

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

February 8, 2007
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 February 8, 2007, Callaway Golf Company issued a press release captioned
"Callaway Golf Announces Results for Fourth Quarter and Full Year 2006." 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 February 8, 2007, captioned
"Callaway Golf Announces Results for Fourth Quarter
and Full Year 2006."

* 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: February 8, 2007

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 February 8, 2007, captioned
"Callaway Golf Announces Results for Fourth Quarter
and Full Year 2006."

Callaway Golf Announces Results for Fourth Quarter and Full Year 2006

CARLSBAD, Calif.--(BUSINESS WIRE)--Feb. 8, 2007--Callaway Golf Company (NYSE:ELY) today announced its financial results for the fourth quarter and full year ended December 31, 2006. Highlights for the fourth quarter include:

-- Net sales of \$179.9 million, as compared to \$154.5 million for the same period in 2005.

-- Loss per share of \$0.15 on 67.0 million shares, as compared to a loss per share of \$0.27 on 69.3 million shares in the fourth quarter of 2005.

-- The 2006 fourth quarter loss per share includes \$0.02 of after-tax charges for employee equity-based compensation associated with FAS 123R, \$0.01 for charges related to the restructuring initiatives announced in September 2005, and \$0.01 for gross margin improvement initiatives announced in November 2006. The fourth quarter of 2005 includes after-tax charges of \$0.03 for the integration of Top-Flite and \$0.02 for the restructuring charges. Excluding these charges, the Company's pro forma loss per share for the fourth quarter of 2006 would have been \$0.11, as compared to pro forma loss per share of \$0.22 for the fourth quarter of 2005.

-- Gross profit for the fourth quarter of 2006 was \$58.8 million (or 33% of net sales) compared to \$48.2 million (or 31% of net sales) for the fourth quarter of 2005.

-- Operating Expenses for the fourth quarter of 2006 were \$79.9 million compared to \$80.8 million for the same period in 2005.

Highlights for the full year of 2006 include:

-- Net sales of \$1.018 billion, as compared to \$998.1 million for the same period in 2005.

-- Fully diluted earnings per share of \$0.34 on 68.5 million shares, as compared to fully diluted earnings per share of \$0.19 on 69.2 million shares in 2005.

-- The 2006 fully diluted earnings per share includes after-tax charges of \$0.08 for employee equity-based compensation associated with FAS 123R, \$0.04 for the integration of Top-Flite, \$0.03 for the restructuring initiatives, and \$0.02 for the gross margin improvement initiatives. The full year of 2005 includes after-tax charges of \$0.11 for integration of Top-Flite, \$0.07 for the restructuring, and \$0.01 for employee equity-based compensation. Excluding these charges, the Company's pro forma fully diluted earnings per share for 2006 would have been \$0.51 compared to \$0.38 for 2005.

-- Gross profit for 2006 was \$398.1 million (or 39% of net sales) compared to \$414.4 million (or 42% of net sales) for 2005. The decline in gross profit is primarily the result of a lower mix of higher margin irons, as well as lower Top-Flite and Ben Hogan gross margins due to the initiatives to clear older inventory.

-- Operating Expenses for 2006 were \$361.0 million, a decrease of \$36.2 million compared to \$397.2 million in 2005. A majority of the decrease is due to the restructuring initiatives announced in September 2005.

"We have made significant progress this year in improving operations and profitability," announced George Fellows, President and CEO. "Specifically, we were able to reduce our pro forma operating expenses in 2006 by approximately \$35 million, which is in addition to the \$8 million saved in the fourth quarter of 2005. We are also pleased with our fourth quarter results which reflect stronger sales and gross margins and significantly improved earnings compared to the fourth quarter last year."

"While pleased with our progress so far, we recognize that there is more we must do to further improve our operations and profitability," continued Mr. Fellows. "We have therefore begun implementing our previously announced gross margin initiatives, which are targeted at saving \$50 to \$60 million over the next two years. We also began the relaunch of the Top-Flite brand at the PGA Show in Orlando at the end of January and are encouraged by the reception the

new Top-Flite D2 ball technology has received. With these projects underway, along with the 5 out of 11 'Editor Choice' awards we received for our new 2007 products in Golf Digest's 'Hot List' equipment review, we are optimistic as we begin the new golf season."

