

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

IN RE HEELYS INC. DERIVATIVE) Master Docket No. 3:07-CV-1682-K
LITIGATION)
_____) **ECF**
This Document Relates To:)
_____)
ALL ACTIONS.)

**SUMMARY NOTICE OF PROPOSED SETTLEMENT OF
SHAREHOLDER DERIVATIVE ACTION**

TO: ALL OWNERS OF HEELYS, INC. ("HEELYS") COMMON STOCK AS OF JULY 16, 2009 ("CURRENT HEELYS SHAREHOLDERS")

YOU ARE HEREBY NOTIFIED that the Parties to the above derivative action (the "Derivative Action") have entered into a Stipulation of Settlement (the "Stipulation") to resolve the issues raised by the Derivative Action (the "Settlement").

PLEASE BE FURTHER ADVISED that pursuant to an Order of the United States District Court for the Northern District of Texas (the "Court"), a hearing will be held on _____, 2009, at _____ .m., before the Honorable Ed Kinkeade for the purpose of determining: (a) whether the Settlement of the Derivative Action by way of the adoption of certain corporate governance provisions (as set forth in more detail in the Stipulation on file with the Court) should be finally approved by the Court as fair, reasonable, and adequate to Heelys and Current Heelys Shareholders; (b) whether the Derivative Action should be dismissed with prejudice; (c) whether the application of Derivative Plaintiffs' Counsel for agreed upon attorneys' fees and expenses should be finally approved; and (d) whether the application by Derivative Plaintiffs for incentive awards should be approved.

If you are a Current Heelys Shareholder, your rights to pursue certain derivative claims on behalf of Heelys may be affected by this Settlement.

A detailed Notice of Proposed Settlement of Shareholder Derivative Action describing the Derivative Action, the proposed Settlement, and the rights of Current Heelys Shareholders with regard to the Settlement was published as a Company Current Report on Form 8-K on _____, 2009, and was filed with the United States Securities and Exchange Commission (the "SEC") on that date. If you are a Current Heelys Shareholder and wish to receive a copy of the detailed Notice, you may obtain a copy by referring to the SEC's website at www.sec.gov or the Company's website at www.Heelys.com. You may also find additional information concerning the Settlement, including a

copy of the Notice and the Stipulation, on the websites of Robbins Umeda LLP at www.robbinsumeda.com and Johnson Bottini LLP at www.johnsonbottini.com.

A Current Heelys Shareholder wishing to assert an objection to the Settlement should, no later than _____, 2009:

(i) file with the Clerk of the Court a written objection to the Settlement setting forth: (a) the nature of the objection; (b) proof of ownership of Heelys common stock through the date of the Settlement Hearing, including the number of shares of Heelys common stock and the date of purchase; and (c) any documentation in support of such objection; and

(ii) if a Current Heelys Shareholder intends to appear and requests to be heard at the Settlement Hearing, such shareholder must, in addition to the requirements of subsection (i) above, file with the Clerk of the Court: (a) a written notice of such shareholder's intention to appear; (b) a statement that indicates the basis for such appearance; and (c) the identities of any witnesses the shareholder intends to call at the Settlement Hearing and the subjects of their testimony; and

(iii) if a Current Heelys Shareholder files a written objection and/or written notice of intent to appear, such shareholder must also simultaneously serve copies of such notice, proof, statement and documentation, together with copies of any other papers or briefs such shareholder files with the Court (either by hand delivery or by first class mail) upon each of the following:

Clerk of the Court
U.S. District Court, Northern District of Texas
1100 Commerce St., Room 1452
Dallas, TX 75242

ROBBINS UMEDA LLP
BRIAN J. ROBBINS
GEORGE C. AGUILAR
ASHLEY R. PALMER
610 West Ash Street, Suite 1800
San Diego, CA 92101
Telephone: (619) 525-3990
Facsimile: (619) 525-3991

VINSON & ELKINS L.L.P.
KAREN L. HIRSCHMAN
MICHELLE S. SPAK
ELIZABETH C. BRANDON
ALLEN W. YEE
DANIEL J. KELLY
2001 Ross Avenue, Suite 3700
Dallas, TX 75201
Telephone: (214) 220-7700
Facsimile: (214) 220-7716

VINSON & ELKINS L.L.P.
KENNETH P. HELD
First City Tower
1001 Fannin Street, Suite 2500

JOHNSON BOTTINI, LLP
FRANK J. JOHNSON
BRETT M. WEAVER
655 West Broadway, Suite 1400
San Diego, CA 92101
Telephone: (619) 230-0063
Facsimile: (619) 233-5535

Houston, TX 77002
Telephone: (713) 758-4353
Facsimile: (713) 615-5219

Attorneys for Defendants

Co-Lead Counsel for Plaintiffs

LAW OFFICES OF BALON B. BRADLEY
BALON B. BRADLEY
5473 Blair Road, Suite 100
Dallas, TX 75231
Telephone: (972) 991-1582
Facsimile: (972) 755-0424

Liaison Counsel for Plaintiffs

Any Current Heelys Shareholder who does not timely make his, her, or its objection to the Settlement shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness, reasonableness, or adequacy of the proposed Settlement, and shall otherwise be bound by the Judgment to be entered on the releases given.

**PLEASE DO NOT TELEPHONE THE COURT OR HEELYS
REGARDING THIS NOTICE**