

**SETTLEMENT AGREEMENT AND
GENERAL MUTUAL RELEASE OF ALL CLAIMS**

This Settlement Agreement and General Mutual Release of All Claims ("Agreement") is effective as of January 31, 2010, by and between Callaway Golf Company ("Callaway Golf") and Dailey & Associates ("Dailey"), on the one hand, and the Trustees of the Screen Actors Guild – Producers Pension Plan and the Trustees of the Screen Actors Guild – Producers Health Plan (the "Plans"), on the other hand. Callaway Golf, Dailey and the Plans are sometimes referred to individually as "Party" and collectively as "Parties."

RECITALS

The Agreement is made with reference to the following factual allegations:

1. Callaway Golf enters into Endorsement Agreements with professional golfers and others ("Endorsers") that include Callaway Golf's right to use the Endorsers in television commercials, exercised in Callaway Golf's sole discretion.

2. Callaway Golf engaged Dailey to, among other things, produce television commercials in which some Endorsers appeared.

3. Dailey is and has been a signatory to various Commercials Contracts between the Screen Actors Guild, Inc. and the ANA-AAAA Joint Policy Committee on Broadcast Talent Union Relations, as well as related Trust Agreements creating the Plans. According to the Plans, the Commercials Contracts require producers like Dailey to pay pension and health contributions ("Contributions") to the Plans based on gross compensation paid to the Endorsers for services covered by the Commercials Contracts.

4. On or about July 20, 2009, SAG and the ANA-AAAA Joint Policy Committee on Broadcast Talent Union Relations entered into a Memorandum of Agreement ("2009 MOA") that amended the Commercials Contract. The MOA was made applicable to all commercials produced on or after April 1, 2009.

5. Dailey is a direct signatory to the 1997, 2000, 2003 and 2006 Commercial Contracts and the 2009 MOA; Callaway Golf is not.

6. In 2003, the Plans initiated an audit of Dailey for the period January 1, 1999 through December 31, 2002.

7. On February 27, 2007, Callaway Golf and Dailey filed a Complaint against the Plans and the Screen Actors Guild, Inc. titled Callaway Golf Company, et al. v. Screen Actors Guild, Inc., et al., Case No. 07-CV-0373 LAB (WVG) (Southern District of California) (the "Complaint"). Among other claims, the Complaint sought declaratory relief as to whether Contributions were owed, and sought return of overpaid Contributions.

8. On April 27, 2007, the Plans filed an Answer to the Complaint, and a Counterclaim. In their Counterclaim, the Plans sought to compel audit entry against Dailey and

sought additional Contributions from Callaway Golf and Dailey. The Complaint and the Plans' Counterclaim are collectively referred to as the "Action."

9. On April 30, 2007, the Screen Actors Guild, Inc. ("SAG") filed an Answer to the Complaint. By virtue of a Settlement Agreement between Callaway Golf, Dailey and SAG effective September 8, 2008, SAG was dismissed from the Action on December 3, 2008, leaving the Plans as the only Defendant. In the Settlement Agreement, SAG agreed to be bound by any settlement entered into between Callaway Golf, Dailey and the Plans.

10. On or about March 20, 2009, the Court issued an Order dismissing the First Cause of Action ("Independent Contractor") in the Complaint.

11. Callaway Golf and Dailey filed a motion to dismiss the Plans' Counterclaim and a motion for judgment on the pleadings on April 27, 2009. On July 2, 2009, the Court granted the motions in part and dismissed Callaway Golf from the Plans' Counterclaim with prejudice, leaving Dailey as the Counterdefendant. Callaway Golf voluntarily dismissed its claims in the Complaint against the Plans, leaving Dailey as the only Plaintiff. Callaway Golf reserved the right to seek its attorneys' fees and costs from the Plans based on the ruling on the motion to dismiss.

12. The Pleadings were reduced and restated in the Final Pre-Trial Conference Order signed by the Court on November 23, 2009, which set forth the facts and issues to be litigated.

13. A bench trial commenced on January 12, 2010. Dailey presented its case in chief. The Plans presented a portion of their case in chief.

