

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

April 26, 2006  
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, CALIFORNIA

92008-7328

(Address of principal executive offices)

(Zip Code)

(760) 931-1771

Registrant's telephone number, including area code

NOT APPLICABLE

(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 April 26, 2006, Callaway Golf Company issued a press release captioned  
"Callaway Golf Announces Results for First Quarter 2006." 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.

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The following exhibit is being furnished herewith:

Exhibit 99.1 Press Release, dated April 26, 2006,  
captioned "Callaway Golf Announces Results  
for First Quarter 2006."

\* 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: April 26, 2006

By: /s/ Bradley J. Holiday

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Name: Bradley J. Holiday

Title: Senior Executive Vice President  
and Chief Financial Officer

Exhibit Index

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Exhibit Number  
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Description  
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99.1

Press Release, dated April 26, 2006, captioned  
"Callaway Golf Announces Results for First Quarter  
2006."

## Callaway Golf Announces Results for First Quarter 2006

CARLSBAD, Calif.--(BUSINESS WIRE)--April 26, 2006--Callaway Golf Company (NYSE:ELY) today announced its financial results for the first quarter ended March 31, 2006, reporting significant improvements in earnings over the same period a year ago. Highlights for the quarter include:

- Net sales of \$302.4 million, as compared to \$299.9 million for the same period in 2005.
- Fully diluted earnings per share of \$0.33 on 70.1 million shares, or growth of 22%, as compared to \$0.27 on 68.6 million shares in 2005.
- Fully diluted earnings per share include \$0.02 of after-tax charges for employee equity-based compensation associated with FAS 123R as well as \$0.01 for the integration of Top-Flite operations. The first quarter of 2005 included after-tax charges of \$0.03 for the integration of Top-Flite operations. Excluding these charges, the Company's pro forma fully diluted earnings per share for the first quarter of 2006 would have increased 20% to \$0.36, as compared to pro forma fully diluted earnings per share of \$0.30 for the first quarter of 2005.

"We are pleased with the initial consumer acceptance of our new products this year and the fact that we achieved the second highest first quarter sales level in the history of the Company," commented George Fellows, President and CEO. "Achieving this level of sales was significant because product launches in the first quarter of 2006 were timed later in the quarter as compared with product launches last year. We are even more pleased that we were able to leverage 1% growth in revenue to achieve 22% growth in fully diluted earnings per share," continued Mr. Fellows. "Our cost reduction and other initiatives permitted us to bring this substantial increase to our bottom line despite an additional 1.5 million shares in our base.

"Although we were particularly pleased with our results this quarter and remain optimistic about significant improvement in 2006 earnings compared to last year, our focus is on our longer term goals. We are right on track with those targets and we look forward to Callaway Golf's long term prospects and our continued leadership in the golf industry."

For more details, including pro forma reconciliations to assist in year-over-year comparison, please see the attached "Supplemental Financial Information."

The Company will be holding a conference call at 2:00 p.m. PDT today. The call will be broadcast live over the Internet and can be accessed at [www.callawaygolf.com](http://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, and will remain available through 9:00 p.m. PDT on Friday, May 5, 2006. The replay may be accessed through the Internet at [www.callawaygolf.com](http://www.callawaygolf.com) or by telephone by calling 1-800-475-6701 toll free for calls originating within the United States or 320-365-3844 for International calls. The replay pass code is 826757.

Disclaimer: Statements used in this press release that relate to future plans, events, financial results, performance or prospects, including statements relating to earnings improvement in 2006 and achievement of longer-term targets, are forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. These estimates and 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, market acceptance of current and future products, adverse market and economic conditions, adverse weather conditions and seasonality, 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, armed conflict, natural disasters or pandemic diseases 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 that could affect these statements and the Company's business, see Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2005, 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.

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 preliminary results, which includes certain financial measures not prepared in accordance with GAAP. The non-GAAP financial measures included in this press release exclude charges associated with employee equity based compensation and the integration of the Callaway Golf Company and Top-Flite Golf Company operations. 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 additional useful information concerning the Company's operations without these charges. The Company has provided reconciling information in the text of this press release and in the attachment to this release.

Through an unwavering commitment to innovation, Callaway Golf creates products and services designed to make every golfer a better golfer. Callaway Golf Company manufactures and sells golf clubs and golf balls, and sells golf accessories, under the Callaway Golf(R), Top-Flite(R), Odyssey(R) and Ben Hogan(R) brands. For more information visit [www.callawaygolf.com](http://www.callawaygolf.com).

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

	March 31, 2006	December 31, 2005
	-----	-----
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$24,414	\$49,481
Accounts receivable, net	245,195	98,082
Inventories, net	247,397	241,577
Deferred taxes	38,906	38,192
Income taxes receivable	-	2,026
Other current assets	16,152	9,232
	-----	-----
Total current assets	572,064	438,590
Property, plant and equipment, net	128,519	127,739
Intangible assets, net	174,560	175,191
Deferred taxes	5,994	6,516
Other assets	15,198	16,462
	-----	-----
	\$896,335	\$764,498
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$121,256	\$102,134
Accrued employee compensation and benefits	26,428	24,783
Accrued warranty expense	15,196	13,267
Bank line of credit	85,000	-
Other current liabilities	10,815	21
	-----	-----
Total current liabilities	258,695	140,205
Long-term liabilities	27,006	28,245
Shareholders' equity	610,634	596,048
	-----	-----
	\$896,335	\$764,498
	=====	=====

