

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K/A

AMENDMENT NO. 1 TO

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

AUGUST 8, 1997
Date of report (Date of earliest event reported)

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

CALIFORNIA
(State or Other Jurisdiction
of Incorporation)

1-10962
(Commission
File Number)

95-3797580
(I.R.S. Employer
Identification No.)

2285 RUTHERFORD ROAD
CARLSBAD, CA 92008-8815
(Address of Principal Executive Offices)

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

This Amendment No. 1 to Current Report on Form 8-K/A amends the Current Report on Form 8-K (the "Form 8-K") of Callaway Golf Company, a California corporation (the "Company," or the "registrant") for the event dated August 8, 1997, as filed with the Securities and Exchange Commission on August 22, 1997.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements of Business Acquired.

The following financial statements of Odyssey Sports, Inc. are filed herewith as Item 7(a):

Audited financial statements as of September 30, 1996 and for the year then ended, as follows:

- Report of Independent Accountants;
- Balance Sheet as of September 30, 1996;
- Statement of Income for the year ended September 30, 1996;
- Statement of Changes in Invested Capital of Parent for the year ended September 30, 1996;
- Statement of Cash Flows for the year ended September 30, 1996; and
- Notes to financial statements.

Unaudited financial statements as of June 30, 1997 and for the nine months ended June 30, 1997 and 1996, as follows:

- Unaudited Balance Sheet as of June 30, 1997;
- Unaudited Statements of Income for the nine months ended June 30, 1997 and 1996; and
- Unaudited Statements of Cash Flows for the nine months ended June 30, 1997 and 1996.

(b) Pro Forma Financial Information.

The following pro forma financial information is being filed herewith as Item 7(b):

- Unaudited Pro Forma Consolidated Condensed Balance Sheet as of June 30, 1997;
- Unaudited Pro Forma Consolidated Condensed Statements of Income for the six months ended June 30, 1997 and the year ended December 31, 1996; and
- Notes to Unaudited Pro Forma Consolidated Condensed financial statements.

(c) Exhibits.

The following Exhibits are filed herewith as Item 7(c):

- *10.1 Asset Purchase Agreement dated July 20, 1997 by and among Callaway Golf Company, Odyssey Sports, Inc. and U.S. Industries, Inc.
- *10.2 Transitional Assembly Agreement dated as of August 8, 1997 by and between Callaway Acquisition and Tommy Armour Golf Company
- 23.1 Consent of Independent Accountants
- *99.1 Press Release, dated August 11, 1997, of Callaway Golf Company

*Previously filed with the registrant's Report on Form 8-K, as filed with the Securities and Exchange Commission on August 22, 1997

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and
Shareholder of Odyssey Sports, Inc.

In our opinion, the accompanying balance sheet and the related statements of income, changes in invested capital of parent and of cash flows present fairly, in all material respects, the financial position of Odyssey Sports, Inc. ("Odyssey") at September 30, 1996, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of Odyssey's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

/s/ PRICE WATERHOUSE LLP

Chicago, Illinois
September 24, 1997

ODYSSEY SPORTS, INC.
BALANCE SHEET
(000's)

	September 30, 1996	June 30, 1997
	-----	-----
		(unaudited)
ASSETS		
Current assets:		
Cash	\$ 7	\$ 7
Trade receivables, net	10,546	17,908
Inventories, net	1,975	3,900
Deferred income taxes	8	8
Other current assets	8	132
	-----	-----
Total current assets	12,544	21,955
	-----	-----
Property, plant and equipment, net	747	1,293
Deferred income taxes	57	57
Goodwill, net	13,632	13,362
Other assets	91	201
	-----	-----
	\$27,071	\$36,868
	=====	=====
LIABILITIES AND INVESTED CAPITAL OF PARENT		
Current liabilities:		
Trade accounts payable	\$ 1,976	\$ 2,278
Accrued expenses and other liabilities	1,341	1,731
	-----	-----
Total current liabilities	3,317	4,009
	-----	-----
Commitments and contingencies		
Invested capital of parent	23,754	32,859
	-----	-----
	\$27,071	\$36,868
	=====	=====

See notes to financial statements.

