



September 1, 2006, in connection with its IPO, did not disclose and/or misrepresented the full extent of these issues.

In June 2007, newspapers and other media outlets published articles concerning the safety hazards allegedly posed by Heelys' wheeled footwear. The Derivative Plaintiffs allege that these disclosures resulted in a 12.4% drop in Heelys' share price. Then, on August 7, 2007, Heelys disclosed that it had "an over-inventoried position," and significantly downgraded its revenue and earnings guidance for the second half of 2007. During this period, Heelys' stock value fell from over \$38.00 per share to a low of \$4.12 per share.

On August 27, 2007, Heelys shareholder Brian Rines filed a class action on behalf of himself and all others similarly situated in the United States District Court for the Northern District of Texas against Heelys, certain officers and directors of Heelys, Capital Southwest Corporation, Capital Southwest Venture Corporation, and the underwriters for the Company's IPO, asserting violations of the Securities Act of 1933. Four additional similar lawsuits were also filed in September and October 2007 in the same court alleging similar claims. These suits were subsequently consolidated and styled *Rines v. Heelys, Inc., et. al.*, Civil Action No. 3:07-CV-01468-K (the "Class Action").

On October 3, 2007, Jack Freeman ("Freeman") filed a shareholder derivative suit on behalf of Heelys in the United States District Court for the Northern District of Texas against Michael G. Saffaroni, Roger R. Adams, Michael W. Hessong, Patrick F. Hamner, Richard E. Middelkauff, Samuel B. Ligon, Gary L. Martin, James T. Kindley, Jeffrey G. Peterson, and William R. Thomas, asserting claims for breach of fiduciary duty, waste of corporate assets, unjust enrichment, and violations of the Securities Exchange Act of 1934. This lawsuit is styled *Freeman v. Staffaroni, et al.*, Cause No. 3:07-CV-1682-K (the "*Freeman Action*").

On October 24, 2007, Brian Mossman ("Mossman") filed a shareholder derivative suit on behalf of Heelys in the United States District Court for the Northern District of Texas, alleging claims similar to those alleged in the *Freeman Action*, and against the same defendants. This lawsuit is styled *Mossman v. Saffaroni, et al.*, Cause No. 3-07-CV-01786-K (the "*Mossman Action*"). The *Freeman Action* and the *Mossman Action* were consolidated on January 29, 2008.

On March 14, 2008, Derivative Plaintiffs filed a consolidated complaint in the consolidated action styled *In re Heelys Inc. Derivative Litigation*, Master Docket No. 3:07-CV-1682-K (the "Derivative Action"). The consolidated complaint not only asserts claims similar to those alleged in the initial complaints filed in the *Freeman* Action and *Mossman* Action, but also adds claims relating to violations of the Securities act of 1933.

In the Derivative Action, Derivative Plaintiffs bring suit against the Individual Defendants solely on behalf of Heelys and solely for the benefit of Heelys, and do not seek any recovery for the direct benefit of any individual shareholders. Derivative Plaintiffs generally allege, among other things, that the Individual Defendants breached their fiduciary duties by making and/or permitting material, false, and misleading statements to be made concerning Heelys' risk factors, business model, and business prospects. Derivative Plaintiffs seek, among other things, damages, disgorgement by the Individual Defendants, and corporate governance reforms to be implemented by Heelys.

On June 13, 2008, the Individual Defendants filed a motion to dismiss and motion to stay the Derivative Action pending the outcome of the Class Action. On the same day, Heelys filed a motion to stay the Derivative Action pending the outcome of the Class Action. On July 14, 2008, Derivative Plaintiffs filed an opposition to the Individual Defendants and Heelys' motions to stay and an opposition to the Individual Defendants' motion to dismiss. On August 4, 2008, the Individual Defendants filed replies in support of their motion to dismiss and their motion to stay. Also on August 4, 2008, Heelys filed a reply in support of its motion to stay. On August 14, 2008, the Honorable Ed Kinkeade denied the defendants' motion to dismiss and motions to stay.

On September 25, 2008, Judge Kinkeade entered a Scheduling Order, setting a March 2010 trial date and a pre-trial schedule.

