

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CALLAWAY GOLF COMPANY
(Exact name of Registrant as specified in its charter)

2285 Rutherford Road
Carlsbad, California 92008-8815
(Address of principal executive offices)

Delaware 95-3797580
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification No.)

1999 EMPLOYEE STOCK PURCHASE PLAN
(Full title of the plan)

Ely Callaway
Chairman and Chief Executive Officer
2285 Rutherford Road
Carlsbad, California 92008-8815
(760) 931-1771
(Name, address, and telephone number,
including area code, of agent for service)

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Share (2)	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee
Common Stock, \$.01 par value	2,000,000	\$14.03	\$28,060,000	\$7,407.84

- (1) Pursuant to Rule 416, this Registration Statement shall cover, in addition to the number of shares of Common Stock stated above, such indeterminate number of additional shares of Common Stock as may be issued under such plan as a result of adjustment provisions thereunder.
- (2) Estimated solely for purposes of determining the registration fee pursuant to Rule 457(h), based on the average of the high and low prices of Callaway Golf Company Common Stock as reported on January 27, 2000 on the New York Stock Exchange.

INTRODUCTION

This Registration Statement on Form S-8 is filed by Callaway Golf Company (the "Company") relating to 2,000,000 shares of the Company's common stock, par value \$.01 per share (the "Common Stock"), issuable to employees of the Company under the Callaway Golf Company 1999 Employee Stock Purchase Plan.

PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The following documents, which have previously been filed by the Company with the Commission, are hereby incorporated into this Registration Statement:

- (a) The Company's Annual Report on Form 10-K for the year ended December 31, 1998;
- (b) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999;
- (c) The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999;
- (d) The Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999;
- (e) The Company's Current Report on Form 8-K dated December 30, 1998;
- (f) The Company's Current Report on Form 8-K dated February 12, 1999;
- (g) The Company's Current Report on Form 8-K dated July 1, 1999;
- (h) The Company's Current Report on Form 8-K dated August 17, 1999;
- (i) The Company's Preliminary Proxy Statement on Schedule 14A filed March 22, 1999.
- (j) The Company's Definitive Proxy Statement on Schedule 14A filed April 1, 1999.
- (k) The description of the Company's Common Stock contained in the Company's Registration Statement on Form S-1 (Registration No. 33-53732), including any amendment or report filed for the purpose of updating such description; and
- (l) The description of the Company's Rights contained in the Company's Registration Statement on Form 8-A filed on June 27, 1995, including any amendment or report filed for the purpose of updating such description.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of the Registration Statement and prior to the filing of a post-effective amendment that indicates that all securities offered thereunder have been sold or that deregisters all securities then remaining unsold will be deemed to be incorporated by reference into this Registration Statement and to be a part of this Registration Statement from the date of filing of such documents.

For purposes of this Registration Statement, any statement contained in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated herein by reference modifies or supersedes such statement in such document. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

ITEM 4. DESCRIPTION OF SECURITIES.

Not Applicable.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

Brian P. Lynch, who has rendered an opinion as to the validity of the Common Stock being registered by this Registration Statement, is an employee of the Company.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law of the State of Delaware empowers a Delaware corporation to indemnify present and former directors, officers, employees and agents of the Company.

The Company's Certificate of Incorporation provides that, to the fullest extent permitted by the Delaware General Corporation Law, a director of the Company shall not be liable to the Company or its shareholders for monetary damages for breach of the director's fiduciary duty as a director. Delaware law provides that this provision in the Company's Certificate of Incorporation shall not limit the liability of a director (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or knowing violation of law, (iii) for unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

The Company's Bylaws provide that the Company, to the maximum extent permitted by the Delaware General Corporation Law, shall indemnify any person against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlements actually and reasonably incurred in connection with any threatened, pending or completed action, suit or proceeding in which such person is or was a party or is threatened to be made a party by reason of the fact that such person is or was a director or officer of the Company, or is or was serving at the request of the Board of Directors of the Company as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, or was a director or officer of a corporation which was a predecessor corporation of the Company or of another enterprise at the request of such predecessor corporation. The Company is required to indemnify a director or officer in connection with an action, suit or

proceeding (or part thereof) initiated by such director or officer only if the initiation of such action, suit or proceeding (or part thereof) by the director or officer was authorized by the Board of Directors of the Company.

The Company's Bylaws further provide that the Company shall pay the expenses (including attorney's fees) incurred by a director or officer of the Company entitled to indemnification in defending any such action, suit or proceeding in advance of its final disposition provided such director or officer undertakes to repay all amounts advanced if it should ultimately be determined that the director or officer is not entitled to such indemnification.