Business Outlook

The Company estimates that its full year 2007 net sales will be in the range of \$1.035 to \$1.055 billion. The Company also estimates that its 2007 full year pro forma fully diluted earnings per share will be in the range of \$0.75 to \$0.85, which represents an estimated increase of over 45% as compared to the Company's pro forma fully diluted earnings per share in 2006 of \$0.51 as discussed above. Estimated pro forma earnings for 2007 exclude charges related to employee long-term incentive compensation as well as charges related to the Company's gross margin initiatives.

Going forward, the Company's pro forma results will include charges for employee long-term incentive compensation, which are estimated to be \$0.09 per share in 2007 as compared to \$0.08 in 2006. As a result, the Company's pro forma fully diluted earnings per share for 2007 including these charges are estimated to be in the range of \$0.66 to \$0.76, as compared to \$0.43 in 2006.

The Company's earnings estimates assume a base of 68.0 million shares.

The Company will be holding a conference call at 2:00 p.m. PST 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. PST on Thursday, February 15, 2007. The replay may be accessed through the Internet at 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 862285.

Disclaimer: Statements used in this press release that relate to future plans, events, financial results, performance or prospects, including statements relating to estimated sales and earnings for 2007, the relaunch of the Top-Flite brand, and the implementation of, or cost savings to result from, the Company's gross margin initiatives, 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. Investors should understand that it is very difficult to forecast sales of the Company's products as a substantial portion of the Company's sales each year is derived from the sale of new products. Accurately estimating the Company's sales each year is therefore based upon various unknowns including consumer acceptance of the Company's new products as well as consumer discretionary purchasing behavior in the upcoming year. Actual results may differ materially from those estimated or anticipated as a result of these unknowns or as a result of certain risks and uncertainties, including but not limited to, delays, difficulties or increased costs associated with the implementation of the Company's planned gross margin initiatives, the re-launch of the Top-Flite brand or the implementation of future initiatives; market acceptance of current and future products; adverse market and economic conditions; 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 for 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 and the Company's business, see Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 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 employee equity-based compensation, charges related to the integration of the Callaway Golf Company and Top-Flite Golf Company operations, charges related to the September 2005 restructuring initiatives, and charges related to the gross margin initiatives. 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 these charges. The Company has provided reconciling information in the text of this press release and in the supplemental financial information attached to this release.

About Callaway Golf

Through an unwavering commitment to innovation, Callaway Golf Company creates products and services designed to make every golfer a better golfer. Callaway Golf Company, which celebrates its 25th Anniversary in 2007, manufactures and sells golf clubs and golf balls, and sells golf accessories, under the Callaway Golf(R), Odyssey(R), Top-Flite(R), and Ben Hogan(R) brands in more than 110 countries worldwide. For more information please visit www.callawaygolf.com.

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

	December 31, 2006	December 31, 2005
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$46,362	\$49,481
Accounts receivable, net	118,133	98,082
Inventories, net	265,110	241,577
Income taxes receivable	9,094	2,026
Other current assets	54,501	47,424
	-----	-----
Total current assets	493,200	438,590
Property, plant and equipment, net	131,224	127,739
Intangible assets, net	175,159	175,191
Deferred taxes	18,821	6,516
Other assets	27,543	16,462
	-----	-----
	\$845,947	\$764,498
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$111,360	\$102,134
Accrued employee compensation and benefits	18,731	24,783
Accrued warranty expense	13,364	13,267
Bank line of credit	80,000	-
Capital leases, current portion	-	21
	-----	-----
Total current liabilities	223,455	140,205
Long-term liabilities	43,388	28,245
Minority interest	1,987	-
Shareholders' equity	577,117	596,048
	-----	-----
	\$845,947	\$764,498

