

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)

California 95-3797580
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1998 EMPLOYEE STOCK INCENTIVE PLAN
1996 STOCK OPTION PLAN
1995 EMPLOYEE STOCK INCENTIVE PLAN
(Full title of the plan)

Donald H. Dye, Esq.
President 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				
Callaway Golf Company 1998 Stock Incentive Plan	500,000 shares	\$11.97	\$5,985,000	\$1,766

Newly reserved under the 1996 Stock Option Plan	3,000,000 shares	\$11.97	\$35,910,000	\$10,594
Newly reserved under the 1995 Employee Stock Incentive Plan	1,600,000 shares	\$11.97	\$19,152,000	\$ 5,650
Total:	5,100,000 shares		\$61,047,000	\$18,010

- (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 shares of Common Stock as may be issued upon exercise of options granted 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 August 13, 1998 on the New York Stock Exchange, in respect of options to be granted under the plan.

=====

INTRODUCTION

This Registration Statement on Form S-8 is filed by Callaway Golf Company (the "Company") relating to 500,000 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 1998 Stock Incentive Plan, 3,000,000 additional shares of the Company's Common Stock issuable under the Callaway Golf Company 1996 Stock Option Plan and 1,600,000 additional shares of the Company's Common Stock issuable under the Callaway Golf Company 1995 Employee Stock Incentive Plan.

PART I
INFORMATION REQUIRED IN THE PROSPECTUS

ITEM 1. PLAN INFORMATION

The Registrant will send or give the documents containing information specified in this Item 1 to employees, officers, directors or others as specified by Rule 428(b)(1). In accordance with the rules and regulations of the Securities and Exchange Commission (the "Commission") and the instructions to Form S-8, the Registrant is not filing such documents with the Commission either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424.

ITEM 2. REGISTRATION INFORMATION AND EMPLOYEE PLAN ANNUAL INFORMATION

The Registrant will send or give the documents containing information specified in this Item 2 to employees, officers, directors or others as specified by Rule 428(b)(1). In accordance with the rules and regulations of the Commission and the instructions to Form S-8, the Registrant is not filing such documents with the Commission either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424.

PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The following documents, which previously have been filed by the Company with the Commission, are incorporated herein by reference and made a part hereof:

(a) The Company's Annual Report on Form 10-K for the year ended December 31, 1997;

(b) All other reports filed by the Company pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), since the end of the latest fiscal year covered by the Annual Report referred to in (a) above;

(c) 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;

(d) The description of the Company's Rights contained in the Company's Registration Statement on Form 8-A 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), 14 and 15(d) of the Exchange Act, subsequent to the date of this Registration Statement and prior to the filing of a post-effective amendment hereto that indicates that all securities offered hereunder have been sold or that deregisters all securities then remaining unsold shall be deemed to be incorporated by reference herein and to be a part hereof 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.

Seema L. Nene, Esq., 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.

Under Section 317 of the California General Corporation Law (the "CGCL"), the Company is, in certain circumstances, permitted to indemnify its directors and officers against certain expenses (including attorneys' fees), judgments, fines, settlements and other amounts actually and reasonably incurred in connection with threatened, pending or completed civil, criminal, administrative or investigative actions or proceedings (other than an action by or in the right of the Company), by reason of the fact that such persons were or are directors or officers of the Company, if such persons acted in good faith and in a manner they reasonably believed to be in the best interests of the Company, and with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. In addition, the Company is in certain circumstances permitted to indemnify its directors and officers who were or are parties or were threatened to be made parties to any threatened, pending or completed action by or in the right of the Company to procure a judgment in its favor by reason of the fact that such persons are or were directors or officers of the Company, against expenses actually and reasonably incurred by such persons in connection with the defense or settlement of the action, if such persons acted in good faith and in a manner they believed to be in the best interests of the Company and its shareholders.

As permitted by the CGCL, the Amended and Restated Articles of Incorporation of the Company provide that the Company is authorized to provide indemnification of its officers and directors for breach of duty to the Company and its shareholders through Bylaw provisions or through agreements with the directors or officers, or both, in excess of the indemnification otherwise permitted by Section 317 of the CGCL, subject to the limits on such excess indemnification set forth in Section 204 of the CGCL.