The Company's Bylaws provide that the foregoing indemnification rights shall not be deemed exclusive of any other rights to which the indemnified party may be entitled.

The Company has entered into Indemnification Agreements with its outside directors. These Indemnification Agreements require the Company to indemnify each outside director if he or she is or was a party or other participant in any suit or proceeding individually or in the right of the Company or any subsidiary of the Company, by reason of (a) the fact that such outside director is or was a director of the Company or any subsidiary, (b) any action or inaction on the part of such outside director while a director of the Company or any subsidiary, and/or (c) the fact that such outside director is or was serving at the request of the Company as a director, officer, employee or agent of another corporation or other enterprise. The indemnification extends to all expenses, liabilities, judgments, fines and amounts paid in settlement actually and reasonably incurred by the outside director in connection with such action, suit or proceeding if the outside director acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful. The Indemnification Agreements require that, to the extent that the outside director has been successful on the merits or otherwise in defense of any such action, suit or proceeding, the Company indemnify such outside director against expenses actually and reasonably incurred by him or her in connection therewith. The Company must further advance, within 30 days of a written request, all expenses incurred by the outside director in connection with the investigation, defense, settlement or appeal of any such action or proceeding; provided, however, that the outside director must repay such amounts advanced if it is ultimately determined that he or she is not entitled to be indemnified by the Company. Under the Indemnification Agreements, the outside directors are permitted to petition the court to seek recovery of amounts due under the Indemnification Agreements and to recover the expenses of seeking such recovery if he or she is successful.

The Indemnification Agreements also provide that the Company will indemnify the outside directors to the fullest extent permitted by law. Absent the Indemnification Agreements, indemnification that might be made available to outside directors could be changed by amendments to the Company's Certificate of Incorporation or Bylaws. Benefits under the Indemnification Agreements are not available, however, to indemnify an outside director (a) with respect to proceedings or claims initiated by the outside director that are not by way of defense (unless authorized by the Board of Directors); (b) with respect to liability for transactions from which the outside director derived an improper personal benefit; (c) if the outside director is determined to have committed acts of active and deliberate dishonesty; (d) for expenses or liabilities that have been paid to the outside director under an insurance policy maintained by the Company or otherwise by any other means; or (e) for an accounting of profits realized from the purchase and sale of securities within the meaning of Section 16(b) of the Securities Exchange Act of 1934.

In addition to the foregoing, the Company's Bylaws provide that the Company shall have the power, to the maximum extent permitted by the Delaware General Corporation Law, to indemnify any person (other than directors and officers) who is or was an employee or agent of the Company, who is or was serving at the request of the Company as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or who was an employee or agent of a corporation which was a predecessor corporation of the Company or of another enterprise at the request of such predecessor corporation, against expenses (including attorneys' fees), judgments, fines, amounts paid in settlement actually and reasonably incurred in connection with any threatened, pending or completed action, suit, or proceeding, in which such person was or is a party or is threatened to be made a party by reason of the fact that such person is or was an employee or agent of the Company.

The Company maintains directors and officers liability insurance covering the directors and officers of the Company against claims arising out of the performance of their duties as such.

ITEM 7. EXEMPTION FROM REGISTRATION.

Not Applicable.

ITEM 8. EXHIBITS.

The Exhibits to this Registration Statement are listed in the Index to Exhibits immediately following the signature page(s).

ITEM 9. UNDERTAKINGS.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933 each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by a final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Carlsbad, State of California, as of January 25, 2000.

CALLAWAY GOLF COMPANY

By: /s/ Ely Callaway

 Ely Callaway
 Founder, Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and as of the date indicated.

Signature	Title	Dated as of
-----	-----	-----
/s/ Ely Callaway _____ Ely Callaway	Founder, Chairman and Chief Executive Officer (Principal Executive Officer)	January 25, 2000
/s/ Charles J. Yash _____ Charles J. Yash	Director, President, Acting Principal Financial Officer and Acting Principal Accounting Officer	January 25, 2000
* _____ William C. Baker	Director	January 25, 2000
_____ Vernon E. Jordan, Jr.	Director	January 25, 2000
* _____ Yotaro Kobayashi	Director	January 25, 2000
_____ Aulana L. Peters	Director	January 25, 2000
* _____ Richard Rosenfield	Director	January 25, 2000
* _____ William A. Schreyer	Director	January 25, 2000

* By: /s/ Charles J. Yash

 Charles J. Yash
 Attorney-in-Fact

INDEX TO EXHIBITS

Exhibit No. -----	Description -----
5.1	Opinion of Brian P. Lynch, Senior Corporate Counsel of Callaway Golf Company, as to the legality of the securities being registered.
23.1	Consent of Independent Accountants.
23.2	Consent of Brian P. Lynch (included in Exhibit 5.1).
24.1	Powers of Attorney.
99.1	1999 Employee Stock Purchase Plan.