ODYSSEY SPORTS, INC.
STATEMENT OF INCOME
(000's)

	Year Ended September 30, 1996	Nine Months Ended June 30,	
		1997	1996
		(unaudited)	(unaudited)
Net sales	\$33,203	\$44,046	\$19,996
Cost of products sold	14,581	19,568	8,411
	18,622	24,478	11,585
Gross profit			
Selling expenses	9,080	11,277	6,263
General and administrative expenses	4,024	4,095	2,727
Research and development costs	474	476	305
Amortization of goodwill	360	270	270
	4,684	8,360	2,020
Income before income taxes			
Income tax expense	1,996	3,595	869
	\$ 2,688	\$ 4,765	\$ 1,151
Net income	\$ 2,688	\$ 4,765	\$ 1,151

See notes to financial statements.

ODYSSEY SPORTS, INC.
STATEMENT OF CHANGES IN INVESTED CAPITAL OF PARENT
(000's)

Balance at September 30, 1995	\$17,344
Net Income	2,688
Tax settlements with Parent	1,996
Administrative charges and cash management transactions with Parent	(2,358)
Net trade activity with affiliates	4,084

Balance at September 30, 1996	23,754
Net Income (unaudited)	4,765
Tax settlements with Parent (unaudited)	3,595
Administrative charges and cash management transactions with Parent (unaudited)	(467)
Net trade activity with affiliates (unaudited)	1,212

Balance at June 30, 1997 (unaudited)	\$32,859
	=====

See notes to financial statements.

ODYSSEY SPORTS, INC.
STATEMENT OF CASH FLOWS
(000's)

	Year Ended September 30, 1996	Nine Months Ended June 30,	
	----- -----	----- 1997 ----- (unaudited)	----- 1996 ----- (unaudited)
Cash flow used in operating activities:			
Net income	\$ 2,688	\$ 4,765	\$ 1,151
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation and amortization	537	467	397
Provision for deferred income taxes	226		
Goodwill adjustment	231		
Increase (decrease) in cash resulting from changes in:			
Trade receivables, net	(8,722)	(7,362)	(5,913)
Inventories, net	(636)	(1,918)	(852)
Other current assets	16	(124)	3
Other assets	(56)	(110)	(24)
Trade accounts payable	1,367	302	1,708
Accrued expenses and other liabilities	1,181	430	37
Net cash used in operating activities	----- (3,168) -----	----- (3,550) -----	----- (3,493) -----
Cash flow used in investing activities:			
Purchases of property, plant and equipment	(677)	(831)	(545)
Proceeds from sale of property, plant and equipment		88	
Net cash used in investing activities	----- (677) -----	----- (743) -----	----- (545) -----
Cash flow from financing activities:			
Net activity with affiliates	3,722	4,293	3,927
Decrease in cash and cash equivalents	(123)		(111)
Cash and cash equivalents at beginning of year	130	7	130
Cash and cash equivalents at end of year	----- \$ 7 =====	----- \$ 7 =====	----- 19 =====

See notes to financial statements.

ODYSSEY SPORTS, INC.
NOTES TO FINANCIAL STATEMENTS
(000's)

NOTE 1- BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

Description of Business

Odyssey Sports, Inc., a California corporation ("Odyssey"), is an indirect wholly-owned subsidiary of U.S. Industries, Inc. (the "Parent"). Effective March 12, 1995, Odyssey was acquired by the Parent pursuant to a merger agreement between the Parent's wholly-owned subsidiary, Tommy Armour Golf Company ("Tommy Armour"), and Odyssey. The accompanying financial statements include certain expenses which were allocated to Odyssey for services provided by Tommy Armour and the Parent. See Note 3 for a description of the related services provided to Odyssey.

Effective on August 8, 1997, Odyssey sold substantially all of its tangible assets to Callaway Acquisition, a wholly owned subsidiary of Callaway Golf Company (the "Company") as more fully described in Note 12. Odyssey designs, manufactures and distributes Odyssey(R) brand golf putters and wedges.