Under Section 204(a)(10) of the CGCL, the personal liability of a director for monetary damages in an action brought by or in the right of the corporation for breach of the director's duty to the corporation may be eliminated, except for the liability of a director resulting from acts or omissions involving intentional misconduct or a knowing and culpable violation of the law, acts or omissions that a director believes to be contrary to the best interests of the corporation or its shareholders or that involve the absence of good faith, any transaction from which a director derived an improper personal benefit, acts or omissions showing a reckless disregard for the director's duty, acts or omissions constituting an unexcused pattern of inattention to the director's duty, or the making of an illegal distribution to shareholders or an illegal loan or guaranty.

As permitted by the CGCL, the Company's Amended and Restated Articles of Incorporation provide that the liability of directors for monetary damages shall be eliminated to the fullest extent permissible under California law.

The Company's Bylaws provide that the Company shall indemnify and hold harmless any person who 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 other persons serving the Company subject to limitations imposed by applicable law, from and against any expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative to the fullest extent permitted by applicable law. The Company's Bylaws further provide that the Company shall advance to such persons expenses incurred in defending any proceeding prior to the final disposition thereof to the fullest extent and in the manner permitted by the law.

The Company's Bylaws provide that indemnification provided for in the Bylaws shall not be deemed exclusive of any other rights to which the indemnified party may be entitled and that the Company may purchase and maintain insurance on behalf of an agent of the Company against any liability asserted against him or her or incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Company would have the power to indemnify him or her against such liabilities under such Bylaws.

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 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 Amended and Restated Articles 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.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not applicable.

ITEM 8. EXHIBITS.

Exhibit No. Description

- 4.1 Restated Articles of Incorporation of the Company (filed as an exhibit to the Company's Registration Statement on Form S-8 (No. 33-85692), and incorporated herein by this reference)
- 4.2 Certificate of Amendment of Articles of Incorporation of the Company effective February 10, 1995 (filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1994, and incorporated herein by this reference)
- 4.3 Bylaws of the Company, as amended May 10, 1996
- 4.4 Certificate of Determination of Rights, Preferences, Privileges and Restrictions of Series A Junior Participating Preferred Stock (filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995, and incorporated herein by this reference)
- 4.5 Rights Agreement by and between the Company and Chemical Mellon Shareholder Services, as Rights Agent, dated as of June 21, 1995 (filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995, and incorporated herein by this reference)
- 4.6 Dividend Reinvestment and Stock Purchase Plan (filed as the Prospectus in the Company's Registration Statement on Form S-3 (No. 33-77024), and incorporated herein by this reference)
- 4.7 Callaway Golf Company 1998 Stock Incentive Plan effective February 18, 1998 (filed as an exhibit to the Company's Quarterly Report filed on Form 10-Q for the quarter ended June 30, 1998, and incorporated herein by this reference)
- 4.8 Callaway Golf Company 1996 Stock Option Plan (as amended and restated through April 23, 1998) (filed as an exhibit to the Company's Quarterly Report filed on Form 10-Q for the quarter ended June 30, 1998, and incorporated herein by this reference)
- 4.9 Callaway Golf Company 1995 Employee Stock Incentive Plan (as amended and restated through April 22, 1998)
- 5 Opinion of Seema L. Nene, Esq., Corporate Counsel to the Company, as to the legality of the securities being registered
- 23.1 1 Consent of Independent Accountants
- 23.2 2 Consent of Seema L. Nene, Esq. (contained in Exhibit 5 hereto)
- 24 Power of Attorney (contained on signature page hereto)

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.

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 on Form S-8 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Carlsbad, State of California, on August 19, 1998.

