

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

March 4, 2009
Date of Report (Date of earliest event reported)

CALLAWAY GOLF COMPANY

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction
of incorporation)

1-10962
(Commission
File Number)

95-3797580
(IRS Employer
Identification No.)

2180 RUTHERFORD ROAD, CARLSBAD, CALIFORNIA
(Address of principal executive offices)

92008-7328
(Zip Code)

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

NOT APPLICABLE
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below) :

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(d) Appointment of Director

On March 4, 2009 and effective as of the same date, the Board of Directors (the "Board") of Callaway Golf Company (the "Company") appointed John F. Lundgren as a Director of the Company. Mr. Lundgren will stand for election at the Company's 2009 Annual Meeting of Shareholders in May 2009.

There is no arrangement or understanding between Mr. Lundgren and any other persons pursuant to which he was appointed as a Director of the Company. Mr. Lundgren is not currently engaged, and has not been engaged during the last fiscal year, in any related transaction with the Company within the meaning of Item 404(a) of Regulation S-K. Mr. Lundgren received a grant of 11,574 restricted stock units in connection with his appointment as Director. Mr. Lundgren and the Company also entered into the Company's standard form of indemnification agreement for non-employee directors, a copy of which is attached hereto as Exhibit 10.51.

A copy of the press release announcing Mr. Lundgren's appointment as a Director of the Company is attached hereto as Exhibit 99.1 and incorporated by reference herein.

(e) 2009 Annual Incentive Program

On March 4, 2009, the Compensation and Management Succession Committee and the Rule 16b-3 and Section 162(m) Subcommittee (collectively, the "Committees") of the Board approved the 2009 annual incentive program discussed below for the following executive officers:

George Fellows, President and Chief Executive Officer
Bradley J. Holiday, Senior Executive Vice President and Chief Financial Officer
Steven C. McCracken, Senior Executive Vice President and Chief Administrative Officer
David A. Lavery, Senior Vice President, Operations
Thomas Yang, Senior Vice President, International

Annual Incentive Program

On March 4, 2009, the Committees approved and adopted the 2009 Senior Management Incentive Program (the "2009 Program") under Section 12 of the Company's Amended and Restated 2004 Incentive Plan. The 2009 Program provides for payment of cash performance awards to members of the Company's senior management based upon the achievement of certain financial goals provided certain individual performance objectives are also achieved. It is intended that the payment of awards under the 2009 Program would qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended. A copy of the 2009 Program is attached hereto as Exhibit 10.52.

On March 4, 2009, the Committees determined that each of the Company's executive officers would be eligible to participate in the 2009 Program. On March 4, 2009, the Committees also set the financial performance goals and other program terms for the 2009 Program. These terms include a target award for each of the executive officers, which is set forth as a percentage of base salary. The target award as a percentage of base salary for each of the executive officers for 2009 is as follows: 100% for Mr. Fellows and 55% for each of Messrs. McCracken, Holiday, Lavery, and Yang. Payment of the target award is determined by the Committees based on the Company's achievement of targeted corporate net income goals calculated on a currency neutral basis as compared to 2008 and provided that the officer also achieves his individual objectives for 2009 as approved by the Committees. Subject to certain threshold and maximum performance limits, performance above or below the targeted levels generally results in an award above or below the targeted award. At threshold and maximum performance, respectively, each executive officer could earn a percentage of the target awards as follows: 50% and 150% of base salary for Mr. Fellows and 27.5% and 82.5% of base salary for Messrs. McCracken, Holiday, Lavery and Yang. Performance below threshold would result in no payouts and performance above the maximum would result in no additional payout.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
10.51	Indemnification Agreement, dated March 4, 2009, by and between the Company and John F. Lundgren.
10.52	2009 Senior Management Incentive Program
99.1	Press release, dated March 5, 2009, captioned "John F. Lundgren Named to Board of Directors at Callaway Golf Company."

SIGNATURE

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

CALLAWAY GOLF COMPANY

Date: March 9, 2009

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

EXHIBIT INDEX

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INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT is made as of the 4th day of March 2009, by and between Callaway Golf Company, a Delaware corporation (the "Company"), and John F. Lundgren ("Indemnitee"), a director of the Company.