Interim Results

The accompanying balance sheet at June 30, 1997 and the related statements of income and of cash flows for the nine months ended June 30, 1997 and 1996 are unaudited. In the opinion of management, these statements have been prepared on the same basis as the audited financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for the fair statement of results of the interim periods. The data disclosed in these notes to the financial statements at such dates and for such periods are also unaudited.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue is recognized upon shipment of product to the customer, net of an allowance for sales returns.

Concentration of Credit Risk

Golf specialty stores and golf course pro shops are Odyssey's principal customers within the golf equipment industry. Sales to these customers are generally unsecured.

Inventories

Inventories, net of allowances for excess and obsolete items, are valued at the lower of cost or market. Cost is determined under the first-in, first-out (FIFO) method.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less an allowance for depreciation. Depreciation is computed on a straight-line basis over estimated useful lives which range from 3 to 5 years.

Goodwill

Goodwill represents the excess of the Odyssey 's allocated acquisition cost over the fair value of the net assets acquired and is being amortized using the straight-line method over forty years. Goodwill is assessed for recoverability based on the fair value methodology. Accumulated amortization at September 30, 1996 was \$570. Odyssey recorded amortization expense of \$360 for the year ended September 30, 1996.

Income Taxes

- - - - -

Odyssey's United States earnings results have been included in the consolidated federal income tax return filed by the Parent. Accordingly, all current federal income taxes are considered due to the Parent and are reflected in the Invested Capital of Parent. Pursuant to informal tax allocation agreements, Odyssey provides for federal income taxes on a stand-alone basis.

Odyssey files separate state tax returns. All current state income taxes are funded by the Parent, and accordingly, all state income tax balances are included in the Invested Capital of Parent.

Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities using the enacted tax rates and laws. Deferred income tax expense or benefit is based on the changes in the asset or liability from period to period.

Advertising Costs

- - - - -

Odyssey advertises primarily through print media. Odyssey's policy is to charge such costs to expense as incurred. Advertising costs totaled \$3,842 for the year ended September 30, 1996.

Fair Value of Financial Instruments

- - - - -

The carrying value of short-term financial instruments is a reasonable estimate of their fair value due to their imminent maturity. Accordingly, fair value approximates book value at September 30, 1996.

Invested Capital of Parent

- - - - -

All intercompany balances with the Parent and affiliates are included within the Invested Capital of Parent caption in the accompanying financial statements. Except for certain cash balances controlled at Odyssey's level, cash accounts have been controlled on a centralized basis by the Parent. Accordingly, cash receipts and disbursements have been received or made through the Parent, resulting in net adjustments to Odyssey 's Invested Capital of Parent.

Use of Estimates

- - - - -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fiscal Year

- - - - -

Odyssey's fiscal year ends on the Saturday nearest to September 30 and reflects 52-week or 53-week periods. The fiscal year has been designated as ending on September 30 for convenience of reference.

NOTE 3 - RELATED PARTY TRANSACTIONS

- - - - -

Odyssey has been provided certain services by Tommy Armour and the Parent. Odyssey has been charged a fee by these affiliates for the services rendered. Such services include warehouse and distribution services, as well as management, legal, employee benefit and accounting services. Management believes that the fees charged have been allocated to Odyssey on a reasonable basis (principally on the ratio of Odyssey's revenues to Tommy Armour's and Odyssey's combined revenues). However, these charges are not intended to approximate costs incurred as if Odyssey were operating on a stand-alone basis. Such amounts totaled \$3,025 for the year ended September 30, 1996.

Beginning January 1, 1996, employees of Odyssey began participating in a defined contribution plan sponsored by the Parent. Odyssey makes matching contributions to the plan equal to a certain percentage of the employees' contributions. Contributions to the plan for the nine months ended September 30, 1996 were \$16 and are included in general and administrative expenses in the Statement of Income.

