

July 20, 2017

To: Our valued Birkenstock Retail Partners
Fr: David Kahan, CEO Birkenstock Americas

Re: Amazon

We have validation as illustrated by the attached note from Amazon that they have been soliciting some of our retailers, in order to entice you to sell them inventory. Birkenstock does NOT sell Amazon and it is clear that they are seeking back-channel means by which to obtain our brand.

I share in no uncertain terms that this is unacceptable and will not be tolerated.

Our authorized retail partners have clear dealer agreements that prohibit trans-shipping. In section B, paragraph 5 it is stated as a Dealer responsibility and obligation as follows -

PROHIBITION ON SALES TO RESELLERS. You are not authorized to sell, distribute, or ship our products to any reseller.

By selling Amazon, who "may" in effect re-sell the product, you would be breaking our policy. It does NOT matter where they choose to re-sell, inside USA or outside USA - any transaction you would have with them would be a violation of our agreement.

I will state clearly, any Authorized retailer who may do this for even a single pair will be closed FOREVER.

I repeat, FOREVER.

I am not at liberty to share the details of the program they offer - it may be something you opt into/ or opt out of. I don't know if Amazon is seeking to buy significant "lots" of FBA inventory or purchase one single pair at a time. What I do know is they have "offered to negotiate buy prices based on the amount of inventory you may make available, and the styles they are seeking."

This is in effect soliciting you to break our valued policy and therefore would result in severing your relationship with our company.

By knowingly encouraging a breach of our policy, Amazon is potentially legally liable for "tortious interference" with our business.

This is not only highly unethical, but, there are potential legal ramifications.

I have never in my 25+ years in this industry ever heard of a retailer on such a scale as Amazon, actively soliciting other retailers for a brand's inventory in the case of such brand not choosing to sell them.

What I will state is, you, as our partner, in the spirit of our relationship, must insure that you do not participate in any manner in such an unconscionable act.

At Birkenstock, we are holding ourselves to the highest standard of brand management so that our RETAIL partners may succeed. Especially in challenging times, we believe, maintaining brand equity and managing points of distribution is of benefit to YOU. Our policies and our focus on brand management have created a market situation where not only is our brand in increasing demand, but, our brand equity is maintained across all distribution channels.

This is, to me, one of the truest forms of industry win-win-win. Our brand wins - our retail partners win - and most of all, our shared consumers and fans of our brand win. They are assured they are purchasing our products from authorized retailers who share our focus on their satisfaction.

A retailer who is not a authorized Birkenstock partner, is someone who unfortunately may not have policies and a business strategy that is consistent with ours. It is our unilateral choice to sell who we believe best helps us in our shared mission to serve the consumer. If you received this letter, than thank you, because you are one of our valued (and I do mean VALUED retail partners.)

The ONLY factor that could impact our business paradigm is some back-channel situation. We have tremendous controls in place to insure that the likelihood of this happening is rare to impossible, but this solicitation by Amazon is something beyond the realm of what we would previously consider reasonable.

To me, the solicitation is quite frankly a "wolf in sheeps clothing"... sure we will purchase your inventory - and then what? For a one time sale, inventory would be put into the hands of a seller who has no regard for the equity of our brand or your long term success for that matter.

Then sell where they wish and for whatever price they choose since they would, in effect, be an unauthorized seller of Birkenstock products.

From a logical standpoint, normal retail standards do not make sense. Potentially paying full MSRP and then reselling makes no sense at all. The ONLY end result of a solicited transaction like this, would not be in the best interest of YOU or Birkenstock.

On the one hand, I take the solicitation, as a VALIDATION that we at Birkenstock are doing many things right and that we are building a brand with tremendous consumer demand. We are acting in a manner that is providing us both SUCCESS.

Having said that, the fastest growing retailer in the world, is NOT afforded the privilege of sharing directly in our success and now sees some means by which to seek to "disrupt" the market and seek back-door way to get what WE WILL NOT GIVE THEM.

We, as the brand stewards, and those who have responsibility for YOUR SUCCESS with Birkenstock will not let them "ruin our good thing."

I take their desperate act as a PERSONAL AFFRONT and as an assault on decency and all we, as a brand, as an organization, and as a partner, hold as shared values. I do not by any means share this as a "holier than thou" statement - its just that quite simply - we have a team of employees who live and breathe our brand - we do this 24/7/365 --- this is what it means to represent a brand that our retailers love to sell... and our consumers love to wear - and having said this, we will be fierce in protecting the values of our organization and the practices we share with our valued retail partners.

Last point, quite frankly I see this action by Amazon as pathetic. Amazon can't get Birkenstock by legitimate means so why not dangle a carrot in front of retailers who can make a quick buck.

It is unfortunate that we even have to take the time to write this note and for you to read it. However I do thank you for doing so - this isn't some PR press release - this is a personal note sharing a situation that I personally find sickening and professionally will not tolerate. I know with supreme faith, how much our retailers value our relationship and I am in no way calling that into question. It is my hope and belief that not

a single retail partner would ever take Amazon up on its "offer."
Unfortunately the action Amazon took, predicates that we reiterate our policy against trans shipping and clearly share our reaction to the situation.

I thank you personally for your support of the Birkenstock brand and on behalf of our entire team, thanks for sharing our vision. Please know, our team in our Novato HQ, around the USA, and our partners in Germany are here to serve you to the best of our ability at all times. It is because of how passionate we are about what we do and who we do it with, that I share this message.

Again, thanks

Reach me anytime if any questions
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