WHEREAS, the Company and Indemnitee recognize the increasing difficulty in obtaining liability insurance covering directors, the significant increases in the cost of such insurance and the general reductions in the coverage of such insurance;

WHEREAS, although the Company currently has directors liability insurance, the coverage of such insurance is such that many claims which may be brought against Indemnitee may not be covered, or may not be fully covered, and the Company may be unable to maintain such insurance;

WHEREAS, the Company and the Indemnitee further recognize the substantial increase in corporate litigation subjecting directors to expensive litigation risks at the same time that liability insurance has been severely limited;

WHEREAS, the current protection available may not be adequate given the present circumstances, and Indemnitee may not be willing to serve as a director without adequate protection;

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve as directors of the Company and to indemnify its directors so as to provide them with the maximum protection permitted by law;

NOW, THEREFORE, the Company and Indemnitee hereby agree as follows:

1. DEFINITIONS. The following terms, as used herein, have the following meaning:

1.1 Affiliate. "Affiliate" means, (i) with respect to any corporation, any officer, director or 10% or more shareholder of such corporation, or (ii) with respect to any individual, any partner or immediate family member of such individual or the estate of such individual, or (iii) with respect to any partnership, trust or joint venture, any partner, co-venturer or trustee of such partnership, trust or joint venture, or any beneficiary or owner having 10% or more interest in the equity, property or profits of such partnership, trust or joint venture, or (iv) with respect to any Person, any other Person which, directly or indirectly, controls, is controlled by, or is under common control with such Person or any Affiliate of such Person.

1.2 Agreement. "Agreement" shall mean this Indemnification Agreement, as the same may be amended from time to time hereafter.

1.3 DGCL. "DGCL" shall mean the Delaware General Corporation Law, as amended.

1.4 Person. "Person" shall mean any individual, partnership, corporation, joint venture, trust, estate, or other entity.

1.5 Subsidiary. "Subsidiary" shall mean any corporation of which the Company owns, directly or indirectly, through one or more subsidiaries, securities having more than 50% of the voting power of such corporation.

2. INDEMNIFICATION

2.1 Third Party Proceedings. The Company shall indemnify Indemnitee if Indemnitee is or was a party or witness or other participant in, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than action by or in the right of the Company) by reason of the fact that Indemnitee is or was a director of the Company or any subsidiary of the Company, by reason of any action or inaction on the part of Indemnitee while a director of the Company or any Subsidiary, and/or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against all expense, liability and loss (including attorneys' fees), judgments, fines and amounts paid in settlement (if such settlement is approved in advance by the Company, which approval shall not be unreasonably withheld) actually and reasonably incurred by Indemnitee in connection with such action, suit or proceeding if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe Indemnitee's conduct was unlawful and provided, further, that the Company has determined that such indemnification is otherwise permitted by applicable law.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in the best interests of the Company or that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

2.2 Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee if Indemnitee was or is a party or a witness or other participant in or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company or any Subsidiary to procure a judgment in its favor by reason of the fact that Indemnitee is or was a director of the Company or any Subsidiary, by reason of any action or inaction on the part of Indemnitee while a

director of the Company or a Subsidiary or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against all expense, liability and loss (including attorneys' fees) and amounts paid in settlement (if such settlement is court-approved) actually and reasonably incurred by Indemnitee in connection with the defense or settlement of such action or suit if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and its shareholders and provided, further, that the Company has determined that such indemnification is otherwise permitted by applicable law. No indemnification shall be made in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Company in the performance of Indemnitee's duties to the Company and its shareholders, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for expenses and then only to the extent that the court shall determine.

2.3 Mandatory Payment of Expenses. To the extent that Indemnitee has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 2.1 or 2.2 or the defense of any claim, issue or matter therein, Indemnitee shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by Indemnitee in connection therewith.

2.4 Enforcing the Agreement. If Indemnitee properly makes a claim for indemnification or an advance of expenses which is payable pursuant to the terms of this Agreement, and that claim is not paid by the Company, or on its behalf, within ninety days after a written claim has been received by the Company, the Indemnitee may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim and if successful in whole or in part, the Indemnitee shall be entitled to be paid also all expenses actually and reasonably incurred in connection with prosecuting such claim.

2.5 Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

3. EXPENSES; INDEMNIFICATION PROCEDURE

3.1 Advancement of Expenses. The Company shall advance all expenses incurred by Indemnitee in connection with the investigation, defense, settlement or appeal of any civil or criminal action, suit or proceeding referenced in Section 2.1 or 2.2 hereof. Indemnitee hereby undertakes to repay such amounts advanced only if, and to the extent that, it shall ultimately be determined that Indemnitee is not entitled to be indemnified by the Company as authorized hereby or that such indemnification is not otherwise permitted by applicable law. The advances to be made hereunder shall be paid by the Company to Indemnitee within thirty (30) days following delivery of a written request therefor or by Indemnitee to the Company.