January 25, 2000

Callaway Golf Company
2285 Rutherford Road
Carlsbad, California 92008-8815

Re: Registration Statement on Form S-8

Ladies and Gentlemen:

I have prepared the Registration Statement on Form S-8 ("Registration Statement") to be filed by Callaway Golf Company, a Delaware corporation ("the Company"), with the Securities and Exchange Commission on or about the date hereof in connection with the registration of 2,000,000 shares (the "Shares") of the Company's Common Stock, par value \$.01 per share, which may be issued to eligible employees under the Company's 1999 Employee Stock Purchase Plan (the "Plan"). In connection with that registration, I have reviewed the proceedings of the Board of Directors of the Company relating to the registration and proposed issuance of the common stock, the Certificate of Incorporation of the Company and the Bylaws of the Company.

In my examination, I have assumed the genuineness of all signatures, the authenticity of all documents submitted to me as originals, and the conformity to authentic original documents of all documents submitted to me as copies.

I am opining herein as to the effect on the subject transaction only of the General Corporation Law of the State of Delaware, and I express no opinion with respect to the applicability thereto, or the effect thereon, of the laws of any other jurisdiction or any other laws, or as to any matters of municipal law or the laws of any other local agencies within the state.

Subject to the foregoing, upon completion of the proceedings being taken or contemplated by the Company to be taken prior to the issuance and sale of the Shares pursuant to the Plan, and upon completion of the proceedings being taken in order to permit such transactions to be carried out in accordance with the applicable securities laws, the Shares, when issued and sold in the manner referred to in the Plan and the Registration Statement, will be legally and validly issued, fully-paid and non-assessable.

I hereby consent to filing this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ BRIAN P. LYNCH

Brian P. Lynch
Senior Corporate Counsel

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form S-8 of our report dated January 26, 1999, except as to Note 16 which is as of February 12, 1999, relating to the financial statements, which appears in the 1998 Annual Report to Shareholders of Callaway Golf Company, which is incorporated by reference in Callaway Golf Company's Annual Report on Form 10-K for the year ended December 31, 1998. We also consent to the incorporation by reference of our report dated January 26, 1999 relating to the financial statement schedule, which appears in such Annual Report on Form 10-K.

PricewaterhouseCoopers LLP

San Diego, California
January 26, 2000

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that I, William C. Baker, a member of the Board of Directors of Callaway Golf Company, a Delaware corporation (the "Company"), with its principal executive offices in Carlsbad, California, do hereby constitute, designate and appoint each of Charles J. Yash and Steven C. McCracken, each of whom are executive officers of the Company, as my true and lawful attorneys-in-fact, each with power of substitution, with full power to act without the other and on behalf of and as attorney for me, for the purpose of executing and filing with the Securities and Exchange Commission a registration statement on Form S-8, and any and all amendments thereto, in connection with the registration of 2,000,000 shares of the Company's Common Stock for the initial funding of the Company's 1999 Employee Stock Purchase Plan, and to do all such other acts and execute all such other instruments which said attorney may deem necessary or desirable in connection therewith.

I have executed this Limited Power of Attorney as of January 19, 2000.

/s/ William C. Baker

William C. Baker

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that I, Richard L. Rosenfield, a member of the Board of Directors of Callaway Golf Company, a Delaware corporation (the "Company"), with its principal executive offices in Carlsbad, California, do hereby constitute, designate and appoint each of Charles J. Yash and Steven C. McCracken, each of whom are executive officers of the Company, as my true and lawful attorneys-in-fact, each with power of substitution, with full power to act without the other and on behalf of and as attorney for me, for the purpose of executing and filing with the Securities and Exchange Commission a registration statement on Form S-8, and any and all amendments thereto, in connection with the registration of 2,000,000 shares of the Company's Common Stock for the initial funding of the Company's 1999 Employee Stock Purchase Plan, and to do all such other acts and execute all such other instruments which said attorney may deem necessary or desirable in connection therewith.

I have executed this Limited Power of Attorney as of January 19, 2000.

