

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): September 15, 2003

CALLAWAY GOLF COMPANY

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

1-10962
(Commission File Number)

95-3797580
(IRS Employer
Identification No.)

2180 Rutherford Road
Carlsbad, California 92008-7328
(Address of Principal Executive Offices)

(760) 931-1771
(Registrant's telephone number, including area code)

Not applicable.
(Former Name or Former Address of Principal Executive Offices, if Changed Since Last Report)

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Item 2. Acquisition or Disposition of Assets.

On September 15, 2003, Callaway Golf Company (the “Company”), completed the acquisition of substantially all of the assets of TFGC Estate Inc. (f/k/a The Top-Flite Golf Company, f/k/a Spalding Sports Worldwide, Inc., the “Seller”) and thereafter completed the valuation and settlement of certain additional assets related to Seller’s international operations (the “Acquisition”). The Acquisition was consummated pursuant to the terms of the Asset Purchase Agreement between the Seller and the Company, dated as of June 30, 2003, as amended (the “Asset Purchase Agreement”). The purchase price was initially determined through arms-length negotiation between the parties and was subject to certain contingencies, including the approval of the Acquisition by the U.S. Bankruptcy Court. In connection with the approval process, the court approved the Company as the “stalking horse” bidder, permitting other qualified bidders to submit higher and better bids for the subject assets than the Company’s bid. The court-ordered auction was conducted on September 3, 2003. The Company made the prevailing bid which was approved by the bankruptcy court on September 4, 2003.

Pursuant to the court-approved bid, the Company agreed to acquire the Seller’s assets for approximately \$174.3 million (approximately \$169.3 million cash and the assumption of approximately \$5.0 million of debt) and the assumption of certain operating obligations. The cash portion of the purchase price was subject to adjustments for the amount of working capital delivered at closing. The Seller delivered working capital (primarily inventory and accounts receivable), fixed assets (primarily plant and manufacturing equipment), and all of Seller’s golf patents, trademarks and intellectual property. Based on the actual amount of inventory and accounts receivable delivered, and certain other adjustments, the cash portion of the purchase price was adjusted downward by approximately \$10.1 million. Accordingly, the adjusted cash portion of the purchase price was approximately \$159.2 million. The purchase price is subject to further adjustment based upon the Company’s confirmation of the value of working capital acquired in connection with the Acquisition.

The Company paid the cash purchase price for the Acquisition out of cash on hand. The Company intends to continue the U.S. and foreign operation of the acquired golf business, including the use of acquired assets in the manufacture of golf balls and golf clubs and the commercialization of existing Top-Flite, Strata and Ben Hogan brands, patents and trademarks.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(a) Financial Statements of Business Acquired

At the time of the filing of this report on Form 8-K, it is not practical to provide the financial statements required by Item 7(a). In accordance with Item 7(a)(4) of Form 8-K, such financial statements will be filed by an amendment to this report, which amendment will be filed not later than 60 days after the date the initial report of the Acquisition must be filed.

(b) Pro Forma Financial Information

At the time of the filing of this report on Form 8-K, it is not practical to provide the *pro forma* financial information required by Item 7(b). In accordance with Item 7(b)(2) of Form 8-K, such *pro forma* financial information will be filed by an amendment to this report, which amendment will be filed not later than 60 days after the date the initial report of the Acquisition must be filed.

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(c) Exhibits

Set forth below is a list of exhibits included as part of this Current Report:

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Asset Purchase Agreement between the Seller and the Company, dated as of June 30, 2003, incorporated herein by this reference to Exhibit 10.54 to the Company's Quarterly Report on Form 10-Q, as filed with the Securities and Exchange Commission ("Commission") on August 7, 2003 (file no. 1-10962).
99.2	Amendment No. 1 to Asset Purchase Agreement between the Seller and the Company, dated as of August 11, 2003.†
99.3	Amendment No. 2 to Asset Purchase Agreement between the Seller and the Company, dated as of September 4, 2003.†
99.4	Amendment No. 3 to Asset Purchase Agreement between the Seller and the Company, dated as of September 15, 2003.†
99.5	Amendment No. 4 to Asset Purchase Agreement between the Seller and the Company, dated as of September 30, 2003.†

† Included with this report.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 30, 2003

CALLAWAY GOLF COMPANY

By: /s/ Bradley J. Holiday

Name: Bradley J. Holiday
Title: Senior Executive Vice President
and Chief Financial Officer

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99.4	Amendment No. 3 to Asset Purchase Agreement between the Seller and the Company, dated as of September 15, 2003.
99.5	Amendment No. 4 to Asset Purchase Agreement between the Seller and the Company, dated as of September 30, 2003.

AMENDMENT NO. 1 TO ASSET PURCHASE AGREEMENT

This Amendment No. 1 (the "Amendment"), dated as of August 11, 2003, has been entered into between the signatories hereto for the purpose of amending the Asset Purchase Agreement, dated as of June 30, 2003, between The Top-Flite Golf Company (f/k/a Spalding Sports Worldwide, Inc.) and Callaway Golf Company (the "Asset Purchase Agreement"). Initially capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Asset Purchase Agreement.

1. Amendments.

1.1 Section 1.3 of the Asset Purchase Agreement ("Assumed Liabilities") shall be amended by:

1.1.1 Deleting the word "and" at the end of Section 1.3(d).

1.1.2 Deleting the period at the end of Section 1.3(e) and inserting a semi-colon in its stead.

1.1.3 Inserting the following as Section 1.3(f):

"(f) all Liabilities associated with purchase orders placed, marketing programs commenced or other similar commitments for goods or services placed by the Seller or the Foreign Subsidiaries in the ordinary course of business since June 30, 2003 and for which such goods or services will not be received by the Business prior to the Closing; and"

1.1.4 Inserting the following as Section 1.3(g):

"(g) all Liabilities associated with purchase orders placed, marketing programs commenced or other similar commitments for goods or services placed by third parties to the Seller or the Foreign Subsidiaries in the ordinary course of business since June 30, 2003 and for which such goods or services will not be delivered to such third parties prior to the Closing."

1.2 Section 4.9 of the Asset Purchase Agreement ("Bankruptcy Court Approval") shall be amended as follows:

1.2.1 Deleting the words ", approving the Break-Up Fee and the Expense Reimbursement," after the words "with respect to the Acquisition" in the fifth line of the introductory paragraph.

1.2.2 Deleting Section 4.9(a)(i) of the Asset Purchase Agreement in its entirety and replacing it with the following:

"(i) [Intentionally Omitted.]"

1.3 Section 6.4 of the Asset Purchase Agreement ("Bankruptcy Filing") shall be amended and restated as follows:

"The Bankruptcy Court shall have entered the Sale Approval Order and it shall not have been vacated, reversed or stayed."

1.4 Section 7.1 of the Asset Purchase Agreement ("Termination Prior to Closing; Break-Up Fee") shall be amended by deleting the words "; Break-Up Fee" from the heading to such Section.

1.5 Section 7.2 of the Asset Purchase Agreement ("Termination Payments") shall be deleted in its entirety and replaced with the following:

"7.2 [Intentionally Omitted.]"

1.6 Section 7.3 of the Asset Purchase Agreement ("Survival After Termination") shall be amended by deleting the reference to Section 7.2 in the second to last line of such Section.

1.7 Section 9.1(a) of the Asset Purchase Agreement ("Certain Definitions") shall be amended as follows:

1.7.1 Deleting the reference to "Break-Up Fee" in the chart of definitions.

1.7.2 Deleting the reference to "Expense Reimbursement" in the chart of definitions.

1.7.3 Deleting the reference to "Expense Reimbursement Limit" in the chart of definitions.

1.8 Schedule 4.9 to the Asset Purchase Agreement ("Form of Bidding Procedures") shall be deleted in its entirety and replaced with Exhibit A hereto.