14. During the trial, the Parties engaged in settlement discussions and on January 15, 2010, the Parties signed a term sheet that provided the Parties would enter into a comprehensive settlement agreement. The term sheet was read into the record on January 15, 2010, and the trial was suspended without the Court making any final findings of fact or conclusions of law.

15. In particular, although the Lawsuit specifically concerned certain Endorsers identified during the Plans' audit of Dailey for the period from January 1, 1999 through December 31, 2002, the Parties recognize that Callaway has hired other SAG-signatory advertising agencies which worked with some of the same and other Endorsers who endorse Callaway products, for which Contributions may be due to the Plans. The Parties further recognize that in addition to disagreeing about whether any liability exists in relation to Endorsers identified in the Court's November 23, 2009 Order and as alleged in the Lawsuit, they also disagree as to the manner for calculating Contributions in accordance with the Commercials Contract in relation to other Endorsers who agree to perform multiple services, including but not limited to television to endorse Callaway products (the "P&H Disputes"). The purpose of the Parties' settlement discussions has been to determine if they could reach settlement on a global basis that would resolve all P&H Disputes between the Parties, involving Callaway and its SAG Commercials Contract signatory advertising agencies including but not limited to Dailey, for past liability concerning P&H Disputes through January 31, 2010 in relation to Endorsers who endorse Callaway's products, without the need for further litigation or arbitration.

16. Callaway Golf and Dailey, on the one hand, and the Plans, on the other, desire to settle and compromise any and all possible claims between them arising out of their relationship to date, including all claims and disputes outstanding between them, and to provide for a general release of any and all claims by one against the other through and including January 31, 2010. Therefore, it is understood and agreed that this Agreement is a compromise of disputed claims which remain contested, that the terms and conditions of this Agreement are in no way to be construed as an admission of liability on the part of the Parties, that by entering into this Agreement, Callaway Golf is not becoming a signatory to the Commercials Contracts and that the Parties deny liability and intend merely to avoid further litigation through this Agreement.

AGREEMENT

Now, therefore, incorporating the Recitals above, and in consideration of the promises and mutual covenants of this Agreement,

IT IS HEREBY AGREED AMONG THE PARTIES AS FOLLOWS:

1. Economic Payment to Resolve Claims for Contributions.

a. Callaway Golf will pay, on behalf of Dailey, a signatory to the Commercial Contracts, One Hundred Thousand Dollars (\$100,000.00), to the Plans to resolve all claims the Plans have or may have for Contributions relating to any and all television commercials produced on behalf of Callaway Golf by any signatory agency or otherwise through December 31, 2009. The payment will be made within ten business days following the complete execution of this Agreement, and will be made payable to "Screen Actors Guild - Producers Pension and Health Plans," and delivered to Peter Dickinson at Bush Gottlieb Singer Lopez Kohanski Adelstein & Dickinson, 500 N. Central Avenue, Suite 800, Glendale, CA 91203-3345.

b. To the extent required by the applicable Commercials Contract, Callaway Golf agrees to have its signatory agencies make contribution payments on all session fees (at the session fee amount agreed to between Callaway Golf and its Endorser) paid to its Endorsers for commercials produced prior to December 31, 2009 by signatory agencies.

c. To the extent required by the applicable Commercials Contract, Callaway Golf further agrees to have its signatory agencies make contribution payments on reuse fees and holding fees ("Residual Payments") to its Endorsers in subsequent years for commercials produced prior to December 31, 2009 by signatory agencies.

2. Prospective Release Regarding Currently Scheduled Commercials.

a. The Plans agree to release any claim for Contributions (above those to which Callaway has already committed as set forth herein) relating to commercials that are currently scheduled to be produced for Callaway Golf by a signatory agency from January 1, 2010 through January 31, 2010, except for Contribution payments on Residual Payments.

b. Callaway Golf represents that the Contribution payments made by its signatory agency to the Endorsers for the commercials described in paragraph 2(a) will be substantially above SAG minimum scale.