In October 2008, shortly after Judge Kinkeade entered the Scheduling Order, the Settling Parties began serving each other with requests for discovery. In November 2008, the Settling Parties executed a Protective Order concerning the treatment of confidential information. Over several months, Derivative Plaintiffs reviewed hundreds of thousands of pages of documents

produced by Heelys, the Individual Defendants, and third parties. Heelys produced over one million pages of documents and several DVDs containing multimedia, including 27 videos; the Individual Defendants produced over 9,500 pages of documents; the underwriters involved in Heelys' IPO produced over 300,000 pages of documents; and certain retailers of Heelys' wheeled shoes produced approximately 1,500 pages of documents. The Derivative Plaintiffs also produced documents to Heelys and the Individual Defendants.

On February 24, 2009, counsel for parties to the Derivative Action and the Class Action participated in the first of two mediation sessions with the assistance of the Honorable Nicholas Politan (Ret.) ("Judge Politan"). On March 13, 2009, after extensive, arm's-length, good faith discussions regarding settlement and with the assistance of Judge Politan, the parties agreed to resolve both the Derivative Action and the Class Action. Subsequently, the Settling Parties negotiated and entered into this Stipulation, which sets forth the terms and conditions for the proposed settlement ("Settlement").

## **II. CLAIMS OF DERIVATIVE PLAINTIFFS AND BENEFITS OF SETTLEMENT**

Derivative Plaintiffs believe that the claims asserted in the Derivative Action have merit. Derivative Plaintiffs' Counsel (as defined in ¶1.7) recognize and acknowledge, however, the significant risk, expense, and length of continued proceedings necessary to prosecute the Derivative Action against the Individual Defendants through trial and through possible appeals. Derivative Plaintiffs' Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Derivative Action, as well as the difficulties and delays inherent in such litigation. Derivative Plaintiffs' Counsel also are mindful of the inherent problems of proof and possible defenses to the claims asserted in such actions. Based on a thorough investigation of the facts and analysis of applicable law, Derivative Plaintiffs' Counsel believe that the settlement set forth in the Stipulation is fair, reasonable, and adequate, and in the best interests of Heelys and its shareholders.

## **III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

Each Individual Defendant, as well as nominal defendant Heelys, has denied and continues to deny each and all of the claims and contentions alleged in the Derivative Action.

Each Individual Defendant has expressly denied and continues to deny all charges of wrongdoing or liability against each of them arising out of any of the conduct, statements, acts, or omissions alleged, or that could have been alleged, in the Derivative Action. The Individual Defendants and Heelys also have denied and continue to deny, *inter alia*, the allegations that Heelys, the Derivative Plaintiffs, or the Current Heelys Shareholders (as defined in ¶1.3) have suffered damages or were harmed by the conduct alleged in the Derivative Action.

Nonetheless, the Individual Defendants and Heelys have concluded that further conduct of the Derivative Action would be protracted and expensive, and that it is desirable that the Derivative Action be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation. The Individual Defendants and Heelys also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Derivative Action. The Individual Defendants and Heelys have, therefore, determined that it is desirable and beneficial to them that the Derivative Action be settled in the manner and upon the terms and conditions set forth in this Stipulation. Moreover, the Individual Defendants and Heelys believe the settlement is in the best interests of Heelys and its shareholders. This Stipulation shall not be deemed an admission of the validity or infirmity of any claim against any Individual Defendant or the liability or non-liability of any Individual Defendant, or an admission of insurance coverage under any policy, and may not be used in any proceeding for any purpose except to enforce the terms of the Stipulation.

#### **IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT**

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the Derivative Plaintiffs, individually and derivatively on behalf of Heelys, the Individual Defendants, and Heelys, by and through their respective counsel or attorneys of record, that, subject to all necessary court approvals, the Derivative Action and Released Claims shall be finally and fully compromised, settled, and released, and the Derivative Action shall be dismissed with prejudice, as to all Settling Parties, upon and subject to the terms and conditions of the Stipulation, as follows:

**1. Definitions**

As used in the Stipulation, the following terms have the meanings specified below:

1.1 "Class Action" means the federal securities class action, *Rines v. Heelys, Inc., et al.*, Civil Action No. 3:07-CV-01468-K.