2. No Further Amendments. Except as amended herein, the Asset Purchase Agreement will remain unchanged and in full force and effect.

3. Articles and Sections. The Article and Section headings in this Amendment are for reference only and shall not affect the interpretation of this Amendment.

4. Counterparts. This Amendment may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of a number of copies hereof each signed by less than all, but together signed by all, of the parties hereto.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first above written.

CALLAWAY GOLF COMPANY

By: /s/ Ronald A. Drapeau

Name: Ronald A. Drapeau
Title: Chairman of the Board,
President and Chief Executive Officer

THE TOP-FLITE GOLF COMPANY
(f/k/a SPALDING SPORTS WORLDWIDE, INC.)

By: /s/ James R. Craigie

Name: James R. Craigie
Title: President and Chief Executive Officer

SCHEDULE 4.9
BIDDING PROCEDURES

[FORM OF BIDDING PROCEDURE]

By motion dated July 3, 2003 (the "Motion"), SHC, Inc., ("SHC"), Top-Flite, Inc. ("TF Inc."), The Top-Flite Golf Company (f/k/a Spalding Sports Worldwide, Inc.) ("Top-Flite") and Lisco Sports, Inc. ("Lisco", and together with Top-Flite, collectively, the "Seller"), the above-captioned debtors and debtors in possession (collectively, the "Debtors"), sought, among other things, approval of the process and procedures through which they will determine the highest or otherwise best price for substantially all of their assets (the "Assets"). On July __, 2003, the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") entered its order (the "Procedures Order"), which, among other things, authorized and directed Seller to determine the highest or otherwise best price for the Assets through the process and procedures set forth below (the "Bidding Procedures").

On September 4, 2003, as further described below, in the Motion and in the Procedures Order, the Bankruptcy Court shall conduct a hearing (the "Sale Hearing") at which Seller shall seek entry of an order (the "Sale Order") authorizing and approving the sale of the Assets (a "Sale Transaction") pursuant to either (i) that certain asset purchase agreement, as amended (the "Original Agreement"), by and between Seller and Callaway Golf Company (the "Buyer") or (ii) a different Successful Bid (as defined below).

PARTICIPATION REQUIREMENTS

In order to participate in the bidding process or otherwise be considered for any purpose hereunder, a person interested in the Assets (a "Potential Bidder") must first deliver the following materials to Seller and its counsel (with a copy to Buyer and the Official Committee of Unsecured Creditors appointed in Seller's Chapter 11 cases (the "Committee") and each of their respective counsel):

- (i) An executed confidentiality agreement in form and substance satisfactory to Seller and its counsel; and
- (ii) The most current audited and latest unaudited financial statements (collectively, the "Financials") of the Potential Bidder, or, if the Potential Bidder is an entity formed for the purpose of a Sale Transaction, (x) Financials of the equity holder(s) of the Potential Bidder or such other form of financial disclosure as is acceptable to Seller and its counsel and (y) the written commitment acceptable to Seller and its counsel of the equity holder(s) of the Potential Bidder to be responsible for the Potential Bidder's obligations in connection with a Sale Transaction.

A "Qualified Bidder" is a Potential Bidder whose Financials demonstrate the financial capability to consummate a Sale Transaction and that Seller, in its discretion, determines is likely to consummate a Sale Transaction, if selected as the Successful Bidder, after taking into account all relevant financial, business, legal and regulatory considerations. Buyer is a Qualified Bidder.

Within two (2) business days after Seller receives from a Potential Bidder all of the materials required by subparagraphs (i) and (ii) above, Seller shall determine, in consultation with its advisors, and shall notify Buyer and the Potential Bidder in writing, whether the Potential Bidder is a Qualified Bidder.

OBTAINING DUE DILIGENCE ACCESS

To obtain due diligence access or additional information regarding the Assets or the Seller, a Qualified Bidder (other than Buyer) must first provide Seller with a written nonbinding expression of interest ("Expression of Interest") regarding (i) a Sale Transaction, (ii) the purchase price range, (iii) the structure and financing of the Sale Transaction (including the amount of cash to be committed and sources of financing), (iv) any conditions to closing that it may wish to impose, and (v) the nature and extent of additional due diligence it may wish to conduct. If Seller, in its discretion, after consultation with the Committee, determines that a Qualified Bidder that has submitted an Expression of Interest is reasonably likely to make a bona fide offer that would result in greater value being received for the benefit of the Seller's creditors than under the Original Agreement, then Seller shall afford such Qualified Bidder reasonable due diligence.

Neither Seller nor any of its affiliates (or any of their respective representatives) are obligated to furnish any information relating to Seller, the Assets, and/or a Sale Transaction to any person except to Buyer or another Qualified Bidder who makes an Expression of Interest. Seller shall give Buyer access to all due diligence information provided to any other Qualified Bidder.

Seller shall coordinate all reasonable requests for additional information and due diligence access from Qualified Bidders. No conditions relating to the completion of due diligence shall be permitted to exist after the Bid Deadline (as defined below).

BID DEADLINE

THE DEADLINE FOR SUBMITTING BIDS BY A QUALIFIED BIDDER SHALL BE AUGUST 27, 2003, AT 4:00 P.M. (EASTERN TIME) (THE "BID DEADLINE").

Prior to the Bid Deadline, a Qualified Bidder that desires to make a bid shall deliver written copies of its bid to: (a) Top-Flite Golf Company, 425 Meadow Street, Chicopee, MA 01013-2135, Attention: Peter Arturi, General Counsel -- With copies to: Young, Conaway, Stargatt & Taylor LLP, The Brandywine Building, 1000 West Street, 17th Floor, P.O. Box 391, Wilmington, DE 19899-0391, Attention: Pauline Morgan, Facsimile: (302) 571-1253 and Paul, Weiss, Rifkind, Wharton & Garrison LLP,

1285 Avenue of the Americas, New York, N.Y. 10019, Attention: Kenneth M. Schneider and Andrew N. Rosenberg, Facsimile: (212) 373-2122; (b) Callaway Golf Company, 2180 Rutherford Road, Carlsbad, CA 92008-7328, Attention: Steve McCracken, Esq. - With a copy to: Gibson, Dunn & Crutcher LLP, Jamboree Center, 4 Park Plaza, Suite 1400, Irving, CA 92614-8557, Attention: Thomas Magill, Esq. and Jesse S. Finlayson, Esq., Facsimile: (949) 475-4692; and Morris, Nichols Arsht & Tunnell, 1201 North Market Street, P. O. Box 1347, Wilmington, DE 19899-1347, Attention: Robert J. Dehney, Facsimile: (302) 658-3989; (c) Wachtell, Lipton, Rosen & Katz, 51 West 52nd St., New York, N.Y. 10019, Attention: Scott K. Charles, Esq., Facsimile: (212) 403-2000, counsel for the Debtors' prepetition bank group, and (d) Squire, Sanders & Dempsey LLP, 312 Walnut Street, Suite 3500, Cincinnati, OH 45202, Attention: Stephen D. Lerner, Esq. and Jeffrey A. Marks, Esq., Facsimile: (513) 361-1201.

DUE DILIGENCE FROM BIDDERS

Each Qualified Bidder shall comply with all reasonable requests for additional information and due diligence access by Seller or its advisors regarding such Qualified Bidder and its Expression of Interest. Failure by the Qualified Bidder to comply with requests for additional information and due diligence access will be a basis for Seller to determine that a bid made by the Qualified Bidder is not a Qualified Bid.

