

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

**IN RE ADAMS GOLF, INC. SECURITIES
LITIGATION**

**CONSOLIDATED
C.A. No. 99-371-GMS**

PRELIMINARY APPROVAL ORDER

WHEREAS, the above-captioned action (the “Action”) has been pending since June 11, 1999,

WHEREAS, by Order dated August 3, 2005, the Court certified a class consisting of all persons who purchased shares of Adams Golf Inc. (“Adams Golf”) in or traceable to Adams Golf’s Initial Public Offering (“IPO”) or between July 10, 1998 and October 22, 1998, excluding Defendants and their affiliates (the “Class”), and

WHEREAS, Plaintiffs Todd Tonore, F. Kenneth Shockley, John Morrash and Patricia Craus (collectively, “Plaintiffs”), on behalf of the Class, and Defendants Adams Golf, B. H. (Barney) Adams, Darl P. Hatfield, Richard Murtland, Paul F. Brown, Roland E. Casati, Finis F. Conner and Stephen R. Patchin (“Adams Golf Defendants”), and Lehman Brothers Inc. (“LBI”), Lehman Brothers Holdings, Inc. (“LBHI”), Nationsbanc Montgomery Securities, LLC (now Banc of America Securities, LLC), and Ferris, Baker Watts, Inc. (now RBC Capital Markets Corporation) (collectively, “Underwriter Defendants”) (collectively, with the Adams Golf Defendants, “Defendants”), having made application, pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, for an order preliminarily approving the proposed settlement (the “Settlement”) of this Action in accordance with the Stipulation of Settlement dated December 9, 2009 (the “Stipulation of Settlement”) which, together with the exhibits annexed thereto, sets

forth the terms and conditions for the Settlement, and the Court having read and considered the Stipulation of Settlement and the exhibits annexed thereto;

NOW, THEREFORE, IT IS HEREBY ORDERED that

1. The definitions in the Stipulation of Settlement are incorporated herein.
2. The Settlement, as set forth in the Stipulation of Settlement, is preliminarily approved as fair, reasonable and adequate.
3. The Final Hearing shall be held before this Court on June 17, 2010, at 9:30 am in Courtroom 4A, United States Courthouse, J. Caleb Boggs Federal Bldg., 844 North King Street, Wilmington, DE 19801-3519, to determine whether the proposed Settlement of the Action, on the terms and conditions provided for in the Stipulation of Settlement, is fair, reasonable and adequate and should be finally approved by the Court; to determine whether a Judgment as provided in the Stipulation of Settlement should be entered herein; to determine whether the Plan of Allocation of the Net Settlement Fund as set forth in the Notice should be approved; to determine the amount of Attorney's Fees and Costs that should be awarded to Plaintiffs' Counsel; to determine whether to allow reimbursement of reasonable, out-of-pocket costs and expenses Plaintiffs incurred in connection with representation of the Class ("Plaintiff Expense Awards"); and to determine whether the Class Members' objections, if any, have merit. *See* Final Order, Ex. E attached to Stipulation of Settlement. The Court may adjourn the Final Hearing and later reconvene it without further notice to Members of the Class.
4. Within ten (10) business days after this Order is signed and entered, the Adams Golf Defendants, their insurers other than Federal Insurance Company, and the Underwriter Defendants, other than LBI and LBHI, shall pay their respective portions of the \$16,500,000 initial Settlement Amount into the Escrow Account established at Huntington National Bank by

Escrow Agents, Todd S. Collins and Paul R. Besette, as set forth in the Stipulation of Settlement. Plaintiffs may establish a Notice and Administration Fund of \$50,000 from the money in the Escrow Account, which shall be used for the expenses reasonably and actually incurred in connection with providing the Notice to the Class, publishing the Summary Notice, locating Class Members, assisting with the filing of Claim Forms, administering and distributing the Net Settlement Fund to Authorized Claimants, processing Claim Forms, and paying escrow fees and costs, taxes on interest earned by the Settlement Amount, tax expenses and any related or incidental costs and charges. The Notice and Administration Fund may also be invested and earn interest. If the \$50,000 in the Notice and Administration Fund is used up before the Net Settlement Fund has been distributed to Authorized Claimants, any further Notice and Administration Costs may be paid from the Settlement Fund.

5. The Funds deposited into the Escrow Account shall be deemed in the custody of this Court and shall not be disbursed except as provided in the Stipulation of Settlement or by an order of this Court.

6. The funds in the Escrow Account shall be invested as specified in the Stipulation of Settlement.

7. The Court approves, as to form and content, the Notice of Proposed Settlement of Class Action (the "Notice"), the Proof of Claim and Release Form (the "Proof of Claim") including the Substitute W-9 Form, and the Summary Notice (the "Summary Notice"), attached as Exhibits B, C and D, respectively, to the Stipulation of Settlement, and finds that the mailing and distribution of the Notice and Proof of Claim and the publication of the Summary Notice, substantially in such form and substantially in the manner set forth in this Order, meet the requirements of Rule 23 of the Federal Rules of Civil Procedure, § 15 U.S.C.A. 77z-1(a)(4-8),

and due process. Such notice is the best notice practicable under the circumstances and shall constitute valid, due and sufficient notice to all Members of the Class. Plaintiffs' Counsel is hereby authorized to provide such Notice to those Members of the Class that can be identified through reasonable effort.

