

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

October 19, 2004
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, CA 92008-7328

(Address of principal executive offices) (Zip Code)

(760) 931-1771
Registrant's telephone number, including area code

(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 October 19, 2004, Callaway Golf Company issued a press release captioned "Callaway Golf Announces Results for Third Quarter and First Nine Months of 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 October 19, 2004, captioned "Callaway Golf Announces Results for Third Quarter and First Nine Months of 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: October 19, 2004

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 October 19, 2004, captioned, "Callaway Golf Announces Results for Third Quarter and First Nine Months of 2004."

Callaway Golf Announces Results for Third Quarter and
First Nine Months of 2004

CARLSBAD, Calif.--(BUSINESS WIRE)--Oct. 19, 2004--Callaway Golf Company (NYSE:ELY) today announced its financial results for the quarter ended September 30, 2004. The Company reported net sales of \$128.5 million, a net loss of \$35.9 million, or a net loss of \$0.53 per fully diluted share, on 67.8 million shares. Included in both the net loss and fully diluted net loss per share were charges of \$4.4 million and \$0.07, 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 reported a net loss of \$31.5 million, or a net loss of \$0.46 per fully diluted share, compared with "analyst consensus" estimates of a net loss of \$0.45 per fully diluted share (which also excluded integration charges). Reported net sales, net income and fully diluted earnings per share for the same quarter in 2003 (which included two weeks of Top-Flite results) were \$153.6 million, \$2.3 million and \$0.03 on 66.8 million shares, respectively.

For the nine months ended September 30, 2004, the Company reported net sales of \$790.2 million, net income of \$18.4 million, and fully diluted earnings per share of \$0.27 on 68.2 million shares. Net income and earnings per share for the nine-month period were reduced by \$14.3 million and \$0.20, respectively, due to charges associated with the integration of the Top-Flite operations. Excluding these charges, the Company's pro forma net income for the nine-month period was \$32.6 million, and pro forma fully diluted earnings per share were \$0.47. Reported net sales, net income and fully diluted earnings per share for the same period in 2003 (which included two weeks of Top-Flite results) were \$667.4 million, \$79.0 million and \$1.19 on 66.3 million shares, respectively.

"Our results in the third quarter reflect the challenges we are facing in the current marketplace and the effect of the actions we have taken to address these issues," said William C. Baker, Chairman and CEO. "The price reductions taken on 2004 products together with our decision to delay the timing of the launch of certain new products resulted in improved inventory levels at retail during the quarter, a trend we hope will continue as we prepare for 2005." Mr. Baker concluded by saying, "The management team is committed to the long term success of the company and the brand, and we are working together as a strong and focused team."

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

"As previously announced, the Company has suspended providing short term guidance in light of our current situation in the marketplace, the ongoing CEO transition process, and the Company's focus on strengthening the business in the long term," said Brad Holiday, Senior Executive Vice President and Chief Financial Officer. "Consistent with our business plan, we have announced three new product lines for launch in the fourth quarter of 2004. These products will target categories where retail inventory levels are not an issue and where we believe consumer response will be strong. They include Odyssey(R) White Steel(TM) putters, which use an innovative dual insert technology that suspends a milled stainless steel insert inside a modified White Hot(R) insert; Callaway Golf "Heavenwoods(R)", a new line of hybrid utility golf clubs; and Callaway Golf Big Bertha(R) Fusion(R) Irons, a new line of premium irons with exceptional playing qualities resulting from a unique and proprietary construction."

The Company will be holding a conference call at 2:00 p.m. PDT on October 19, 2004, which will be hosted by William C. Baker, Chairman and CEO, 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 1386836 and the replay will be available through 9:00 p.m. PDT on October 26, 2004.

Disclaimers

Disclaimer: Statements used in this press release that relate to future plans, events, financial results, performance or prospects, including statements relating to the long-term success of the Company and its brands, future inventory levels, and the anticipated consumer response to the Company's new product lines, 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 effects of the recent hurricanes in Florida and the east coast) 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 June 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 repeated 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 Big Bertha(R) Woods, Hybrids and Irons, including ERC(R) Fusion(R) Drivers and Fairway Woods, Great

Big Bertha(R) II Titanium Drivers and Fairway Woods, Great Big Bertha II 415 Titanium Drivers, Big Bertha Titanium Drivers and Big Bertha Stainless Steel Fairway Woods, Big Bertha Heavenwood(R) Hybrids, Big Bertha Fusion Irons, Hawk Eye(R) VFT(R) Tungsten Injected(TM) Titanium Irons, Big Bertha Stainless Steel Irons, Steelhead(R) X-16(R) and Steelhead X-16 Pro Series Stainless Steel Irons, the Game Enjoyment System(TM) of GES(TM) Golf Clubs, Callaway Golf Forged+ Wedges and Callaway Golf Forged Wedges, and Callaway Golf Tour Blue(TM) Putters. Callaway Golf Company also makes and sells Odyssey(R) Putters, including White Steel(TM), White Hot(R), TriHot(R), DFX(R), Dual Force(R) and 2-Ball Putters. Callaway Golf Company makes and sells the Callaway Golf(R) HX(R) Tour Balls, HX Blue and HX Red Balls, Big Bertha(TM) Blue and Big Bertha Red Balls, and the Warbird(R) Balls. Callaway Golf also owns and operates The Top-Flite Golf Company, a wholly owned subsidiary that includes the Top-Flite(R) and Ben Hogan(R) brands and Bettinardi Putters. The Trade In! Trade Up!(TM) program is owned and operated by Callaway Golf Company. For more information about Callaway Golf Company, please visit our websites at www.callawaygolf.com, www.topflite.com, www.odysseygolf.com and www.tradeintradeup.com.

