

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

July 17, 2003
Date of Report (Date of Earliest Event Reported)

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

DELAWARE
(State or Other Jurisdiction
of Incorporation)

1-10962
(Commission
File Number)

95-3797580
(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 9. REGULATION FD DISCLOSURE AND ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.*

The following information and the exhibit relating thereto are furnished pursuant to Item 9 and Item 12 of this Current Report on Form 8-K.

On July 17, 2003, Callaway Golf Company issued a press release announcing its financial results for the second quarter ended June 30, 2003. A copy of the press release is attached hereto as Exhibit 99.1.

*The information furnished under Item 9 and Item 12 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.

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: July 17, 2003

CALLAWAY GOLF COMPANY

By: /s/ Bradley J. Holiday

Bradley J. Holiday
Executive Vice President
and Chief Financial Officer

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- 99.1 Press release, dated July 17, 2003, captioned "Callaway Golf Announces Record Six Months' Net Income and EPS; Increases EPS Guidance for 2003."

Callaway Golf Announces Record Six Months' Net Income and EPS;
Increases EPS Guidance for 2003

CARLSBAD, Calif.--(BUSINESS WIRE)--July 17, 2003--Callaway Golf Company (NYSE:ELY) today announced its financial results for the six months ended June 30, 2003, announcing net income of \$76.6 million and diluted earnings per share of \$1.16, both records for the Company. The Company estimates diluted earnings per share for the year of approximately \$0.95 on a lower revenue estimate of \$780 million.

For the quarter ended June 30, 2003, the Company reported net sales of \$242.1 million, compared to \$252.5 million during the same quarter in 2002. Foreign currency exchange rates favorably impacted net sales for the second quarter of 2003 by approximately \$7.5 million. Net income during the second quarter was \$34.1 million, versus \$37.1 million for the same quarter last year. Earnings per diluted share were \$0.52, compared to \$0.55 for the same quarter last year. The year-over-year decline in net sales and earnings for the quarter was consistent with the Company's previous guidance.

For the six months ended June 30, 2003, the Company reported net sales of \$513.8 million, an increase of 1% compared to \$509.2 million during the same period in 2002. Foreign currency exchange rates favorably impacted net sales for the period by approximately \$19.4 million. Net income during the first six months was \$76.6 million, an increase of 13% compared to \$67.8 million for the same period last year. Earnings per diluted share were \$1.16, an increase of 17% compared to \$0.99 for the same period last year.

"We are pleased with our results in the first half of 2003," said Ron Drapeau, Chairman, President and CEO. "As we expected, there was some shifting of business from the second quarter, resulting in a slight decline on a quarter-to-quarter basis. But we achieved record six-month earnings, growing net sales by 1% while reducing operating expenses by 9%. In the process of achieving these results, we maintained our #1 market share position in the U.S. in woods, irons and putters."

SALES BY PRODUCT AND REGION

\$'s - millions	Second Quarter - 2003		First Half - 2003	
	Net Sales	% Change vs. 2002	Net Sales	% Change vs. 2002
Woods	\$77.0	(20%)	\$169.9	(16%)
Irons	83.0	6%	179.2	11%
Golf Balls	15.6	(34%)	29.3	(37%)
Putters	46.2	27%	91.1	47%
Accessories, Other	20.3	16%	44.3	19%
TOTAL	\$242.1	(4%)	\$513.8	1%
United States	\$143.2	0%	\$292.5	(1%)
International	98.9	(9%)	221.3	3%
TOTAL	\$242.1	(4%)	\$513.8	1%

Brad Holiday, Executive Vice-President and Chief Financial Officer, stated, "We are pleased to report gross margins in the first six months of 51%, essentially flat compared with 52% for the first six months last year. In addition, operating expenses for the same period were reduced to 28% of net sales, versus 31% for the same period last year. Our balance sheet remains strong with a 49% increase in cash and an 18% reduction in inventories versus the same time last year."

In accordance with the Company's dividend practice, the Board of Directors will determine the next dividend in August.

BUSINESS OUTLOOK

In light of SEC Regulations, the Company elects to provide certain

forward-looking information in this press release. These statements are based on current information and expectations, and actual results may differ materially. The Company undertakes no obligation to update this information. The Company's earnings estimates exclude any special charges or gains. See further disclaimer below.

"With the performance achieved in the first half of the year, and with modest incremental contributions from some limited product launches planned for the last part of 2003, we now expect that annual fully diluted earnings per share will exceed our previous guidance," reported Mr. Drapeau. "We are now targeting annual net sales at approximately \$780 million with our earnings forecast increasing to approximately \$0.95 per share. However, achieving these targets will not be easy. The golf equipment marketplace, particularly in the U.S., remains depressed and our competitors are taking many aggressive actions to gain business. It is also important that the overall economy, particularly in the U.S., continue to show some signs of improvement. We continue to think that quarterly guidance is not appropriate or productive, and decline to provide guidance beyond the annual targets," stated Mr. Drapeau. "However, those familiar with the seasonality in our industry know to expect a significant drop in sales and earnings in the back half of the year, including a loss in the fourth quarter."

"This guidance does not include any adjustments associated with the expected acquisition of the Top-Flite Golf assets," continued Mr. Drapeau. "At this time it is premature for us to publish such information. In today's conference call I plan to cover some additional information in connection with that transaction, but I will not be providing financial guidance for the rest of this year or for next year until we have more clarity around the certainty and timing of the transaction."

The Company will be holding a conference call at 2:00 p.m. PDT today, which will be hosted by Ronald A. Drapeau, Chairman, CEO and President, and Bradley J. Holiday, 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 (800) 642-1687 toll free for calls originating within the United States or (706) 645-9291 for International calls. The replay pass code is 1656205 and the replay will be available through 5:00 p.m. PDT, on Thursday, July 24, 2003.

Disclaimer: Statements used in this press release that relate to future plans, events, financial results or performance, including statements relating to estimated sales and earnings and other statements in the Business Outlook section of the press release, 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 adverse market and economic conditions, market acceptance of current and future products, adverse weather conditions 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 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 Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, 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.

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 Steelhead(TM) III Stainless Steel Drivers and Fairway Woods, Hawk Eye VFT Tungsten Injected(TM) Titanium Irons,

ASSETS

Current assets:

Cash and cash equivalents	\$137,459	\$108,452
Accounts receivable, net	196,563	63,867
Inventories, net	119,631	151,760
Deferred taxes	34,169	34,519
Other current assets	8,208	10,429

Total current assets	496,030	369,027
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Property, plant and equipment, net	151,560	167,340
Intangible assets, net	121,595	121,317
Other assets	22,583	22,161

	\$791,768	\$679,845
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LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Accounts payable and accrued expenses	\$71,233	\$61,720
Accrued employee compensation and benefits	24,972	23,168
Accrued warranty expense	14,580	13,464
Note payable, current portion	1,608	3,160
Income taxes payable	35,762	7,649

Total current liabilities	148,155	109,161
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Long-term liabilities	27,777	27,297
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Shareholders' equity	615,836	543,387
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	\$791,768	\$679,845
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CONTACT: Callaway Golf Company, Carlsbad
 Ron Drapeau, Brad Holiday or Larry Dorman, 760-931-1771