

BARRY/PELTON

Team –

I would like to begin this email with a shout-out to my favorite Peloton instructors, Denis Morton and Matt Wilpers, who don't know me from Adam but whose Power Zone endurance rides first made me a Peloton advocate. And I want to thank John Foley and co-founders Hisao Kushi, Tom Cortese, Yony Feng, and Graham Stanton (on whose shoulders we stand today), for this opportunity to help shape the future of connected fitness.

In the last 20 years, I've had the opportunity to partner with two visionary founders, Reed Hastings of Netflix and Daniel Ek of Spotify. Now I'm partnering with John to create the same kind of magic. If you thought today's news meant John will be scaling back his involvement with Peloton, then let me assure you.....I plan on leveraging every ounce of John's superpowers as a product, content, and marketing visionary to help make Peloton a success as my partner.

I know today's restructuring news has been difficult. There's no sugar-coating it. It's a bitter pill and, in my experience, the sting has a long half-life. But the hard truth is either revenue had to grow faster, or spending had to shrink. The math simply didn't work otherwise, and the status quo was unsustainable. One of my core management principles is about getting real. We have to be willing to confront the world as it is, not as we want it to be if we are going to be successful. We have to be honest with ourselves and with each other in order to make that happen, even when the truth is uncomfortable or inconvenient to deal with.

And now that the reset button has been pushed, the challenge ahead of us is this.....do we squander the opportunity in front of us or do we engineer the great comeback story of the post-Covid era?

I'm here for the comeback story, and here's why I think we can pull it off. The love of our Members, and tons of it. Over the past 12 months in the US, our net promoter scores have hit [88] and [89] for the bike and Tread, respectively, which is ridiculously great. And our subscriber churn numbers are the best I've ever seen, which means our customer lifetime value is truly exceptional.

Finding product/market fit is incredibly hard to do. It's extremely rare. And I believe we have it (remember those shoulders I said we are standing on?). The challenge for us now is to figure out the rest of the business model so that we can win in the marketplace and on Wall Street. Take care of the business and the stock price will take care of itself. Don't do that and you're roadkill.

Winning, in my experience, starts with accountability. Me to you, you to me, and you to each other. We sink or we swim as a team. Today's restructuring reminds us that results matter. It's never been more important that we get real about what we can accomplish and accomplish what we commit ourselves to. It's about accountability and expectations management.

I've tried to summarize what that means in terms of my management style below. If you're wondering whether these reflect my Netflix and Spotify experience, they do. But I also think they transcend corporate cultures, or at least the ones that choose to embrace radical transparency, which I do (to be clear, many successful companies don't); meaning I think they're as applicable to Peloton as they were at Netflix and Spotify, but probably not Apple or Snapchat, by way of example. That's not a knock on either of these great companies, BTW. It's simply an observation of corporate culture and reflects my

preferred approach to building a high-performance culture. To the best of my ability, you'll find these "values" reflected in my day-to-day interaction with you, and I hope you'll consider embracing some or all of them as you develop and refine your own management philosophy. In any event, you'll hear me talking more about these in the months and years to come.

1. Be stubborn on vision, flexible on details
2. Fast is as slow as we go
3. Intuition drives testing. Data drives decision making
4. Your comfort zone is your own worst enemy
5. Talent density is foundational
6. Stress context not control, freedom and responsibility
7. Understand in order to be understood
8. Get real
9. Think from first principles
10. Put first things first

In the months ahead, you can expect to hear from me about our strategy and the choices we're planning to make to drive our success. For the avoidance of doubt, we're in the business of driving growth. And that will require us to take risks, to be willing to fail quickly, to adapt and evolve quickly, rinse and repeat.

I promise the journey won't be dull.

I look forward to working with you,

Barry