CALLAWAY GOLF COMPANY

By: /s/ DONALD H. DYE

Donald H. Dye
President and Chief Executive Officer

By: /s/ DAVID A. RANE

David A. Rane
Executive Vice President,
Administration and Planning, and
Chief Financial Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints DONALD H. DYE, DAVID A. RANE AND STEVEN C. McCracken his or her true and lawful attorneys-in-fact and agents, each acting alone, with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, at any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, each acting alone, with full powers and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as full to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that all said attorneys-in-fact and agents, each acting alone, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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

Signature -----	Title -----	Date ----
Principal Executive Officers and Directors:		
/s/ ELY CALLAWAY ----- Ely Callaway	Founder, Chairman and Chief of Advertising, Press & Public Relations	August 19, 1998
/s/ DONALD H. DYE ----- Donald H. Dye	President and Chief Executive Officer	August 19, 1998
Principal Financial and Accounting Officer:		
/s/ DAVID A. RANE ----- David A. Rane	Executive Vice President, Administration and Planning, and Chief Financial Officer	August 19, 1998

Other Directors:

/s/ WILLIAM C. BAKER ----- William C. Baker	Director	August 19, 1998
/s/ VERNON E. JORDAN, JR. ----- Vernon E. Jordan, Jr.	Director	August 19, 1998
/s/ BRUCE A. PARKER ----- Bruce A. Parker	Director	August 19, 1998
/s/ FREDERICK R. PORT ----- Frederick R. Port	Director	August 19, 1998
/s/ RICHARD ROSENFELD ----- Richard Rosenfield	Director	August 19, 1998
/s/ WILLIAM A. SCHREYER ----- William A. Schreyer	Director	August 19, 1998
/s/ CHARLES J. YASH ----- Charles J. Yash	Director	August 19, 1998

INDEX TO EXHIBITS

Exhibit No. Description

- 4.1 Restated Articles of Incorporation of the Company.*
- 4.2 Certificate of Amendment of Articles of Incorporation of the Company.*
- 4.3 Bylaws of the Company (as amended through May 10, 1996).*
- 4.4 Certificate of Determination of Rights, Preferences, Privileges and Restrictions of Series A Junior Participating Preferred Stock.*
- 4.5 Rights Agreement by and between the Company and Chemical Mellon Shareholder Services, as Rights Agent, dated as of June 21, 1995.*
- 4.6 Dividend Reinvestment and Stock Purchase Plan.*
- 4.7 Callaway Golf Company 1998 Stock Incentive Plan effective February 18, 1998.*
- 4.8 Callaway Golf Company 1996 Stock Option Plan (as amended and restated through April 23, 1998).*
- 4.9 Callaway Golf Company 1995 Employee Stock Incentive Plan (as amended and restated through April 22, 1998).
- 5 Opinion of Seema L. Nene, Esq., Corporate Counsel to the Company, as to the legality of the securities being registered.
- 23.1 Consent of Independent Accountants.
- 23.2 Consent of Seema L. Nene, Esq. (contained in Exhibit 5 hereto).
- 24.1 Power of Attorney (contained on signature page hereof).

* Incorporated by reference.

CALLAWAY GOLF COMPANY
1995 EMPLOYEE STOCK INCENTIVE PLAN

(As Amended and Restated April 22, 1998)

1. Purposes of the Plan

The purpose of this 1995 Employee Stock Incentive Plan (the "Plan") of Callaway Golf Company, a California corporation (the "Company"), is to provide for grants of stock options and other stock-based incentive awards to broad classes of employees of the Company and its Subsidiaries, thereby helping to retain and motivate such employees, and to encourage the judgment, initiative and efforts of such employees by further aligning their interests with those of the shareholders of the Company.

2. Plan Awards

To carry out the purposes of the Plan, the Company will from time to time enter into various arrangements with persons eligible to participate therein and confer various benefits upon them. The following such arrangements or benefits are authorized under the Plan if their terms and conditions are not inconsistent with the provisions of the Plan: Stock Options, Restricted Stock, Sales of Securities, Stock Bonuses, Performance Shares, Performance Units, Stock Appreciation Rights, Phantom Stock, Dividend Equivalents and Other Stock-Based Benefits. Such arrangements and benefits pursuant to the Plan are sometimes herein referred to as "Awards." The authorized categories of benefits for which Awards may be granted are defined as follows:

Stock Options: A Stock Option is a right granted under the Plan to purchase a specified number of shares of Common Stock at such exercise price, at such times, and on such other terms and conditions as are specified in the Award. A Stock Option may but need not (a) provide for the payment of some or all of the option exercise price in cash or by promissory note or by delivery of previously owned shares (including the technique known as "pyramiding") or other property or by withholding some of the shares that are being purchased; (b) include arrangements to facilitate the grantee's ability to borrow funds for payment of the exercise price; or (c) be an Incentive Stock Option.

