I, Richard Michaud, hereby declare:

1. I am the President of Michaud Distributors ("Michaud"), a wholly-owned subsidiary of Snyder’s-Lance, Incorporated ("Snyder’s-Lance"). Michaud operates a “Direct Store Delivery” operation for approximately 40 snack brands. Direct Store Delivery means that we own and operate trucks on delivery routes that deliver multiple brands at a time to retail outlets, including supermarkets and convenience stores. Michaud’s operation covers Maine, New Hampshire, Vermont, and New York.

2. My father, brother, and I founded Michaud in 1980. We operated it as a family business until 2013, when it was acquired by Snyder’s-Lance. Michaud employs 200 people in jobs ranging from sales to warehousing to route delivery. The business operates largely as it did prior to the acquisition by Snyder’s-Lance, with the original management and distribution coverage unchanged.

3. Michaud distributes food products under 39 brands, including those held by Snyder’s-Lance, as well as some others. Food products are tracked by their stock-keeping unit
number ("SKU"), which identifies the product by brand, product, packaging, and size. A single brand of plain potato chips may have several SKUs, reflecting different sizes.

4. Michaud distributes approximately 1,200 SKUs. For most of those SKUs, Michaud is the sole distributor in the Northern New England market.

5. Michaud has 19 distribution centers that take delivery of the products from the manufacturers. From there, Michaud’s route sales trucks run 161 routes covering Maine, New Hampshire, Vermont and New York. The trucks deliver these products to Mom-and-Pop stores, convenience stores, supermarkets (both independent and chain), clubhouse stores, and mass-merchandisers. Chains such as Stop & Shop, Hannaford’s, Market Basket, and Price Chopper depend on Michaud for servicing their snack aisles, and many also use Michaud to distribute their “private-label” store brands.

6. Michaud has 32 trucks running routes in Vermont. Vermont’s geography and low population density make it unprofitable to run distribution on a brand-by-brand basis. Trucks must deliver multiple brands in order to cover the associated costs of distribution, including but not limited to gasoline, maintenance, insurance, and labor costs. The loss of even a single brand can change the financial model that sustains the company.

7. I understand that Vermont has passed a law, Act 120, which requires mandatory labeling of products containing ingredients derived from genetically engineered ingredients like corn and soy. Many of the items Michaud sells and delivers in Vermont will be subject to that labeling requirement because they are made with oils and other corn- and soy-based ingredients, and nearly all of the corn and soy grown in the United States is genetically engineered.

8. If brand manufacturers create a separate inventory for Vermont distribution, Michaud would have to keep that inventory separate from inventory intended for distribution
outside of Vermont. This product segregation would necessitate additional square footage of
warehouse space, which would have to be built or acquired at significant cost. It would also
create new problems for delivery. Using trucks with segregated inventory space would double
the required truck capacity on particular routes and require the use of additional route sales
trucks. Based on my experience, I expect the additional significant costs of these changes to be
passed on to the consumer.

9. The transition to new labels is also likely to saddle our distribution centers with
extra inventory of products with current labeling. For products with lower sales volumes, it may
take some period of time to sell those products in other states, and some may simply go stale and
need to be discarded at a total loss to Michaud. Even the products that do eventually sell will
take up warehouse space and create additional complications in storage and distribution until
they can be delivered.

10. Based on my experience, I expect at least some brands to cease distribution to
Vermont because the costs of creating dual-inventory systems may not justify the limited sales
volume in the state, and it is difficult and expensive for manufacturers to source corn- and soy-
based ingredients that can be certified as free from materials from genetically engineered crops.

11. The departure of brands from Vermont would make Michaud’s operation less
profitable or worse yet, unprofitable. As noted above, Michaud’s business depends on being able
to deliver many brands from a single truck on routes in Vermont. The loss of a single brand
could mean the difference between being profitable or unprofitable on particular routes, and it
could force Michaud to eliminate corresponding delivery and warehouse jobs tied to those
routes.
12. Michaud’s losses affect Snyder’s-Lance’s bottom line as well, not only because it is the parent company but because Michaud is the sole distributor for Snyder’s-Lance brands in Vermont. If the loss of other brands jeopardizes Michaud’s ability to deliver across Vermont, Snyder’s-Lance loses sales as well.

13. In summary, I expect Act 120 to place an incredible burden on my business.

I swear under penalty of perjury that the foregoing is true and correct.

Dated: 9/1/14  Signed:  
Richard Michaud