BID REQUIREMENTS

A bid must be a written irrevocable offer from a Qualified Bidder (i) stating that the Qualified Bidder offers to consummate a Sale Transaction pursuant to an agreement that has been marked to show amendments and modifications to the Original Agreement, including price and terms, that are being proposed by the Qualified Bidder (the "Marked Agreement"); (ii) confirming that the offer shall remain open until the closing of a Sale Transaction to the Successful Bidder (as defined below); (iii) enclosing a copy of the proposed Marked Agreement; and (iv) accompanied with a certified or bank check, wire transfer, or letter of credit reasonably acceptable to Seller of at least 10% of the amount of the Qualified Bid (to be increased to 15% of the amount of such Qualified Bid if such Qualified Bid is accepted by Seller following the auction) as a good faith deposit (the "Good Faith Deposit").

In addition to the foregoing requirements, a bid or bids must:

- (a) provide for an aggregate purchase price of at least \$1.0 Million over the sum of total consideration offered by Buyer under the Original Agreement;
- (b) be on terms that are not materially more burdensome or conditional than the terms of the Original Agreement;
- (c) not be conditioned on obtaining financing or the outcome of any due diligence by the bidder;

- (d) not request or entitle the bidder to any breakup fee, expense reimbursement or similar type of payment; and
- (e) fully disclose the identity of each entity that will be bidding for the Assets or otherwise participating in connection with such bid, and the complete terms of any such participation.

A bid received from a Qualified Bidder and that meets the requirements set forth in the preceding two paragraphs will be considered a "Qualified Bid" if Seller believes, in its discretion, after consultation with the Committee, that such bid would be consummated if selected as the Successful Bid (as defined below). For all purposes hereof, Buyer's offer to acquire the Assets pursuant to the Original Agreement shall constitute a Qualified Bid.

AUCTION

If a Qualified Bid (other than Buyer's) is received by the Bid Deadline, an auction (the "Auction") with respect to a Sale Transaction shall take place on SEPTEMBER 3, 2003, AT 10:00 A.M. (EASTERN TIME) at the offices of Young Conaway Stargatt & Taylor, LLP. If, however, no such Qualified Bid is received by the Bid Deadline, then the Auction will not be held, Buyer will be the Successful Bidder, the Original Agreement will be the Successful Bid, and, at the September 4, 2003 Sale Hearing, Seller will seek approval of and authority to consummate the Sale Transaction contemplated by the Original Agreement.

Only a Qualified Bidder who has submitted a Qualified Bid will be eligible to participate at the Auction. Only the authorized representatives of each of the Qualified Bidders, the Committee, the Debtors' prepetition bank lenders, Buyer, and Seller shall be permitted to attend the Auction. At the Auction, Qualified Bidders will be permitted to increase their bids. The bidding at the Auction shall start at the purchase price stated in the highest or otherwise best Qualified Bid as disclosed to all Qualified Bidders prior to commencement of the Auction, and continue in increments of at least \$1 Million. Buyer shall be entitled, in its sole and absolute discretion, to make a revised offer following such highest or otherwise best Qualified Bid. Buyer shall not be required to submit a Good Faith Deposit under these Bidding Procedures in connection with any such revised offer. The highest or otherwise best Qualified Bid shall be determined by Seller in its discretion, after consultation with the Committee.

Seller, in its discretion, after consultation with the Committee, may adopt rules for the Auction at or prior to the Auction that, in its discretion, will better promote the goals of the Auction and that are not inconsistent with any of the provisions of the Procedures Order. All such rules will provide that all bids shall be made and received in one room, on an open basis, and all other bidders shall be entitled to be present for all bidding with the understanding that the true identity of each bidder (i.e., the principals submitting each bid) shall be fully disclosed to all other bidders and that all material terms of each Qualified Bid will be fully disclosed to all other bidders throughout the entire Auction.

Unless otherwise agreed to by Seller, in its discretion, after consultation with the Committee, no Qualified Bidder will be permitted more than one hour to respond to the previous bid at the Auction and, at the expiration of such time (unless extended), the Auction shall conclude. Immediately prior to concluding the Auction, Seller shall (i) review each Qualified Bid on the basis of its financial and contractual terms and the factors relevant to the sale process and the best interests of the Seller's creditors, including, without limitation, those factors affecting the speed and certainty of consummating a Sale Transaction and (ii) after consultation with the Committee, determine and identify the highest or best Qualified Bid (the "Successful Bid") and the next highest or otherwise best offer after the Successful Bid (the "Next Highest Bid"). Any bid submitted after the conclusion of the Auction shall not be considered for any purpose.

ACCEPTANCE OF QUALIFIED BIDS

On September 4, 2003, at 12:30 p.m. (Eastern Time), Seller shall present the results of the Auction together with the Successful Bid to the Bankruptcy Court at the Sale Hearing, at which certain findings will be sought by the Bankruptcy Court regarding the Auction, including, among other things, that (i) the Auction was conducted and the Successful Bidder was selected in accordance with these Bidding Procedures, (ii) the Auction was fair in substance and procedure, and (iii) consummation of the Sale Transaction contemplated by the Successful Bid will provide the highest or best value for the Assets and is in the best interests of the Seller and its estate.

In the event that, for any reason, the Successful Bidder fails to close the Sale Transaction contemplated by its Successful Bid, then, without notice to any other party or further court order, Seller shall be authorized to close with the Qualified Bidder that submitted the Next Highest Bid.

RETURN OF GOOD FAITH DEPOSIT

Except as otherwise provided in this paragraph with respect to the Successful Bidder and the Next Highest Bidder, the Good Faith Deposits of all Qualified Bidders required to submit such a deposit under the Bidding Procedures shall be returned upon or within one (1) business day after entry of the Sale Order. The Good Faith Deposit of the Successful Bidder shall be held until the closing of a Sale Transaction and applied in accordance with the Successful Bid. The Good Faith Deposit of the Next Highest Bidder shall be retained in escrow until 48 hours after the closing of a Sale Transaction. Pending their return, the Good Faith Deposit of the Successful Bidder and the Next Highest Bidder shall be maintained in an interest bearing escrow account. If a closing does not occur, the disposition of Good Faith Deposits shall be as provided in the Successful Bid and Next Highest Bid, as applicable.

AMENDMENT NO. 2 TO ASSET PURCHASE AGREEMENT

This Amendment No. 2 (the "Amendment"), dated as of September 4, 2003, has been entered into between the signatories hereto for the purpose of amending the Asset Purchase Agreement, dated as of June 30, 2003, between The Top-Flite Golf Company (f/k/a Spalding Sports Worldwide, Inc.) and Callaway Golf Company, as amended (the "Asset Purchase Agreement"). Initially capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Asset Purchase Agreement.

1. Amendments.

1.1 Section 1.1(d) of the Asset Purchase Agreement ("Assets to be Transferred") shall be amended by deleting the phrase "all Assigned Current Receivables;" and replacing such phrase with "all Assigned Receivables".

1.2 Section 1.3 of the Asset Purchase Agreement ("Assumed Liabilities") shall be amended as follows:

1.2.1 Deleting the word "and" at the end of Section 1.3(f).

1.2.2 Deleting the period at the end of Section 1.3(g) and replacing it with a semicolon in its stead.

1.2.3 Adding the following as Section 1.3(h):

"(h) all severance costs payable by the Seller to the Chief Executive Officer of the Seller pursuant to the employment contract between the Seller and the Chief Executive Officer up to \$1,400,000."

1.2.4 Adding the following as Section 1.3(i):

"(i) all amounts payable to Contract Employees pursuant to the Seller's Key Employee Retention Plan filed with the Bankruptcy Court, which amount shall not exceed \$2,073,000, in the aggregate; and"

1.2.5 Adding the following as Section 1.3(j):

"(j) the principal outstanding and all liabilities and obligations, including interest, payable on or after June 18, 2003 under the Mass Development Loan."