3. Pre-Clearance Procedure for Future Commercials.

a. With respect to commercials to be produced by signatory agencies on behalf of Callaway Golf after January 31, 2010, the Parties have agreed to a “pre-clearance” process whereby Callaway Golf can provide, at its option, its unredacted endorsement agreements and separate television contracts (if any) with its Endorsers who might engage in covered services to the Plans and Plan authorized representatives under strict confidentiality provisions so that the Plans can advise Callaway Golf whether the Plans agree or disagree with Callaway Golf’s designation of compensation to covered services in the separate television contract (if any).

b. The Plans agree to provide Callaway Golf with their “pre-clearance” decision as to the designation of compensation to covered services within thirty (30) days of Callaway Golf’s initiation of the pre-clearance process by submission of complete and unredacted endorsement agreements and separate television agreements (if any).

(i) If the Parties reach an agreement as to the designation of compensation to covered services with respect to an Endorser, the agreed to designation of compensation to covered services shall apply to all covered compensation for all commercials produced through the Endorser’s endorsement agreement term including option terms. If an Endorser’s base compensation increases in subsequent years, Callaway Golf agrees that the amount to be designated as compensation for covered services shall increase in a proportionate amount. However, if an Endorser’s base compensation decreases in subsequent years, no adjustments will be made to the designation of compensation for covered services.

(ii) Any designation of compensation for covered services agreed to by the Parties with respect to an Endorser shall apply to the entire calendar year for that Endorser, regardless of the number of covered services the Endorser may provide. Paragraph 5(a) shall apply if no commercial is shot for the precleared endorser in a calendar year, and in the case of a multi-year endorsement agreement where covered services are performed in some but not in all years Paragraph 5(b) shall apply if the Parties disagree whether contributions are owed in a calendar year for a precleared endorser.

(iii) If the Plans do not agree to the amount that Callaway has designated as compensation for covered services to be provided by an Endorser, the Parties can seek to negotiate a different amount, Callaway can choose not to use a signatory agency (in which case the Plans will have no claim against Callaway Golf for Contributions with respect to productions by such non-signatory agency), Callaway can choose to use a different Endorser, Callaway can choose not to use any Endorser, or the Parties can agree to disagree. If the Parties disagree and Callaway Golf nonetheless produces a commercial with a signatory agency, the dispute resolution process set forth in the 2009 MOA shall apply, including negotiation and arbitration between the SAG and the signatory producer. In such a proceeding, Callaway Golf agrees to provide access, on a confidential basis, to the applicable unredacted endorsement

agreements to its signatory agency and SAG for the dispute resolution process set forth in the 2009 MOA.

(iv) For any and all purposes, Callaway Golf agrees that the term “gross compensation” as stated in the 2009 MOA, and specifically for the purpose of making Contributions, includes all base compensation paid to the Endorser by Callaway Golf and its signatory agency. Gross compensation shall not include bonuses, incentives, royalties contingent on sales or other uncertain variables, stock or stock options unless subsequently rolled into a following year’s base compensation. If the amount of a bonus paid in a prior year is added to the base compensation in a subsequent year so that the base compensation is increased, then Contributions will be paid on the increased base compensation as required by paragraph 3(b)(i).

4. Exclusions from Contributions.

a. If Callaway Golf engages a non-signatory agency to produce a commercial, no Contributions shall be owed for that commercial, including with respect to any performers who are members of SAG.

5. Multi-Year Endorsement Agreements.

a. Unless otherwise agreed by the Parties in a later writing, if Callaway Golf chooses not to use an Endorser in a commercial shoot in a calendar year, no Contributions are due with respect to the Endorser for that year (other than those based on Residual Payments for commercials produced in prior years), subject to paragraph 5(b) in the case of multi-year endorsement agreements.

b. The Parties disagree with respect to the application of paragraph 5(a) to multi-year endorsement agreements where covered services are performed in some but not all years. The Parties agree that the Hon. Larry A. Burns, United States District Judge (or his successor), shall retain jurisdiction to resolve any dispute between the Parties with respect to the application of paragraph 5(a) to multi-year endorsement agreements (if any), in a private binding ruling.