/s/ Richard L. Rosenfield

Richard L. Rosenfield

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that I, William A. Schreyer, a member of the Board of Directors of Callaway Golf Company, a Delaware corporation (the "Company"), with its principal executive offices in Carlsbad, California, do hereby constitute, designate and appoint each of Charles J. Yash and Steven C. McCracken, each of whom are executive officers of the Company, as my true and lawful attorneys-in-fact, each with power of substitution, with full power to act without the other and on behalf of and as attorney for me, for the purpose of executing and filing with the Securities and Exchange Commission a registration statement on Form S-8, and any and all amendments thereto, in connection with the registration of 2,000,000 shares of the Company's Common Stock for the initial funding of the Company's 1999 Employee Stock Purchase Plan, and to do all such other acts and execute all such other instruments which said attorney may deem necessary or desirable in connection therewith.

I have executed this Limited Power of Attorney as of January 19, 2000.

/s/ William A. Schreyer

William A. Schreyer

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that I, Yotaro Kobayashi, a member of the Board of Directors of Callaway Golf Company, a Delaware corporation (the "Company"), with its principal executive offices in Carlsbad, California, do hereby constitute, designate and appoint each of Charles J. Yash and Steven C. McCracken, each of whom are executive officers of the Company, as my true and lawful attorneys-in-fact, each with power of substitution, with full power to act without the other and on behalf of and as attorney for me, for the purpose of executing and filing with the Securities and Exchange Commission a registration statement on Form S-8, and any and all amendments thereto, in connection with the registration of 2,000,000 shares of the Company's Common Stock for the initial funding of the Company's 1999 Employee Stock Purchase Plan, and to do all such other acts and execute all such other instruments which said attorney may deem necessary or desirable in connection therewith.

I have executed this Limited Power of Attorney as of January 19, 2000.

/s/ Yotaro Kobayashi

Yotaro Kobayashi

CALLAWAY GOLF COMPANY
1999 EMPLOYEE STOCK PURCHASE PLAN

The Callaway Golf Company 1999 Employee Stock Purchase Plan (the "Plan") shall be established and operated in accordance with the following terms and provisions.

1. DEFINITIONS

As used in the Plan the following terms shall have the meanings set forth below:

"APPLICABLE PERCENTAGE" means the percentage used to determine the Exercise Price of shares with respect to a given Offering Period as determined by the Committee pursuant to Section 9 below.

"BOARD" means the Board of Directors of the Company.

"BONUS COMPENSATION" means, with respect to each Participant for each calendar year or other period with respect to which a cash bonus is payable to such Participant, the amount of the cash bonus payable to such Participant for such calendar year or other period. Except as otherwise determined by the Committee, Bonus Compensation does not include:

(i) any amounts contributed by the Company or a Participating Subsidiary to any pension plan, deferred compensation plan, or other similar plan;

(ii) any automobile or relocation allowances (or reimbursement for any such expenses); or

(iii) any amounts paid as a starting bonus or finder's fee.

"CODE" means the Internal Revenue Code of 1986, as amended.

"COMMITTEE" means the committee appointed by the Board to administer the Plan as described in Section 4 below.

"COMMON STOCK" means the Common Stock, \$0.01 par value, of the Company.

"COMPANY" means Callaway Golf Company, a California corporation.

"CONTINUOUS EMPLOYMENT" means the absence of any interruption or termination of service as an Employee with the Company and/or its Participating Subsidiaries. Continuous Employment shall not be considered interrupted in the case of a leave of absence agreed to in writing by the Company, provided that such leave is for a period of not more than

ninety (90) days or reemployment upon the expiration of such leave is guaranteed by contract or statute.

"EFFECTIVE DATE" means the date on which the Plan commences, which date shall be that date as determined by the Board (or the Committee).

"ELIGIBLE EMPLOYEE" means, subject to limitations imposed by Section 423(b) of the Code, any Employee who is Continuously Employed by the Company or a Participating Subsidiary during the six (6) month period ending on a Grant Date. Each Employee who is an Eligible Employee as of a Grant Date shall be eligible to participate in the Plan for the Offering Period beginning on that Grant Date.

"ELIGIBLE REGULAR COMPENSATION" means, with respect to each Participant for each pay period, except as otherwise determined by the Committee, the full base salary, wages, commissions, overtime pay and shift premiums paid to such Participant by the Company or a Participating Subsidiary, and does not include:

(i) bonuses,

(ii) any amounts contributed by the Company or a Participating Subsidiary to any pension plan or plan of deferred compensation,

(iii) any automobile or relocation allowances (or reimbursement for any such expenses),

(iv) any amounts paid as a starting bonus or finder's fee,

(v) any amounts realized from the exercise of qualified or non-qualified stock options,

(vi) any amounts paid by the Company or a Participating Subsidiary for other fringe benefits, such as health and welfare, hospitalization and group life insurance benefits, or perquisites, or paid in lieu of such benefits, such as cash-out of credits generated under a plan qualified under Code Section 125, or

(vii) other similar forms of extraordinary compensation.