Restricted Stock: Restricted Stock is Common Stock sold under the Plan (other than through the exercise of a Stock Option) at a substantial discount from its Fair Market Value or at its par value, but subject during specified periods of time to such restrictions on its transferability and repurchase rights as are expressed in the Award and as may constitute a substantial condition of forfeiture while in effect.

Sales of Securities: A Sale of Securities is a sale under the Plan of unrestricted shares of Common Stock or of debt or other securities that are convertible into shares of Common Stock upon such terms and conditions as may be established in the terms of the Award.

Stock Bonuses: A Stock Bonus is the issuance or delivery of unrestricted or restricted shares of Common Stock under the Plan as a bonus for services rendered or for any other valid consideration under applicable law.

Performance Shares: A Performance Share is an Award that represents a fixed number of shares of Common Stock that vest at a specified time or over a period of time in accordance with performance criteria established in connection with the granting of the Award. Such criteria may measure the performance of the grantee, of the business unit in which the grantee is employed, or of the Company,

or a combination of any of the foregoing. The vested portion of the Award is payable to the grantee either in the shares it represents or in cash in an amount equal to the Fair Market Value of those shares on the date of vesting, or a combination thereof, as specified in the Award.

Performance Units: A Performance Unit is an Award that represents a fixed amount of cash that vests at a specified time or over a period of time in accordance with performance criteria established in connection with the granting of the Award. Such criteria may measure the performance of the grantee, of the business unit in which the grantee is employed, or of the Company, or a combination of any of the foregoing. The vested portion of the Award is payable to the grantee either in cash or in shares valued at their Fair Market Value on the date of vesting, or a combination thereof, as specified in the Award.

Stock Appreciation Rights: A Stock Appreciation Right is a right granted under the Plan to receive a payment that is measured with reference to the amount by which the Fair Market Value of a specified number of shares of Common Stock appreciates from a specified date, such as the date of grant of the Award, to the date of exercise. Payment of a Stock Appreciation Right may be made in cash or in shares valued at their Fair Market Value on the date of exercise, or a combination thereof, as specified in the Award. A Stock Appreciation Right may but need not be granted in tandem with a Stock Option and require the surrender of that Stock Option or a portion thereof in connection with the exercise of the Stock Appreciation Right.

Phantom Stock: Phantom Stock is a cash bonus granted under the Plan measured by the Fair Market Value of a specified number of shares of Common Stock on a specified date, or measured by the excess of such Fair Market Value over a specified minimum, which may but need not include a Dividend Equivalent.

Dividend Equivalents: A Dividend Equivalent is a right granted under the Plan to receive an amount in cash equivalent to the dividends that are paid, if any, on a specified number of shares of Common Stock during a certain period of time.

Other Stock-Based Benefits: An Other Stock-Based Benefit is any arrangement granted under the Plan not otherwise described above that (a) by its terms might involve the issuance or sale of Common Stock or (b) involves a benefit that is measured, in whole or in part, by the value, appreciation, dividend yield or other features attributable to a specified number of shares of Common Stock.

An Award may consist of one such arrangement or benefit or two or more of them in tandem or in the alternative. Subject to the provisions of the Plan, any Award granted pursuant to the Plan may contain such additional terms and provisions as those administering the Plan for the Company may consider appropriate. Among other things, any such Award may but need not also provide for (i) the satisfaction of any applicable tax withholding obligation by the retention of shares to which the grantee would otherwise be entitled or by the grantee's delivery of previously owned shares or other property and (ii) acceleration of vesting, lapse of restrictions, cash settlement or other adjustment to the terms of the Award in the event of a merger, sale of assets or change of control of the Company.