6. Application to Signatory Agencies.

a. The terms of this Agreement shall apply to past, present and future signatory agencies, if any, that Callaway Golf has engaged or engages for purposes of Callaway Golf endorsement agreements only. It shall not apply to the agency clients other than Callaway Golf, or non-Callaway Golf endorsement agreements. Such signatory agencies are intended third party beneficiaries of this Agreement.

b. Callaway Golf is not a signatory to the 2009 MOA or a signatory to any previous collective bargaining agreement with SAG, and nothing in this Agreement shall be construed to mean anything to the contrary.

7. Amendment of Protective Order.

a. The Parties will amend the Protective Order Concerning Confidential Material presently on file in the Action to provide that only counsel for Callaway Golf, the Plans, and

SAG may retain documents produced to or subpoenaed by Callaway Golf or Dailey in the Action and designated "Confidential" or "Highly Confidential," and that such documents can be used solely by Callaway or its signatory agencies and the Plans and SAG in the event of a dispute under the 2009 MOA.

b. The Parties agree that the Settlement Agreement between NYCA, Inc., Taylor Made Golf Company, the Screen Actors Guild, Inc. and the Plans, effective December 7, 2009, shall at all times be treated as attorneys' eyes only, including in any future arbitration.

8. Dismissal With Prejudice of The Action. Subject to the Court's retention of jurisdiction set forth in Paragraphs 5(b) and 20, the Parties agree that the Action will be dismissed with prejudice, with each Party to bear its own attorneys' fees and costs. Accordingly, the Parties agree to file a Joint Motion for Dismissal of the Action with prejudice within three business days following the complete execution of this Agreement and the payment set forth in paragraph 1(a) above.

9. Mutual and General Release.

a. Except for the promises and agreements made in this Agreement, Callaway Golf and Dailey, and any past or present Callaway Golf (or any of Callaway Golf's subsidiaries) signatory agency, individually and collectively, for themselves and for their present and former officers, directors, shareholders, joint venturers, partners, affiliates, subsidiaries, employees, agents, representatives, vendors, insurers, and attorneys, and predecessors, assignees, heirs, executors and successors of each of them, hereby fully and forever release and discharge the Plans and their present and former officers, trustees, fiduciaries, plan sponsors, administrators, directors, shareholders, partners, affiliates, subsidiaries, employees, agents, representatives, vendors, insurers, and attorneys, and predecessors, assignees, heirs, executors and successors of each of them, from all claims, actions, causes of action, demands, cross-claims, counterclaims, obligations, contracts, indemnity, contribution, suits, debts, sums, accounts, controversies, rights, damages, costs, attorney's fees, losses, expenses, and liabilities whatsoever (contingent, accrued, mature, direct, derivative, subrogated, personal, assigned, discovered, undiscovered, inchoate, or otherwise) which they may now have or have had as of January 31, 2010 relating to or arising from the facts recited above, the P&H Disputes, and the Action settled hereby.

b. Except for the promises and agreements made in this Agreement, the Plans individually and collectively, for themselves and for their present and former officers, trustees, fiduciaries, plan sponsors, administrators, directors, shareholders, joint venturers, partners, affiliates, subsidiaries, employees, agents, representatives, vendors, insurers, and attorneys, and predecessors, assignees, heirs, executors and successors of each of them, hereby fully and forever release and discharge Callaway Golf, Dailey and any past or present Callaway Golf (or any of Callaway Golf's subsidiaries) signatory agency, and all of their present and former officers, directors, shareholders, partners, affiliates, subsidiaries, employees, agents, representatives, vendors, insurers, and attorneys, and predecessors, assignees, heirs, executors and successors of each of them, from all claims, actions, causes of action, demands, cross-claims, counterclaims, obligations, contracts, indemnity, contribution, suits, debts, sums, accounts, controversies, rights, damages, costs, attorney's fees, losses, expenses, and liabilities whatsoever (contingent, accrued, mature, direct, derivative, subrogated, personal, assigned, discovered,

undiscovered, inchoate, or otherwise) which they may now have or have had as of January 31, 2010 relating to or arising from the facts recited above, the P&H Disputes, and the Action settled hereby.

c. This Agreement does not amend, release or alter the Settlement Agreement between Callaway Golf, Dailey and SAG effective September 8, 2008.

