UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

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

December 12, 2002

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)*	*(I.R.S. Employer Identification No.)*

**2180 Rutherford Road
Carlsbad, CA 92008-7328**

(Address of Principal Executive Offices)

(760) 931-1771

(Registrant's Telephone Number, Including Area Code)

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ITEM 4. CHANGES IN REGISTRANT'S CERTIFYING ACCOUNTANT.

Dismissal of KPMG. The Company's Board of Directors, upon recommendation of the Audit Committee, approved the dismissal of KPMG LLP ("KPMG") as the Company's independent auditors effective December 12, 2002.

KPMG had been appointed as the Company's independent auditors effective March 25, 2002 and has never issued an audit report on the Company's financial statements. The reports issued by the Company's then current independent auditors on the Company's financial statements for the years ended December 31, 2001 and December 31, 2000 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles.

Disagreement. During the third quarter of 2002, the Company and KPMG had a disagreement (as such term is defined in Instruction 4 to Item 304 of Regulation S-K) with regard to the applicable periods in which to record a reduction in the Company's warranty reserve. Set forth below is a brief description of this disagreement.

In the third quarter of 2002 the Company completed a review of its warranty reserves, and concluded that a reduction of approximately $17 million was warranted. This non-cash adjustment would result in an increase to the Company's income in the period in which the adjustment is taken. While KPMG did not object to the magnitude of the reduction, management and KPMG could not agree on the proper period or periods in which to record the adjustment. Management believed that the reduction was the result of a current change in the estimation process, and that therefore the entire reduction should be reflected in the third quarter. KPMG ultimately advised the Company that a substantial portion of the reduction related to periods prior to 2002, and the Company's financial statements for prior periods should be restated for a correction of an error to reflect the warranty reserve based upon the best information available to the Company at the time those prior period financial statements were prepared. Despite lengthy discussions between management and KPMG, including consultation with the staff of the Securities and Exchange Commission, management and KPMG could not reach agreement on a proper accounting treatment.

The Audit Committee or the Audit Committee Chairman reviewed the matter with management and KPMG on several occasions, both informally and at formal meetings of the Committee. Meanwhile, the Company's filing of its Form 10-Q for the quarter was delayed. Ultimately, the Audit Committee recommended to the Board of Directors that a new auditor be engaged to assist in bringing the matter to a conclusion. The Board agreed that, without regard to the ultimate resolution of the warranty issue, it would be in the Company's best interests to change auditors at this time.

The Company has authorized KPMG to respond fully to the inquiries of the successor accountant concerning the disagreement.

A letter from KPMG addressed to the Securities and Exchange Commission is included as Exhibit 16.1 to this Current Report on Form 8-K.

Appointment of New Auditor. The Company's Board of Directors, upon recommendation of the Audit Committee, approved the appointment of Deloitte & Touche LLP ("Deloitte & Touche") effective December 12, 2002, subject to Deloitte & Touche's customary new client acceptance procedures which were completed December 17, 2002, as the Company's independent auditors for 2002 and until otherwise replaced. During the two most recent fiscal years of the Company ended December 31, 2001, and the subsequent interim period prior to the appointment of Deloitte & Touche, the Company did not consult with Deloitte & Touche regarding any of the matters set forth in Item 304(a)(2)(i) or (ii) of Regulation S-K.

ITEM 5. OTHER EVENTS AND REGULATION FD DISCLOSURE.

On December 16, 2002, the Company issued (i) a press release entitled, "Callaway Golf Changing Auditors" and (ii) a press release entitled, "Callaway Golf Provides Guidance for Full Year 2002, and First Quarter and Full Year 2003." Copies of both press releases are attached to this report as Exhibits 99.1 and 99.2, respectively.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits.

16.1 Letter dated December 19, 2002 from KPMG LLP to the Securities and Exchange Commission pursuant to Item 304(a)(3) of Regulation S-K.

99.1 Press Release dated December 16, 2002 entitled, "Callaway Golf Changing Auditors."

99.2 Press Release dated December 16, 2002 entitled, "Callaway Golf Provides Guidance for Full Year 2002, and First Quarter and Full Year 2003."

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SIGNATURE

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: December 19, 2002

CALLAWAY GOLF COMPANY

By: /S/ BRADLEY J. HOLIDAY

Bradley J. Holiday
Executive Vice President
and Chief Financial Officer

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Exhibit Index

16.1 Letter dated December 19, 2002 from KPMG LLP to the Securities and Exchange Commission pursuant to Item 304(a)(3) of Regulation S-K.