"EMPLOYEE" means any person, including an officer, who is customarily employed for at least twenty (20) hours per week and more than five (5) months in a calendar year by the Company or one of its Participating Subsidiaries.

"EXERCISE DATE" means each July 31 and January 31 during each Offering Period.

"EXERCISE PERIOD" means a period commencing on February 1 and terminating on the following July 31, or commencing on August 1 and terminating on the following January 31; provided, however, that notwithstanding anything to the contrary in this Plan, the first Exercise Period under this Plan shall be the period commencing on the Effective Date and ending on the earlier of the next succeeding July 31 or January 31.

"EXERCISE PRICE" means the price per share of shares offered in a given Offering Period determined as provided in Section 9 below.

"FAIR MARKET VALUE" means, with respect to a share of Common Stock as of any Grant Date or Exercise Date, the closing price of such Common Stock on the New York Stock Exchange on such date, as reported in the Wall Street Journal. In the event that such a closing price is not available for a Grant Date or an Exercise Date, the Fair Market Value of a share of Common Stock on such date shall be the closing price of a share of the Common Stock on the New York Stock Exchange on the last business day prior to such date or such other amount as may be determined by the Committee by any fair and reasonable means.

"GRANT DATE" means the first day of each Offering Period.

"OFFERING PERIOD" means a period of twenty-four (24) months during which an option granted pursuant to the Plan may be exercised; provided, however, that notwithstanding anything to the contrary in this Plan, the first Offering Period under this Plan shall be the period beginning on the Effective Date and ending on the earlier of the second succeeding July 31 or January 31. A new Offering Period shall begin on each February 1 and August 1.

"PARTICIPANT" means an Eligible Employee who has elected to participate in the Plan by filing an enrollment agreement with the Company as provided in Section 6 below.

"PARTICIPATING SUBSIDIARY" means any Subsidiary other than a Subsidiary excluded from participation in the Plan by the Committee, in its sole discretion.

"PLAN" means this Callaway Golf Company 1999 Employee Stock Purchase Plan.

"PLAN CONTRIBUTIONS" means, with respect to each Participant, the payroll deductions and bonus deductions withheld from the Eligible Regular Compensation and/or Bonus Compensation, respectively, of such Participant and contributed to the Plan for such Participant as provided in Section 7 of the Plan, and any other amounts contributed to the Plan for such Participant in accordance with the terms of the Plan.

"SUBSIDIARY" means any corporation, domestic or foreign, of which the Company owns, directly or indirectly, not less than 50% of the total combined voting power of all classes of stock or other equity interests and that otherwise qualifies as a "subsidiary corporation" within the meaning of Section 424(f) of the Code or any successor thereto.

2. PURPOSE OF THE PLAN

The purpose of the Plan is to maintain a competitive equity compensation program to attract, motivate, retain and compensate present and future employees of the Company and its Participating Subsidiaries and to provide incentive for such employees to acquire a proprietary interest (or increase an existing proprietary interest) in the Company through the purchase of Common Stock, and therefore more closely align the interests of the employees and the shareholders. It is the intention of the Company that the Plan qualify as an "employee stock purchase plan" under Section 423 of the Code. Accordingly, the provisions of the Plan shall be administered, interpreted and construed in a manner consistent with the requirements of that Section of the Code.

3. SHARES RESERVED FOR THE PLAN

There shall be reserved for issuance and purchase by Employees under the Plan an aggregate of 2,000,000 shares of Common Stock, subject to adjustment as provided in Section 14 below. Shares of Common Stock subject to the Plan may be newly issued shares or shares reacquired in private transactions or open market purchases. If and to the extent that any right to purchase reserved shares shall not be exercised by any Employee for any reason or if such right to purchase shall terminate as provided herein, shares that have not been so purchased hereunder shall again become available for the purposes of the Plan unless the Plan shall have been terminated, but all shares sold under the Plan, regardless of source, shall be counted against the limitation set forth above.

4. ADMINISTRATION OF THE PLAN

(a) The Plan shall be administered by a Committee appointed by, and which shall serve at the pleasure of, the Board. The Committee shall consist of not less than two (2) members of the Board who are not officers or employees of the Company or of any of its Subsidiaries and the composition of the Committee shall be in accordance with the requirements to obtain or retain any available exemption from the operation of Section 16(b) of the Securities Exchange Act of 1934. The Committee shall have authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, and to make all other determinations necessary or advisable for the administration of the Plan, all of which actions and determinations shall be final, conclusive and binding on all persons.

