	(23,713)	-3%	67,883	8%
Income tax provision	(13,610)		22,360	
	-----		-----	
Net income (loss)	\$(10,103)	-1%	\$45,523	6%
	=====		=====	
Earnings (loss) per common share:				
Basic	(\$0.15)		\$0.69	
Diluted	(\$0.15)		\$0.68	
Weighted-average shares outstanding:				
Basic	67,721		66,027	
Diluted	67,721		66,471	

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

	December 31, 2004	December 31, 2003
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$31,657	\$47,340
Accounts receivable, net	105,153	100,664
Inventories, net	181,230	185,389
Deferred taxes	32,959	36,707
Income tax receivable	32,377	-
Other current assets	14,036	13,362
	-----	-----
Total current assets	397,412	383,462
Property, plant and equipment, net	135,865	164,763
Intangible assets, net	179,636	169,851
Deferred taxes	9,837	12,289
Other assets	16,667	18,201
	-----	-----
	\$739,417	\$748,566
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$75,501	\$79,787
Accrued employee compensation and benefits	20,215	25,544
Accrued warranty expense	12,043	12,627
Line of Credit	13,000	-
Income taxes payable	-	11,962
Other current liabilities	39	240
	-----	-----
Total current liabilities	120,798	130,160
Long-term liabilities	28,622	29,023
Shareholders' equity	589,997	589,383
	-----	-----
	\$739,417	\$748,566
	=====	=====

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

	Year Ended December 31,

	2004
	2003

Cash flows from operating activities:		
Net income (loss)	\$ (10,103)	\$ 45,523
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	51,154	44,496
Loss on disposal of assets	7,669	24,163
Tax benefit for exercise of stock options	5,841	(982)
Net non-cash foreign currency hedging losses	1,811	2,619
Other	9,448	(8,207)
Changes in assets and liabilities, net of effects of acquisition	(57,283)	11,131
	-----	-----
Net cash provided by operating activities	8,537	118,743
	-----	-----
Cash flows from investing activities:		
Acquisitions, net of cash acquired	(9,204)	(160,321)
Capital expenditures	(25,986)	(7,810)
Other	431	202
	-----	-----
Net cash used in investing activities	(34,759)	(167,929)
	-----	-----
Cash flows from financing activities:		
Issuance of Common Stock	20,312	17,994
Acquisition of Treasury Stock	(6,298)	(4,755)
Dividends paid, net	(19,069)	(18,536)
Other	13,000	(8,117)
	-----	-----
Net cash provided by (used in) financing activities	7,945	(13,414)
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	2,594	1,488
Net decrease in cash and cash equivalents	(15,683)	(61,112)
Cash and cash equivalents at beginning of period	47,340	108,452
	-----	-----
Cash and cash equivalents at end of period	\$ 31,657	\$ 47,340
	=====	=====

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

	Net Sales by Product Category			
	Quarter Ended		Growth/(Decline)	
	December 31,			
	2004	2003	Dollars	Percent
Net sales:				
Woods	\$24,992	\$38,524	\$(13,532)	-35%
Irons	39,266	38,033	1,233	3%
Putters	18,751	25,449	(6,698)	-26%
Golf balls	43,582	34,783	8,799	25%
Accessories and other	17,822	9,813	8,009	82%
	-----	-----	-----	-----
	\$144,413	\$146,602	\$(2,189)	-1%
	=====	=====	=====	=====
	Year Ended			
	December 31,		Growth/(Decline)	
	2004	2003	Dollars	Percent
Net sales:				
Woods	\$238,555	\$252,421	\$(13,866)	-5%
Irons	259,058	280,758	(21,700)	-8%
Putters	100,482	142,814	(42,332)	-30%
Golf balls	231,337	78,378	152,959	195%
Accessories and other	105,132	59,661	45,471	76%
	-----	-----	-----	-----
	\$934,564	\$814,032	\$120,532	15%
	=====	=====	=====	=====