NOTE 4 - TRADE RECEIVABLES, NET

Trade receivables, net, at September 30, 1996 consist of the following:

Trade receivables	\$11,059
Less allowance for doubtful accounts	(408)
Less allowance for sales returns	(105)

	\$10,546
	=====

NOTE 5 - INVENTORIES, NET

Inventories, net, at September 30, 1996 and June 30, 1997 consist of the following:

	September 30, 1996	June 30, 1997
	-----	-----
		(unaudited)
Finished products	\$ 953	\$1,771
In-process products	625	862
Raw materials	443	1,346
	-----	-----
	2,021	3,979
Less obsolescence reserve	(46)	(79)
	-----	-----
	\$ 1,975	\$3,900
	=====	=====

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net, at September 30, 1996 and June 30, 1997 consist of the following:

	September 30, 1996	June 30, 1997
	-----	-----
		(unaudited)
Leasehold improvements	\$ 122	\$ 396
Machinery and equipment	545	748
Furniture and fixtures	558	790
	-----	-----
	1,225	1,934
Less allowance for depreciation	(478)	(641)
	-----	-----
	\$ 747	\$1,293
	=====	=====

Depreciation expense for the year ended September 30, 1996 totaled \$177.

NOTE 7 - ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued liabilities at September 30, 1996 consist of the following:

Accrued compensation	\$ 556
Accrued sales promotions	109
Accrued miscellaneous expenses (all individually less than 5% of total liabilities)	676

	\$1,341
	=====

NOTE 8 - LEASES

Odyssey is obligated under various noncancellable operating leases for office facilities and miscellaneous equipment. Rental expense under these agreements was \$116 for the fiscal year ended September 30, 1996. As of September 30, 1996 future minimum lease payments under noncancellable operating agreements were as follows:

1997	\$102
1998	96
1999	8

	\$206
	=====

NOTE 9 - INCOME TAXES

The provision for income taxes consists of the following:

Current:	
Federal	\$1,531
State	239
Deferred:	226

	\$1,996
	=====

Odyssey's effective income tax rate differs from the statutory federal income tax rate as follows:

Income tax at federal statutory rate	\$1,594	34.0%
State income taxes (net of federal benefit)	248	5.3%
Goodwill amortization	141	3.0%
Other	13	0.3%
	-----	-----
	\$1,996	42.6%
	=====	=====

The components of the net deferred tax provision were as follows:

Provision for doubtful accounts	\$ (48)
Inventory obsolescence	123
Tax deduction in advance of financial reporting deduction	213
Depreciation	(27)
Other accruals and reserves	(35)

	\$ 226
	=====

Significant components of the deferred tax asset are as follows:

Deferred tax assets:	
Property, plant and equipment	\$ 57
Inventory	28
Accruals and liabilities	24
Other	6

	115
Deferred tax liability:	
Accounts receivable	(50)

	\$ 65
	=====

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Odyssey is involved in various legal proceedings that have arisen in the normal course of business. It is management's opinion, based on the advice of counsel, that the ultimate resolution of such litigation will not have a material adverse effect on Odyssey's financial position, results of operations, or cash flows.

NOTE 11 - SALES INFORMATION

Odyssey is engaged in domestic and international sales within the following geographic areas for the fiscal year ended September 30, 1996:

United States	\$25,926
Asia	3,584
Europe	1,558
All others - individually less than 5% of net sales	2,135

	\$33,203
	=====

NOTE 12 - SUBSEQUENT EVENT

Pursuant to an asset purchase agreement dated July 20, 1997, Odyssey sold substantially all of its tangible assets to Callaway Acquisition on August 8, 1997. In consideration, Callaway Acquisition paid \$130,000 in cash, subject to adjustment, to the Parent. The adjustment to the purchase price is to be determined based upon the difference between the Final Net Assets (as defined in the asset purchase agreement) and the Target Net Assets (as defined in the asset purchase agreement).

ITEM 7 (b)

UNAUDITED PRO FORMA CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

On August 8, 1997, Callaway Acquisition, a wholly-owned subsidiary of Callaway Golf Company (the "Company") consummated its acquisition of substantially all of the tangible assets of Odyssey Sports, Inc. ("Odyssey"), subject to certain adjustments as of the time of closing. Odyssey manufactures and markets the Odyssey(R) line of putters and wedges with Stronomic(R) face inserts.