1.2 "Court" means the United States District Court for the Northern District of Texas.

1.3 "Current Heelys Shareholders" means persons who owned Heelys common stock as of July 16, 2009, and who continue to hold their Heelys common stock as of the date of the final settlement approval hearing, excluding the Individual Defendants, the officers and directors of Heelys, members of their immediate families, and their legal representatives, heirs, successors, or assigns, and any entity in which Individual Defendants have or had a controlling interest.

1.4 "Defendants' Counsel" means collectively Individual Defendants' Counsel (as defined in ¶1.12) and Nominal Defendant's Counsel (as defined in ¶1.14).

1.5 "Derivative Action" means the consolidated shareholder derivative action *In re Heelys Inc. Derivative Litigation*, Master Docket No. 3:07-CV-1682-K.

1.6 "Derivative Plaintiffs" means Jack Freeman and Brian Mossman, individually and derivatively on behalf of Heelys.

1.7 "Derivative Plaintiffs' Counsel" means: Robbins Umeda LLP, 610 West Ash Street, Suite 1800, San Diego, CA 92101; Johnson Bottini, LLP, 655 West Broadway, Suite 1400, San Diego, CA 92101; Law Offices of Balon B. Bradley, 5473 Blair Road, Suite 100, Dallas, TX 75231, and any successors to said counsel.

1.8 "Effective Date" means the first date by which all of the events and conditions specified in ¶5.1 of the Stipulation have been met and have occurred.

1.9 "Final" means when the last of the following with respect to the Judgment (as defined in ¶1.13) approving the Stipulation shall occur: (i) the expiration of the time to file a motion to alter or amend the Judgment under Federal Rule of Civil Procedure 59(e) has passed without any such motion having been filed; (ii) the expiration of the time in which to appeal the Judgment has passed without any appeal having been taken; and (iii) if a motion to alter or amend is filed or if an appeal is taken, the determination of that motion or appeal in such a

manner as to permit the consummation of the settlement substantially in accordance with the terms and conditions of this Stipulation. For purposes of this paragraph, an "appeal" shall include any petition for a writ of certiorari, petition for review, or other writ that may be filed in connection with approval or disapproval of this settlement, but shall not include any appeal which concerns only the issue of attorneys' fees and expenses.

1.10 "Heelys" or the "Company" means nominal defendant Heelys, Inc.

1.11 "Individual Defendants" means collectively, James T. Kindley, Patrick F. Hamner, Michael W. Hessong, Richard E. Middlekauff, Roger R. Adams, Michael G. Staffaroni, Samuel B. Ligon, Gary L. Martin, the estate of William R. Thomas, and Jeffrey G. Peterson.

1.12 "Individual Defendants' Counsel" means Vinson & Elkins L.L.P., and any successors to said counsel.

1.13 "Judgment" means the proposed order to be rendered by the Court, substantially in the form attached hereto as **Exhibit A**.

1.14 "Nominal Defendant's Counsel" means Carrington, Coleman, Sloman & Blumenthal, L.L.P., and any successors to said counsel.

1.15 "Parties" means collectively, the Derivative Plaintiffs, the Individual Defendants, and Heelys.

1.16 "Person" means an individual, corporation, limited liability corporation, professional corporation, partnership, limited partnership, limited liability partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assignees.

1.17 "Related Persons" means each of the Released Parties' (as defined in ¶1.19) past or present directors, officers, employees, partners, members, principals, agents, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, accountants or auditors, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, heirs and related or affiliated entities, and entity in which any of the Released Parties has a controlling interest, any members of any Individual Defendant's immediate family, or any

trust of which any Individual Defendant or Heelys is the settlor or which is for the benefit of Heelys or any Individual Defendant and/or member(s) of any Individual Defendant's family.