3.2 Determination of Conduct. Any indemnification (unless ordered by a court) shall be made by the Company only as authorized in the specified case upon a determination that indemnification of Indemnitee is proper under the circumstances because Indemnitee has met the applicable standard of conduct set forth in Sections 2.1 or 2.2 of this Agreement. Such determination shall be made by any of the following: (1) the Board of Directors (or by an executive committee thereof) by a majority vote of directors (or committee members) who are not parties to such action, suit or proceeding, even though less than a quorum, (2) if there are no such disinterested directors, or if such disinterested directors so direct, by independent legal counsel in a written opinion, (3) by the shareholders, with the shares owned by Indemnitee not being entitled to vote thereon, or (4) the court in which such proceeding is or was pending upon application made by the Company or Indemnitee or the attorney or other person rendering services in connection with the defense, whether or not such application by Indemnitee, the attorney or the other person is opposed by the Company.

3.3 Notice/Cooperation by Indemnitee. Indemnitee shall, as a condition precedent to Indemnitee's right to be indemnified under this Agreement, give the Company notice in writing as soon as practicable of any claim made against Indemnitee for which indemnification will or could be sought under this Agreement. Notice to the Company shall be given in the manner set forth in Section 10.3 hereof and to the address stated therein, or such other address as the Company shall designate in writing to Indemnitee. In addition, Indemnitee shall give the Company such information and cooperation as it may reasonably require and as shall be within Indemnitee's power.

3.4 Notice to Insurers. If, at the time of the receipt of a notice of a claim pursuant to Section 3.3 hereof, the Company has director liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable actions to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

3.5 Selection of Counsel. In the event the Company shall be obligated under Section 3.1 hereof to pay the expenses of any proceeding against Indemnitee, the Company shall be entitled to assume the defense of such proceeding, with counsel approved by Indemnitee, upon the delivery to Indemnitee of written notice of its election so to do. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same proceeding, provided that (a) Indemnitee shall have the right to employ separate counsel in any such proceeding at Indemnitee's expense;

and (b) if (i) the employment of counsel by Indemnitee has been previously authorized by the Company, (ii) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense, or (iii) the Company shall not, in fact, have employed counsel to assume the defense of such proceeding, then the fees and expenses of Indemnitee's counsel shall be at the expense of the Company (subject to the provisions of this Agreement).

4. ADDITIONAL INDEMNIFICATION RIGHTS; NON-EXCLUSIVITY

4.1 Application. The provisions of this Agreement shall be deemed applicable to all actual or alleged actions or omissions by Indemnitee during any and all periods of time that Indemnitee was, is, or shall be serving as a director of the Company or a Subsidiary.

4.2 Scope. The Company hereby agrees to indemnify Indemnitee to the fullest extent permitted by law (except as set forth in Section 8 hereof), notwithstanding that such indemnification is not specifically authorized by the other provisions of this Agreement, the Company's Certificate of Incorporation, the Company's Bylaws or by statute. In the event of any changes, after the date of this Agreement, in any applicable law, statute, or rule which expands the right of a Delaware corporation to indemnify a member of its board of directors, such changes shall be, ipso facto, within the purview of Indemnitee's rights and the Company's obligations under this Agreement. In the event of any change in any applicable law, statute, or rule which narrows the right of a Delaware corporation to indemnify a member of its board of directors, such changes, except to the extent otherwise required by such law, statute or rule to be applied to this Agreement shall have no effect on this Agreement or the parties' rights and obligations hereunder.

4.3 Non-Exclusivity. The indemnification provided by this Agreement shall not be deemed exclusive of any rights to which an Indemnitee may be entitled under the Company's Certificate of Incorporation, its Bylaws, any agreement, any vote of shareholders or disinterested directors, the DGCL, or otherwise, both as to action in Indemnitee's official capacity and as to action in another capacity while holding such office. The indemnification provided under this Agreement shall continue as to Indemnitee for an action taken or not taken while serving in an indemnified capacity even though he may have ceased to serve in such capacity at the time of any action, suit or other covered proceeding.

5. PARTIAL INDEMNIFICATION

If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the expenses, judgments, fines or penalties actually or reasonably incurred by Indemnitee in the investigation, defense, appeal or settlement of any civil or criminal action, suit or proceedings but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for that portion to which Indemnitee is entitled.

6. MUTUAL ACKNOWLEDGMENT

Both the Company and Indemnitee acknowledge that in certain instances, federal law or public policy may override applicable state law and prohibit the Company from indemnifying its directors under this Agreement or otherwise. For example, the Company and Indemnitee acknowledge that the Securities and Exchange Commission (the "SEC") has taken the position that indemnification is not permissible for liabilities arising under certain federal securities laws, and federal legislation prohibits indemnification for certain ERISA violations. Indemnitee understands and acknowledges that the Company has undertaken or may be required in the future to undertake with the SEC to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee.