(b) The Committee may request advice or assistance or employ such other persons as it in its absolute discretion deems necessary or appropriate for the proper administration of the Plan, including, but not limited to employing a brokerage firm, bank or other financial institution to assist in the purchase of shares, delivery of reports or other administrative aspects of the Plan.

5. OFFERING PERIODS

The Plan shall be implemented by consecutive Offering Periods. Each Offering Period shall consist of four (4) consecutive Exercise Periods of approximately six (6) months duration. The Committee shall have the power to change the duration and/or the frequency of Offering Periods or Exercise Periods with respect to future offerings without shareholder approval.

6. ELECTION TO PARTICIPATE IN THE PLAN

(a) Each Eligible Employee may elect to participate in an Offering Period under the Plan by completing an enrollment agreement in the form provided by the Company and filing such enrollment agreement with the Company prior to the applicable Grant Date of such Offering Period, unless another time for filing the enrollment form is set by the Committee for all Eligible Employees with respect to a given Offering Period. An Eligible Employee may participate in an Offering Period only if, as of the Grant Date of such Offering Period, such Employee is not participating in any prior Offering Period that is continuing at the time of such proposed enrollment.

(b) Except as otherwise determined by the Committee under rules applicable to all Eligible Employees, payroll deductions for a Participant shall commence on the first payroll date following the Grant Date and shall end on the last payroll date in the Offering Period to which such authorization is applicable, unless sooner terminated by the Participant as provided in Section 11.

(c) Unless a Participant elects otherwise prior to the Grant Date of the immediately succeeding Offering Period, an Eligible Employee who is participating in an Offering Period as of the last Exercise Date of such Offering Period (the "Prior Offering Period") shall be deemed (i) to have elected to participate in the immediately succeeding Offering Period and (ii) to have authorized the same payroll deduction for such immediately succeeding Offering Period as was in effect for such Participant immediately prior to the expiration or termination of the Prior Offering Period.

(d) The Committee, in its discretion, may terminate the participation of all Participants in any Offering Period as of the last day of any Exercise Period (a "Termination Date") and enroll such Participants in the new Offering Period commencing immediately following such Termination Date if the Exercise Price determined as of the Grant Date for such new Offering Period is lower than the Exercise Price determined as of the Grant Date of the Offering Period for which the Participants' participation is being terminated. In such event, each of such Participants shall be deemed for purposes of this Plan (i) to have elected to participate in such new Offering Period and (ii) to have authorized the same payroll deduction for such new Offering Period as would have been in effect for the terminated Offering Period had it not been terminated.

7. PAYROLL DEDUCTIONS/BONUS CONTRIBUTIONS

(a) Except as authorized by the Committee pursuant to Section 7(c) below, all Participant contributions to the Plan shall be made only by payroll deductions. At the time a Participant files the enrollment agreement with respect to an Offering Period, the Participant may authorize payroll deductions to be made on each payroll date during the Offering Period in an amount of from 1% to 15% of the Eligible Regular Compensation which the Participant receives on each payroll date during such Offering Period. The amount of such payroll deductions shall be a whole percentage (i.e., 1%, 2%, 3%, etc.) of the Participant's Eligible Regular Compensation. In addition, a Participant may designate on a separate designation form all or some portion of such Participant's Bonus Compensation as a Plan Contribution. Elections for deduction amounts with respect to a Participant's Bonus Compensation may be made at the beginning of each Offering Period.

(b) A Participant may as of the beginning of any Exercise Period reduce or increase (subject to the limitations of Section 7(a) above) the rate of his or her payroll or Bonus Compensation deductions by completing and filing with the Company prior to the first day of such Exercise Period a change notice in the form provided by the Company. In addition, a Participant may at any time during an Offering Period (but no more than once during each Exercise Period) reduce the rate of his or her payroll or Bonus Compensation deductions by completing and filing with the Company a change notice in the form provided by the Company. Any such reduction in the rate of a Participant's payroll or Bonus Compensation deductions shall be effective as of the pay period specified by the Participant in the Participant's change notice, but in no event sooner than as may practicably be implemented by the Company. Any increase in the rate of a Participant's payroll or Bonus Compensation deductions and, except as expressly provided above in this Section 7(b), any reduction in the rate of a Participant's payroll or Bonus Compensation deductions shall be effective only as of the first day of an Exercise Period.