1.18 "Released Claims" shall collectively mean any and all claims, rights, and causes of action, whether based on federal, state, local, statutory, or common law or any other law, rule, or regulation, including, without limitation, Unknown Claims (as defined in ¶1.23) and claims under Delaware statutory and all other common law, federal and state securities laws and claims under any federal or state law governing fiduciaries or the duties of fiduciaries, that have been, could have been, or in the future might be or could be asserted in any forum by Heelys shareholders derivatively on behalf of Heelys against the Released Persons (as defined in ¶1.20) relating to, arising out of, or derived from the allegations, facts, transactions, or claims contained in the complaints filed in the Derivative Action.

1.19 "Released Parties" means Heelys and each of the Individual Defendants.

1.20 "Released Persons" means each and all of the Released Parties and each of their Related Persons.

1.21 "Settlement Hearing" means the hearing on final approval of the proposed settlement contemplated by this Stipulation, made upon noticed motion of the Settling Parties (as defined in ¶1.22), at which the Settling Parties will seek entry of the Judgment.

1.22 "Settling Parties" means, collectively, Heelys, the Individual Defendants, and the Derivative Plaintiffs, individually and derivatively on behalf of Heelys.

1.23 "Unknown Claims" means any Released Claims that any Settling Party or Related Person does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Persons which, if known by him, her, or it, might have affected his, her, or its settlement with and release of the Released Persons, or might have affected his, her, or its decision not to object to this settlement. With respect to any and all Released Claims, the Settling Parties each stipulate and agree that, upon the Effective Date, the Settling Parties each shall be deemed to have, and by operation of the Judgment shall have, expressly waived the provisions, rights, and benefits of California Civil Code §1542, which 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 Settling Parties each shall expressly waive, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code §1542. The Settling Parties each may hereafter discover facts in addition to or different from those that he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but, upon the Effective Date, the Settling Parties each shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Settling Parties each acknowledge that the foregoing waiver was separately bargained for and a key element of the settlement of which this release is a part.

## **2. Settlement of the Actions**

2.1 Heelys will, within thirty (30) days of final approval of the settlement, implement the corporate governance reforms set forth in **Exhibit B** attached hereto and incorporated herein by reference. Heelys acknowledges that the institution, prosecution, and negotiation of the settlement of the Derivative Action were material causal factors in agreeing to and implementing the remedial measures set forth in **Exhibit B**.

2.2 Derivative Plaintiffs will move the Court to approve the form and content of notice of the settlement to Current Heelys Shareholders. Specifically, Derivative Plaintiffs seek approval of the Summary Notice of Proposed Settlement of Shareholder Derivative Action ("Summary Notice"), attached hereto as **Exhibit C**, and the Notice of Proposed Settlement of Shareholder Derivative Action ("Notice"), attached hereto as **Exhibit D**. The Summary Notice shall be published once in *Investor's Business Daily* and shall refer shareholders to the websites of Heelys, Robbins Umeda LLP, and Johnson Bottini, LLP to view the detailed Notice and

Stipulation. Heelys shall be responsible for all costs associated with publishing the Summary Notice. In addition, Heelys shall cause a copy of the Notice to be filed with the SEC via a Form 8-K. The Summary Notice shall also direct Heelys shareholders to the SEC's website to view the Notice.

2.3 Promptly after execution of the Stipulation, the Settling Parties shall submit the Stipulation together with its exhibits to the Court and shall jointly apply for entry of an order (the "Notice Order"), substantially in the form of **Exhibit E** attached hereto, requesting: (i) preliminary approval of the settlement set forth in the Stipulation; (ii) approval of the form and content of the Summary Notice and the Notice of the settlement; and (iii) a date for a final approval hearing.

2.4 Derivative Plaintiffs' Counsel shall request that the Court hold a Settlement Hearing after notice is given and finally approve the settlement as set forth herein. At the Settlement Hearing, Derivative Plaintiffs' Counsel also will request that the Court approve the Fees and Expenses Award (as defined below) to Derivative Plaintiffs' Counsel and Incentive Awards (as defined in ¶¶3.1 and 3.2) to Derivative Plaintiffs.