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

	Quarter Ended September 30,			
	2004	2003		
Net sales	\$128,457	100%	\$153,634	100%
Cost of goods sold	102,386	80%	83,414	54%
Gross profit	26,071	20%	70,220	46%
Operating expenses:				
Selling	58,300	45%	47,462	31%
General and administrative	23,219	18%	14,684	10%
Research and development	7,855	6%	7,734	5%
Total operating expenses	89,374	70%	69,880	45%
Income (loss) from operations	(63,303)	-49%	340	0%
Other income, net	1,091		1,056	
Income (loss) before income taxes	(62,212)	-48%	1,396	1%
Income tax benefit	(26,317)		(938)	
Net income (loss)	\$(35,895)	-28%	\$2,334	2%

Earnings (loss) per common share:				
Basic	(\$0.53)		\$0.04	
Diluted	(\$0.53)		\$0.03	
Weighted-average shares outstanding:				
Basic	67,847		66,261	
Diluted	67,847		66,808	

	Nine Months Ended September 30,			
	2004	2003		
Net sales	\$790,151	100%	\$667,430	100%
Cost of goods sold	470,053	59%	332,878	50%
Gross profit	320,098	41%	334,552	50%
Operating expenses:				
Selling	203,991	26%	149,527	22%
General and administrative	67,914	9%	43,154	6%
Research and development	23,523	3%	20,648	3%
Total operating expenses	295,428	37%	213,329	32%
Income from operations	24,670	3%	121,223	18%
Other income (expense), net	(230)		1,345	

Income before income taxes	24,440	3%	122,568	18%
Income tax provision	6,075		43,613	
Net income	\$18,365	2%	\$78,955	12%
	=====		=====	

Earnings per common share:

Basic	\$0.27	\$1.20
Diluted	\$0.27	\$1.19
Weighted-average shares outstanding:		
Basic	67,641	65,936
Diluted	68,235	66,295

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

	September 30, 2004	December 31, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$67,518	\$47,340
Accounts receivable, net	114,857	100,664
Inventories, net	161,462	185,389
Deferred taxes	38,643	36,707
Income tax receivable	26,982	-
Other current assets	13,855	13,362
Total current assets	423,317	383,462
Property, plant and equipment, net	139,707	164,763
Intangible assets, net	177,104	169,851
Deferred taxes	-	12,289
Other assets	15,193	18,201
	\$755,321	\$748,566
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

	September 30, 2004	December 31, 2003
Current liabilities:		
Accounts payable and accrued expenses	\$75,528	\$79,787
Accrued employee compensation and benefits	25,990	25,544
Accrued warranty expense	12,577	12,627
Income taxes payable	-	11,962
Other current liabilities	53	240
Total current liabilities	114,148	130,160
Long-term liabilities	29,558	29,023
Shareholders' equity	611,615	589,383
	=====	=====
	\$755,321	\$748,566
	=====	=====

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

	Nine Months Ended September 30,	
	2004	2003
Cash flows from operating activities:		
Net income	\$18,365	\$78,955
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	38,342	30,447
Loss on disposal of assets	4,270	1,580
Tax benefit for exercise of stock options	1,882	(1,623)
Net non-cash foreign currency hedging losses (gains)	1,723	2,628

Other	12,355	535
Changes in assets and liabilities, net of effects of acquisition	(30,805)	27,581
Net cash provided by operating activities	46,132	140,103
	-----	-----
Cash flows from investing activities:		
Acquisitions, net of cash acquired	(9,204)	(165,147)
Capital expenditures	(16,065)	(4,826)
Other	415	138
Net cash used in investing activities	(24,854)	(169,835)
	-----	-----
Cash flows from financing activities:		
Issuance of Common Stock	18,649	12,875
Acquisition of Treasury Stock	(6,298)	(3,220)
Dividends paid, net	(14,232)	(13,863)
Other	-	(2,590)
Net cash used in financing activities	(1,881)	(6,798)
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	781	913
Net increase (decrease) in cash and cash equivalents	20,178	(35,617)
Cash and cash equivalents at beginning of period	47,340	108,452
Cash and cash equivalents at end of period	\$67,518	\$72,835
	=====	=====