(c) Notwithstanding anything to the contrary in the foregoing, the Committee may permit Participants to make additional contributions to the Plan subject to such terms and conditions as the Committee may in its discretion determine. All such additional contributions shall be made in a manner consistent with the provisions of Section 423 of the Code or any successor thereto, and shall be held in Participants' accounts and applied to the purchase of shares of Common Stock pursuant to options granted under this Plan in the same manner as payroll deductions contributed to the Plan as provided above.

(d) All Plan Contributions made for a Participant shall be deposited in the Company's general corporate account and shall be credited to the Participant's account under the Plan. No interest shall accrue or be credited with respect to a Participant's Plan Contributions. All Plan Contributions received or held by the Company may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such Plan Contributions from any other corporate funds.

8. GRANT OF OPTIONS

(a) On the Grant Date of each Offering Period, subject to the limitations set forth in Sections 3 and 8(b) hereof, each Eligible Employee shall be granted an option to purchase on each Exercise Date during such Offering Period (at the Exercise Price determined as provided in Section 9 below) a number of shares of the Company's Common Stock determined by dividing such Eligible Employee's Plan Contributions accumulated prior to such Exercise Date and retained in his or her account as of the Exercise Date by the Exercise Price determined as provided in Section 9 below.

(b) Notwithstanding any provision of the Plan to the contrary, no Employee shall be granted an option under the Plan (i) if, immediately after the grant, such Employee (or any other person whose stock would be attributed to such Employee pursuant to Section 424(d) of the Code) would own stock and/or hold outstanding options to purchase stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or of any Subsidiary of the Company, or (ii) which permits such Employee's rights to purchase stock under all employee stock purchase plans of the Company and its Subsidiaries to accrue at a rate which exceeds \$25,000 of fair market value of such stock (determined at the time such option is granted) for each calendar year in which such option is outstanding at any time.

9. EXERCISE PRICE

The Exercise Price of each of the shares offered in a given Offering Period shall be the lower of : (i) the Applicable Percentage of the Fair Market Value of a share of Common Stock on the Grant Date or (ii) the Applicable Percentage of the Fair Market Value of a share of Common Stock on the Exercise Date. The Applicable Percentage with respect to the first Offering Period under the Plan shall be 85%. Thereafter, the Applicable Percentage with respect to each Offering Period shall be 100% reduced by such number of percentage points (if any), not in excess of fifteen (15), as the Committee shall determine. For example, if the Committee determines to allow the maximum reduction of fifteen (15) percentage points with respect to an Offering Period, the Applicable Percentage with respect to such Offering Period will be 85%. The Committee shall establish the Applicable Percentage with respect to a given Offering Period not less than fifteen (15) days prior to the Grant Date with respect to such Offering Period; provided, however, that in the event that the Committee does not so establish the Applicable Percentage with respect to an Offering Period, the Applicable Percentage with respect to such Offering Period shall be the same Applicable Percentage as was in effect with respect to the immediately preceding Offering Period.

10. EXERCISE OF OPTIONS

Unless the Participant withdraws from the Plan as provided in Section 11 below, the Participant's option for the purchase of shares will be exercised automatically on each

Exercise Date, and the maximum number of shares (including, except as otherwise provided by the Committee, fractional shares) subject to option will be purchased for the Participant at the applicable Exercise Price with the accumulated Plan Contributions credited to the Participant's account under this Plan. Any amount remaining in the Participant's account after such purchase shall be returned to the Participant.

11. WITHDRAWAL; TERMINATION OF EMPLOYMENT

(a) A Participant may withdraw all but not less than all of the Plan Contributions credited to the Participant's account under the Plan at any time by giving written notice to the Company. All of the Participant's Plan Contributions credited to the Participant's account will be paid to him or her as soon as administratively practical after receipt of the Participant's notice of withdrawal, the Participant's participation in the Plan will be automatically terminated, and no further payroll deductions for the purchase of shares will be made. Payroll deductions will not resume on behalf of a Participant who has withdrawn from the Plan (a "Former Participant") unless the Former Participant enrolls in a subsequent Offering Period in accordance with Section 6(a) hereof.

(b) Upon termination of a Participant's employment with the Company and/or its Participating Subsidiaries prior to the Exercise Date of an Offering Period for any reason, including retirement or death, the Plan Contributions credited to the Participant's account will be returned to the Participant or, in the case of death, to the Participant's estate, as soon as administratively practical, and the Participant's options to purchase shares under the Plan will be automatically terminated.

(c) In the event a Participant fails to maintain his or her status as an Employee during an Offering Period, the Participant will be deemed to have elected to withdraw from the Plan, the Plan Contributions credited to the Participant's account will be returned to the Participant as soon as administratively practical, and the Participant's options to purchase shares under the Plan will be terminated.