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

	Quarter Ended December 31,			
	2006		2005	
Net sales	\$179,884	100%	\$154,493	100%
Cost of sales	121,112	67%	106,316	69%
Gross profit	58,772	33%	48,177	31%
Operating expenses:				
Selling expense	52,404	29%	53,945	35%
General and administrative expense	20,483	11%	20,290	13%
Research and development expense	6,999	4%	6,550	4%
Total operating expenses	79,886	44%	80,785	52%
Income (loss) from operations	(21,114)	-12%	(32,608)	-21%
Other income (expense), net	(28)		(417)	
Income (loss) before income taxes	(21,142)	-12%	(33,025)	-21%
Income tax provision (benefit)	(10,948)		(14,361)	
Net income (loss)	\$(10,194)	-6%	\$(18,664)	-12%
Earnings (loss) per common share:				
Basic	(\$0.15)		(\$0.27)	
Diluted	(\$0.15)		(\$0.27)	
Weighted-average shares outstanding:				
Basic	66,993		69,268	
Diluted	66,993		69,268	

	Year Ended December 31,			
	2006		2005	
Net sales	\$1,017,907	100%	\$998,093	100%
Cost of goods sold	619,832	61%	583,679	58%
Gross profit	398,075	39%	414,414	42%
Operating expenses:				
Selling expense	254,526	25%	290,074	29%
General and administrative expense	79,709	8%	80,145	8%
Research and development expense	26,785	3%	26,989	3%
Total operating expenses	361,020	35%	397,208	40%
Income from operations	37,055	4%	17,206	2%
Other income (expense), net	(2,057)		(2,669)	
Income before income taxes	34,998	3%	14,537	1%
Income tax provision	11,708		1,253	
Net income	\$23,290	2%	\$13,284	1%
Earnings per common share:				
Basic	\$0.34		\$0.19	
Diluted	\$0.34		\$0.19	

Weighted-average shares outstanding:		
Basic	67,732	68,646
Diluted	68,503	69,239

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

	Year Ended December 31,	
	2006	2005
Cash flows from operating activities:		
Net income	\$23,290	\$13,284
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	32,274	38,260
Non-cash compensation	11,921	6,527
Loss on disposal of assets	1,135	4,031
Deferred taxes	979	(3,906)
Changes in assets and liabilities, net of effects of acquisitions	(52,885)	7,043
Net cash provided by operating activities	16,714	65,239
Cash flows from investing activities:		
Capital expenditures and other	(31,880)	(31,608)
Investment in golf related ventures	(10,008)	-
Proceeds from sale of capital assets	469	1,363
Business acquisition, net of cash acquired	374	-
Net cash used in investing activities	(41,045)	(30,245)
Cash flows from financing activities:		
Issuance of Common Stock	9,606	14,812
Dividends paid, net	(19,212)	(19,557)
Acquisition of Treasury Stock	(52,872)	(39)
Tax benefit from exercise of stock options	578	2,408
Proceeds from (payments on) Line of Credit, net	80,000	(13,000)
Minority interest	1,987	-
Payments on financing arrangements	(16)	(44)
Net cash provided by (used in) financing activities	20,071	(15,420)
Effect of exchange rate changes on cash and cash equivalents	1,141	(1,750)
Net (decrease) increase in cash and cash equivalents	(3,119)	17,824
Cash and cash equivalents at beginning of period	49,481	31,657
Cash and cash equivalents at end of period	\$46,362	\$49,481

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

Net Sales by Product Category

Quarter Ended
December 31, Growth/(Decline)

	2006	2005	Dollars	Percent
Net sales:				
Woods	\$39,321	\$43,401	\$(4,080)	-9%
Irons	38,279	36,608	1,671	5%
Putters	17,569	21,111	(3,542)	-17%
Golf balls	47,250	34,519	12,731	37%
Accessories and other	37,465	18,854	18,611	99%
	\$179,884	\$154,493	\$25,391	16%

