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June 3, 2015

Mr. Kevin Davis  
President & CEO  
Performance Sports Group  
Bauer Hockey  
100 Domain Dr.  
Suite 1  
Exeter, NH 03833-4904

Dear Mr. Davis,

This letter is in regard to the plans to open Bauer Hockey "Own the Moment" retail experiences in Boston and Minneapolis later this year, and potentially other locations in the future. The Hockey Dealers Association (HDA) and National Sporting Goods Association (NSGA) have a number of concerns because of the potential negative impact the Bauer retail stores could have on our hockey retail members and others in the hockey retail industry.

Here are some questions, in no particular order, we would respectfully ask you to address on behalf of our members:

- How will Bauer support dealers within the immediate vicinity of the retail center?
- Will products at the Bauer retail centers be sold for the Manufacturer's Suggested Retail Price (MSRP)?
- Will skates be sharpened and baked at the Bauer retail centers, or will customers be referred to the nearest Bauer dealer for these services?
- Will a Bauer dealer be able to pull from the inventory of the Bauer retail center if the dealer has the customer and can complete the sale?
- Will Bauer commit to including sales at its retail centers to be credited to the nearest dealer to the customer's address (the location they send the customer to in order to sharpen and bake skates), so dealers can meet their Bauer targets to leverage premium product and discounts?
- Will Bauer retail centers sell licensed apparel?
- Will the company make the same products available in the retail centers available through dealers, or will there be exclusive products only available at an experience store?
- Will Bauer retail centers have appearances by professional athletes? Would they also provide the opportunity for those athletes to appear at stores in the immediate vicinity of the retail experiences?
- Will Bauer provide a discount and special makeup program for U.S. dealers that is similar to what is in place for Canadian dealers? Who are the Bauer staff members coordinating those programs?
- Would Bauer share responsibility for lost sales at their dealer partner locations? NSGA research shows a significant opportunity to upsell or add-on sell when customers are in their store.
- Does the company have an exit strategy if the Bauer retail center plan doesn't work? Will Bauer then discount products and compete head-to-head with its retailers and dealers?
- What is the expected daily traffic in the stores, the number of visits and the number of vehicles?

- Will the Bauer retail stores have sheets of ice, as originally proposed, for visitors to try out skates and other products? If so, what size will those sheets be?
- What criteria did the company use in selecting specific locations for the Bauer retail experiences? Will those criteria apply to future site selections?
- Bauer expressed that the retail experiences are not: Discount Pricing, Closeout Outlets, Direct to Team Outlets, or, Offering SMUs. Is the company willing to enter into enforceable agreements with its retailers and dealers to ensure those statements remain true?

One of the big concerns we have at HDA and NSGA is the small pool of hockey participants and consumers in the United States - even in these perceived hotbeds of hockey such as Boston and Minneapolis. Without participation growth in these markets, it appears that the Bauer stores would compete against its dealers for the same customers. In addition, a stated company objective of opening these experience stores is to push the premium price of the products. This objective seems to be counterproductive in achieving the goal of increasing hockey participation given that our research identifies participation cost as a barrier to growing the sport.

NSGA completed an internal study in the Fall of 2014 regarding youth hockey participation in cities with successful NHL franchises (determined by the number of points earned throughout the season) and found the biggest increase in participation came from states with household incomes above the US median of \$51,000, specifically in those states with a successful NHL franchise. The NSGA research also illustrated participation declines in those states with household incomes below the US median.

Our interests converge with respect to growing participation, and many believe that the pathway to that growth is through the independent retailer and dealer. The independent retailer and dealer is still a vital part of our economy. For a sport such as hockey, it is important for consumers to have access to products and high-quality service from experienced staff who can assist in their customers in buying the equipment that suits them best. We sincerely hope that the Bauer "Own the Moment" retail experiences enhance and elevate those who have spent a good portion of their lives building successful businesses which have helped support Bauer and the great sport of hockey.

We look forward to your responses to the issues and welcome the opportunity to discuss them in a private meeting with company representatives. Please advise at your earliest opportunity.

Sincerely,



Matt Carlson

President & CEO

National Sporting Goods Association



Marty Maciaszek

Managing Director

Hockey Dealers Association

cc Amir Rosenthal, President, PSG Brands  
Rich Wuerthele, VP of Bauer Hockey