



To: Pepperidge Farm Snacks Independent DSD Partners (“IDPs”)
From: Pepperidge Farm, Incorporated (“PF”)
Re: Product Supply Update
Date: December 11, 2020

As promised, I am updating you regarding product supply. We continue to *adjust caps* on select SKUs, *monitor promotions*, *make investments* in our plants and *remain focused on labor*.

While we are seeing improvement in Goldfish supply, we continue to work through constraints in some product lines impacted by our external environment. For example, our ability to supply cookie demand is challenged by the combination of increased sustained demand and labor impacted by COVID-19. Despite those challenges we feel confident in our ability to meet the long-term demand driven by the expected sustained growth of consumer snacking behavior, and we will continue to work through short term issues as they arise.

As you know from the products you receive from us, the challenge we face on cookies isn’t on the entire cookie portfolio but just a small subset of SKUs that are unique and some with proprietary recipes, and therefore with those we do not outsource production. This is important for you to know since the decision to not outsource helps protect the recipes we have for these treasured items. We’ve prioritized increasing supply and are already leveraging capacity opportunities across the network to meet increases in demand and maximize availability. This week we produced more cookies than we did last week. I remain optimistic that adjustments to caps may occur and additional supply chain investments will be made.

In addition, you may have seen that after the Campbell Soup Company quarterly earnings release reporters and media outlets are reporting on the *Pepperidge Farm* cookie supply constraints. Please see two articles below which we think tells the story accurately.

Bloomberg News: <https://www.bloomberg.com/news/articles/2020-12-09/cookies-in-short-supply-this-season-milano-maker-campbell-warns?sref=5ULsCVdM>

Today.com: <https://www.today.com/food/pepperidge-farm-warns-cookie-shortage-holiday-season-t203502>

While these articles describe the constraints we recently disclosed, they do not fully describe the measures we have taken and continue to take to maximize production capacity.

Your 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

VP, Sales Strategy