### **3. Attorneys' Fees, Reimbursement of Expenses, and Incentive Award**

3.1 In recognition of the substantial benefit conferred on Heelys by the negotiated corporate governance reforms set forth in **Exhibit B** attached hereto, the Settling Parties reached an agreement as to a fair and reasonable amount of attorneys' fees and reimbursement of expenses for Derivative Plaintiffs' Counsel. Individual Defendants shall pay or cause their insurers to pay to Derivative Plaintiffs' Counsel the agreed-to amount of one million dollars (\$1,000,000) (the "Fees and Expenses Award") for their attorneys' fees and reimbursement of expenses. The Fees and Expenses Award shall be deposited in an interest bearing account controlled by Robbins Umeda LLP on behalf of Derivative Plaintiffs' Counsel on or before thirty (30) calendar days after entry of the Notice Order granting preliminary approval of the settlement. The Fees and Expenses Award shall be distributed to Derivative Plaintiffs' Counsel within five (5) business days after the Court finally approves the settlement and executes the Judgment. Payment of the Fees and Expenses Award is subject to the obligation of Derivative

Plaintiffs' Counsel and their law firms (or their successors) to refund that amount, in the event of a reversal or modification on appeal. The Fees and Expenses Award shall constitute the final and complete payment for Derivative Plaintiffs' Counsel's attorneys' fees and reimbursement of expenses that have been incurred or will be incurred in connection with the Derivative Action and the resolution of the claims asserted in the Derivative Action. Robbins Umeda LLP shall be responsible for the distribution of the Fees and Expenses Award among Derivative Plaintiffs' Counsel in the Derivative Action. Heelys, the Individual Defendants, and each of their Related Persons shall have no responsibility for, and no liability whatsoever with respect to, the division or allocation of the Fees and Expenses Award.

3.2 In addition, Derivative Plaintiffs will each apply to the Court for an incentive award. Derivative Plaintiff Freeman shall seek an award not to exceed the aggregate amount of \$4,000 and derivative Plaintiff Mossman shall seek an award not to exceed the aggregate amount of \$4,000 (the "Incentive Awards"), to be paid from the portion of the Fees and Expenses Award received by Derivative Plaintiffs' Counsel.

#### **4. Releases**

4.1 Upon the entry of the Judgment, Derivative Plaintiffs, individually and derivatively on behalf of Heelys, Derivative Plaintiffs' Counsel, and Heelys shall have, and by operation of the Judgment shall be deemed to have, fully, finally, and forever released, relinquished and discharged all Released Claims (including Unknown Claims) and any and all claims arising out of, relating to, or in connection with the Settlement or resolution of the Derivative Action against the Released Persons.

4.2 Upon entry of the Judgment, Heelys, each of the Individual Defendants, and the Related Persons shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged Derivative Plaintiffs and Derivative Plaintiffs' Counsel from all claims, arising out of, relating to, or in connection with their institution, prosecution, assertion, settlement, or resolution of the Derivative Action or Released Claims.

4.3 The Settling Parties will seek entry of the Judgment by the Court, dismissing the Derivative Action with prejudice and barring any claims that have been or might have been brought in any court or forum by Heelys or any Heelys shareholder on Heelys' behalf relating to or arising out of allegations in the complaints filed in the Derivative Action.

**5. Conditions of Settlement, Effect of Disapproval, Cancellation, or Termination**

5.1 The Effective Date of the Stipulation shall be conditioned on the occurrence of all of the following events:

- (a) entry of the Notice Order has been entered;
- (b) final approval of the Settlement, following notice to Current Heelys Shareholders as contemplated by the Stipulation and the Settlement Hearing as required by Rule 23.1 of the Federal Rules of Civil Procedure;
- (c) entry of the Judgment;
- (d) the payment to Derivative Plaintiffs' Counsel of the Fees and Expenses Award in accordance with ¶3.1 above; and
- (e) the Judgment has become Final, as defined in ¶1.9 above.

5.2 If any of the conditions listed in ¶5.1 are not met, then the Stipulation shall be canceled and terminated and the Settling Parties will be restored to their respective positions as of July 16, 2009, unless Derivative Plaintiffs' Counsel and counsel for the Individual Defendants and Heelys mutually agree in writing to proceed with the Stipulation.