3. Stock Subject to the Plan

The kind and maximum number of shares of stock that may be sold or issued under the Plan, whether upon exercise of Stock Options or in settlement of other Awards, shall be 4,600,000 shares of Common Stock (this number reflects all stock splits through April 22, 1998, and is subject to further adjustments set forth hereinbelow). If the outstanding shares of stock of the class then subject to the Plan are increased or decreased, or are changed into or are exchanged for a different number or kind of shares or securities or other forms of consideration, as a result of one or more recapitalizations, restructurings, reclassifications, stock splits, reverse stock splits, stock dividends or the like, appropriate adjustments shall

be made in the number and/or kind of shares or securities or other forms of consideration which may thereafter be sold or issued under the Plan and for which Awards (including Incentive Stock Options) may thereafter be granted and for which outstanding Awards previously granted under the Plan may thereafter be exercised or settled.

If, on or before termination of the Plan, any shares of Common Stock subject to an Award shall not be issued or transferred and shall cease to be issuable or transferable for any reason, or if such shares shall have been reacquired by the Company pursuant to restrictions imposed on such shares under the Plan or the terms of an Award, the shares not so issued or transferred and the shares so reacquired shall no longer be charged against the limitation provided for in this Section 3 and may be again made the subject of Awards under the Plan. The shares of stock sold or issued under the Plan may be obtained from the Company's authorized but unissued shares, from reacquired or treasury shares, or from outstanding shares acquired in the market or from private sources.

4. Administration of the Plan

(a) The Plan shall be administered by the Board of Directors of the Company (the "Board") or, in the discretion of the Board, a committee appointed thereby (the "Committee"). Subject to the provisions of the Plan, the Board, or the Committee, shall have full and final authority in its discretion to select the eligible persons to whom Awards shall be granted hereunder, to grant such Awards, to determine the terms and provisions of such Awards and the number of shares to be sold or issued pursuant thereto. The Board (and the Committee) shall also be empowered with full and final authority to adopt, amend, and rescind such rules and regulations as, in its opinion, may be advisable in the administration of the Plan. The Board or the Committee, as the case may be, may delegate to Company officers or others its authority with respect to any Awards that may be granted to eligible persons under the Plan, subject to applicable legal requirements. The interpretation and construction by the Board or the Committee of any term or provision of the Plan or of any Award granted thereunder shall be final and binding upon all participants in the Plan.

(b) Pursuant to the authority described above, the Board or the Committee may adopt such amendments to, and rules and regulations governing, the Plan as may be considered advisable for purposes of compliance with applicable federal or state securities laws. The Board of Directors has established the following rules applicable to all Awards made pursuant to the Plan: No Award granted hereunder (other than an Award expressly granting unrestricted shares) may be transferred by the grantee except (i) by will or the laws of descent and distribution, (ii) upon dissolution of marriage pursuant to a qualified domestic relations order or division of community or marital property or (iii) with the express written approval of the Board or Committee in its sole discretion. No such permitted transfer shall, by itself, affect any vesting restrictions that then apply to the Award.

(c) The Company may assist any person to whom an Award is granted hereunder in the payment of the purchase price or other amounts payable in connection with the receipt or exercise of that Award, by lending such amounts to such person on such terms and at such rates of interest and upon such security (if any) as shall be approved by the Board or the Committee.

5. Persons Eligible to Participate

Any person who is an employee, consultant or advisor of the Company or any of its Subsidiaries and who is not an Officer of the Company may be eligible to be considered for the grant of Awards under the Plan, as determined by the Board or the Committee in its discretion.

6. Plan Effectiveness and Duration

The Plan shall become effective as of the date designated by the Board. Unless previously terminated by the Board, the Plan shall expire ten years after its effective date, but such expiration shall not affect any Award previously made or granted that is then outstanding.