	Year Ended December 31,		Growth/(Decline)	
	2006	2005	Dollars	Percent
Net sales:				
Woods	\$266,478	\$241,329	\$25,149	10%
Irons	287,960	316,501	(28,541)	-9%
Putters	102,714	109,309	(6,595)	-6%
Golf balls	214,783	214,695	88	0%
Accessories and other	145,972	116,259	29,713	26%
	\$1,017,907	\$998,093	\$19,814	2%

Net Sales by Region

	Quarter Ended December 31,		Growth/(Decline)	
	2006	2005	Dollars	Percent
Net sales:				
United States	\$95,772	\$77,435	\$18,337	24%
Europe	26,264	22,018	4,246	19%
Japan	22,313	22,533	(220)	-1%
Rest of Asia	14,741	14,287	454	3%
Other foreign countries	20,794	18,220	2,574	14%
	\$179,884	\$154,493	\$25,391	16%

	Year Ended December 31,		Growth/(Decline)	
	2006	2005	Dollars	Percent
Net sales:				
United States	\$566,600	\$563,040	\$3,560	1%
Europe	159,886	166,177	(6,291)	-4%
Japan	105,705	103,389	2,316	2%
Rest of Asia	75,569	66,890	8,679	13%
Other foreign countries	110,147	98,597	11,550	12%
	\$1,017,907	\$998,093	\$19,814	2%

Operating Segment Information

	Quarter Ended December 31,		Growth/(Decline)	
	2006	2005	Dollars	Percent
Net sales:				
Golf clubs	\$132,634	\$119,974	\$12,660	11%

Golf balls	47,250	34,519	12,731	37%
	-----	-----	-----	
	\$179,884	\$154,493	\$25,391	16%
	=====	=====	=====	
Income (loss) before provision for income taxes:				
Golf clubs	\$(94)	\$(14,045)	\$13,951	99%
Golf balls	(4,615)	(3,713)	(902)	-24%
Reconciling items	(16,433)	(15,267)	(1,166)	-8%
	-----	-----	-----	
	\$(21,142)	\$(33,025)	\$11,883	36%
	=====	=====	=====	

	Year Ended		Growth/(Decline)	
	December 31,			
	-----	-----	-----	-----
	2006	2005	Dollars	Percent
	-----	-----	-----	-----
Net sales:				
Golf clubs	\$803,124	\$783,398	\$19,726	3%
Golf balls	214,783	214,695	88	0%
	-----	-----	-----	-----
	\$1,017,907	\$998,093	\$19,814	2%
	=====	=====	=====	

Income (loss) before provision for income taxes:				
Golf clubs	\$101,837	\$68,327	\$33,510	49%
Golf balls	(6,396)	(3,612)	(2,784)	-77%
Reconciling items	(60,443)	(50,178)	(10,265)	-20%
	-----	-----	-----	
	\$34,998	\$14,537	\$20,461	141%
	=====	=====	=====	

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

	Quarter Ended December 31,		

	2006		

	Pro Forma	Integration	Restructuring
	Callaway	Charges	Charges
	Golf		
	-----	-----	-----
Net sales	\$179,884	\$-	\$-
Gross profit	60,600	(85)	(135)
% of sales	34%	n/a	n/a
Operating expenses	77,451	(84)	1,287
	-----	-----	-----
Income (loss) from operations	(16,851)	(1)	(1,422)
Other income/(expense), net	(28)	-	-
	-----	-----	-----
Income (loss) before income taxes	(16,879)	(1)	(1,422)
Provision for income taxes	(9,306)	(64)	(604)
	-----	-----	-----
Net income (loss)	\$(7,573)	\$63	\$(818)
	=====	=====	=====
Diluted earnings (loss) per share:	\$(0.11)	\$-	\$(0.01)
Weighted-average shares outstanding:	66,993	66,993	66,993

	Employee	Gross Margin	Total as
	Stock	Initiatives	Reported
	Compensation		
	-----	-----	-----
Net sales	\$-	\$-	\$179,884
Gross profit	(104)	(1,504)	58,772

