



**To:** Pepperidge Farm Snacks Independent DSD Partners (“IDPs”)  
**From:** Pepperidge Farm, Incorporated (“PF”)  
**Re:** Product Supply Update  
**Date:** November 13, 2020

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PF is working hard to produce and supply as much product as possible. I know the product cuts are frustrating for your business – demand outpacing supply is frustrating for PF as well. I can assure you that PF is also working hard to optimize its network to best respond to demand. As we previously committed, this communication provides transparency on the challenges PF is facing and the actions PF is taking to improve the consistency of product supply.

PF continues to face labor challenges in its manufacturing plants, which has reduced the ability to reach maximum outputs and capacity. Despite this challenge, improvements on supply have reduced cuts and we have subsequently adjusted caps on certain SKUs.

Below you can see a list of actions PF is taking:

- Adjusting **Caps** on some select SKUs has proved to be effective. We are capping additional SKUs (shown below) and adjusting caps to avoid overstocking to ensure that each IDP receives their allocable percentage.
- Monitoring **Promotions** with the PF sales teams and adjusting promotional frequency and allowances to balance consumption. Promotions already planned for the next eight weeks will remain, however, PF recommending our retailers feature 2/\$6 price points on select product groups in order to mitigate some of the pressure. PF is still planning for flexibility to compete in 2021.
- Making **Investments** in plants to increase efficiency of production, including future ramped up production for *Pepperidge Farm Farmhouse Milk*, *Pepperidge Farm Farmhouse Dark*, Sausalito, Montauk, Santa Cruz & Tahoe.
- Remaining steadfast and focused on **Plant Labor** and as we adhere to our protocols related to COVID-19 until further notice. This will enable maximum output with safety first.

| <u>SKU #</u> | <u>Item Description</u>           |
|--------------|-----------------------------------|
| 4616         | 13.0OZ CHOC COOKIE COLL 9 CUP F16 |
| 7233         | 13.25OZ DIST SELECTION ASSTMNT    |
| 7438         | 5.25 OZ SUGAR HOMESTYLE BAG       |
| 7445         | 5 OZ GINGERMAN HOMESTYLE BAG      |
| 7477         | 9.75 OZ BUTTER THINS              |
| 7487         | 10.25OZ HARVEST WHEAT DIST CRCKRS |
| 8782         | 13.5 OZ CHOCOLATE FUDGE PIROUETTE |
| 8783         | 13.5 OZ CHOC HAZELNUT PIROUETTES  |
| 8784         | 13.5 OZ FRENCH VANILLA PIROUETTES |

Order Caps are set as follows:

- We have determined each IDP's percent share based on historical shipment information for each of the items currently on caps.
- We have applied each IDP's percent share to PF's expected output by SKU for each order.

In closing, I want to once again assure you that PF is working hard to produce and supply as much product as possible. Your continued business partnership and patience is appreciated. Please continue to reach out to the local field team if you have any questions and please be on the lookout for communications like this every few weeks from me.

See you in the stores,

Kyle Jordan

A handwritten signature in black ink, appearing to read 'Kyle Jordan'. The signature is stylized with a large initial 'K' and a long horizontal stroke extending to the right.

CVP, Sales Strategy