1.3 Section 1.5 of the Asset Purchase Agreement ("Purchase Price; Allocation of Purchase Price") shall be amended as follows:

1.3.1 Amending and restating Section 1.5(a) of the Asset Purchase Agreement to read as follows:

"(a) Subject to the terms and conditions hereof, in reliance upon the representations and warranties of the Seller and the covenants of the Seller herein set forth, and as consideration for the sale and purchase of the Assets, at the Closing, the Purchaser shall assume the Assumed Liabilities and shall tender the Purchase Price. On the Closing Date, the "Purchase Price" shall be the sum of: (i) the Closing Cash Payment (defined in subparagraph (b) below); plus (ii) the Indemnity Deposit. The Purchase Price shall be adjusted after the Closing Date if, and to the extent, that (x) the Purchaser is required to remit to the Seller an amount in cash pursuant to Section 1.6(d) or (y) the Purchaser is entitled to an amount in cash from the Indemnity Deposit pursuant to Section 1.6(d)."

1.3.2 Amending and restating Section 1.5(b) of the Asset Purchase Agreement to read as follows:

"(b) The Closing Cash Payment shall be paid by the Purchaser to the Seller at the Closing as provided in Section 1.10(a). The "Closing Cash Payment" shall initially be ONE HUNDRED SIXTY NINE MILLION TWO HUNDRED NINETY FOUR THOUSAND (\$169,294,000) minus the Indemnity Deposit. The amount of the Closing Cash Payment required to be paid by the Purchaser to the Seller at the Closing shall be reduced, if necessary, in accordance with Sections 1.6(a), 1.7(a)(i) and 1.7(a)(iv)."

1.3.3 Deleting Section 1.5(d) in its entirety and replacing it with "(d) [Intentionally omitted.]".

1.3.4 Deleting Section 1.5(e) in its entirety and replacing it with "(e) [Intentionally Omitted.]".

1.3.5 Amending and restating Section 1.5(f) of the Asset Purchase Agreement to read as follows:

"(f) The Signing Bonuses shall be paid by the Purchaser promptly after the Closing to all employees (including the Chief Executive Officer of the Seller) entitled thereto."

1.4 Section 1.6(a) of the Asset Purchase Agreement ("Assigned Inventory Adjustment") shall be amended as follows:

"(a) Not later than five (5) Business Days preceding the Closing Date, the Seller shall in good faith prepare, or cause to be prepared, and deliver to the Purchaser a certificate signed by the chief financial officer (or such other Person serving in a similar capacity) of the Seller setting forth its estimate of the Deemed Closing Date Inventory Value of the Assigned Inventory (expressed in United States dollars) as of the close of business on the Closing Date (the "Target Inventory") without giving effect to the consummation of any of the transactions contemplated hereby (the "Target Inventory Statement"). On the Closing Date, the Closing Cash Payment shall be adjusted as follows: (i) if the amount of the Target Inventory set forth in the Target Inventory

Statement plus the Deemed Closing Date A/R Value of the Accounts Receivable is equal to \$97,433,000, there shall be no adjustment to the Closing Cash Payment based on the amount of the Target Inventory and the Accounts Receivable; (ii) if the amount of the Target Inventory set forth in the Target Inventory Statement plus the Deemed Closing Date A/R Value of the Accounts Receivable is less than \$97,433,000, the Purchaser shall reduce the Closing Cash Payment (and, accordingly, the amount paid at Closing) by the amount of such deficiency; (iii) if the amount of the Target Inventory set forth in the Target Inventory Statement plus the Deemed Closing Date A/R Value of the Accounts Receivable is greater than \$97,433,000 but less than or equal to \$101,592,000, the Purchaser shall increase the Closing Cash Payment (and, accordingly, the amount paid at Closing) by the amount of such excess up to an amount equal to \$4,159,000; and (iv) if the amount of the Target Inventory set forth in the Target Inventory Statement plus the Deemed Closing Date A/R Value of the Accounts Receivable is greater than \$101,592,000, the Seller shall retain the Retained Receivables pursuant to Section 1.7 below. If the Target Inventory exceeds \$46,039,000, it shall be deemed for purposes of this Section 1.6(a) to equal \$46,039,000 notwithstanding such excess. The Seller shall cause there to be sufficient Inventory as of the Closing Date so that the Deemed Closing Date Inventory Value is at least \$36,039,000."

1.5 Section 1.6(d) of the Asset Purchase Agreement shall be amended by replacing all references to the number "\$43,650,000" with the number "\$46,039,000".

1.6 Section 1.7 of the Asset Purchase Agreement ("Accounts Receivable") shall be amended as follows:

1.6.1 Amending Section 1.7(a) of the Asset Purchase Agreement ("Assigned Current Receivables") as follows:

1.6.1.1 Deleting the word "Current" from the heading so that the heading shall read "(a) Assigned Receivables").

1.6.1.2 Replacing the reference to the number "\$90,000,000" in Section 1.7(a)(i) with the number "\$101,592,000".

1.6.1.3 Replacing the first two references to the words "Current Receivables" in Section 1.7(a)(i) with the words "Accounts Receivable".

1.6.1.4 Replacing the references to the phrase "Assigned Current Receivables" with the words "Assigned Receivables".

1.6.1.5 Replacing the first reference to the words "Current Receivables" in the second sentence of Section 1.7(a)(i) with the words "Accounts Receivable".

1.6.2 Deleting Section 1.7(a)(ii) in its entirety and replacing it with "[Intentionally omitted.]".

1.6.3 Deleting Section 1.7(a)(iii) in its entirety and replacing it with "[Intentionally omitted.]".

1.6.4 Amending and restating Section 1.7(a)(iv) of the Asset Purchase Agreement to read as follows:

"(iv) Not later than five (5) Business Days preceding the Closing Date, the Seller shall in good faith prepare, or cause to be prepared, and deliver to the Purchaser a certificate signed by the Chief Financial Officer (or such other Person serving in a similar capacity) of the Seller setting forth a reconciliation between the Deemed Closing Date A/R Value of the Assigned Receivables and the Deemed Closing Date A/R Value of the Assigned Receivables less the amount of "A&P" (which pertains solely to co-op advertising and other similar promotional items that are generally dilutive to such Assigned Receivables and which shall be determined on the same basis as "A&P" is determined in the Financial Statements) as of the Closing Date that are deductible from the Assigned Receivables (the "A/R Reconciliation"). If the A/R Reconciliation, as determined by the Seller and the Purchaser, (A) is equal to or greater than \$3,540,000 and equal to or less than \$3,740,000, there shall be no adjustment to the Purchase Price; (B) is greater than \$3,740,000, the Purchaser shall reduce the Purchase Price (and accordingly the Closing Cash Payment) by an amount equal to such excess; and (C) is less than \$3,540,000, the Purchaser shall increase the Purchase Price (and accordingly the Closing Cash Payment) by the amount of such deficiency."

1.6.5 Adding a new Section 1.7(a)(v) to the Asset Purchase Agreement which shall read as follows:

"(v) Subject to indemnification for breaches of representations and warranties under Article VIII herein, the parties acknowledge and agree that there shall be no adjustment to the Purchase Price and the Closing Cash Payment with respect to the Accounts Receivable or A/R Reconciliation other than as set forth in this Section 1.7."