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

Net Sales by Product Category				
		Quarter Ended September 30,		Growth/(Decline)
		2004	2003	Dollars Percent
Net sales:				
Woods	\$14,329	\$43,996	\$(29,667)	-67%
Irons	36,298	56,136	(19,838)	-35%
Putters	15,588	26,983	(11,395)	-42%
Golf balls	41,128	14,121	27,007	191%
Accessories and other	21,114	12,398	8,716	70%
	\$128,457	\$153,634	\$(25,177)	-16%
	=====	=====	=====	=====

Net Sales by Product Category				
		Nine Months Ended September 30,		Growth/(Decline)
		2004	2003	Dollars Percent
Net sales:				
Woods	\$213,563	\$213,898	\$(335)	0%
Irons	219,792	242,729	(22,937)	-9%
Putters	81,731	118,074	(36,343)	-31%
Golf balls	187,755	43,395	144,360	333%
Accessories and other	87,310	49,334	37,976	77%
	\$790,151	\$667,430	\$122,721	18%
	=====	=====	=====	=====

Net Sales by Region				
		Quarter Ended September 30,		Growth/(Decline)
		2004	2003	Dollars Percent
Net sales:				
North America	\$450,000	\$420,000	\$30,000	7%
Europe	180,000	160,000	20,000	12%
Asia/Pacific	100,000	80,000	20,000	25%
Middle East/Africa	20,000	15,000	5,000	33%
Total	\$750,000	\$675,000	\$75,000	11%
	=====	=====	=====	=====

	2004	2003	Dollars	Percent
Net sales:				
United States	\$71,421	\$77,691	\$(-6,270)	-8%
Europe	21,867	29,800	(7,933)	-27%
Japan	10,065	23,031	(12,966)	-56%
Rest of Asia	9,924	15,317	(5,393)	-35%
Other foreign countries	15,180	7,795	7,385	95%
	\$128,457	\$153,634	\$(25,177)	-16%

Net Sales by Region

	Nine Months Ended September 30,		Growth/(Decline)
	2004	2003	Dollars
Net sales:			
United States	\$460,381	\$370,194	\$90,187
Europe	146,922	123,881	23,041
Japan	58,399	77,568	(19,169)
Rest of Asia	43,045	48,878	(5,833)
Other foreign countries	81,404	46,909	34,495
	\$790,151	\$667,430	\$122,721

Operating Segment Information

	Quarter Ended September 30,	Nine Months Ended September 30,	
	2004	2003	2004
Net sales:			
Golf clubs	\$87,329	\$139,513	\$602,396
Golf balls	41,128	14,121	187,755
	\$128,457	\$153,634	\$790,151

Income (loss) before income taxes:

Golf clubs	\$(39,631)	\$17,436	\$84,926	\$170,192
Golf balls	(4,894)	(6,982)	(2,317)	(17,081)
Reconciling items (1)	(17,687)	(9,058)	(58,169)	(30,543)
	\$(62,212)	\$1,396	\$24,440	\$122,568

(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 September 30,

	2004	2003(a)		
	Callaway Golf	Top-Flite Golf	Integration Charges	Total
Net sales	\$89,788	\$38,669	\$-	\$128,457
Gross profit	22,107	8,784	(4,820)	26,071
% of sales	25%	23%	n/a	20%
Operating expenses	68,925	17,801	2,648	89,374
Income (loss) from operations	(46,818)	(9,017)	(7,468)	(63,303)
Other income (expense), net	1,319	(228)	-	1,091
				1,056

Income (loss) before income taxes	(45,499)	(9,245)	(7,468)	(62,212)	1,396
Income tax benefit	(19,650)	(3,569)	(3,098)	(26,317)	(938)
Net income (loss)	\$ (25,849)	\$ (5,676)	\$ (4,370)	\$ (35,895)	\$ 2,334
Diluted earnings (loss) per share	\$ (0.38)	\$ (0.08)	\$ (0.07)	\$ (0.53)	\$ 0.03
Weighted-average shares outstanding	67,847	67,847	67,847	67,847	66,808

Nine Months Ended September 30,

	2004	2003(a)		
Callaway Golf	Top-Flite Integration			
Golf	Golf	Charges	Total	Total
Net sales	\$614,557	\$175,594	\$-	\$790,151
Gross profit	278,490	55,766	(14,158)	320,098
% of sales	45%	32%	n/a	41%
Operating expenses	221,886	64,436	9,106	295,428
Income (loss) from operations	56,604	(8,670)	(23,264)	24,670
Other income (expense), net	(415)	185	-	(230)
Income (loss) before income taxes	56,189	(8,485)	(23,264)	24,440
Income tax provision	18,362	(3,284)	(9,003)	6,075
Net income (loss)	\$37,827	\$ (5,201)	\$ (14,261)	\$18,365
Diluted earnings (loss) per share	\$0.55	\$ (0.08)	\$ (0.20)	\$ 0.27
Weighted-average shares outstanding	68,235	68,235	68,235	68,235

- (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 September 30, 2003 are primarily representative of the Callaway Golf and Odyssey brand operations, but also include 15 days of Top-Flite Golf operating results in the United States.

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