Callaway Golf Full Year Example EPS Calculation

(In thousands, except per share data)

Note: The calculation below is for illustrative purposes only and is not intended to be a forecast of actual results.

1st Step - Calculate Basic EPS:	
Net Income	\$ -
Dividends Earned - Preferred Stock	\$ (3,100)
Net Income (Loss) After Preferred Dividends	\$ (3,100)
Basic Weighted Average Shares Outstanding	71,100
Basic EPS	\$ (0.0436)

2nd Step - Calculate EPS including dilutive effect of options and restricted stock:	
Net Income (Loss) After Preferred Dividends	\$ (3,100)
Basic Weighted Average Shares Outstanding	71,100
Dilutive options and restricted stock	 300
Diluted Weighted Average Shares Outstanding (WASO)	71,400
Diluted EPS	\$ (0.0434)

3rd Step - Calculate EPS including dilutive effect of options, restricted stock and the convo	ertible debt:	
Net Income (Loss) After Preferred Dividends	\$	(3,100)
Add back Interest and fees on convertible debt	\$	5,000
Net Income (Loss) After Preferred Dividends Plus Convertible interest and fees	\$	1,900
Diluted Weighted Average Shares Outstanding		71,400
Convertible Debt (as converted)		15,000
Diluted WASO including convertible shares		86,400
Diluted EPS	\$	0.0220

4th Step - Calculate EPS including dilutive effect of options, restricted stock, convertible debt and the conversion of preferred stock:

Net Income	\$	-
Add back interest and fees on convertible debt	<u>\$</u>	5,000
Net Income (Loss) plus convertible interest and fees	\$	5,000
Diluted WASO including convertible shares		86,400
Preferred Stock (as converted)		6,000
Fully Diluted WASO		92,400
Fully Diluted EPS	\$	0.0541

5th Step - Select the lowest EPS calculation	\$ (0.0436)

Note: The Company uses its GAAP weighted average shares outstanding to calculate pro forma EPS.