

**Gebr. Märklin & Cie. GmbH**  
**Geschäftsführung**

Stuttgarter Straße 55 - 57  
D-73033 Göppingen

Göppingen, 13 January 2014

Dear Madam/Sir,  
Dear Business Partner,

This past year 2013 was an eventful and exciting year for Märklin which set the trend for the future. Since the acquisition of Märklin by Sieber & Sohn GmbH, the company can now look forward to a stable and bright future.

Before we talk about future changes, we would like to tell you a few words about the past.

Märklin was under immense pressure from creditors and banks during the years of insolvency and had to settle both ongoing investments, as well as the running costs solely from cash flow. Due to this difficult situation, the company was forced to meet short-term insolvency-related requirements and align them with the company's long-term plans. We are aware that the subject of pricing plays a central role for you as well as for us. At this point, we assure you once again that we will continue to pursue the strategy adopted in 2013 and give our products sufficient time to sell through in the marketplace. This equal treatment of all our trading partners is of our highest priority.

In the past few years and months, the Märklin my world range has taken on a special role. With these products, we have managed to establish Märklin in the toy market segment again. The rising demand and current market research studies confirm that we have set on the right products at the right time with Märklin my world range.

At this point we would like to thank you very much for your support and look forward to a trustworthy and collaborative partnership this year.







### **Moving Forward in 2014**

In 2014, we will take the next steps and position the complete Märklin range more effectively in the marketplace. We have recognized through many of our conversations with you that we need to address our customers in a differentiated fashion in order to achieve new successes. Emphasis needs to be placed on addressing the "Children" – that is children and youth of different ages - as well as adult model railroaders reentering the market. Parallel to this, the loyal and enthusiastic "Märklin Hardliners" should continue to support your business.

In order to better align our product range and our marketing communication to these different target groups, we have redefined our products into three new segments.

### Clearly structured - the new segmentation

Specifically, we will divide our growing product range into three segments suitable for the respective different target groups. The new structure at a glance:

Target Group	Children 3 to 6 years	Youth 6 to 14 years and returning users	Professionals/Collectors/ 35+ (large share 60+)
Product Segment			
Product Features	<ul style="list-style-type: none"> <li>- Battery operated products</li> <li>- Magnet couplers</li> <li>- Sturdy plastic tracks</li> </ul>	<ul style="list-style-type: none"> <li>- Electrically operated model trains</li> <li>- Relex couplers</li> <li>- Märklin C Track</li> </ul>	<ul style="list-style-type: none"> <li>- Electrically operated models with many functions</li> <li>- High-quality collector items</li> </ul>
			

#### Märklin my world: a clear focus on toys for preschoolers

As of today, we will align the Märklin my world range more consistently as a toy product for kindergarten aged children. The Märklin my world range segment will solely contain our battery operated products. A new feature will be the supply of sturdy and child-friendly plastic tracks which are also attachable with the Märklin C Tracks. All the Starter Sets are accompanied with a larger track layout (150 cm x 76 cm) equipped with a cross intersection. As a low-cost expansion option for the little ones, we offer a plastic Track extension pack that enables different assembly variations as well as an exciting extension of the railway layout. In this way, we can increase the child's play value together with the Click and Mix products significantly.

#### Märklin Start up: a new segment for school children and returning users

All of our electrically operated entry-level products and Starter Sets will be grouped under the new name of "Start up" in the future. This will make a clear distinction between the other segments. This segment addresses all those who always have had a passion for model railroading. This can be children from 6 years onward to adults who are devoted to the hobby. With Märklin Start up, we will try to address this important target group in a differentiated and direct manner. In the coming years, we will be developing exciting theme schemes and new communication activities to spark the hobby and its fascination again especially among the school children.

**Consistency for our professional users**

We will remain very well positioned for our immensely important collectors and professional users and will therefore focus in this segment entirely on our trustworthy products. Our goal is clear: we want to continue the success in this area.

As you can see, the course for a mutually successful future is set and we look forward to implementing this strategy together with you in way of sales success and the your gaining of new customers.

We will present the entire new product segmentation at the International Toy Fair in Nuremberg. A visit is worthwhile. Please arrange an appointment with your sales representative and see for yourself.

We warmly welcome you in Nuremberg.

With best regards from Göppingen

Gebr. Märklin & Cie. GmbH



Wolfrad Bächle



Florian Sieber