1.7 Section 1.7(d) of the Asset Purchase Agreement ("Returns") shall be amended and restated as follows:

"(d) Returns. The Purchaser shall accept all goods sold by each of the Seller and the Foreign Subsidiaries prior to the Closing and returned to the Purchaser (the "Returned Goods"). For any Returned Goods returned to the Purchaser after the Closing Date and for which a customer took an allowance or credit on an Assigned Receivable, no adjustments shall be made. For any Returned Goods returned to the Purchaser after the Closing Date and for which a customer took an allowance or a credit on a Retained Receivable, upon the Purchaser's receipt of such Returned Goods, the Purchaser shall pay the Seller the value of such Returned Goods, which shall be determined in the same manner as set forth in the definition of Deemed Closing Date Inventory Value."

1.8 Section 1.9 of the Asset Purchase Agreement ("Closing Deliveries by the Seller") shall be amended as follows:

1.8.1 Deleting Section 1.9(d) in its entirety and replacing it with "(d) [Intentionally omitted].".

1.8.2 Deleting the word "and" at the end of Section 1.9(g).

1.8.3 Deleting Section 1.9(h) in its entirety and replacing it with "(h) [Intentionally omitted]; and" in its stead.

1.8.4 Adding the following as Section 1.9(i):

"(i) executed counterparts of the Transition Services Agreement."

1.9 Section 1.10 of the Asset Purchase Agreement ("Closing Deliveries by the Purchaser") shall be amended as follows:

1.9.1 Deleting Section 1.10(e) in its entirety and replacing it with "(e) [Intentionally omitted].".

1.9.2 Deleting Section 1.10(c) in its entirety and replacing it with "(c) [Intentionally omitted].".

1.9.3 Deleting the word "and" at the end of Section 1.10(e).

1.9.4 Deleting the period at the end of Section 1.10(f) and replacing it with "; and" in its stead.

1.9.5 Adding the following as Section 1.10(g):

"(g) executed counterparts of the Transition Services Agreement."

1.10 Section 2.17(b) of the Asset Purchase Agreement ("Employee Benefit Plans") shall be amended as follows:

1.10.1 Inserting the phrase "As of the date hereof," as the first words of such Section.

1.10.2 Replacing the capital "T" in the first word of the second sentence with a lower case "t", so that the word reads as "to".

1.10.3 Inserting the phrase "As of the date hereof," as the first words of the second sentence of such Section.

1.11 Section 4.8 of the Asset Purchase Agreement ("Employee Matters") shall be amended by amending and restating Section 4.8(a) as follows:

"(a) From and after the date of this Agreement, the Purchaser, or any of its Affiliates, in their sole and absolute discretion and after consulting the management of the Seller, may: (i) communicate with any of the Seller's or the Subsidiaries' current employees about possible employment with

the Purchaser after the Closing Date; and/or (ii) offer employment to any of the Seller's or the Subsidiaries' employees as of the Closing Date on terms and conditions which are generally comparable to those applicable to similarly situated employees of the Purchaser; provided, that each employee of the Seller set forth on Schedule 4.8 (the "Contract Employees") shall be offered employment on terms and conditions so that the Seller shall not incur any severance or other similar payment obligations to such Contract Employees. The Purchaser shall make offers of employment to all of the Seller's and the Subsidiaries' active employees on the Closing Date, other than the Chief Executive Officer of the Seller. Those employees that accept the Purchaser's offer of employment and become employed by the Purchaser are referred to in this Agreement as "Transferred Employees," as of the Closing Date. Subject to the rights of the Contract Employees after the Closing Date, nothing contained herein shall require the Purchaser to provide any specific form of benefit or inhibit the Purchaser's ability to establish, amend or terminate any employee benefit plan of the Purchaser following the Closing. All employment offers are subject to the satisfactory completion by the Purchaser of its customary employment interview, background checks and drug testing procedures. Subject to the rights of the Contract Employees after the Closing Date, nothing in this Agreement shall prevent the Purchaser from terminating the employment of any Transferred Employee at any time."

1.12 Section 4.14 of the Asset Purchase Agreement ("Cure Costs") shall be amended and restated as follows:

"4.14 Cure Costs. The Seller shall be exclusively responsible for payment of all Cure Costs, other than (i) the Straddle Period Accruals or (ii) as otherwise specified in this Agreement."

1.13 The Asset Purchase Agreement shall be amended to add the following Section 4.19 ("Transition Services Agreement"):

"4.19 Transition Services Agreement. The Seller and the Purchaser shall negotiate in good faith and shall execute a transition services agreement substantially in the form attached as Exhibit K hereto (the "Transition Services Agreement")."

1.14 The Asset Purchase Agreement shall be amended to add the following Section 4.20 ("Etonic Releases"):

"4.20 Etonic Releases. The Seller shall use commercially reasonable efforts to obtain, from the distributors that are parties to Assumed Contracts providing for the distribution of Etonic branded products by such distributors, releases or other modifications with regard to such Assumed Contracts to the effect that the Seller shall not incur any liability by reason of failure to provide such distributors with Etonic branded products."

1.15 Section 8.1 of the Asset Purchase Agreement ("Indemnification by the Seller") shall be amended as follows:

1.15.1 Deleting Section 8.1(d) of the Asset Purchase Agreement in its entirety and replacing it with "(d) [Intentionally omitted];".

1.15.2 Deleting Section 8.1(e) of the Asset Purchase Agreement in its entirety and replacing it with "(e) [Intentionally omitted];".

1.16 Section 8.2(b) of the Asset Purchase Agreement shall be amended by deleting the references to Sections 8.1 "(d), (e),".

1.17 Section 8.3 of the Asset Purchase Agreement ("Indemnification by the Purchaser") shall be amended as follows:

1.17.1 Deleting the word "and" at the end of Section 8.3(c).

1.17.2 Deleting the period at the end of Section 8.3(d) and replacing it with "; and" in its stead.

1.17.3 Adding a new Section 8.3(e), which shall read as follows:

"any severance or other similar payments required to be paid by the Seller to any employee as a result of the consummation of the transactions contemplated hereby, including the Contract Employees and the Transferred Employees."

1.18 Section 8.4 of the Asset Purchase Agreement ("Purchaser's Limitations") shall be amended by adding the following after the words "Section 8.3(d)" in the fifth line of Section 8.4(b):

"and 8.3(e)"

1.19 Section 9.1(a) of the Asset Purchase Agreement ("Certain Definitions") shall be amended as follows:

1.19.1 Deleting the definition of "Current Receivables Deposit" in its entirety.

1.19.2 Deleting the definition of "Current Receivables Escrow Account" in its entirety.

1.19.3 Amending and restating the definition of "Deemed Closing Date A/R Value" as follows:

"DEEMED CLOSING DATE A/R VALUE" means the gross asset value of the Accounts Receivable, or any subset thereof (where applicable), as of the Closing Date, excluding all reserves but otherwise determined in accordance with the same method of

valuation as that used in the Financial Statements and the books and records of the Seller consistent with past practices. For the avoidance of doubt, the Deemed Closing Date A/R Value shall not include "A&P" (which pertains solely to co-op advertising and other similar promotional items that are generally dilutive to such Assigned Receivables and which shall be determined on the same basis as "A&P" is determined in the Financial Statements)."

1.19.4 Amending and restating the definition of "Deemed Closing Date Inventory Value" as follows:

`"DEEMED CLOSING DATE INVENTORY VALUE' means the consolidated standard cost, including both the variable and fixed overhead, of the Inventory, excluding all intercompany profit, all reserves and the excess, if any, of (x) capitalized variances over (y) \$1,139,000, but otherwise determined in accordance with the same method of valuation as that used in the Financial Statements and the books and records of Seller."