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

	Quarter Ended March 31,			
	2006		2005	
Net sales	\$302,445	100%	\$299,857	100%
Cost of sales	170,933	57%	167,251	56%
Gross profit	131,512	43%	132,606	44%
Operating expenses:				
Selling	68,128	23%	75,745	25%
General and administrative	20,224	7%	19,085	6%
Research and development	6,804	2%	6,240	2%
Total operating expenses	95,156	31%	101,070	34%
Income from operations	36,356	12%	31,536	11%
Other income (expense), net	302		(1,181)	
Income before income taxes	36,658	12%	30,355	10%
Income tax provision	13,797		11,995	
Net Income	\$22,861	8%	\$18,360	6%
Earnings per common share:				
Basic	\$0.33		\$0.27	
Diluted	\$0.33		\$0.27	
Weighted-average shares outstanding:				
Basic	69,166		68,181	
Diluted	70,143		68,624	

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

	Quarter Ended March 31,	
	2006	2005
Cash flows from operating activities:		
Net income	\$22,861	\$18,360
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,290	12,186
Loss on disposal of assets	138	210
Non-cash compensation	4,401	1,479
Deferred taxes	(227)	(589)
Changes in assets and liabilities	(128,828)	(73,067)
Net cash used in operating activities	(94,365)	(41,421)
Cash flows from investing activities:		
Capital expenditures	(7,576)	(10,198)
Proceeds from sale of capital assets	120	3
Net cash used in investing activities	(7,456)	(10,195)
Cash flows from financing activities:		
Issuance of Common Stock	5,761	2,053
Acquisition of Treasury Stock	(14,788)	-
Tax benefit from exercise of stock options	426	41
Proceeds on Line of Credit	122,150	102,000
Payments on Line of Credit	(37,150)	(55,500)
Payments on financing arrangements	(20)	-
Net cash provided by financing activities	76,379	48,594

Effect of exchange rate changes on cash and cash equivalents	375	(766)
Net decrease in cash and cash equivalents	(25,067)	(3,788)
Cash and cash equivalents at beginning of period	49,481	31,657
	-----	-----
Cash and cash equivalents at end of period	\$24,414	\$27,869
	=====	=====

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

Net Sales by Product Category

	Quarter Ended		Growth/(Decline)	
	March 31,		Dollars	Percent
	2006	2005		
Net sales:				
Woods	\$97,120	\$65,464	\$31,656	48%
Irons	86,560	107,948	(21,388)	-20%
Putters	24,878	31,848	(6,970)	-22%
Golf balls	55,730	59,033	(3,303)	-6%
Accessories and other	38,157	35,564	2,593	7%
	-----	-----	-----	-----
	\$302,445	\$299,857	\$2,588	1%
	=====	=====	=====	=====

Net Sales by Region

	Quarter Ended		Growth/(Decline)	
	March 31,		Dollars	Percent
	2006	2005		
Net sales:				
United States	\$181,283	\$185,102	\$(3,819)	-2%
Europe	50,085	52,128	(2,043)	-4%
Japan	26,114	24,852	1,262	5%
Rest of Asia	16,988	14,664	2,324	16%
Other foreign countries	27,975	23,111	4,864	21%
	-----	-----	-----	-----
	\$302,445	\$299,857	\$2,588	1%
	=====	=====	=====	=====

Operating Segment Information

	Quarter Ended		Growth/(Decline)	
	March 31,		Dollars	Percent
	2006	2005		
Net sales:				
Golf clubs	\$246,715	\$240,824	\$5,891	2%
Golf balls	55,730	59,033	(3,303)	-6%
	-----	-----	-----	-----
	\$302,445	\$299,857	\$2,588	1%
	=====	=====	=====	=====
Income before provision for income taxes:				
Golf clubs	\$45,067	\$40,379	\$4,688	12%
Golf balls	6,356	1,726	4,630	268%
Reconciling items (1)	(14,765)	(11,750)	(3,015)	-26%
	-----	-----	-----	-----
	\$36,658	\$30,355	\$6,303	21%
	=====	=====	=====	=====

(1) Represents corporate general and administrative expenses and other income (expense) not utilized by management in determining segment profitability.

Quarter Ended March 31,

2006

	Pro Forma Callaway Golf	Integration Charges	Employee Stock Compensation	Total as Reported
Net sales	\$302,445	\$-	\$-	\$302,445
Gross profit	132,282	(669)	(101)	131,512
% of sales	44%	n/a	n/a	43%
Operating expenses	92,688	351	2,117	95,156
Income from operations	39,594	(1,020)	(2,218)	36,356
Other income (expense), net	302	-	-	302
Loss before income taxes	39,896	(1,020)	(2,218)	36,658
Income tax provision	14,993	(395)	(801)	13,797
Net Income	\$24,903	\$(625)	\$(1,417)	\$22,861
Diluted earnings (loss) per share:	\$0.36	\$(0.01)	\$(0.02)	\$0.33
Weighted-average shares outstanding:	70,143	70,143	70,143	70,143

Quarter Ended March 31,

2005

	Pro Forma Callaway Golf	Integration Charges	Employee Stock Compensation	Total as Reported
Net sales	\$299,857	\$-	\$-	\$299,857
Gross profit	135,689	(3,083)	-	132,606
% of sales	45%	-1%	n/a	44%
Operating expenses	100,228	744	98	101,070
Income from operations	35,461	(3,827)	(98)	31,536
Other income (expense), net	(1,181)	-	-	(1,181)
Loss before income taxes	34,280	(3,827)	(98)	30,355
Income tax provision	13,486	(1,454)	(37)	11,995
Net Income	\$20,794	\$(2,373)	\$(61)	\$18,360
Diluted earnings (loss) per share:	\$0.30	\$(0.03)	\$(0.00)	\$0.27
Weighted-average shares outstanding:	68,624	68,624	68,624	68,624

CONTACT: Callaway Golf Company  
Brad Holiday/Patrick Burke/Larry Dorman, 760-931-1771