10. Waiver of Section 1542 of the Civil Code. Section 1542 of the California Civil Code provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

The Parties, being aware of section 1542 of the California Civil Code, further expressly agree to waive any rights that they may have thereunder, as well as under any federal or state statute or common law principles of similar effect, to the fullest extent they may lawfully waive such rights and benefits, with respect to the matters released in this Agreement, as described above. This Agreement will remain in effect as a full, complete and mutual release of all claims that arose from or could have arisen from the recital of facts above and the Action, notwithstanding the discovery hereafter of the existence of any presently unknown claims, injuries, or facts.

11. Entire Agreement. This Agreement constitutes the entire written agreement of compromise and settlement among the Parties, and there are no other agreements modifying or affecting its terms. This Agreement supersedes all other agreements, written, oral, or implied, relating to the same subject. This Agreement can only be modified by a writing signed by the Parties and expressly stating that such modification is intended. Unless expressly agreed in this Agreement, the Parties reserve all rights and do not waive any rights.

12. California Law. This Agreement is being made and delivered and is intended to be performed in the State of California. To the extent not inconsistent with ERISA and the LMRA, the execution, validity, construction, and performance of this Agreement will be construed and enforced in accordance with the laws of California. This Agreement is admissible in any proceeding to enforce the settlement between the Parties. This Agreement will be deemed made and entered into in San Diego County, which will be the exclusive venue for any action relating to this Agreement.

13. Agreement As Defense. This Agreement may be pleaded as a full and complete defense and may be used as the basis for an injunction against any action, suit or proceeding which may be prosecuted, instituted or attempted by any Party in breach thereof.

14. No Admission of Liability. This Agreement is the compromise of disputed claims, causes of action, denials, and defenses made or to be made by any of the Parties hereto and is being entered into for the purpose of bringing to an end between the Parties hereto the real or potential claims referred to herein and to avoid costs of litigation. This Agreement embodies a compromise of claims and will not be used or construed as an admission of liability,

responsibility or wrongdoing on the part of any Party or on the part of any person or entity released herein, at any time or for any purpose.

15. Counterparts. This Agreement may be signed in counterparts. The counsel for each Party will send the Agreement containing the original signatures of their client and themselves to the counsel for the other Party. However, a facsimile or pdf signature will have the same force and effect as an original signature.

16. Warranties of Authority and Against Prior Assignment. Each person who signs this Agreement on behalf of a Party warrants and represents to every other Party that he or she has the authority to make this Agreement on behalf of the Party for which he or she signs. Each of the Parties to this Agreement represents and warrants that it is the sole and exclusive owner of the rights, claims and causes of action herein released and that it has not heretofore assigned or transferred or purported to assign or transfer to any other person or entity any obligations, rights, claims, or causes of action herein released. Each Party to this Agreement shall defend and hold each other Party harmless from and against any rights, claims, or causes of action asserted by any person that, if established, would be a breach of the above representations and warranties, and any and all loss, expense, attorneys' fees, and liability arising directly or indirectly out of the breach of any of the above representations and warranties. If any action is brought which, if established, would be a breach of any of the above representations and warranties, the Party making the representation or warranty shall appear in and defend the action on behalf of the affected beneficiary or beneficiaries of the representation or warranty, at that Party's own sole cost and expense.

17. Any notices required under this Settlement Agreement shall be made by e-mail and United States mail to the persons set forth below:

To the Plans:

Peter S. Dickinson
Bush Gottlieb Singer López
Kohanski Adelstein & Dickinson
500 N. Central Avenue, Suite 800
Glendale, CA 91203-3345
pdickinson@bushgottlieb.com

To Callaway and Dailey:

Edward P. Swan
Luce Forward
600 West Broadway, Suite 2600
San Diego, CA 92101-3372
pswan@luce.com

18. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and to their respective representatives, successors and assigns.