1.19.5 Amending the definition of "Indemnity Deposit" as follows:

1.19.5.1 Deleting the number "\$12,500,000" in the first line of such definition and replacing it with "\$8,000,000".

1.19.5.2 Deleting the number "\$6,250,000" in the sixth line of such definition and replacing it with "\$4,000,000".

1.19.6 Deleting the definition of "Infiniti Settlement Agreement" in its entirety.

1.19.7 Amending and restating the definition of "Retained Receivables" to read as follows:

`"RETAINED RECEIVABLES' means all Retained Current Receivables and all Accounts Receivable of the Seller that relate primarily to the Excluded Operations."

1.19.8 Amending and restating the definition of "Signing Bonuses" to read as follows:

"SIGNING BONUSES' means payments due under the Seller's Retention Bonus Program and which shall be made promptly following the Closing pursuant to Section 1.5(f) herein to those employees set forth on Schedule 1.5(f) in the amount set forth on such Schedule opposite the name of each person listed thereon.

1.19.9 Adding the following definition alphabetically:

`"MASS DEVELOPMENT LOAN' means the Loan Agreement, dated as of February 18, 1998, by and between Spalding & Evenflo Companies, Inc. and Government Land Bank, as amended."

1.19.10 Adding the following definition alphabetically:

"'STRADDLE PERIOD ACCRUALS' means all required payments earned under the Tour Contracts prior to the Closing Date and not yet paid by the Seller, including, without limitation, win bonuses and the pro rata portion of any base compensation."

1.19.11 Adding the following definition alphabetically:

"'TOUR CONTRACT' means the Contracts listed on Schedule 1.5(e)

hereto

1.19.12 Deleting the reference to "Assigned Current Receivables" in the chart of definitions and replacing such reference with "Assigned Receivables".

1.19.13 Deleting the reference to "Current Receivables Deficiency" in the chart of definitions.

1.20 Schedule 1.1(a) to the Asset Purchase Agreement ("Subsidiary Assets") shall be amended by adding the Foreign Subsidiary employees set forth on Exhibit A hereto.

1.21 Schedule 1.1(b) to the Asset Purchase Agreement ("Assumed Contracts") shall be amended by deleting the Assumed Contracts set forth on Exhibit B hereto.

1.22 Schedule 1.1(b) to the Asset Purchase Agreement ("Assumed Contracts") shall be amended by adding the following Assumed Contracts to such Schedule, for which the Purchaser shall pay any Cure Costs associated with the assumption of such Contracts:

(a) Consulting agreement of Brent Everson;

(b) Bank of America/Colonial Tour Event Joint Promotion Agreement dated October 16, 2002; and

(c) Authorized Manufacturers Agreement, dated July 25, 2003, by and between the Seller and the Collegiate Licensing Company.

1.23 Schedule 1.5(f) to the Asset Purchase Agreement shall be deleted in its entirety and replaced with Exhibit C attached hereto.

2. No Further Amendments. Except as amended herein, the Asset Purchase Agreement will remain unchanged and in full force and effect.

3. Articles and Sections. The Article and Section headings in this Amendment are for reference only and shall not affect the interpretation of this Amendment.

4. Counterparts. This Amendment may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of a number of copies hereof each signed by less than all, but together signed by all, of the parties hereto.

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IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first above written.

CALLAWAY GOLF COMPANY

By: /s/ Ronald A. Drapeau

Name: Ronald A. Drapeau
Title: Chairman of the Board,
President and Chief Executive Officer

THE TOP-FLITE GOLF COMPANY
(f/k/a SPALDING SPORTS WORLDWIDE, INC.)

By: /s/ James R. Craigie

Name: James R. Craigie
Title: President & CEO

SUBSIDIARY ASSETS

[TABLE]

ASSUMED CONTRACTS

1. The rights of Seller under the proviso set forth in Section 4.7 of the ETONIC APA.
2. Agreement, dated November 1, 1999, between Caraustar and Spalding Sports Worldwide, Inc.
3. Letter, dated August 28, 2002, from KSL Media to Spalding Sports Worldwide, Inc.
4. Service Agreement, dated as of December 30, 1998, between Distribution Data Incorporated and Spalding Sports Worldwide, Inc.
5. Strategic Alliance Agreement, dated as of October 1, 2000, between Spalding Sports Worldwide, Inc. and Endo Manufacturing Co., Ltd.
6. Carrier Agreement, dated November 18, 2002, between Spalding Sports Worldwide, Inc. and United Parcel Service of America, Inc.
7. Agreement for continuing purchase of Petrac Zinc Stearate ZN-41 between Spalding Sports Worldwide, Inc. and Ferro, dated as of March 23, 2001.
8. Agreement to Purchase dated as of January 1, 2002 between Spalding Sports Worldwide, Inc. and Sport Glove International, Inc.
9. Strategic Alliance Agreement between Packaging Corp. of America and Spalding Sports Worldwide, Inc. dated February 1, 2001.
10. Agreement for Services between Spalding Sports Worldwide, Inc. and Ondeo Nalco Company dated September 1, 2002.
11. Strategic Alliance Agreement, dated as of March 1, 2000, by and between Spalding Sports Worldwide, Inc. and E.I. du Pont de Nemours and Company.
12. Strategic Alliance Agreement between Spalding Sports Worldwide, Inc. and Star Container Corporation dated April 1, 2001.

ASSUMED CONTRACTS

[TABLE]

AMENDMENT NO. 3 TO ASSET PURCHASE AGREEMENT

This Amendment No. 3 (the "Amendment"), dated as of September 15, 2003, has been entered into between the signatories hereto for the purpose of amending the Asset Purchase Agreement, dated as of June 30, 2003, between The Top-Flite Golf Company (f/k/a Spalding Sports Worldwide, Inc.) and Callaway Golf Company, as amended (the "Asset Purchase Agreement"). Initially capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Asset Purchase Agreement.

1. Amendments.

1.1 Of the amount payable under Section 1.5 of the Asset Purchase Agreement:

1.1.1 \$120,150,000 of the Closing Cash Payment shall be paid to the Seller on the date hereof.

1.1.2 The Indemnity Deposit shall be paid to the Escrow Agent on the date hereof.

1.1.3 Subject to Section 1.2 of this Amendment below, the Assets of the Foreign Subsidiaries (the "Foreign Subsidiary Assets") shall be conveyed to the Purchaser, or its permitted assign, and the balance of the Purchase Price shall be paid to the Seller on September 30, 2003 (as adjusted pursuant to Sections 1.6(a) and 1.7(a)(iv) of the Asset Purchase Agreement).

1.2 If the Assets of any of the Foreign Subsidiaries are not able to be conveyed to the Purchaser on September 30, 2003, such Assets shall be conveyed to the Purchaser on the date such Assets are able to be conveyed and the provisions of Section 4.18 shall govern the amounts to be paid on September 30, 2003 and thereafter.

1.3 The Purchaser acknowledges that, pursuant to Article V of the Asset Purchase Agreement, all of the conditions to closing the sale of the Foreign Subsidiary Assets have been satisfied as of the date hereof; provided, however that each Foreign Subsidiary shall execute a document of transfer substantially in the form of the Bill of Sale (together with such other documents as may be reasonably necessary or appropriate) to sell, transfer and convey the Foreign Subsidiary Assets to the Purchaser, or its permitted assign, in substantially the same condition as such Assets exist on the date hereof, free and clear of all Encumbrances, other than Permitted Encumbrances, or evidence such transfer on the public records.

1.4 Notwithstanding Section 4.17 of the Asset Purchase Agreement, the Purchaser acknowledges and agrees that the Foreign Subsidiaries may continue to operate the Business under the Top-Flite Name in the ordinary course, including, but not limited to, selling Inventory of the Foreign Subsidiaries, until the date upon which the Foreign Subsidiaries convey the Assets to the Purchaser, or its permitted assign.

