

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 26, 2005
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 October 26, 2005, Callaway Golf Company issued a press release captioned
"Callaway Golf Announces Results for Third Quarter and First Nine Months of
2005." 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 26, 2005, captioned
"Callaway Golf Announces Results for Third Quarter and
First Nine Months of 2005."

* 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 26, 2005

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 26, 2005, captioned "Callaway Golf Announces Results for Third Quarter and First Nine Months of 2005."
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Callaway Golf Announces Results for Third Quarter and First Nine Months of 2005

CARLSBAD, Calif.--(BUSINESS WIRE)--Oct. 26, 2005--Callaway Golf Company (NYSE:ELY) today announced its financial results for the quarter and nine months ended September 30, 2005, reporting significant improvements in both sales and earnings. Some of the details for the quarter include:

- Net sales of \$220.6 million, as compared to \$128.5 million in the third quarter of 2004.
- Net loss per share of \$0.07 on 68.8 million shares, as compared to a net loss of \$0.53 per share on 67.8 million shares in the third quarter of 2004.
- The net loss per share for the third quarter of 2005 includes after-tax charges of \$0.08 per share associated with the integration of the Top-Flite operations acquired in late 2003 and the recently announced restructuring initiatives. The net loss per share for the third quarter of 2004 includes after-tax charges of \$0.07 per share associated with the integration of the Top-Flite operations. Excluding these charges, the Company's pro forma fully diluted earnings per share for the third quarter of 2005 would have been \$0.01, as compared to a pro forma net loss per share of \$0.46 per share in the third quarter of 2004.

Details for the first nine months of 2005 include:

- Net sales of \$843.6 million, as compared to \$790.2 million in the first nine months of 2004.
- Fully diluted earnings per share of \$0.46 on 69.0 million shares, as compared to fully diluted earnings per share of \$0.27 on 68.2 million shares for the first nine months of 2004.
- Fully diluted earnings per share for the first nine months of 2005 includes after-tax charges of \$0.14 per share associated with the integration of the Top-Flite operations and the recently announced restructuring initiatives. Fully diluted earnings per share for the first nine months of 2004 includes after-tax charges of \$0.20 per share associated with the integration of the Top-Flite operations. Excluding these charges, the Company's pro forma fully diluted earnings per share for the first nine months of 2005 would have been \$0.60, as compared to pro forma fully diluted earnings per share of \$0.47 for the first nine months of 2004.

The year-to-date gains in earnings were tempered by increases in selling costs that were partially offset by savings in other operating areas. These increased selling costs reflect increased advertising and promotional expense and increased tour expense. The planned increase in selling expense for 2005 was intended to reinvigorate the Company's business following disappointing results in 2004, and the Company believes its investment in these activities has contributed to the increase in sales in 2005.

"We are pleased with our third quarter top line results, but know we can do better in profitability," commented George Fellows, President and CEO. "As announced on September 29th, we have taken actions to lower costs while improving our internal processes. These actions are expected to generate savings in 2006 of between \$50 and \$60 million across the board. While a portion of these savings will be reinvested in growth initiatives, a majority will positively impact profitability. Our next step is to re-examine gross margins in an effort to further reduce costs while maintaining our high quality standards. We believe these actions along with improved and focused marketing will allow us to maximize shareholder value."

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. 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. PST on Wednesday, November 2, 2005. The replay may be accessed through the Internet at 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 800497.

Disclaimer: Statements used in this press release that relate to future plans, events, financial results, performance or prospects, including statements

relating to future shareholder value and statements relating to the restructuring initiatives, and the estimated savings, reinvestment and improved profitability related to such initiatives, 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, changed strategies, or unanticipated factors affecting implementation of the initiatives, as well as the general risks and uncertainties applicable to the Company and its business. 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, 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 results, which includes certain financial measures not prepared in accordance with GAAP. The non-GAAP financial measures included in this press release exclude (i) charges associated with the restructuring initiatives discussed in this press release and (ii) charges associated with 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 as well as in the supplemental financial information attached to this press release.

Through an unwavering commitment to innovation, Callaway Golf Company 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.

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

	September 30, 2005	December 31, 2004
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$54,596	\$31,657
Accounts receivable, net	141,522	105,153
Inventories, net	211,163	181,230
Deferred taxes	36,249	32,959
Income taxes receivable	-	28,697
Other current assets	16,142	14,036
	-----	-----
Total current assets	459,672	393,732
Property, plant and equipment, net	130,525	135,865
Intangible assets, net	176,146	179,636
Deferred taxes	6,690	9,837
Other assets	16,247	16,667
	-----	-----
	\$789,280	\$735,737
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$94,452	\$75,501
Accrued employee compensation and benefits	26,044	20,215
Accrued warranty expense	13,773	12,043
Line of credit	-	13,000