7. LIABILITY INSURANCE

The Company shall, from time to time, make the good faith determination whether or not it is practicable for the Company to obtain and maintain a policy or policies of insurance with reputable, insurance companies providing the directors with coverage for losses from wrongful acts, or to ensure the Company's performance of its indemnification obligations under this Agreement. Among other considerations, the Company will weigh the costs of obtaining such insurance coverage against the protection afforded by such coverage. In all such policies of liability insurance, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's directors. Notwithstanding the foregoing, the Company shall have no obligation, to obtain or maintain such insurance if the Company determines in good faith that such insurance is not reasonably available, if the premium costs for such insurance are disproportionate to the amount of coverage provided, if the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or if Indemnitee is covered by similar insurance maintained by a parent or Subsidiary of the Company.

8. SEVERABILITY

Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. The provisions of this Agreement shall be severable as provided in this Section 8. If this Agreement or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, the Company shall nevertheless indemnify Indemnitee to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated, and the balance of this Agreement not so invalidated shall be enforceable in accordance with its terms.

9. EXCEPTIONS

9.1 Exceptions to Company's Obligations. Any other provision to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement for the following:

(a) Claims Initiated by Indemnitee. To indemnify or advance expenses to Indemnitee with respect to proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense, unless said proceedings or claims were authorized by the board of directors of the Company.

(b) Improper Personal Benefit. To indemnify Indemnitee against liability for any transactions from which Indemnitee, or any Affiliate of Indemnitee, derived an improper personal benefit, including, but not limited to, self-dealing or usurpation of a corporate opportunity.

(c) Dishonesty. To indemnify Indemnitee if a judgment or other final adjudication adverse to Indemnitee established that Indemnitee committed acts of active and deliberate dishonesty, with actual dishonest purpose and intent, which acts were material to the cause of action so adjudicated.

(d) Insured Claims; Paid Claims. To indemnify Indemnitee for expenses or liabilities of any type whatsoever (including but not limited to, judgments, fines, ERISA excise taxes or penalties, and amounts paid in settlement) which have been paid directly to Indemnitee (i) by an insurance carrier under a policy of liability insurance maintained by the Company, or (ii) otherwise by any other means.

(e) Claims Under Section 16(b). To indemnify Indemnitee for an accounting of profits in fact realized from the purchase and sale of securities within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute.

10. MISCELLANEOUS

10.1 Construction of Certain Phrases.

(a) For purposes of this Agreement, references to the "Company" shall include any resulting or surviving corporation in any merger or consolidation in which the Company (as then constituted) is not the resulting or surviving corporation so that Indemnitee will continue to have the full benefits of this Agreement.

10.5 Choice of Law. This Agreement shall be governed by and its provisions construed in accordance with the internal laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely within Delaware, and without regard to choice of law principles.

10.6 IRREVOCABLE ARBITRATION OF DISPUTES.

(a) Indemnitee and the Company agree that any dispute, controversy or claim arising hereunder or in any way related to this Agreement, its interpretation, enforceability, or applicability that cannot be resolved by mutual agreement of the parties shall be submitted to binding arbitration. This includes, but is not limited to, alleged violations of federal, state and/or local statutes, claims based on any purported breach of duty arising in contract or tort, including breach of contract, breach of the covenant of good faith and fair dealing, violation of public policy, and violation of any statutory, contractual or common law rights. The parties agree that arbitration is the parties' only recourse for such claims and hereby waive the right to pursue such claims in any other forum, unless otherwise provided by law. Any court action involving a dispute which is not subject to arbitration shall be stayed pending arbitration of arbitrable disputes.

(b) Indemnitee and the Company agree that the arbitrator shall have the authority to issue provisional relief. Indemnitee and the Company further agree that each has the right, pursuant to California Code of Civil Procedure section 1281.8, to apply to a court for a provisional remedy in connection with an arbitrable dispute so as to prevent the arbitration from being rendered ineffective.

(c) Any demand for arbitration shall be in writing and must be communicated to the other party prior to the expiration of the applicable statute of limitations.

(d) The arbitration shall be conducted pursuant to the procedural rules stated in the Commercial Rules of the American Arbitration Association ("AAA") in San Diego. The arbitration shall be conducted in San Diego by a former or retired judge or attorney with at least 10 years experience in commercial-related disputes, or a non-attorney with like experience in the area of dispute, who shall have the power to hear motions, control discovery, conduct hearings and otherwise do all that is necessary to resolve the matter. The parties must mutually agree on the arbitrator. If the parties cannot agree on the arbitrator after their best efforts, an arbitrator from the American Arbitration Association will be selected pursuant to the American Arbitration Association National Rules for Resolution of Commercial/Business Disputes. The Company shall pay the costs of the arbitrator's fees.