% of sales	n/a	n/a	33%
Operating expenses	1,232	-	79,886
Income (loss) from operations	(1,336)	(1,504)	(21,114)
Other income/(expense), net	-	-	(28)
Income (loss) before income taxes	(1,336)	(1,504)	(21,142)
Provision for income taxes	(379)	(595)	(10,948)
Net income (loss)	\$(957)	\$(909)	\$(10,194)
Diluted earnings (loss) per share:	\$(0.02)	\$(0.01)	\$(0.15)
Weighted-average shares outstanding:	66,993	66,993	66,993

Quarter Ended December 31,

2005

	Pro Forma Callaway Golf	Integration Charges	Restructuring Charges
Net sales	\$154,493	\$-	\$-
Gross profit	48,922	(763)	18
% of sales	32%	n/a	n/a
Operating expenses	76,129	2,330	2,098
Income (loss) from operations	(27,207)	(3,093)	(2,080)
Other income/(expense), net	(417)	-	-
Income (loss) before income taxes	(27,624)	(3,093)	(2,080)
Provision for income taxes	(12,309)	(1,176)	(790)
Net income (loss)	\$(15,315)	\$(1,917)	\$(1,290)
Diluted earnings (loss) per share:	\$(0.22)	\$(0.03)	\$(0.02)
Weighted-average shares outstanding:	69,268	69,268	69,268

	Employee Stock Compensation	Gross Margin Initiatives	Total as Reported
Net sales	\$-	\$-	\$154,493
Gross profit	-	-	48,177
% of sales	n/a	n/a	31%
Operating expenses	228	-	80,785
Income (loss) from operations	(228)	-	(32,608)
Other income/(expense), net	-	-	(417)
Income (loss) before income taxes	(228)	-	(33,025)
Provision for income taxes	(86)	-	(14,361)
Net income (loss)	\$(142)	\$-	\$(18,664)
Diluted earnings (loss) per share:	\$-	\$-	\$(0.27)
Weighted-average shares outstanding:	69,268	69,268	69,268

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

Year Ended December 31,

2006

	Pro Forma Callaway Golf	Integration Charges	Restructuring Charges
Net sales	\$1,017,907	\$-	\$-
Gross profit	404,154	(3,451)	(291)
% of sales	40%	n/a	n/a
Operating expenses	349,528	588	2,732
Income (loss) from operations	54,626	(4,039)	(3,023)
Other income/(expense), net	(2,057)	-	-
Income (loss) before income taxes	52,569	(4,039)	(3,023)
Provision for income taxes	17,953	(1,555)	(1,164)
Net income (loss)	<u>\$34,616</u>	<u>\$(2,484)</u>	<u>\$(1,859)</u>
Diluted earnings (loss) per share:	\$0.51	\$(0.04)	\$(0.03)
Weighted-average shares outstanding:	68,503	68,503	68,503

	Employee Stock Compensation	Gross Margin Initiatives	Total as Reported
Net sales	\$-	\$-	\$1,017,907
Gross profit	(484)	(1,853)	398,075
% of sales	n/a	n/a	39%
Operating expenses	8,172	-	361,020
Income (loss) from operations	(8,656)	(1,853)	37,055
Other income/(expense), net	-	-	(2,057)
Income (loss) before income taxes	(8,656)	(1,853)	34,998
Provision for income taxes	(2,813)	(713)	11,708
Net income (loss)	<u>\$(5,843)</u>	<u>\$(1,140)</u>	<u>\$23,290</u>
Diluted earnings (loss) per share:	\$(0.08)	\$(0.02)	\$0.34
Weighted-average shares outstanding:	68,503	68,503	68,503

Year Ended December 31,

2005

	Pro Forma Callaway Golf	Integration Charges	Restructuring Charges
Net sales	\$998,093	\$-	\$-
Gross profit	422,921	(6,388)	(2,119)
% of sales	42%	n/a	n/a
Operating expenses	384,367	6,025	6,205
Income (loss) from operations	38,554	(12,413)	(8,324)
Other income/(expense), net	(2,669)	-	-
Income (loss) before income taxes	35,885	(12,413)	(8,324)
Provision for income taxes	9,365	(4,717)	(3,163)
Net income (loss)	<u>\$26,520</u>	<u>\$(7,696)</u>	<u>\$(5,161)</u>