7. Amendment and Termination

The Board may amend, alter or discontinue the Plan or an agreement evidencing an Award granted under the Plan, but no amendment or alteration shall be made that would affect any Award previously made or granted that is then outstanding, without the grantee's consent; provided, however, that no such consent shall be required if the Board determines in its sole discretion that such amendment or alteration is not reasonably likely to significantly diminish the benefits provided under such Award or that any such diminishment has been adequately compensated. Notwithstanding the foregoing, if an amendment to the Plan would affect the ability of any Stock Options granted under the Plan to comply with Section 422 or other applicable provisions of the Internal Revenue Code (the "Code"), and if the Committee determines that it is necessary or desirable for any Stock Options theretofore or thereafter granted that are intended to comply with any such provision to so comply, or otherwise is required under any applicable law, rule or regulation, the amendment shall be approved by the Company's shareholders to the extent required for such Stock Options to continue to comply with Section 422 of the Code, or other applicable provisions of or rules under the Code.

8. Certain Definitions

The authorized categories of benefits for which Awards may be granted under the Plan are defined in Section 2 above. In addition, the following terms used in the Plan shall have the following meanings:

Common Stock: Common Stock is the Company's common stock, as constituted on the effective date of the Plan, and as thereafter adjusted as a result of any one or more events requiring adjustment of outstanding Awards under Section 3 above.

Fair Market Value: The Fair Market Value of shares of stock shall be calculated (a) during such time as the Company is not a publicly-traded company, by the Board based on its good faith determination, and (b) at such times as the Company is publicly-traded, on the basis of the closing price of stock of that class on the day in question (or, if such day is not a trading day in the U.S. securities markets, on the nearest preceding trading day), as reported with respect to the principal market (or the composite of the markets, if more than one) in which such shares are then traded; or, if no such closing prices are reported, on the basis of the mean between the high bid and low asked prices that day on the principal market or national quotation system on which such shares are then quoted; or, if not so quoted, as furnished by a professional securities dealer making a market in such shares selected by the Board or the Committee; or if no such dealer is available, then the Fair Market Value shall be determined in good faith by the Board.

Incentive Stock Option: An Incentive Stock Option is a Stock Option that qualifies as an "incentive stock option" as defined under Section 422 (or any applicable successor provisions) of the Code and that includes an express provision that it is intended to be an Incentive Stock Option.

Subsidiary: A Subsidiary of the Company is any corporation, partnership or other entity in which the Company directly or indirectly owns 50% or more of the total combined power to cast votes in the election of directors, trustees, managing partners or similar officials.

August 20, 1998

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

Re: Form S-8 Registration Statement;
5,100,000 Shares of Common Stock

Ladies and Gentlemen:

In connection with the registration by Callaway Golf Company, a California corporation (the "Company"), of 5,100,000 additional shares of common stock, par value \$.01 per share (the "Shares"), of the Company to be issued upon the exercise of options to be granted under the Company's 1998 Stock Incentive Plan, 1996 Stock Option Plan, as amended, and 1995 Employee Stock Incentive Plan, as amended (collectively, the "Plans"), under the Securities Act of 1933, as amended (the "Act"), on a Registration Statement on Form S-8 filed with the Securities and Exchange Commission on or about August 20, 1998 (as amended from time to time, the "Registration Statement"), you have requested my opinion with respect to the matters set forth below.

In my capacity as your counsel in connection with such registration, I am familiar with the proceedings taken and proposed to be taken by the Company in connection with the authorization, issuance and sale of the Shares, and for the purposes of this opinion, have assumed such proceedings will be timely completed in the manner presently proposed. In addition, I have made such legal and factual examinations and inquiries, including an examination of originals or copies certified or otherwise identified to my satisfaction of such documents, corporate records and instruments, as I have deemed necessary or appropriate for purposes of this opinion.

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 California, 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, it is my opinion that as of the date hereof the Shares have been duly authorized, and, upon the exercise of options and the payment for Shares in accordance with the terms set forth in the Plans under which such Shares will be issued and sold, the Shares will be validly issued, fully paid and nonassessable.

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

Very truly yours,

/s/ SEEMA L. NENE

Seema L. Nene, Esq.
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 28, 1998, except as to Note 14, which is as of February 11, 1998, which appears on page 47 of the 1997 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, 1997. We also consent to the incorporation by reference of our report on the Financial Statement Schedule, which appears on page 21 of such Annual Report on Form 10-K.

/s/ PRICEWATERHOUSECOOPERS LLP

PRICEWATERHOUSECOOPERS LLP

San Diego, California
August 14, 1998