Income taxes payable	9,836	-
Other current liabilities	11	39
	-----	-----
Total current liabilities	144,116	120,798
Long-term liabilities	28,085	28,622
Shareholders' equity	617,079	586,317
	-----	-----
	\$789,280	\$735,737
	=====	=====

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

	Quarter Ended September 30,			
	2005		2004	
	-----		-----	
Net sales	\$220,611	100%	\$128,457	100%
Cost of sales	133,713	61%	102,386	80%
	-----		-----	
Gross profit	86,898	39%	26,071	20%
Operating expenses:				
Selling expenses	69,744	32%	58,300	45%
General and administrative expenses	19,531	9%	23,219	18%
Research and development expenses	7,116	3%	7,855	6%
	-----		-----	
Total operating expenses	96,391	44%	89,374	70%
Loss from operations	(9,493)	-4%	(63,303)	-49%
Other income, net	735		1,091	
	-----		-----	
Loss before income taxes	(8,758)	-4%	(62,212)	-48%
Income tax benefit	(3,954)		(26,317)	
	-----		-----	
Net loss	\$(4,804)	-2%	\$(35,895)	-28%
	=====		=====	
Earnings (loss) per common share:				
Basic	(\$0.07)		(\$0.53)	
Diluted	(\$0.07)		(\$0.53)	
Weighted-average shares outstanding:				
Basic	68,849		67,847	
Diluted	68,849		67,847	

	Nine Months Ended September 30,			
	2005		2004	
	-----		-----	
Net sales	\$843,600	100%	\$790,151	100%
Cost of goods sold	477,363	57%	470,053	59%
	-----		-----	
Gross profit	366,237	43%	320,098	41%
Operating expenses:				
Selling	236,129	28%	203,991	26%
General and administrative	59,855	7%	67,914	9%
Research and development	20,439	2%	23,523	3%
	-----		-----	
Total operating expenses	316,423	38%	295,428	37%
Income from operations	49,814	6%	24,670	3%
Other expense, net	(2,252)		(230)	
	-----		-----	
Income before income taxes	47,562	6%	24,440	3%
Provision for income taxes	15,614		6,075	
	-----		-----	
Net income	\$31,948	4%	\$18,365	2%
	=====		=====	
Earnings per common share:				
Basic	\$0.47		\$0.27	
Diluted	\$0.46		\$0.27	
Weighted-average shares outstanding:				
Basic	68,436		67,641	

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

	Nine Months Ended September 30,	
	2005	2004
Cash flows from operating activities:		
Net income	\$31,948	\$18,365
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	30,942	39,027
Non-cash compensation	5,733	101
Loss on disposal of long-lived assets	1,109	4,270
Tax benefit from exercise of stock options	951	1,882
Net non-cash foreign currency hedging losses	-	1,723
Deferred taxes	(2,110)	12,254
Changes in assets and liabilities, net	(9,648)	(31,490)
Net cash provided by operating activities	58,925	46,132
Cash flows from investing activities:		
Capital expenditures	(25,721)	(16,065)
Proceeds from sale of capital assets	71	415
Business acquisitions, net of cash acquired	-	(9,204)
Net cash used in investing activities	(25,650)	(24,854)
Cash flows from financing activities:		
Net payments on line of credit	(13,000)	-
Issuance of Common Stock	13,589	18,649
Dividends paid, net	(9,706)	(14,232)
Acquisition of Treasury Stock	(39)	(6,298)
Payments on financing arrangements	(39)	-
Net cash used in financing activities	(9,195)	(1,881)
Effect of exchange rate changes on cash and cash equivalents	(1,141)	781
Net increase in cash and cash equivalents	22,939	20,178
Cash and cash equivalents at beginning of period	31,657	47,340
Cash and cash equivalents at end of period	\$54,596	\$67,518

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

	Net Sales by Product Category							
	Quarter Ended September 30,		Growth/ (Decline)		Nine Months Ended September 30,		Growth/ (Decline)	
	2005	2004	\$	%	2005	2004	\$	%
Net sales:								
Woods	\$62,881	\$14,329	\$48,552	339%	\$197,928	\$213,563	\$(15,635)	-7%
Irons	60,258	36,298	23,960	66%	279,892	219,792	60,100	27%
Putters	22,374	15,588	6,786	44%	88,198	81,731	6,467	8%
Golf balls	50,384	41,128	9,256	23%	180,176	187,755	(7,579)	-4%
Accessories and other	24,714	21,114	3,600	17%	97,406	87,310	10,096	12%
	\$220,611	\$128,457	\$92,154	72%	\$843,600	\$790,151	\$53,449	7%