Diluted earnings (loss) per share:	\$0.38	\$(0.11)	\$(0.07)
Weighted-average shares outstanding:	69,239	69,239	69,239

	Employee Stock Compensation	Gross Margin Initiatives	Total as Reported
Net sales	\$-	\$-	\$998,093
Gross profit	-	-	414,414
% of sales	n/a	n/a	42%
Operating expenses	611	-	397,208
Income (loss) from operations	(611)	-	17,206
Other income/(expense), net	-	-	(2,669)
Income (loss) before income taxes	(611)	-	14,537
Provision for income taxes	(232)	-	1,253
Net income (loss)	\$(379)	\$-	\$13,284
Diluted earnings (loss) per share:	\$(0.01)	\$-	\$0.19
Weighted-average shares outstanding:	69,239	69,239	69,239

Callaway Golf Product Launch Schedule

2006	2007
Major First Half Launches:	
Drivers:	Drivers:
-- X-460 Drivers Feb-2006	-- Big Bertha 460 Drivers Feb-2007
-- ERC III Drivers (Japan Only) May-2006	-- FT-5 Drivers Feb-2007 (Phased sell-in through April)
	-- FT-I Drivers Feb-2007 (Phased sell-in through April)
	-- Hyper ERC Drivers (Japan Only) Feb-2007
Fairway Woods:	Fairway Woods:
-- X Fwy Woods Feb-2006	-- X Hot Fwy Woods(a) Jan-2007
	-- Big Bertha Fwy Woods Feb-2007
Hybrids:	Hybrids:
-- FT Hybrids Mar-2006	-- X Hybrids(a) Jan-2007
Irons/Wedges:	Irons/Wedges:
-- Big Bertha Irons Jan-2006	-- X-20 Irons(a) Jan-2007
-- X Tour Wedges Mar-2006	-- X Forged Irons Feb-2007
-- Fusion Wide Sole Irons May-2006	
Putters:	Putters:
-- TriBall SRT Putters Feb-2006 (Supply Constrained)	-- Whitehot XG TwoBall SRT Putters Feb-2007
-- Whitehot XG Putters Apr-2006	-- Black Series Putters Mar-2007
-- Whitesteel TwoBall SRT (Supply Jun-2006)	-- Whitehot XG Marksman Apr-2007

Putters
 Constrained)
 Balls:
 -- Big Bertha Balls Jan-2006
 -- Top-Flite XL Jan-2006
 Balls
 -- Top-Flite XL Jan-2006
 Extreme Balls
 -- HX Tour Balls Mar-2006

Putters
 Balls:
 -- Top-Flite D2 Jan-2007
 Balls
 -- HX Hot Balls Jan-2007
 -- Big Bertha Jan-2007
 Balls
 -- Warbird Jan-2007
 Balls

(a)Launched in limited quantities in 2006 with of balance of launch in 2007.

Callaway Golf Product Launch Schedule

2006

2007

 Major Second Half
 Launches:

Drivers:
 -- None

Fairway Woods:
 -- X Hot Fwy Woods(a) Nov-2006

Hybrids:
 -- X Hybrids(a) Nov-2006

Irons/Wedges:
 -- X-20 Irons(a) Dec-2006

Putters:
 -- Whitehot XG TwoBall Aug-2006
 Putters

Balls:
 - -- CG Walmart Balls (US Nov-2006
 Only)

Drivers:
 -- No public information
 available

Fairway Woods:
 -- No public information
 available

Hybrids:
 -- No public information
 available

Irons/Wedges:
 -- No public information
 available

Putters:
 -- No public information
 available

Balls:
 -- No public information
 available

(a)Launched in limited quantities in 2006 with of balance of launch in 2007.

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