1.5 The term "Closing Date" in the Purchase Agreement shall refer, as the context requires, to (i) the date of the Closing for the purchase and sale of the Assets of the Seller and (ii) the date of the Closing for the purchase and sale of the Assets of the Foreign Subsidiaries.

1.6 Section 1.7(a)(iv) of the Asset Purchase Agreement shall be amended and restated as follows:

"(iv) (A) Prior to the Closing Date, the Seller shall in good faith prepare, or cause to be prepared, and deliver to the Purchaser a certificate signed by the Chief Financial Officer (or such other Person serving in a similar capacity) of the Seller setting forth a reconciliation between the Deemed Closing Date A/R Value of the Assigned Receivables and the Deemed Closing Date A/R Value of the Assigned Receivables less the amount of "A&P" (which pertains solely to co-op advertising and other similar promotional items that are generally dilutive to such Assigned Receivables and which shall be determined on the same basis as "A&P" is determined in the Financial Statements) as of the Closing Date that are deductible from the Assigned Receivables (the "A/R Reconciliation"). If the A/R Reconciliation, as determined by the Seller and the Purchaser, (A) is equal to or greater than \$3,540,000 and equal to or less than \$3,740,000, there shall be no adjustment to the Purchase Price; (B) is greater than \$3,740,000, the Purchaser shall reduce the Purchase Price (and accordingly the Closing Cash Payment) by an amount equal to such excess; and (C) is less than \$3,540,000, the Purchaser shall increase the Purchase Price (and accordingly the Closing Cash Payment) by the amount of such deficiency. The A/R Reconciliation is agreed to be \$6,411,000 for purposes of the Closing on the date hereof and is subject to adjustment as set forth below.

(B) As soon as practicable, but in no event later than September 23, 2003, the Seller shall in good faith prepare or cause to be prepared, and deliver to the Purchaser a certificate signed by the Chief Financial Officer (or a Person acting in such capacity) of the Seller setting forth its determination, based exclusively on the Books and Records and consistent with past practice of the Seller, of the A/R Reconciliation (expressed in United States dollars) as of the open of business on September 15, 2003, but without giving effect to the consummation of any of the transactions contemplated hereby (the "Seller A/R Reconciliation"). During the course of the Seller's determination of the A/R Reconciliation, the Purchaser shall make its own conclusions regarding such A/R Reconciliation, based exclusively on the Books and Records and consistent with past practice of the Seller. The Purchaser shall in no event contact or engage in any discussions with any of the customers of the Business with regard to A&P for the period prior to September 15, 2003. During the period between September 23, 2003 and September 30, 2003, the Seller and the Purchaser shall cooperate and work closely to settle discrepancies, if any, there may be between the Seller A/R Reconciliation and the Purchaser's calculation of the A/R Reconciliation.

(C) In the event that the Seller and the Purchaser cannot agree on the amount of the A/R Reconciliation, the parties agree to immediately submit such discrepancies to the Independent Accountants, who shall determine, exclusively on the

basis of the Books and Records and consistent with the past practice of the Seller, the A/R Reconciliation value. The parties shall instruct the Independent Accountants to deliver a written determination to the Purchaser and the Seller no later than five (5) Business Days after submission of the discrepancies.

(D) On September 30, 2003 or as soon thereafter as possible if the matter is submitted to the Independent Accountants, the Purchase Price shall be adjusted as follows: (i) if the amount of the A/R Reconciliation, as finally determined, is equal to \$6,411,000 there shall be no adjustment to the Purchase Price based on the amount of the A/R Reconciliation; (ii) if the amount of the A/R Reconciliation, as finally determined, is greater than \$6,411,000, the Purchaser shall reduce the Purchase Price by the amount of such excess; and (iii) if the amount of the A/R Reconciliation, as finally determined, is less than \$6,411,000, the Purchaser shall increase the Purchase Price by the amount of such deficiency. The Purchaser acknowledges and agrees that the provisions of this Section 1.7(a)(iv) are the sole provisions relating to the amount of A&P."

1.7 The Deemed Closing Date A/R Value of the Accounts Receivable transferred pursuant to this Agreement as of the date hereof is \$31,650,000, which shall be verified by the parties not later than September 30, 2003 based upon the Books and Records and consistent with the past practices of the Seller. The Purchase Price shall be adjusted as follows: (i) if the Deemed Closing Date A/R Value of the Accounts Receivable, as finally determined, is equal to \$31,650,000 there shall be no adjustment to the Purchase Price based on the amount of the Deemed Closing Date A/R Value; (ii) if the Deemed Closing Date A/R Value of the Accounts Receivable, as finally determined, is greater than \$31,650,000, the Purchaser shall increase the Purchase Price by the amount of such excess; and (iii) if the Deemed Closing Date A/R Value of the Accounts Receivable, as finally determined, is less than \$31,650,000, the Purchaser shall decrease the Purchase Price by the amount of such deficiency. The Purchaser acknowledges and agrees that the provisions of this Section 1.7 of the Amendment are the sole provisions relating to the adjustment of the Purchase Price based on the amount of the Deemed Closing Date A/R Value. The parties acknowledge that this Section 1.7 of the Amendment does not modify or amend Section 1.7 of the Agreement.

2. No Further Amendments. Except as amended herein, the Asset Purchase Agreement will remain unchanged and in full force and effect.

3. Articles and Sections. The Article and Section headings in this Amendment are for reference only and shall not affect the interpretation of this Amendment.

4. Counterparts. This Amendment may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of a number of copies hereof each signed by less than all, but together signed by all, of the parties hereto.

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IN WITNESS WHEREOF, the parties have executed this Amendment
as of the date first above written.

CALLAWAY GOLF COMPANY

By: /s/ Ronald A. Drapeau

Name: Ronald A. Drapeau
Title: Chairman of the Board
President and Chief Executive
Officer

THE TOP-FLITE GOLF COMPANY
(f/k/a SPALDING SPORTS WORLDWIDE, INC.)

By: /s/ Peter A. Arturi

Name: Peter A. Arturi
Title: Vice President, Secretary and
General Counsel

Amendment No.3 to Asset Purchase Agreement

EXECUTION COPY

AMENDMENT NO. 4 TO ASSET PURCHASE AGREEMENT

This Amendment No. 4 (the "Amendment"), dated as of September 30, 2003, has been entered into between the signatories hereto for the purpose of amending the Asset Purchase Agreement, dated as of June 30, 2003, between The Top-Flite Golf Company (f/k/a Spalding Sports Worldwide, Inc.) and Callaway Golf Company, as amended (the "Asset Purchase Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Asset Purchase Agreement.

1. Amendments.

1.1 Pursuant to Section 1.3.2 of Amendment No. 2 to the Asset Purchase Agreement, the Purchase Price is equal to \$169,294,000.

1.2 On September 15, 2003, pursuant to Amendment No. 3 to the Asset Purchase Agreement, (i) the Purchaser paid to the Seller an amount equal to \$120,150,000, (ii) the Purchaser paid to the Escrow Agent an amount equal to \$8,000,000, which amount is equal to the Indemnity Deposit and (iii) the Purchase Price was adjusted as follows:

1.2.1 Pursuant to Section 1.6(a) of the Asset Purchase Agreement, the Purchase Price was reduced by \$5,455,000, which amount was equal to the decrease in Target Inventory and the Deemed Closing Date A/R Value of the Accounts Receivable of the Seller.

1.2.2 Pursuant to Section 1.7(a)(iv) of the Asset Purchase Agreement, the Purchase Price was reduced by \$2,671,000, which amount was equal to the estimated increase in the A/R Reconciliation above \$3,740,000.

