

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

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FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

March 19, 2001  
Date of Report (Date of Earliest Event Reported)

CALLAWAY GOLF COMPANY  
(Exact Name of Registrant as Specified in Charter)

DELAWARE  
(State or Other  
Jurisdiction of  
Incorporation)

1-10962  
(Commission  
File Number)

95-3797580  
(IRS Employer  
Identification No.)

2180 RUTHERFORD ROAD  
CARLSBAD, CA 92008-8815  
(Address of Principal Executive Offices)

(760) 931-1771  
(Registrant's Telephone Number, Including Area Code)

2285 RUTHERFORD ROAD  
CARLSBAD, CA 92008-8815  
(Former Address if Changed Since Last Report)

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ITEM 5. OTHER EVENTS AND REGULATION FD DISCLOSURE.

On March 19, 2001, Callaway Golf Company issued a press release captioned as follows:

“Callaway Golf Company Retroactively Implements SEC Staff Accounting Bulletin 101.

Revises 2000 fourth quarter and full year results.

Raises FY 2001 diluted EPS expectations by \$0.03.”

A copy of the press release is attached to this report as Exhibit 99.1. The press release is hereby incorporated herein with the same force and effect as if fully set forth herein.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits.

99.1 Press Release, dated March 19, 2001, of Callaway Golf Company.

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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.

Date: March 22, 2001

CALLAWAY GOLF COMPANY

By: /S/ BRADLEY J. HOLIDAY

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Bradley J. Holiday  
Executive Vice President and Chief Financial Officer

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## EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release, dated March 19, 2001, of Callaway Golf Company

Contact: Ely Callaway  
 Brad Holiday  
 Larry Dorman  
 Krista Mallory  
 (760) 931-1771

CALLAWAY GOLF COMPANY RETROACTIVELY IMPLEMENTS  
 SEC STAFF ACCOUNTING BULLETIN 101

Revises 2000 fourth quarter and full year results

Raises FY 2001 diluted EPS expectations by \$0.03

CARLSBAD, CA / March 19, 2001 / Callaway Golf Company (NYSE: ELY) announced today that it has retroactively implemented the Securities and Exchange Commission's Staff Accounting Bulletin No. 101 ("SAB 101"). As a result, the Company is revising its previously announced 2000 fourth quarter and full year results to reflect the implementation of SAB 101, effective January 1, 2000. The net effect of this action is to increase the revenues and EPS results reported for the fourth quarter of 2000 as well as EPS expectations for the full year 2001, while reducing the revenues and EPS reported for the full year 2000.

SAB 101 provides expanded guidelines on revenue recognition. Prior to the implementation of SAB 101, the Company recognized revenue when it shipped products to its customers. Current interpretations of SAB 101 specify that revenue should be recognized upon delivery, rather than upon shipment, if the seller, either legally or through its practice, bears a portion of the risk of loss or damage during transit.

"After further review of Callaway Golf's current shipping practices, we felt it was appropriate to revise our 2000 fourth quarter and full year results in compliance with SAB 101," commented Brad Holiday, Executive Vice President and Chief Financial Officer. "This effectively shifts revenue from one period into the subsequent period with no impact to our business. Demand for the Company's products has remained solid during the first quarter, and this accounting change does not affect the amount of products shipped during 2000 or estimated to be shipped in 2001. We expect the net sales and associated earnings that were shifted from fiscal 2000 to be additive to fiscal 2001 and are increasing our EPS guidance for fiscal 2001 by \$0.03 to a range of \$1.54 to \$1.59."

As a result of implementing SAB 101, the Company realized fourth quarter net sales of \$142.2 million, a 22% increase from the same period in 1999. The revised fourth quarter net sales includes a \$12.4 million shift from third quarter 2000 and \$5.9 million shift from fourth quarter to the first quarter of 2001. As a result of this shift in net sales, revised fourth quarter net income was \$4.6 million or \$0.07 per diluted share, as compared to \$157,000 and less than \$0.01 per diluted share for the fourth quarter 1999, respectively.