99.1 Press Release dated December 16, 2002 entitled, "*Callaway Golf Changing Auditors*."

99.2 Press Release dated December 16, 2002 entitled, "*Callaway Golf Provides Guidance for Full Year 2002, and First Quarter and Full Year 2003.*"

EXHIBIT 16.1

December 19, 2002

Securities and Exchange Commission
Washington, D.C. 20549

Ladies and Gentlemen:

We were previously engaged as principal accountants to audit the consolidated financial statements of Callaway Golf Company as of and for the year ended December 31, 2002. On December 12, 2002, our appointment as principal accountants was terminated. We have read Callaway Golf Company's statement included under Item 4 of its Form 8-K dated December 12, 2002, and we agree with such statements, except that we are not in a position to agree or disagree with Callaway Golf Company's statements regarding:

- - The stated reason for changing principal accountants;

- - That the change was recommended by the audit committee and approved by the board of directors; or

- - That Deloitte & Touche LLP was not consulted regarding i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on Callaway Golf Company's consolidated financial statements or ii) any matter that was the subject of a reportable disagreement discussed in Item 4.

Very truly yours,

/s/ KPMG LLP

EXHIBIT 99.1

Contact: Brad Holiday
Larry Dorman
(760) 931-1771

CALLAWAY GOLF CHANGING AUDITORS

CARLSBAD, Calif./ December 16, 2002/ Callaway Golf Company (NYSE:ELY) announced today that, pursuant to the recommendation of its Audit Committee, the Company's Board of Directors has asked Deloitte & Touche LLP to become the independent auditors for the Company, replacing KPMG LLP. KPMG had been appointed as the Company's independent auditors effective March 25, 2002 and has never issued a report on the Company's financial statements. The appointment of Deloitte & Touche is subject to satisfactory completion of Deloitte & Touche's customary client acceptance procedures, which the Company expects to be completed shortly.

The Company had recently announced that it would be delayed in filing its Form 10-Q for the third quarter because the Company and KPMG were still in the process of reviewing the appropriate periods in which to record a $17 million reduction in the Company's warranty reserve. While both management and KPMG agree with the magnitude of the adjustment, they have been unable to reach agreement as to the proper period or periods in which to reflect the non-cash increase in net income. Ultimately, the Audit Committee recommended that the Board seek new outside auditors.

"In making this change, we wish to point out that neither the Audit Committee nor the Board has made a final determination as to the proper treatment of the reduction in warranty reserves," stated Ronald S. Beard, Chair of the Audit Committee. "It is our plan to work with Deloitte & Touche to resolve this matter, one way or another, as quickly as possible and file our 10-Q."

Brad Holiday, Executive Vice President and Chief Financial Officer, stated, "While we regret our delay in resolving this accounting issue, we want to remind investors that this is strictly a non-cash accounting matter as to which periods to record an increase in earnings due to the reduction in the Company's warranty reserve. In our reporting on this matter to date, we have made clear to our shareholders and to potential investors our financial results from operations both with and without the effect of this adjustment."

DISCLAIMER: STATEMENTS USED IN THIS PRESS RELEASE THAT RELATE TO FUTURE PLANS, EVENTS, FINANCIAL RESULTS OR PERFORMANCE, INCLUDING STATEMENTS AS TO THE APPOINTMENT OF DELOITTE & TOUCHE, AND THE EXPECTED FILING DATE AND CONTENTS OF THE FORM 10-Q, 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 COMPLETION OF DELOITTE & TOUCHE'S PRE-ACCEPTANCE PROCEDURES, AND ITS REVIEW OF THE THIRD QUARTER. 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(R) Metal Woods and Irons, including Great Big Bertha(R) II Titanium Drivers and Fairway Woods, Big Bertha C4(TM) Compression Cured Carbon Composite Drivers, Big Bertha ERC(R) II Forged Titanium Drivers, Big Bertha ERC Forged Titanium Fairway Woods, Big Bertha Hawk Eye(R) VFT(R) and Big Bertha Hawk Eye VFT Pro Series Titanium Drivers and Fairway Woods, Big Bertha Steelhead(TM) III Stainless Steel Drivers and Fairway Woods, Hawk Eye VFT Tungsten Injected(TM) Titanium Irons, Big Bertha Stainless Steel Irons, Steelhead X-16(TM) and Steelhead X-16 Pro Series Stainless Steel Irons, Steelhead X-14(R) and Steelhead X-14 Pro Series Stainless Steel Irons, and Callaway Golf Forged Wedges. Callaway Golf Company also makes and sells Odyssey(R) Putters, including White Hot(R), TriHot(R), DFX(TM) and Dual Force(R) Putters. Callaway Golf Company makes and sells the Callaway Golf(R) HX(R) Blue and HX Red balls, the CTU 30(R) Blue and CTU 30 Red balls, the HX 2-Piece Blue and HX 2-Piece Red balls, the CB1(R) Blue and CB1 Red balls, and the Warbird(TM) golf balls. For more information about Callaway Golf Company, please visit our Web sites at www.callawaygolf.com and www.odysseygolf.com.