(e) The arbitration will be decided upon a written decision of the arbitrator stating the essential findings and conclusions upon which the award is based. The arbitrator shall have the authority to award damages, if any, to the extent that they are available under applicable law(s). The arbitration award shall be final and binding, and may be entered as a judgment in any court having competent jurisdiction. Either party may seek review pursuant to California Code of Civil Procedure section 1286, et seq.

(f) It is expressly understood that the parties have chosen arbitration to avoid the burdens, costs and publicity of a court proceeding, and the arbitrator is expected to handle all aspects of the matter, including discovery and any hearings, in such a way as to minimize the expense, time, burden and publicity of the process, while assuring a fair and just result. In particular, the parties expect that the arbitrator will limit discovery by controlling the amount of discovery that may be taken (e.g., the number of depositions or interrogatories) and by restricting the scope of discovery only to those matters clearly relevant to the dispute. However, at a minimum, each party will be entitled to at least one deposition and shall have access to essential documents and witnesses as determined by the arbitrator.

(g) The prevailing party shall be entitled to an award by the arbitrator of reasonable attorneys' fees and other costs reasonably incurred in connection with the arbitration.

(h) The provisions of this Section shall survive the expiration or termination of the Agreement, and shall be binding upon the parties.

I have read Section 10.6 and irrevocably agree to arbitrate any dispute identified above.

(Indemnitee's initials)

(Company's initials)

10.7 Entire Agreement. The provisions of this Agreement contain the entire agreement between the parties. This Agreement may not be released, discharged, abandoned, changed or modified in any manner except by an instrument in writing signed by the parties.

10.8 Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereby have executed this Agreement to be effective as of the date first above written.

CALLAWAY GOLF COMPANY

/s/ George Fellows

George Fellows

President and Chief Executive Officer

INDEMNITEE

/s/ John F. Lundgren

John F. Lundgren

CALLAWAY GOLF COMPANY
2009 SENIOR MANAGEMENT INCENTIVE PROGRAM
UNDER THE 2004 INCENTIVE PLAN

1. Purposes of the Program. This Callaway Golf Company 2009 Senior Management Incentive Program (“**Program**”), established pursuant to Section 12 of the Callaway Golf Company Amended and Restated 2004 Incentive Plan (“**Plan**”), sets forth a program for payment of performance awards subject to the provisions of Section 11 of the Plan to those Participants designated for participation and is intended to increase stockholder value and the success of the Company by attracting, retaining and motivating Participants to perform to the best of their abilities and to achieve the Company’s objectives. The Program’s goals are to be achieved by providing such Participants with performance awards based on the achievement of goals relating to the performance of the Company or one of its business units or upon the achievement of other objectively determinable performance goals. The Program is intended to permit the payment of awards under the Plan that may qualify as performance-based compensation under Section 162(m). Capitalized terms not defined herein shall have the meanings provided in the Plan.

2. Definitions.

(a) “**Award**” has the meaning set forth in Section 4.

(b) “**Base Salary**” means, as to any Performance Period, Participant’s salary actually earned during the portion of the Performance Period during which the individual was a Participant (including without limitation, any compensation that is deferred by Participant into a Company-sponsored retirement or deferred compensation plan, but excluding any employer matching contributions by the Company associated with any such retirement or deferred compensation plan and excluding any other Company contributions and, for employees in China, Japan, Thailand and Malaysia, including “13th month pay” or equivalent) and excludes all bonuses, incentives, commissions, expatriate premiums, fringe benefits (including without limitation car allowances), relocation allowances, stock option grants, equity awards, employee benefits and other similar items of compensation. Such Base Salary shall be before both (i) deductions for taxes or benefits, and (ii) deferrals of compensation pursuant to Company-sponsored plans.

(c) “**Corporate Net Income**” means the Company’s currency-neutral net income (that is, net income determined by excluding the impact, both positive and negative, of the translation of foreign currency to U.S. dollars) for the relevant period less (i) charges incurred in connection with the Company’s gross margin initiatives and (ii) other unforeseen one-time charges as determined by the Committee.

(d) “**Covered Employee**” means a Participant who falls within the definition of “covered employee” under Section 162(m).