Net Sales by Region

	Quarter Ended September 30,		Growth/ (Decline)		Nine Months Ended September 30,		Growth/ (Decline)	
	2005	2004	\$	%	2005	2004	\$	%
Net sales:								
United States	\$119,051	\$71,421	\$47,630	67%	\$485,605	\$460,381	\$25,224	5%
Europe	36,428	21,867	14,561	67%	144,159	146,922	(2,763)	-2%
Japan	25,729	10,065	15,664	156%	80,856	58,399	22,457	38%
Rest of Asia	18,874	9,924	8,950	90%	52,603	43,045	9,558	22%
Other foreign countries	20,529	15,180	5,349	35%	80,377	81,404	(1,027)	-1%
	\$220,611	\$128,457	\$92,154	72%	\$843,600	\$790,151	\$53,449	7%

Operating Segment Information

	Quarter Ended September 30,		Growth/ (Decline)		Nine Months Ended September 30,		Growth/ (Decline)	
	2005	2004	\$	%	2005	2004	\$	%
Net sales:								
Golf clubs	\$170,227	\$87,329	\$82,898	95%	\$663,424	\$602,396	\$61,028	10%
Golf balls	50,384	41,128	9,256	23%	180,176	187,755	(7,579)	-4%
	\$220,611	\$128,457	\$92,154	72%	\$843,600	\$790,151	\$53,449	7%

Income before provision for income taxes(1):

Golf clubs	\$8,685	\$(50,118)	\$58,803	117%	\$82,429	\$59,582	\$22,847	38%
Golf balls	(7,700)	(5,173)	(2,527)	-49%	43	(3,064)	3,107	101%
Reconciling items(2)	(9,743)	(6,921)	(2,822)	-41%	(34,910)	(32,078)	(2,832)	-9%
	\$(8,758)	\$(62,212)	\$53,454	86%	\$47,562	\$24,440	\$23,122	95%

(1) Prior period amounts have been reclassified to conform with current period presentation.

(2) 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,			Quarter Ended September 30,			
	2005			2004			
	Pro Forma Callaway Golf	In-tegra- tion Charges	Re- struc- turing Charges	Total as Re- ported	Pro Forma Callaway Golf	In-tegra- tion Charges	Total as Re- ported
Net sales	\$220,611	\$-	\$-	\$220,611	\$128,457	\$-	\$128,457
Gross profit	90,283	(1,248)	(2,137)	86,898	30,891	(4,820)	26,071
% of sales	41%	n/a	n/a	39%	24%	n/a	20%
Operating							

expenses	91,299	985	4,107	96,391	86,726	2,648	89,374

Income (loss) from operations	(1,016)	(2,233)	(6,244)	(9,493)	(55,835)	(7,468)	(63,303)
Other income (expense), net	735	-	-	735	1,091	-	1,091

Income (loss) before income taxes	(281)	(2,233)	(6,244)	(8,758)	(54,744)	(7,468)	(62,212)
Provision (benefit) for income taxes	(733)	(848)	(2,373)	(3,954)	(23,219)	(3,098)	(26,317)

Net income (loss)	\$452	\$(1,385)	\$(3,871)	\$(4,804)	\$(31,525)	\$(4,370)	\$(35,895)
=====							
Diluted earnings (loss) per share:	\$0.01	\$(0.02)	\$(0.06)	\$(0.07)	\$(0.46)	\$(0.06)	\$(0.53)
Weighted-average shares outstanding:	68,849	68,849	68,849	68,849	67,847	67,847	67,847

	Nine Months Ended September 30,				Nine Months Ended September 30,		
	2005				2004		
	Pro Forma Callaway Golf	In-tegra- tion Charges	Re- struc- turing Charges	Total as Re- ported	Pro Forma Callaway Golf	In-tegra- tion Charges	Total as Re- ported

Net sales	\$843,600	\$-	\$-	\$843,600	\$790,151	\$-	\$790,151
Gross profit	373,999	(5,625)	(2,137)	366,237	334,256	(14,158)	320,098
% of sales	44%	n/a	n/a	43%	42%	n/a	41%
Operating expenses	308,621	3,695	4,107	316,423	286,322	9,106	295,428

Income (loss) from operations	65,378	(9,320)	(6,244)	49,814	47,934	(23,264)	24,670
Other income (expense), net	(2,252)	-	-	(2,252)	(230)	-	(230)

Income (loss) before income taxes	63,126	(9,320)	(6,244)	47,562	47,704	(23,264)	24,440
Provision (benefit) for income taxes	21,528	(3,541)	(2,373)	15,614	15,078	(9,003)	6,075

Net income (loss)	\$41,598	\$(5,779)	\$(3,871)	\$31,948	\$32,626	\$(14,261)	\$18,365
=====							
Diluted earnings (loss) per share:	\$0.60	\$(0.08)	\$(0.06)	\$0.46	\$0.48	\$(0.21)	\$0.27
Weighted-average shares outstanding:	69,028	69,028	69,028	69,028	68,235	68,235	68,235

CONTACT: Callaway Golf Company
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760-931-1771