For the year ended December 31, 2000, revised net sales were \$837.6 million, a 16% increase from net sales of \$719.0 million during 1999. The revised full year net sales includes a

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\$3.0 million shift from 1999 and a \$5.9 million shift into 2001. As a result, the revised full year 2000 net income and diluted earnings per share were \$81.0 million and \$1.13, as compared to \$55.3 million and \$0.78 for the full year 1999, respectively. The change in net income and EPS also includes the cumulative effect of implementing SAB 101.

Further information on these adjustments are shown on the attached financial schedules.

The Company has scheduled a conference call for today, Monday, March 19, 2001 at 2:00 pm (PST) to discuss the implementation of SAB 101. Investors interested in participating in today's conference call may call 785-832-1523 or listen to a live webcast at the Company's website ([www.callawaygolf.com](http://www.callawaygolf.com)). A replay of the conference will be available until Wednesday, March 21, 2001 and can be accessed on the Company's website or by calling 402-220-0664.

**Disclaimer: Statements used in this press release that relate to future plans, events, financial results or performance, including statements relating to the Company's estimated net sales and earnings for 2001, 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 market acceptance of current and future products, including the Company's golf ball products and the Company's new golf club products (not all of which conform to USGA rules), seasonality, adverse market and economic conditions, competitive pressures, 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 (including business interruptions or increased costs resulting from power outages or shortages), and any actions taken by the USGA or other golf association that could have an adverse impact upon demand for the Company's products (such as the USGA's announcement that scores in rounds played with clubs that do not conform to USGA rules such as the Company's ERC™ II Forged Titanium Driver may not be posted for USGA handicap purposes). For details concerning these and other risks and uncertainties, you should consult our most recent Form 10-Q filed with the Securities and Exchange Commission ("SEC"), as well as the Company's other periodic reports on Forms 10-**

**K, 10-Q and 8-K subsequently filed with the SEC from time to time. 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.**

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*Callaway Golf Company makes and sells Big Bertha® Metal Woods and Irons, including Big Bertha ERC™ II Forged Titanium Drivers, Big Bertha Hawk Eye® VFT™ and Big Bertha Hawk Eye VFT Pro Series Titanium Drivers and Fairway Woods, Big Bertha Steelhead Plus™ Stainless Steel Drivers and Fairway Woods, Hawk Eye Tungsten Injected™ Titanium Irons, Steelhead™ X-14® and Steelhead X-14 Pro Series Stainless Steel Irons. Callaway Golf Company also makes and sells Odyssey® Putters, including White Hot®, TriHot™, and Dual Force® Putters. Callaway Golf Company makes and sells the Callaway Golf® “Rule 35®” Firmfeel™ and Softfeel™ golf balls, and the CB1™ Red golf ball. For more information about Callaway Golf Company, please visit our Web sites at [www.callawaygolf.com](http://www.callawaygolf.com), [www.callawaygolfball.com](http://www.callawaygolfball.com) and [www.odysseygolf.com](http://www.odysseygolf.com).*

Callaway Golf Company  
Consolidated Condensed Statement of Operations  
(in thousands, except per share data)

	Fourth Quarter Ended				Year Ended			
	(unaudited)							
	December 31,				December 31,			
	2000		1999		2000		1999	
Net sales	\$142,218	100%	\$116,599	100%	\$837,627	100%	\$719,038	100%
Cost of goods sold	79,513	56%	60,718	52%	440,119	53%	384,265	53%
Gross profit	62,705	44%	55,881	48%	397,508	47%	334,773	47%
Operating expenses:								
Selling	38,734	27%	32,825	28%	170,541	20%	128,565	18%
General and administrative	14,530	10%	25,121	22%	70,333	8%	92,478	13%
Research and development	8,331	6%	8,596	7%	34,579	4%	34,002	5%
Restructuring			(6,325)	(5%)			(5,894)	(1%)
Sumitomo transition costs			5,713	5%			5,713	1%
Income from operations	1,110	1%	(10,049)	(9%)	122,055	15%	79,909	11%
Other income, net	852		4,819		7,267		5,588	
Income before income taxes and cumulative effect of accounting change	1,962	1%	(5,230)	(4%)	129,322	16%	85,497	12%
Income tax (benefit) provision	(2,652)		(5,387)		47,366		30,175	
Income before cumulative effect of accounting change	4,614	3%	157	0%	81,956	10%	55,322	8%
Cumulative effect of accounting change					(957)			
Net income	\$ 4,614	3%	\$ 157	0%	\$ 80,999	10%	\$ 55,322	8%
Earnings per common share:								
Basic								
Income before cumulative effect of accounting change	\$ 0.07		\$ 0.00		\$ 1.17		\$ 0.79	
Cumulative effect of accounting change	\$ 0.00		\$ 0.00		(\$0.01)		\$ 0.00	
Net Income	\$ 0.07		\$ 0.00		\$ 1.16		\$ 0.79	
Diluted								
Income before cumulative effect of accounting change	\$ 0.07		\$ 0.00		\$ 1.14		\$ 0.78	
Cumulative effect of accounting change	\$ 0.00		\$ 0.00		(\$0.01)		\$ 0.00	
Net Income	\$ 0.07		\$ 0.00		\$ 1.13		\$ 0.78	
Common equivalent shares:								
Basic	68,678		70,726		69,946		70,397	
Diluted	70,301		71,787		71,412		71,214	