19. Interpretation. Each Party declares and represents that this Agreement is being made without reliance upon any statement or representation not contained herein of any other Party, or of any agent or attorney of any other Party. Each Party represents to each other Party that it has reviewed each term of this Agreement with its counsel and that it shall never dispute the validity of this Agreement on the ground that it did not have advice of its counsel. This Agreement shall be construed and enforced according to its fair meaning as if prepared by all Parties after extensive negotiation; no part of this Agreement shall be construed against any Party on the ground that the attorney for that Party drafted it.

20. Jurisdiction. In addition to paragraph 5(b) above, The United States District Court for the Southern District of California (the Hon. Larry A. Burns or his successor) shall retain jurisdiction to resolve any dispute concerning the making, performance or execution of this Agreement.

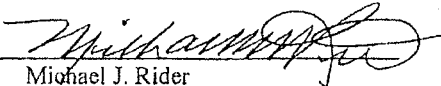
21. Knowing, Free and Voluntary Making. This Agreement has been carefully read by the Parties, and the Parties acknowledge that they know and fully understand its contents. The Parties acknowledge that they have fully discussed this Agreement with their respective attorneys and fully understand the consequences of this Agreement. No Party is being influenced by any statement made by or on behalf of any of the other Party to this Agreement. The Parties have relied and are relying solely upon their own judgment, belief and knowledge of the nature, extent, effect and consequences relating to this Agreement and/or upon the advice of their own legal counsel concerning the legal and income tax consequences of this Agreement. The Agreement is freely and voluntarily signed by the Parties.

[SIGNATURES ON FOLLOWING PAGES]

IT IS SO AGREED.




CALLAWAY GOLF COMPANY


By: Michael J. Rider 3/18/10
Senior Vice President,
General Counsel

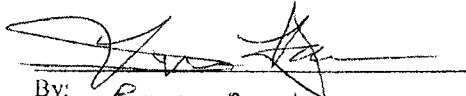
DAILEY & ASSOCIATES

By:
Its:

TRUSTEES OF THE SCREEN ACTORS GUILD -
PRODUCERS PENSION PLAN


By: Bruce Dow
Its: CEO

TRUSTEES OF THE SCREEN ACTORS GUILD -
PRODUCERS HEALTH PLAN

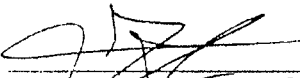

By: Bruce Dow
Its: CEO

IT IS SO AGREED.

CALLAWAY GOLF COMPANY

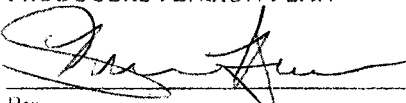
By: Michael J. Rider
Senior Vice President,
General Counsel

DAILEY & ASSOCIATES



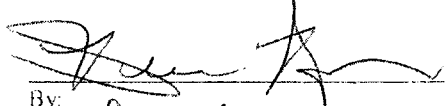
By: *Joe Studley*
Its: *KVP, Director of Broadcast Production*

TRUSTEES OF THE SCREEN ACTORS GUILD -
PRODUCERS PENSION PLAN



By: *BRUCE DOW*
Its: *CEO*

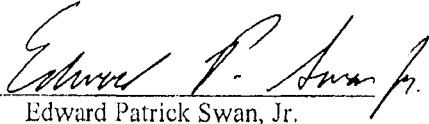
TRUSTEES OF THE SCREEN ACTORS GUILD -
PRODUCERS HEALTH PLAN



By: *Bruce Dow*
Its: *CEO*

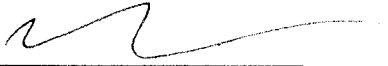
Approved as to Form and Substance:

LUCE, FORWARD, HAMILTON & SCRIPPS LLP



By: Edward Patrick Swan, Jr.
Attorneys for Callaway Golf Company
and Dailey & Associates

BUSH GOTTLIEB SINGER LOPEZ
KOHANSKI ADELSTEIN & DICKINSON
A Law Corporation



By: Peter S. Dickinson
Attorneys for Trustees of the Screen Actors Guild –
Producers Pension Plan and the Trustees of the
Screen Actors Guild – Producers Health Plan

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