(d) A Participant's withdrawal from an Offering Period will not have any effect upon the Participant's eligibility to participate in any succeeding Offering Periods or in any similar plan that may hereafter be adopted by the Company.

12. TRANSFERABILITY

Options to purchase Common Stock granted under the Plan are not transferable by a Participant and are exercisable during a Participant's lifetime only by the Participant.

13. REPORTS

Individual accounts will be maintained for each Participant in the Plan. Statements of account will be given to Participants semi-annually in due course following each

Exercise Date, which statements will set forth the amounts of payroll deductions, the per share purchase price, the number of shares purchased and the remaining cash balance, if any.

14. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION

(a) If the outstanding shares of Common Stock of the Company are increased or decreased, or are changed into or are exchanged for a different number or kind of shares, as a result of one or more reorganizations, restructurings, recapitalizations, reclassifications, stock splits, reverse stock splits, stock dividends or the like, upon authorization of the committee, appropriate adjustments shall be made in the number and/or kind of shares, and the per-share option price thereof, which may be issued in the aggregate and to any Participant upon exercise of options granted under the Plan.

(b) In the event of the sale, merger, dissolution or liquidation of the Company, the Offering Period will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Committee.

(c) In all cases, the Committee shall have full discretion to exercise any of the powers and authority provided under this Section 14, and the Committee's actions hereunder shall be final and binding on all Participants. No fractional shares of stock shall be issued under the Plan pursuant to any adjustment authorized under the provisions of this Section 14.

15. AMENDMENT OF THE PLAN

The Board may at any time, or from time to time, amend the Plan in any respect and for whatever reason; provided, however, that the Plan may not be amended in any way that will cause rights issued under the Plan to fail to meet the requirements for employee stock purchase plans as defined in Section 423 of the Code or any successor thereto, including, without limitation, shareholder approval if required.

16. TERMINATION OF THE PLAN

The Plan and all rights of Employees hereunder shall terminate on the earlier of:

(a) the Exercise Date that Participants become entitled to purchase a number of shares greater than the number of reserved shares remaining available for purchase under the Plan;

(b) such date as is determined by the Board in its discretion and for whatever reason; or

(c) January 30, 2009.

In the event that the Plan terminates under circumstances described in Section 16(a) above, reserved shares remaining as of the termination date shall be sold to Participants on a pro rata basis.

17. NOTICES

All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

18. SHAREHOLDER APPROVAL

The Plan shall become effective on the Effective Date. The Plan shall be subject to approval by the shareholders of the Company within twelve months before or after the date the Plan is adopted by the Board. If such shareholder approval is obtained at a duly held shareholders' meeting, it may be obtained by the affirmative vote of the holders of a majority of the outstanding shares of the Company present or represented and entitled to vote thereon. If such shareholder approval is not obtained, the Plan and all rights to the Common Stock purchased under the Plan shall be null and void and shall have no effect.

19. CONDITIONS UPON ISSUANCE OF SHARES

(a) The Plan, the grant and exercise of options to purchase shares of Common Stock under the Plan, and the Company's obligation to sell and deliver shares upon the exercise of options to purchase shares shall be subject to all applicable federal, state and foreign laws, rules and regulations, and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel for the Company, be required.

(b) The Company may make such provisions as it deems appropriate for withholding by the Company pursuant to federal or state income tax laws of such amounts as the Company determines it is required to withhold in connection with the purchase or sale by a Participant of any Common Stock acquired pursuant to the Plan. The Company may require a Participant to satisfy any relevant tax requirements before authorizing any issuance of Common Stock to such Participant.

20. EXPENSES OF THE PLAN

All costs and expenses incurred in administering the Plan shall be paid by the Company, except that any stamp duties or transfer taxes applicable to participation in the Plan may be charged to the account of such Participant by the Company. Any brokerage fees for the purchase of shares by a Participant shall be paid by the Company, but any brokerage fees for the sale of shares by a Participant shall be borne by the Participant.

21. NO EMPLOYMENT RIGHTS

The Plan does not, directly or indirectly, create any right for the benefit of any employee or class of employees to purchase any shares under the Plan, or create in any employee or class of employees any right with respect to continuation of employment by the Company, and it shall not be deemed to interfere in any way with the Company's right to terminate, or otherwise modify, an employee's employment at any time.

22. APPLICABLE LAW

The laws of the State of California shall govern all matters relating to this Plan except to the extent (if any) superseded by the laws of the United States.