Callaway Golf Company  
Consolidated Condensed Balance Sheet  
(in thousands)

	December 31, 2000	December 31, 1999
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$102,596	\$112,602
Accounts receivable, net	58,836	54,252
Inventories, net	133,962	97,938
Deferred taxes	29,354	32,558
Other current assets	17,721	13,122
Total current assets	342,469	310,472
Property, plant and equipment, net	134,712	142,214
Intangible assets, net	112,824	120,143
Other assets	40,929	43,954
	\$630,934	\$616,783
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 44,173	\$ 46,664
Accrued employee compensation and benefits	22,574	21,126
Accrued warranty expense	39,363	36,105
Accrued restructuring costs		1,379
Income taxes payable	3,196	
Total current liabilities	109,306	105,274
Long-term liabilities:		
Deferred compensation	9,884	11,575
Shareholders' equity	511,744	499,934
	\$630,934	\$616,783

Callaway Golf Company  
Revised Fiscal Year 2000 Quarterly Financial Data  
(in thousands, except per share data)  
(UNAUDITED)

	First	Second	Third	Fourth	Total
Net Sales	\$197,406	\$289,922	\$208,081	\$142,218	\$837,627
Cost of goods sold	109,141	145,415	106,050	79,513	440,119
Gross Margin	88,265	144,507	102,031	62,705	397,508
Operating expenses:					
Selling	42,750	47,991	41,066	38,734	170,541
General & Administrative	17,507	17,613	20,683	14,530	70,333
Research & Development	8,217	8,132	9,899	8,331	34,579
Total operating expenses	68,474	73,736	71,648	61,595	274,788
Income from Operations	19,791	70,771	30,383	1,110	122,055
Other income, net	1,585	2,141	2,689	852	7,267
Income before income taxes and cumulative effect of accounting change	21,376	72,912	33,072	1,962	129,322
Income tax (benefit) provision	8,278	28,723	13,017	(2,652)	47,366
Income before cumulative effect of accounting change	13,098	44,189	20,055	4,614	81,956
Cumulative effect of accounting change	(957)	—	—	—	(957)
Net income	\$ 12,141	\$ 44,189	\$ 20,055	\$ 4,614	\$ 80,999
Earnings per common share:					
Basic					
Income before cumulative effect of accounting change	\$ 0.18	\$ 0.63	\$ 0.29	\$ 0.07	\$ 1.17

Cumulative effect of accounting change	<u>(\$0.01)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>(\$0.01)</u>
Net income	<u>\$ 0.17</u>	<u>\$ 0.63</u>	<u>\$ 0.29</u>	<u>\$ 0.07</u>	<u>\$ 1.16</u>
Diluted					
Income before cumulative effect of accounting change	\$ 0.18	\$ 0.61	\$ 0.29	\$ 0.07	\$ 1.14
Cumulative effect of accounting change	<u>(\$0.01)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>(\$0.01)</u>
Net income	<u>\$ 0.17</u>	<u>\$ 0.61</u>	<u>\$ 0.29</u>	<u>\$ 0.07</u>	<u>\$ 1.13</u>
Common equivalent shares:					
Basic	71,199	70,693	69,237	68,678	69,946
Diluted	72,482	72,686	70,203	70,301	71,412