8. The notification provisions of the Class Action Fairness Act, 28 U.S.C. §1715 ("Notifications to appropriate federal and state officials"), do not apply to this case, since it was commenced before February 18, 2005.

9. Plaintiffs' Counsel are hereby authorized to retain Heffler, Radetich & Saitta LLP as the Claims Administrator to supervise and administer the Notice procedure as well as the processing of claims and distribution of the Net Settlement Fund.

10. Not later than fifteen (15) days from the date of this Order, Plaintiffs' Counsel shall cause copies of the Notice and Proof of Claim, substantially in the forms attached as Exhibits B and C to the Stipulation of Settlement, to be mailed by first class mail to all Members of the Class reasonably identified by the list of Adams Golf Class Members previously furnished to Plaintiffs' Counsel by Adams Golf, and all Class Members otherwise identified as a result of the November 2005 Notice of Pendency of the Class. The mailing shall be directed to the addresses listed on such records or such updated or revised addresses as may be available. The date of the initial mailing of the Notice of Settlement shall be referred to as the "Notice Date."

11. Not later than seven (7) days after the Notice Date, Plaintiffs' Lead Counsel shall cause the Summary Notice, substantially in the form attached as Exhibit D to the Stipulation of Settlement, to be published once in the *Wall Street Journal* and shall cause a copy of the Summary Notice to be published electronically on *PR Newswire*.

12. Plaintiffs' Counsel shall also cause copies of the Notice and Proof of Claim to be mailed as soon as practicable to persons who indicate, in response to the Summary Notice or otherwise, that they purchased Adams Golf shares in or traceable to the IPO or during the Class Period and to other persons who are identified as having purchased Adams Golf shares in or traceable to the IPO or during the Class Period.

13. Not later than five (5) days before the Final Hearing, Plaintiffs' Lead Counsel or the Claims Administrator shall serve on Defendants' Counsel and file with the Court proof, by affidavit or declaration under penalty of perjury, of the publication and mailing of the Notices.

14. All Class Members, except those who exclude themselves, shall be bound by all determinations and judgments in the Action concerning the Settlement, whether favorable or unfavorable.

15. All Members of the Class who wish to be excluded from the Class must submit a request for exclusion in the manner described in the Notice postmarked at least fifteen (15) days before the Final Hearing date set forth in paragraph 3 above. Any person who does not submit a valid and timely request for exclusion shall be a Class Member. All requests for exclusion must include information sufficient to establish proof of purchases of Adams Golf shares in or traceable to the Adams Golf IPO.

16. Plaintiffs' Lead Counsel shall present the Opt-Out List to Defendants' Counsel at least ten (10) days before the Final Hearing.

17. If the number of shares bought by persons on the Opt-Out List comprises more than the number agreed to by the Parties in a separate stipulation, Defendants shall inform Plaintiffs' Lead Counsel, as specified in the Stipulation of Settlement, ¶ 11.2, whether

Defendants intend to withdraw from the Stipulation of Settlement, at least three (3) days before the Final Hearing.

18. If Plaintiffs learn that certain persons on the Opt-Out List wish to withdraw their exclusion requests, such that the total number of shares for which opt-out is sought falls below the number agreed to by the Parties in the stipulation, by the day before the Final Hearing, Plaintiffs must serve Defendants with a list of persons who have withdrawn their request for exclusion or who were not Members of the Class. In such event, the Final Hearing will take place as scheduled.

19. Any Member of the Class who has not requested exclusion may appear with or without counsel, and object to the proposed Settlement of the Action, the proposed Plan of Allocation of the Net Settlement Fund, the Request for Attorneys' Fees and Costs, and/or the request for Plaintiff Expense Awards (collectively "Objections"); provided, however, that no Member of the Class shall be heard or entitled to make Objections unless that person has served, by first class U.S. mail, postmarked on or before fifteen (15) days before the Final Hearing, written Objections and copies of any papers and briefs upon each of the following:

Todd S. Collins, Esquire
Berger & Montague, P.C
1622 Locust Street
Philadelphia, PA 19103

Paul R. Bessette, Esquire
Greenberg Traurig, LLP
300 West Sixth Street, Suite 2050
Austin, Texas 78701

Michael J. Chepiga, Esquire
Simpson Thacher & Bartlett, LLP
425 Lexington Avenue
New York, NY 10017-3954

and has filed the Objections, papers and briefs with the Clerk of the United States District Court for the District of Delaware (which filing may be done by mail, if postmarked on or before fifteen (15) days before the Final Hearing). Any such written Objections must include proof of

membership in the Class (*e.g.*, proof of purchases of Adams Golf shares pursuant to or traceable to the IPO or bought between July 10, 1998 and October 22, 1998). Any Member of the Class who does not make his, her or its Objections in the manner provided shall be deemed to have waived such Objections and shall forever be foreclosed from making any such Objections. Any Class Member who files and serves Objections is not required to appear at the Final Hearing. The Court will rule on all timely filed written Objections.