The unaudited pro forma financial statements are based on assumptions the Company believes are reasonable, including those related to cost savings arising from the elimination of charges from U.S. Industries, Inc. (the "Parent") net of the estimated replacement costs, and which the Company believes are both factually supportable and directly attributable to the acquisition. Such unaudited pro forma financial statements and accompanying notes should be read in conjunction with the audited Consolidated Financial Statements of the Company and the related notes thereto which are included in the Company's Annual Report on Form 10-K for its year ended December 31, 1996, Quarterly Report on Form 10-Q for the three months ended June 30, 1997, and the Company's Current Report on Form 8-K dated August 8, 1997 (all filed with the Securities and Exchange Commission) and the Financial Statements of Odyssey for the nine months ended June 30, 1997 and the year ended September 30, 1996, and the respective accompanying notes thereto included in Item 7 (a) of this Report.

The following pro forma financial data are not necessarily indicative of the Company's results of operations that might have occurred had the transaction been completed at the beginning of the periods specified, and do not purport to represent what the Company's consolidated results of operations might be for any future period.

UNAUDITED PRO FORMA CONSOLIDATED CONDENSED BALANCE SHEET

The following Unaudited Pro Forma Consolidated Condensed Balance Sheet as of June 30, 1997 reflects the historical consolidated balance sheets of the Company and Odyssey adjusted to give effect to the acquisition of substantially all of the assets of Odyssey, as if the acquisition had occurred at June 30, 1997. The Unaudited Pro Forma Consolidated Condensed Balance Sheet combines the financial position of the Company as of June 30, 1997 and the financial position of Odyssey as of March 31, 1997.

The Company has accounted for the acquisition as a purchase and all required purchase accounting adjustments to record assets and liabilities at their estimated fair values have been made based on the actual allocation price and actual levels of Odyssey assets acquired and liabilities assumed on the acquisition date. The acquisition price is subject to certain adjustments. Any adjustment to the purchase price will affect the amount allocated to intangible assets and will affect the amortization of intangibles in subsequent periods.

UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENTS OF INCOME

The following Unaudited Pro Forma Consolidated Condensed Statements of Income for the six months ended June 30, 1997 and the year ended December 31, 1996 are based on the respective historical consolidated statements of income of the Company and Odyssey, adjusted to give effect to the acquisition of substantially all of the assets of Odyssey, as if the acquisition had occurred on January 1, 1996. The Unaudited Pro Forma Consolidated Condensed Statement of Income for the six months ended June 30, 1997 combines the results of operations of the Company for the six months ended June 30, 1997 with the results of operations of Odyssey for the six months ended March 31, 1997. The Unaudited Consolidated Condensed Statement of Income for the year ended December 31, 1996 combines the results of operations of the Company for the year ended December 31, 1996 with the results of operations of Odyssey for the year ended September 30, 1996.

The Unaudited Pro Forma Consolidated Condensed Statements of Income reflect certain cost savings that management has identified related to elimination of duplicative costs for functional areas and facilities. However, the Unaudited Pro Forma Consolidated Condensed Statements of Income do not reflect certain additional cost savings and synergies that management has identified related to areas such as vendor consolidation and research and development costs.

CALLAWAY GOLF COMPANY
 UNAUDITED PRO FORMA CONSOLIDATED CONDENSED BALANCE SHEET
 June 30, 1997
 (000's)

	HISTORICAL		PRO FORMA	
	(unaudited)		(unaudited)	
	Callaway Golf Company June 30, 1997	Odyssey Sports, Inc. March 31, 1997	Adjustments	Combined
	-----	-----	-----	-----
ASSETS				

Current assets:				
Cash and cash equivalents	\$ 150,849	\$ 8	\$(129,256)(A) (8)(B)	\$ 21,593
Accounts receivable, net	127,375	14,222		141,597
Inventories, net	69,353	3,273		72,626
Deferred taxes	25,328	8		25,336
Other current assets	13,751	37		13,788
	-----	-----	-----	-----
Total current assets	386,656	17,548	(129,264)	274,940
Property, plant and equipment, net	114,567	1,075		115,642
Goodwill and other intangibles		13,630	6,654 (A) 108,100 (A) (13,452)(B) (178)(B) 3,598 (C)	118,352
Other assets	21,559	57	(3,598)(C)	18,018
	-----	-----	-----	-----
	\$ 522,782	\$32,310	\$ (28,140)	\$ 526,952
	=====	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY				