EXHIBIT 99.2

Contact: Ron Drapeau
Brad Holiday
Larry Dorman
(760) 931-1771

CALLAWAY GOLF PROVIDES GUIDANCE FOR FULL YEAR 2002, AND FIRST QUARTER AND FULL YEAR 2003

CARLSBAD, Calif./ December 16, 2002/ Callaway Golf Company (NYSE:ELY) today announced that it expects net sales and earnings for the year ending December 31, 2002 to be higher than current Wall Street projections. Positive early results from the launch of the new Great Big Bertha(R) II premium titanium line of drivers, continued strong demand for the Odyssey(R) White Hot(R) 2-Ball Putter, and higher sales in core products are driving the higher net sales. The Company currently expects net sales for the full year to be approximately $790 million, and earnings for the full year to be between $0.96 and $1.00, including about $0.16 per share as the result of a reduction in warranty reserve reflected in the third quarter. Excluding the $17.0 million non-cash reduction of warranty reserve, full year diluted earnings per share is expected to be between $0.80 and $0.84.

The Company's guidance for the full year 2002 includes a pre-tax charge of $2.25 million associated with a recent customs and duty assessment in Korea. Although this assessment occurred after the Company had reported earnings for the third quarter, accounting rules will require the Company to reflect the adjustment in its 10-Q for the third quarter when filed. The Company intends to appeal the assessment. However, accounting rules do not permit the Company to record any offsets for anticipated future recoveries at this time.

For the first quarter and full year 2003, respectively, the Company's current guidance is that net sales are estimated to be approximately $270 million, a 5% increase compared to 2002, with annual net sales estimated to be flat year over year. Fully diluted earning per share are estimated to be $0.54 for the quarter, and $0.88 for the full year, excluding the warranty adjustment from 2002 results. In providing this guidance, the Company is taking into account an expected improvement in product mix and some savings as a result of the cost reduction actions implemented in 2002. Some of this extra margin will be re-invested in carefully managed promotional spending and legal costs associated with protecting the Company's intellectual property.

At this time the Company's guidance for 2003 does not include any revenues or earnings associated with additional new club or ball product launches that may or may not occur later in 2003. The Company traditionally does not pre-announce product launches and, consistent with that practice, does not intend to provide early disclosure, one way or the other, regarding any currently unannounced product launches for 2003. As a result, the full year guidance does not include any boost to fourth quarter business similar to what occurred in the fourth quarter of 2002 with the limited launch of Great Big Bertha II Drivers.

"As previously stated, the Company is addressing all available actions to eliminate the losses in its golf ball business," said Ron Drapeau, Chairman, President and CEO. "In the short term we have been able to reduce some operating costs through our recent reduction in headcount, and we have planned for some savings in 2003 through the better management of advertising and selling expenses while maintaining our important position as the #2 ball on the professional tours. We are also in the process of evaluating a possible consolidation of club and ball manufacturing operations that could result in a reduction in overhead expenses."

"Other options regarding our golf ball business are still under evaluation," Mr. Drapeau continued. "I have read that some analysts have suggested we look at options ranging from expanding our ball manufacturing operations and making golf balls for others, to eliminating our ball manufacturing and sourcing all of our requirements from a third party. All I can say at this time is that these options, as well as others, are among those being reviewed by management and the Board of Directors as we target for ourselves the goal of achieving profitability by 2004."

At the current time, the Company does not see significant improvement in many of the factors that have had a negative effect on sales and earnings in 2002. For example, the economies in the U.S. and Japan are not expected to improve significantly next year, and consumer spending in those countries remains at depressed levels. There has yet to be any observable evidence that the number of rounds played is likely to increase or even stop declining in 2003. Moreover, the ruling bodies in golf continue to review matters such as a limitation on club head size and the overall performance of golf balls, and rulings rolling back either could confuse consumers and disrupt the market as happened this year with the aborted decision on driver COR. Such factors are beyond the Company's control, and a change for the worse in any of these areas could limit the Company's ability to achieve its targets for the year.

As announced today, the Board of Directors and its Audit Committee unanimously agreed to dismiss KPMG LLP as the Company's outside independent auditors, and to engage Deloitte & Touche as auditors for 2002, pending the satisfactory completion of their customary client acceptance procedures. At the time of the change in auditors, the final decision regarding the proper treatment of the reduction in warranty reserves of approximately $17 million had not yet been made, and the Company's filing with the SEC of its Report on Form 10-Q had not been completed. The Audit Committee will ask Deloitte & Touche to make resolution of this matter a high priority. Investors are reminded, however, that this matter involves a non-cash adjustment that would either remain in the current period or, if restated, would positively impact prior period earnings.

The Company will hold a conference call to discuss this guidance at 1:30pm PST today.

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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 ACTIONS TAKEN BY THE USGA OR OTHER GOLF ASSOCIATION THAT COULD HAVE AN ADVERSE IMPACT UPON DEMAND FOR THE COMPANY'S PRODUCTS, 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 ANNUAL REPORT ON FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2002, AS WELL AS OTHER RISKS AND UNCERTAINTIES DETAILED FROM TIME TO TIME IN THE COMPANY'S PERIODIC 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.

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