1.3 On the date hereof, the Purchaser shall pay to the Seller, or a party designated by the Seller, an amount equal to \$30,995,000 (the "Payment"), which amount is calculated by adjusting the Purchase Price as follows:

1.3.1 Pursuant to Section 1.6 of Amendment No. 3 to the Asset Purchase Agreement, the Purchase Price shall be increased by \$504,000, which amount is equal to the decrease of the A/R Reconciliation below \$6,411,000. The parties agree and acknowledge that there shall be no further adjustment to the A/R Reconciliation.

1.3.2 Pursuant to Section 1.7 of Amendment No. 3 to the Asset Purchase Agreement, the Purchase Price shall be increased by \$909,000, which amount shall be equal to the increase of the Deemed Closing Date A/R Value of the Accounts Receivable. The parties agree and acknowledge that there shall be no further adjustment to the Deemed Closing Date A/R Value of the Accounts Receivable transferred to the Purchaser on September 15, 2003.

1.3.3 Pursuant to Section 1.6(a) of the Asset Purchase Agreement, the Purchase Price shall be decreased by \$1,423,000, which amount is equal to the decrease in the Target Inventory of the Foreign Subsidiaries.

1.3.4 Pursuant to Section 1.6(a) to the Asset Purchase Agreement, the Purchase Price shall be decreased by \$6,148,000, which amount is equal to the decrease in the Deemed Closing Date A/R Value of the Accounts Receivable of the Foreign Subsidiaries.

1.3.5 The Purchase Price shall increase by \$4,348,000, which amount is equal to the aggregate purchase price paid by the Purchaser for the accounts receivable and all trade receivables of the Foreign Subsidiaries arising primarily in connection with the operation or conduct of the Sporting Goods Business and the ETONIC Business (the "Sporting Goods A/R").

1.3.6 The Purchase Price shall increase by \$473,000, which amount is equal to the aggregate purchase price paid by the Purchaser for the inventory relating to the Sporting Goods Business in Canada (the "Sporting Goods Inventory").

1.3.7 The Purchase Price shall increase by \$103,000, which amount is equal to (x) the amount of the commissions overdrawn by the Seller's sales force (the "Sales Force Commissions") multiplied by (y) 0.75. The parties shall verify the Sales Force Commissions within 5 Business Days after the date hereof. If the Sales Force Commissions is greater than \$137,333, then the Purchaser shall immediately pay to the Seller the amount of such excess multiplied by 0.75. If the Sales Force Commissions is less than \$137,333, the Purchaser shall be reimbursed an amount equal to such deficiency multiplied by 0.75 from the Indemnity Deposit (without taking into account the Purchaser Recovery Threshold).

1.3.8 The Purchase Price shall decrease by \$225,000, which amount is equal to the discount of Accounts Receivables of the Aussie Bob account debtor (the "Bad Debt Accounts"). The Purchaser agrees that if, upon verification by the Seller, the stated outstanding amount of the Bad Debt Accounts has already been reduced on the Books and Records, the Purchaser shall reimburse the Seller the amount of such reduction, up to a maximum reimbursement of \$225,000, as soon as practicable following the date hereof.

1.3.9 The Purchase Price shall decrease by \$564,000, which amount is equal to the amount due to the Purchaser (or its designee) from the Foreign Subsidiaries from sale of Inventory from the Purchaser to the Foreign Subsidiaries during the period between September 15, 2003 and September 30, 2003 (the "Intercompany Transfer"). The parties shall verify the amount of the Intercompany Transfer within 2 Business Days of the date hereof. The Seller agrees that if, upon verification by the parties, the amount of the Intercompany Transfer is greater than \$564,000, then the Purchaser shall be reimbursed from the Indemnity Deposit (without taking into account the Purchaser Recovery Threshold), the amount equal to such excess. The Purchaser agrees that if, upon verification by the parties, the amount of the Intercompany Transfer is less than

\$564,000, then the Purchaser shall immediately pay to the Seller an amount equal to such deficiency. The Purchaser agrees that this Section 1.3.9 of the Amendment shall be its sole recourse to cause the Seller and the Foreign Subsidiaries to satisfy their obligations with regard to the Intercompany Transfer.

1.4 The Payment shall be paid on the date hereof as follows:

1.4.1 \$26,100,000 shall be paid directly to the Seller.

1.4.2 \$4,895,000 shall be paid by the Purchaser to HSBC Bank Australia Limited ("HSBC") for the benefit of Top-Flite Australia Pty Ltd. ("TF Australia"). To the extent that the transfer made by the Purchaser to HSBC is greater than the amount owing by TF Australia to HSBC, HSBC shall transfer an amount equal to such excess to TF Australia. To the extent that the transfer made by the Purchaser to HSBC is less than the amount owing by TF Australia to HSBC, TF Australia shall transfer an amount equal to such deficiency to HSBC.

1.5 As of the date hereof, the sum of (A) the gross asset value of the Sporting Goods A/R, excluding all reserves but otherwise determined in accordance with the same method of valuation as that used in the books and records of the Seller consistent with past practices, multiplied by 0.70 plus (B) the Deemed Closing Date A/R Value of the Accounts Receivable of the Foreign Subsidiaries (excluding the Bad Debt Accounts) is equal to \$16,443,000 (clauses (A) and (B), collectively, the "International Deemed Closing Date A/R Value"), which shall be verified by the parties not later than October 31, 2003 based upon the Books and Records and consistent with the past practices of the Seller. The Purchase Price shall be adjusted as follows: (i) if the International Deemed Closing Date A/R Value, as finally determined, is equal to \$16,443,000 there shall be no adjustment to the Purchase Price based on the amount of the International Deemed Closing Date A/R Value; (ii) if the International Deemed Closing Date A/R Value, as finally determined, is greater than \$16,443,000, the Purchaser shall immediately pay to the Seller the amount of such excess; and (iii) if the International Deemed Closing Date A/R Value, as finally determined, is less than \$16,443,000, the Purchaser shall be reimbursed from the Indemnity Deposit (without taking into account the Purchaser Recovery Threshold) the amount of such deficiency. The Purchaser acknowledges and agrees that the provisions of this Section 1.5 of the Amendment are the sole provisions relating to the adjustment of the Purchase Price based on the amount of the International Deemed Closing Date A/R Value. The parties acknowledge that this Section 1.5 of the Amendment does not modify or amend Section 1.7 of the Agreement with regard to the Foreign Subsidiaries.

1.6 Solely for purposes of the Bills of Sale or such other transfer document executed by the Foreign Subsidiaries and Section 2.25 of the Asset Purchase Agreement, the definitions of Accounts Receivable and Assigned Receivables (or any subset thereto) shall include the Sporting Goods A/R.

1.7 Solely for purposes of the Bills of Sale or such other transfer document executed by the Foreign Subsidiaries and Section 2.24 of the Asset Purchase Agreement, the definition of Inventory shall include the Sporting Goods Inventory.

2. No Further Amendments. Except as amended herein, the Asset Purchase Agreement will remain unchanged and in full force and effect.

3. Articles and Sections. The Article and Section headings in this Amendment are for reference only and shall not affect the interpretation of this Amendment.

4. Counterparts. This Amendment may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of a number of copies hereof each signed by less than all, but together signed by all, of the parties hereto.

[Remainder of Page Intentionally Left Blank]

Amendment No. 4 to Asset Purchase Agreement

IN WITNESS WHEREOF, the parties have executed this Amendment
as of the date first above written.

CALLAWAY GOLF COMPANY

By: /s/ Bradley J. Holiday

Name: Bradley J. Holiday
Title: Senior Executive Vice President
and Chief Financial Officer

TFGC ESTATE INC.
(f/k/a THE TOP-FLITE GOLF COMPANY)

By: /s/ Kevin Golmont

Name: Kevin Golmont
Title: Chief Restructuring Officer