Current liabilities:				
Accounts payable and accrued expenses	\$ 33,167	\$ 3,386		\$ 36,553
Accrued employee compensation and benefits	25,363	496		25,859
Accrued warranty expense	27,892			27,892
Income taxes payable	12,651	288		12,939
	-----	-----	-----	-----
Total current liabilities	99,073	4,170		103,243
Long-term liabilities	5,821			5,821
Commitments and contingencies				
Shareholders' equity:				
Invested capital of parent		28,140	\$ (28,140)(A)	
Preferred Stock				
Common Stock	732			732
Paid-in-capital	342,910			342,910
Unearned compensation	(4,148)			(4,148)
Retained earnings	266,544			266,544
Less: Grantor Stock Trust	(188,150)			(188,150)
	-----	-----	-----	-----
Total shareholders' equity	417,888	28,140	(28,140)	417,888
	-----	-----	-----	-----
	\$ 522,782	\$32,310	\$ (28,140)	\$ 526,952
	=====	=====	=====	=====

See accompanying notes to unaudited pro forma consolidated condensed financial statements.

NOTES TO PRO FORMA CONSOLIDATED CONDENSED BALANCE SHEET
(UNAUDITED)

(000's)

- (A) The acquisition was financed with \$130,000 in cash and was paid to seller at closing on August 8, 1997. The following table sets forth the calculation of the Company's acquisition costs and its preliminary allocation to Odyssey's assets and liabilities assuming the transaction occurred on June 30, 1997 using the estimated purchase accounting adjustments, which are subject to post-closing adjustments and to further revision once appraisals and other studies of the fair value of Odyssey's assets and liabilities are completed. Final purchase accounting adjustments may differ from the amounts shown below. Under the terms of the asset purchase agreement the estimated purchase price of Odyssey as of August 8, 1997 was \$129,256.

Calculation of Acquisition Cost:	
Purchase of Odyssey	\$130,000
Purchase price adjustment	(1,106)
Related acquisition expenses	362

	\$129,256

Elimination of book value of net assets acquired:	
Assets excluded from purchase	\$ 13,638
Invested capital of parent	(28,140)

Net book value eliminated	(14,502)

Excess cost over book value	\$114,754
	=====
Allocation of purchase price:	
Accounts receivable	\$ 14,222
Inventories	3,273
Deferred tax asset, current	8
Other current assets	37
Property, plant and equipment	1,075
Deferred tax asset, noncurrent	57
Trade accounts payable	(3,386)
Accrued liabilities	(784)
Other intangibles	108,100
Goodwill	6,654

	\$129,256
	=====

- (B) Adjustment of Odyssey's historical balance sheet to exclude certain assets not purchased and certain liabilities not assumed by the Company under the terms of the asset purchase agreement:

Cash	\$ 8
Historical goodwill	13,452
Other intangibles	178

	\$13,638
	=====

- (C) Reclassification of goodwill included in the assets of Callaway Golf Company at June 30, 1997 from other assets to goodwill and other intangibles.

CALLAWAY GOLF COMPANY
 UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF INCOME
 FOR THE SIX MONTHS ENDED JUNE 30, 1997
 (000's except per share data)

	HISTORICAL		PRO FORMA	
	(unaudited)		(unaudited)	
	Callaway Golf Company Six Months Ended June 30, 1997	Odyssey Sports, Inc. Six Months Ended March 31, 1997	Adjustments	Combined
	-----	-----	-----	-----
Net sales	\$422,105	\$23,250		\$445,355
Cost of goods sold	200,360	10,408		210,768
	-----	-----		-----
Gross profit	221,745	12,842		234,587
Operating Expenses:				
Selling	62,595	5,868		68,463
General and administrative	32,328	2,614	\$ (97)(A) 1,785 (B) (71)(D)	36,559
Research and development	14,042	299		14,341
	-----	-----	-----	-----
Income from operations	112,780	4,061	(1,617)	115,224
Other income (expense), net	2,414		(2,702)(C)	(288)
	-----	-----	-----	-----
Income before income taxes	115,194	4,061	(4,319)	114,936
Provision for income taxes	43,906	1,746	(1,976)(E)	43,676
	-----	-----	-----	-----
Net income	\$ 71,288	\$ 2,315	\$(2,343)	\$ 71,260
	=====	=====	=====	=====
Earnings per common share	\$1.00			\$1.00
	=====			=====
Common equivalent shares	71,244		(F)	71,272
	=====			=====

See accompanying notes to unaudited pro forma consolidated condensed financial statements.