20. Any response to any Objections shall be filed no later than three (3) days before the Final Hearing.

21. All papers in support of the Settlement, the Plan of Allocation, the Attorney's Fees and Costs Application, and/or the application for Plaintiff Expense Awards shall be filed at least twenty (20) days before the Final Hearing.

22. Any Member of the Class may enter an appearance in the Action, at his, her or its own expense, individually or through counsel of his, her or its own choice. Members of the Class who do not enter an appearance will be represented by Plaintiffs' Lead Counsel.

23. Class Members who wish to participate in the Net Settlement Fund shall complete and timely submit signed Proofs of Claim and Releases, signed Substitute W-9 Forms and documents to prove their Class membership showing the date, number of shares and price at which they bought their Adams Golf stock, and the date and price at which they sold it, postmarked on or before _____, 2010 in accordance with the instructions contained therein.

24. The Claims Administrator shall notify each person who files a Proof of Claim whether or not the Claim is accepted or is rejected in whole or in part. If the Claim is rejected, in whole or in part, the Claims Administrator will give the Claimant the reasons for the rejection.

Claimants who are told their Claim is rejected will be permitted to remedy their Proof of Claim, if that is possible. If the Claim is still rejected in whole or in part, the Claimant may request review by the Court in accordance with the requirements of ¶¶ 9.7 and 9.8 of the Stipulation of Settlement.

25. Upon the Effective Date of the Settlement, all Class Members, whether or not they filed an approved Proof of Claim within the time provided for, and whether or not they participate in the Settlement Fund, shall be barred from asserting any claims Released by Plaintiffs, and any such Class Member shall be conclusively deemed to have fully, finally, and forever released the Released Parties, from any and all such Released Claims, including Unknown Claims. Defendants shall have released Plaintiffs, Class Members and Plaintiffs' Counsel from all claims relating to the Action, including any Unknown Claims. The Underwriter Defendants shall have released all Claims for indemnification against Adams Golf. The full definitions of the terms "Released Claims", "Released Parties" "Claims Released by Plaintiffs", "Claims Released by Underwriters" and "Unknown Claims" and the full release are set forth in the Stipulation of Settlement.

26. As of the Effective Date, the distribution of the Net Settlement Fund in accordance with the terms and obligations of the Stipulation of Settlement will be approved. Only Authorized Claimants shall have any right to any portion of the Net Settlement Fund unless otherwise ordered by the Court or otherwise provided in the Stipulation of Settlement. If there are funds left in the Escrow Account after all Authorized Claimants have been paid, on motion of Lead Counsel, this Court will rule on the distribution of such funds.

27. Pending final determination of whether the Settlement should be approved, neither the Plaintiffs nor any Class Member, nor any Defendant either directly, representatively,

or in any other capacity, shall commence against any Released Party any action or proceeding in any court or tribunal asserting any of the Released Claims.

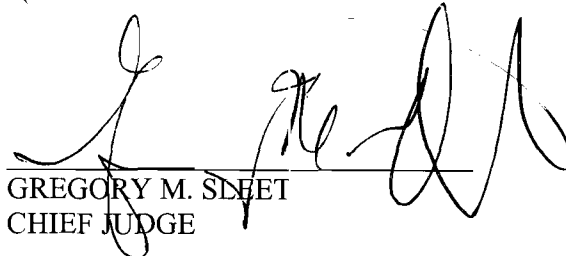
28. Pending final determination of whether the Settlement should be approved, all proceedings in the Action are stayed, except for proceedings relating to the Settlement.

29. At or after the Final Hearing, the Court will determine whether the Attorney's Fees and Costs Application including the application for Plaintiff Expense Awards should be approved. Any such amounts awarded shall be paid ten (10) business days after the Final Order becomes Final and after the order awarding Attorney's Fees and Costs and Plaintiff Expense Award, respectively, become Final, subject to the conditions set forth in the Stipulation of Settlement.

30. All reasonable costs incurred in identifying and notifying Members of the Class, administering the Settlement, Taxes, Tax Expenses, and distributing the Net Settlement Fund, shall be paid as set forth in the Stipulation of Settlement, ¶3.1.

31. The Court reserves the right to adjourn the date of the Final Hearing and any adjournment thereof without further notice to Class Members, and retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement.

SO ORDERED this 3rd day of March ~~2009~~ 2010


GREGORY M. SLEET
CHIEF JUDGE