(e) **“Eligible Position”** means one of the following (i) an officer of the Company, including its Chief Executive Officer, (ii) the most senior non-officer employees (employees with job classifications of E10 or above at the Company or Callaway Golf Sales Company), (iii) the officers of each subsidiary of the Company based in the U.S., (iv) the most senior non-officer employees at Callaway Golf Ball Operations (**“CGBO”**) (with a pay grade of 13 or 14 or a pay grade of 12 and the title of Director), (v) the Vice Presidents of Callaway Golf Interactive (**“CGI”**), (vi) the most senior officer at each of the Company’s foreign subsidiaries located in Europe, Japan, Canada, Korea, Australia and China, and (vii) the Director-Level employees of the Company’s foreign subsidiaries listed in (vi) above who are recommended for participation by the most senior officer at such foreign subsidiary and approved by the VP, Sr. Human Resources.

(f) **“Goal Achievement Percentage”** means the portion of the Target Goals applicable to a Participant that are actually achieved, as provided in Section 5.

(g) **“Financial Goal Achievement Percentage”** means, with respect to a Participant, the Goal Achievement Percentage for the Corporate Net Income Goal, as provided in Section 5.

(h) **“Overall Achievement Percentage”** means, with respect to a Participant, the aggregate Financial Goal Achievement Percentage together with the MBO Goal Achievement Percentage, with each multiplied by the weighting specified in the Payout Formula provided in Section 6(c).

(i) **“Participant,”** for the 2009 Performance Period, means a regular full or part-time employee who (i) has been hired, promoted or transferred into an Eligible Position before October 1, 2009, and (ii) is an active employee or on an approved leave of absence at the Payout Date.

(j) **“Payout Date”** means the date on which Awards are paid pursuant to Section 6(f).

(k) **“Payout Determination Date”** means the date upon which the Committee or the Chief Executive Officer, as applicable, determines the amounts payable pursuant to an Award, in accordance with Section 6.

(l) **“Performance-Based Compensation”** means compensation that is intended to qualify as “performance-based compensation” within the meaning of Section 162(m).

(m) **“Performance Goals”** means the goals, based on Performance Criteria that are established by the Committee or, for Participants who are not Covered Employees, by the Chief Executive Officer, in each case as provided for in Section 11.2 of the Plan.

(n) **“Performance Period”** means any January 1 through December 31.

(o) “**Section 162(m)**” means Section 162(m) of the Internal Revenue Code of 1986, as amended, or any successor to Section 162(m), as that Section may be interpreted from time to time by the Internal Revenue Service, whether by regulation, notice or otherwise.

(p) “**Target Determination Cutoff Date**” means the latest possible date that the Committee may set the Performance Goals, Target Awards and maximum payout that will not jeopardize an Award’s qualification as Performance-Based Compensation. For the 2009 Performance Period, this date will be March 31, 2009.

3. Program Administration.

(a) The Committee shall be responsible for the general administration and interpretation of the Program and for carrying out its provisions. Subject to the requirements for qualifying compensation as Performance-Based Compensation, the Committee may delegate specific administrative tasks to Company employees or others as appropriate for proper administration of the Program. Subject to the limitations on Committee discretion imposed under Section 162(m), the Committee shall have such powers as may be necessary to discharge its duties hereunder, including, but not by way of limitation, the following powers and duties, but subject to the terms of the Program:

(i) discretionary authority to construe and interpret the terms of the Program, and to determine eligibility, Awards and the amount, manner and time of payment of any Awards hereunder;

(ii) to prescribe forms and procedures for purposes of Program participation and distribution of Awards; and

(iii) to adopt rules, regulations and bylaws, to formally amend the Program and to take such actions as it deems necessary or desirable for the proper administration of the Program.

(b) Any rule or decision by the Committee that is not inconsistent with the provisions of the Program shall be conclusive and binding on all persons, and shall be given the maximum deference permitted by law.

4. Award Determinations. Each Participant under the plan shall be granted an award of a contingent right to a future cash payment (an “**Award**”), the payment of which is contingent upon the Company’s financial performance as well as the Participant’s individual performance objectives (“**MBOs**”). For each Participant, the Company has established a “**Target Award**” expressed as a percentage of a Participant’s Base Salary. The Target Award represents the amount a Participant could earn if the Company achieves its target financial performance goal and the Participant achieves 100% of the Participant’s MBOs. Performance above or below the targeted goals can result in an award above or below the Target Award. The “**Maximum Award**” a Participant can earn is equal to 150% of the Target Award and achievement of the minimum performance criteria for the payment of an Award results in a “**Threshold Award**” equal to 50% of the Target Award. The Threshold Award, Target Award and Maximum Award for each Participant is set forth below by position:

<u>Level</u>	<u>Position</u>	<u>Threshold Award</u>	<u>Target Award</u>	<u>Maximum Award</u>
1.	CEO (Chief Executive Officer - Callaway Golf)			
2.	Sr. Exec. VP (Vice President) - Callaway Golf & Sr. VP reporting to the CEO – Callaway Golf			
3.	Sr. VP – Callaway Golf, President of Asia and President of Europe, Middle East and Africa			
4.	VP – Callaway Golf, CGI & CGBO; most senior officer of Canada, Korea, Australia & China			
5.	All other senior level participants			

5. Performance Goal Determinations. Awards under this Program are contingent upon the achievement of the Company's threshold financial performance goal and each Participant's Award is based on the overall achievement of the financial performance goal as well as the Participant's MBOs. The Company will establish for the 2009 Performance Period the financial performance goal for this Program as well as each Participant's MBOs prior to the Target Determination Cutoff Date as provided in Section 2(p).

(a) Minimum Corporate Net Income. A minimum level of Corporate Net Income of _____ million is required before any Award will be paid under this Program to any Participant regardless of any other performance measure.

(b) Corporate Goals. All Participants' Awards will be based, at least in part, on Performance Goals relating to Company Performance based on Corporate Net Income. For the 2009 Performance Period, the Corporate Goals are as follows (expressed in millions):

	THRESHOLD GOAL	TARGET GOAL	MAXIMUM GOAL
Corporate Net Income \$			

For purposes of calculating the Goal Achievement Percentage with respect to the Corporate Goals, Company performance below the "**Threshold Goal**" or above the "**Maximum Goal**" in the table above will be disregarded. The Committee shall determine the Goal Achievement Percentage by reference to the "**Target Goal**." The Goal Achievement Percentage at the Threshold Goal is 50%; the Goal Achievement Percentage at the Target Goal is 100%; and the Goal Achievement Percentage at the Maximum Goal is 150%. Performance between the Threshold Goal and the Target Goal shall be interpolated on a straight-line basis; performance between the Target Goal and the Maximum Goal shall also be interpolated on a straight-line basis.

(c) **MBOs.** The Committee shall approve the MBOs for each Participant who is a Covered Employee. The Committee or the Chief Executive Officer shall approve the MBOs for all other Participants who are not Covered Employees.

6. Payout Determination.

(a) **Payout Determination and Certification.** On the Payout Determination Date, (i) the Committee shall certify in writing (which may be by approval of the minutes in which the certification was made) the Financial Goal Achievement Percentage and the MBO Goal Achievement Percentage for each Covered Employee and (ii) the Committee or the Chief Executive Officer shall approve the Financial Goal Achievement Percentage and the MBO Goal Achievement Percentage for each other Participant who is not a Covered Employee.

(b) **Maximum Payout.** Subject to the maximum payout specified by Section 12 of the Plan, for the 2009 Performance Period, if the Financial Goal Achievement Percentage is not greater than 100%, then the maximum amount of a Participant's Award to be paid under this Program shall be the product of (i) the Participant's Financial Goal Achievement Percentage multiplied by (ii) the Participant's Target Award, multiplied by (iii) 1.25. If the Financial Goal Achievement Percentage applicable to a Participant is greater than 100%, then the maximum amount of a Participant's Award to be paid under this Program shall be the product of (x) the Participant's Financial Goal Achievement Percentage multiplied by (y) the Participant's Target Award.

(c) **Payout Formula.** Notwithstanding any contrary provision of the Program, the Committee shall, as appropriate, reduce the maximum amount payable to any Participant under Section 6(b) above under the following formula (the "**Payout Formula**"). The Corporate Net Income Goal shall constitute 75% of the Award and the Participant's satisfaction of his or her MBOs shall constitute 25% of the Award (based on the Committee's or Chief Executive Officer's evaluation of a Participant's satisfaction of his or her MBOs). Based upon this Payout Formula, the Financial Goal Achievement Percentage and the MBO Goal Achievement Percentage, an Overall Achievement Percentage shall be determined for each Participant. The amount payable to each participant under the Program shall be equal to the product of the (i) Overall Achievement Percentage, (ii) multiplied by the Participant's Target Award, and (iii) multiplied by the Participant's Base Salary. Notwithstanding the foregoing, a Participant's Award may be reduced or eliminated in its entirety based on the Committee's (or, in the case of a Participant who is not a Covered Employee, the Chief Executive Officer's) evaluation of the Participant's overall job performance.