CALLAWAY GOLF COMPANY
 UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF INCOME
 FOR THE YEAR ENDED DECEMBER 31, 1996
 (000's except per share data)

	HISTORICAL		PRO FORMA (unaudited)	
	Callaway Golf Company Year Ended December 31, 1996	Odyssey Sports, Inc. Year Ended September 30, 1996	Adjustments	Combined
Net sales	\$678,512	\$33,203		\$711,715
Cost of goods sold	317,353	14,581		331,934
	-----	-----		-----
Gross profit	361,159	18,622		379,781
Operating Expenses:				
Selling	80,701	9,080		89,781
General and administrative	74,476	4,384	\$ (194) (A)	81,561
			3,570 (B)	
			(675) (D)	
Research and development	16,154	474		16,628
	-----	-----		-----
Income from operations	189,828	4,684	(2,701)	191,811
Other income, net	5,767		(5,021) (C)	746
	-----	-----		-----
Income before income taxes	195,595	4,684	(7,722)	192,557
Provision for income taxes	73,258	1,996	(2,082) (E)	73,172
	-----	-----		-----
Net income	\$122,337	\$ 2,688	\$(5,640)	\$119,385
	=====	=====		=====
Earnings per common share	\$1.73			\$1.69
	=====			=====
Common equivalent shares	70,661		(F)	70,681
	=====			=====

See accompanying notes to unaudited pro forma consolidated condensed financial statements.

NOTES TO PRO FORMA CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(UNAUDITED)

(000'S)

- (A) Reflects decreased amortization of goodwill using an estimated useful life of 40 years, net of historical amortization expense.
- (B) Reflects amortization of a portion of excess purchase price (excluding goodwill) to trade name, patents, trademarks, trade dress and covenant not to compete acquired in connection with the acquisition of substantially all of the assets of Odyssey on the straight-line basis over lives ranging from 3 to 40 years.
- (C) Loss of interest income on interest-bearing cash and cash equivalent balances of \$2,702 and \$5,021 for the six months ended June 30, 1997 and the year ended December 31, 1996, respectively. The acquisition was financed with \$130,000 in existing cash and cash equivalents and was paid to seller at closing on August 8, 1997.
- (D) Elimination of charges for services and overhead allocations from Odyssey's former parent, net of expected cost to replace, calculated as follows:

	Six months ended June 30, 1997	Year ended December 31, 1996
	-----	-----
Elimination of charges for services and overhead allocations	\$(639)	\$(1,904)
Estimated replacement cost	568	1,229
	-----	-----
	\$ (71)	\$ (675)
	=====	=====

- (E) Adjustment of the consolidated provision for income taxes based on the Company's pro forma effective tax rate to reflect the acquisition of certain assets and liabilities of Odyssey.
- (F) Pro forma common equivalent shares are based on weighted average shares outstanding during each period presented, and give effect to the post-closing issuance of stock options of the Company to new employees of Callaway Acquisition as if such options had been issued on January 1, 1996.

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: October 21, 1997

CALLAWAY GOLF COMPANY

By: /s/ DONALD H. DYE

Donald H. Dye
President and CEO

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
- - - - -	- - - - -	- - - - -
23.1	Consent of Independent Accountants	22

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Form S-3 (No. 33-77024) and in the Registration Statements on Form S-8 (No. 33-85692, No. 33-50564, No. 33-56756, No. 33-67160, No. 33-73680, No. 33-98750, No. 33-92302, No. 333-242, No. 333-5719, No. 333-5721, No. 333-24207, No. 333-27089, and No. 333-27091) of Callaway Golf Company of our report dated September 24, 1997 appearing on page 3 of this Current Report on Form 8-K.

/s/ PRICE WATERHOUSE LLP

Chicago, Illinois
October 21, 1997