Net Sales by Region

	Quarter Ended December 31,		Growth/(Decline)	
	2004	2003	Dollars	Percent
Net sales:				
United States	\$85,856	\$79,231	\$6,625	8%
Europe	22,580	21,267	1,313	6%
Japan	12,137	23,692	(11,555)	-49%
Rest of Asia	8,616	9,449	(833)	-9%
Other foreign countries	15,224	12,963	2,261	17%
	\$144,413	\$146,602	\$(2,189)	-1%

	Year Ended December 31,		Growth/(Decline)	
	2004	2003	Dollars	Percent
Net sales:				
United States	\$546,219	\$449,424	\$96,795	22%
Europe	169,519	145,148	24,371	17%
Japan	70,536	101,259	(30,723)	-30%
Rest of Asia	51,662	58,327	(6,665)	-11%
Other foreign countries	96,628	59,874	36,754	61%
	\$934,564	\$814,032	\$120,532	15%

Operating Segment Information

	Quarter Ended December 31,		Year Ended December 31,	
	2004	2003	2004	2003
Net sales:				
Golf clubs	\$100,831	\$111,620	\$703,227	\$735,654
Golf balls	43,582	34,982	231,337	78,378
	\$144,413	\$146,602	\$934,564	\$814,032

Income (loss) before income taxes:				
Golf clubs	\$(29,713)	\$(2,729)	\$39,295	\$167,996
Golf balls	(6,594)	(35,606)	(8,911)	(52,687)
Reconciling items (1)	(11,846)	(16,348)	(54,097)	(47,426)
	\$(48,153)	\$(54,683)	\$(23,713)	\$67,883

(1) 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 December 31,				
	2004		2003(a)		
	Callaway Golf	Top-Flite Golf	Integration Charges	Total	Total
Net sales	\$108,244	\$36,169	\$ -	\$144,413	\$146,602
Gross profit	35,534	4,721	(1,531)	38,724	34,064
% of sales	33%	13%	n/a	27%	23%
Operating expenses	66,321	18,070	3,705	88,096	89,431

Loss from operations	(30,787)	(13,349)	(5,236)	(49,372)	(55,367)
Other income (expense), net	1,261	(42)	-	1,219	684
Loss before income taxes	(29,526)	(13,391)	(5,236)	(48,153)	(54,683)
Income tax benefit	(12,476)	(5,182)	(2,027)	(19,685)	(21,252)
Net loss	\$(17,050)	\$(8,209)	\$(3,209)	\$(28,468)	\$(33,431)
Diluted loss per share	\$(0.25)	\$(0.12)	\$(0.05)	\$(0.42)	\$(0.50)
Weighted-average shares outstanding	67,961	67,961	67,961	67,961	66,731

Year Ended December 31,

	2004				2003(a)
	Callaway Golf	Top-Flite Golf	Integration Charges	Total	Total
Net sales	\$722,801	\$211,763	\$ -	\$934,564	\$814,032
Gross profit	314,024	60,487	(15,689)	358,822	368,615
% of sales	43%	29%	n/a	38%	45%
Operating expenses	288,207	82,506	12,811	383,524	302,760
Income (loss) from operations	25,817	(22,019)	(28,500)	(24,702)	65,855
Other income, net	846	143	-	989	2,028
Income (loss) before income taxes	26,663	(21,876)	(28,500)	(23,713)	67,883
Income tax provision	5,886	(8,466)	(11,030)	(13,610)	22,360
Net income (loss)	\$20,777	\$(13,410)	\$(17,470)	\$(10,103)	\$45,523
Diluted earnings (loss) per share	\$0.31	\$(0.20)	\$(0.26)	\$(0.15)	\$0.68
Weighted-average shares outstanding	67,721	67,721	67,721	67,721	66,471

(a) During the latter part of 2003, Callaway Golf Company completed the acquisition of substantially all of the golf-related assets of The Top-Flite Golf Company. The results reported for the periods ended December 31, 2003 are primarily representative of the Callaway Golf and Odyssey brand operations, but also include 107 days of Top-Flite Golf operating results in the United States.

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