(d) **Right to Receive Payment.** Each Award under the Program shall be paid solely from the general assets of the Company. Nothing in this Program shall be construed to create a trust or to establish or evidence any Participant's claim of any right to payment of an Award other than as an unsecured general creditor with respect to any payment to which he or she may be entitled. At no time before the actual distribution of funds to Participants under the Program shall any Participant accrue any vested interest or right whatsoever under the Program except as otherwise stated in this Program.

(e) Form of Distributions. The Company shall distribute all Awards to the Participant in cash, unless the Committee determines to substitute shares of the Company's Common Stock for the cash payment in accordance with Section 12 of the Plan.

(f) Timing of Distributions. Subject to Section 6(g) below, the Company shall distribute amounts payable to Participants as soon as is practicable following the determination and written certification of the Award for a Performance Period, but in no event later than 2 1/2 months after the end of the calendar year that includes the applicable Payout Determination Date.

(g) Deferral. The Committee may defer payment of Awards, or any portion thereof, to Participants as the Committee, in its discretion, determines to be necessary or desirable to preserve the deductibility of such amounts under Section 162(m). In addition, the Committee, in its sole discretion, may permit a Participant to defer receipt of the payment of Awards that would otherwise be delivered to a Participant under the Program. Any such deferral elections shall be subject to such rules and procedures as shall be determined by the Committee in its sole discretion, which shall comply with the requirements of Section 409A of the Code and the regulations and other guidance thereunder.

(h) Withholding. In accordance with Section 13 of the Plan, the Company may withhold from the Awards payable to Participants under this Program amounts necessary to satisfy any federal, state, local or foreign tax withholding obligation relating to such payments.

7. Term of Program. The Program shall become effective on January 1, 2009 and shall apply to the 2009 Performance Period.

8. Amendment and Termination of the Program. The Committee may amend, modify, suspend or terminate the Program, in whole or in part, at any time, including adopting amendments deemed necessary or desirable to correct any defect or to supply omitted data or to reconcile any inconsistency in the Program or in any Award granted hereunder; provided, however, that no amendment, alteration, suspension or discontinuation shall be made which would (i) increase the amount of compensation payable pursuant to such Award or (ii) cause compensation that is, or may become, payable hereunder to fail to qualify as Performance-Based Compensation.

9. Governing Plan Document. The Program is subject to all the provisions of the Plan and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted by the Committee, the Board or the Company pursuant to the Plan. In the event of any conflict between the provisions of this Program and those of the Plan, the provisions of the Plan shall control.



FOR IMMEDIATE RELEASE

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Michele.Szynal@callawaygolf.com**John F. Lundgren Named to Board of Directors at Callaway Golf Company**

CARLSBAD, CA—March 5, 2009—Callaway Golf Company (NYSE:ELY) today announced that John F. Lundgren has been appointed to the Company's board of directors. He will begin serving immediately and will stand for election for a full one-year term at the Company's 2009 Annual Meeting of Shareholders in May. The addition of Mr. Lundgren expands the board to a total of eight members, including Chairman and Lead Independent Director, Ronald S. Beard, Samuel H. Armacost, John C. Cushman, III, George Fellows, Yotaro Kobayashi, Richard L. Rosenfield and Anthony S. Thornley.

Mr. Lundgren, 57, currently is Chairman and CEO of The Stanley Works. The New Britain, CT-based company is a diversified worldwide supplier of tools and engineered solutions for professional, industrial, construction and do-it-yourself use, and security solutions for commercial applications. He has held those positions since March 2004. Prior to joining The Stanley Works, Mr. Lundgren served as President, European Consumer Products, at Georgia Pacific Corporation.

"John's considerable strategic and operational experience in the consumer products industry, including his significant international experience, will benefit the Board greatly as we continue to expand globally," said Ronald S. Beard, Chairman and Lead Independent Director, Callaway Golf Company. "John will be able to apply his experience to our businesses immediately as he is an avid, low handicap golfer who is already familiar with our products and industry. We are excited to have him join us."

Callaway Golf's Bylaws mandate that the Company's Board have between 6 and 15 members, of which the substantial majority must be independent. With the addition of Mr. Lundgren as an independent director, seven of the eight board members qualify as independent under applicable standards. For more on the Company's Board of Directors, visit the Investor Relations section of the Company's website at www.callawaygolf.com.

Through an unwavering commitment to innovation, Callaway Golf Company (NYSE: ELY) creates products and services designed to make every golfer a better golfer. Callaway Golf Company manufactures and sells golf clubs and golf balls, and sells golf accessories, under the Callaway Golf[®], Odyssey[®], Top-Flite[®], and Ben Hogan[®] brands in more than 110 countries worldwide. For more information please visit www.callawaygolf.com or Shop.CallawayGolf.com

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