**6. Miscellaneous Provisions**

6.1 The Settling Parties: (a) acknowledge that it is their intent to consummate this Stipulation; and (b) agree to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of the Stipulation and to exercise their best efforts to accomplish the foregoing terms and conditions of the Stipulation.

6.2 The Settling Parties agree that terms of the settlement were negotiated in good faith by the Settling Parties, and reflect a settlement that was reached voluntarily after consultation with competent legal counsel. The Settling Parties will jointly request that the Judgment in the Derivative Action will contain a finding that during the course of the litigation,

the Settling Parties and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11 and all other similar laws. The Settling Parties reserve their right to rebut, in a manner that such party determines to be appropriate, any contention made in any public forum that the Derivative Action was brought or defended in bad faith or without a reasonable basis.

6.3 Neither the Stipulation nor the settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim, or of any wrongdoing or liability of the Individual Defendants and/or the Related Persons; or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of any of the Individual Defendants and/or the Related Persons in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal. Heelys, the Individual Defendants, and/or the Related Persons may file the Stipulation and/or the Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

6.4 Any and all agreements made and orders entered during the course of the Derivative Action relating to the confidentiality of information, including, without limitation, the Protective Order, shall survive the Stipulation.

6.5 The exhibits to the Stipulation are material and integral parts hereof and are fully incorporated herein by this reference.

6.6 The Stipulation may be amended or modified only by a written instrument signed by or on behalf of all Settling Parties or their respective successors-in-interest.

6.7 The Stipulation and the exhibits attached hereto represent the complete and final resolution of all disputes between the Settling Parties with respect to the Derivative Action, constitute the entire agreement among the Settling Parties, and supersede any and all prior

negotiations, discussions, agreements, or undertakings, whether oral or written, with respect to such matters.

6.8 The Stipulation shall be deemed drafted equally by all Parties hereto.

6.9 This Stipulation and the exhibits attached hereto shall be considered to have been negotiated, executed, and delivered, and to be wholly performed, in the State of Texas, and the rights and obligations of the Settling Parties to the Stipulation shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the State of Texas without giving effect to that State's choice of law principles.

6.10 No representations, warranties, or inducements have been made to any party concerning the Stipulation or its exhibits other than the representations, warranties, and covenants contained and memorialized in such documents.

6.11 Except as otherwise provided herein, each of the Settling Parties shall bear his, her, or its own costs.

6.12 Each counsel or other Person executing the Stipulation or its exhibits on behalf of any Settling Party hereby warrants that such Person has the full authority to do so.

6.13 The Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Settling Parties and the Released Persons hereto.

6.14 The Stipulation may be executed by facsimile and in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. A complete set of original executed counterparts shall be filed with the Court.

6.15 The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of the Stipulation, and the Settling Parties submit to the jurisdiction of the Court for purposes of implementing and enforcing the settlement embodied in the Stipulation.

6.16 All notices, requests, claims, demands, and other communications under this Stipulation shall be in writing, and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by registered or certified mail (postage prepaid, return receipt requested), by facsimile, or by Federal Express or similar overnight

courier to the respective parties at the following addresses (or at such address for a party as shall be specified in a notice given in accordance with this paragraph):

**If to counsel for Jack Freeman and Brian Mossman:**

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IN WITNESS WHEREOF, the Settling Parties hereto have caused the Stipulation to be executed, by their duly authorized attorneys, dated as of July 17, 2009.

DATED: July 17, 2009

LAW OFFICES OF BALON B. BRADLEY  
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s/Balon B. Bradley  
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DATED: July 17<sup>th</sup>, 2009

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G. Peterson and the Estate of William R. Thomas

DATED: July \_\_, 2009

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**CERTIFICATE OF SERVICE**

On July 17, 2009, I electronically submitted the foregoing document with the Clerk of the Court for the U.S. District Court, Northern District of Texas, using the electronic case filing system of the court. I hereby certify that I have served all counsel of record electronically or by another manner authorized by Federal Rule of Civil Procedure 5(b)(2).

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