

### **Unilateral Policies Applicable to Heel Retailers**

Heel, Inc. (“Heel”) has unilaterally determined to implement two policies (collectively, these “Policies”) effective as of December 5, 2010 (the “Effective Date”) which are applicable to each reseller located in the United States that sells Heel products to consumers (individually, a “Heel Retailer” and collectively, “Heel Retailers”), regardless of the medium or media used for any or all of such sales and the promotion of them, including without limitation one or more physical location(s) (such as a practitioner’s office or store), by catalog and over the Internet.

#### **Purpose**

The products sold by Heel are of high quality with a premium image earned through extensive product and market development activities and superior service to consumers. Some Heel Retailers have taken or may take advantage of this fact by advertising such products as loss leaders or by promoting unfair discounts. In an effort to protect Heel’s reputation, insure the long-term viability of its brands and help protect the investment of those Heel Retailers that provide valuable services to consumers, Heel has established: (1) a policy that prohibits Heel Retailers from selling Heel products to other resellers (the “Product Resale Policy”) and (2) a policy that establishes a minimum advertised price (“MAP”) for each Heel product (the “Minimum Advertised Price (MAP) Policy”).

#### **Policy 1: The Product Resale Policy**

Under the Product Resale Policy applicable to each Heel Retailer:

1. Consumer Sales. Heel Retailers may only sell Heel products to consumers for their own use and not for resale.
2. Violations. If a Heel Retailer knowingly or negligently offers or sells or otherwise provides any or all Heel products to one or more other Heel Retailers or to anyone else which resell(s) such product(s) or provide(s) such products to others for resale, this Policy has been violated, with the result that the Heel Retailer doing so will no longer be permitted to purchase or sell Heel products, effective as of the date specified by Heel.

#### **Policy 2: The Minimum Advertised Price (MAP) Policy**

Under the Minimum Advertised Price (MAP) Policy applicable to each Heel Retailer:

1. MAP. The MAP that corresponds to each of the Heel products is the same as the manufacturer’s suggested resale price (MSRP) for such product as shown on the then-current price list(s) or product list(s) made available to such Heel Retailer in writing or electronically by e-mail or posting on a designated website (the “Policy Website”).
2. Violations. **If a Heel Retailer advertises a Heel product at less than its MAP, the Heel Retailer has violated this Policy.** However, this Policy pertains only to advertised prices and does not affect actual sales prices, so each Heel Retailer remains free to sell Heel products at any prices it chooses.
3. Examples of Violations. Among other ways, a Heel Retailer may violate this Policy by displaying: (a) a price that is lower than the relevant MAP; (b) a percentage reduction from a reference price that results in a price less than the relevant MAP; (c) a price for a bundle of Heel products that is less than the sum of each MAP for the corresponding products; or (d) a price for one or more Heel products combined with one or more free or reduced-priced goods (which are not Heel product(s)) that is less than the sum of each relevant MAP and the fair market value (as determined by Heel) of such free or reduced-price goods.

4. Application. This Policy applies to all forms of advertising and promotion (regardless of the medium used) done by or on behalf of a Heel Retailer, including, but not limited to, conventional advertising, catalogs, displays, exhibitions and shows. Price information relating to one or more Heel products on a website which can be accessed directly through any hypertext link or by any other method which uses the hypertext transfer protocol (http) is considered to be advertising for purposes of this Policy, as is advertising and promotional e-mail.

5. Exceptions. Each of the following is not considered advertising which is subject to this Policy: (a) e-mail sent in direct response to a specific consumer inquiry; (b) in-store or in-office materials that simply state the retail price(s) at which one or more Heel products may be purchased, including, without limitation, point-of-sale signs, price stickers and hangtags; (c) materials (regardless of medium) in existence prior to the Effective Date that cannot be modified in time to comply with this Policy, but only until it is reasonable to modify them; (d) materials for Heel products when such products have been discontinued by Heel; and (e) the display of price over the Internet at checkout, in the shopping cart or on too-low-to-show pages.

6. Violation Consequences. In the event that a Heel Retailer violates this Policy a first time, such Heel Retailer will remove or cause to be removed the offending reference(s) no later than three (3) days after receiving notice thereof from Heel in writing or electronically. If (a) such reference(s) is or are not so removed or cannot be removed (such as in the case of a printed catalog still in circulation) or (b) if such Heel Retailer violates this Policy a second time with the same item(s) of the Heel products or violates this Policy with any other item(s) of the Heel products, such Heel Retailer doing so will no longer be permitted to purchase or sell Heel products.

### **The Nature of these Policies**

These Policies are unilateral and express the terms upon which Heel will deal with Heel Retailers. Heel will not discuss any conditions of acceptance related to these Policies. In addition, Heel neither solicits, nor will it accept, any agreement with respect to or assurance of compliance with these Policies. Notwithstanding anything to the contrary which may be expressed or implied in or by one or more agreements between a Heel Retailer and Heel, nothing therein or herein shall constitute an agreement by the Heel Retailer to comply with these Policies. In the event of a disagreement over the interpretation or enforcement of either or both of these Policies, the view of Heel will control.

Either or both of these Policies may be modified, extended, suspended, discontinued or rescinded in whole or part at any time by Heel in writing or electronically by e-mail or posting on the Policy Website (including, without limitation, during any Heel promotional period(s)), with such action(s) effective immediately or as otherwise described by Heel. These Policies: (a) remain in effect unless Heel provides notice to Heel Retailers otherwise in writing or electronically by e-mail or posting on the Policy Website and (b) cannot be superseded by any other announcement or policy, unless Heel expressly states therein that either or both of these Policies has or have been superseded.

All questions or communications from Heel Retailers regarding either or both of these Policies should be put in writing and addressed to the Policy Administrator:

Ms. Ann Thompson  
Director of Marketing  
Heel, Inc.  
10421 Research Road SE  
Albuquerque, NM 87123  
Fax: (505) 298-3210  
e-mail: [policyadministrator@heelusa.com](mailto:policyadministrator@heelusa.com)