

# STEWART-HAAS RACING, LLC

6001 HAAS WAY  
KANNAPOLIS, NORTH CAROLINA 28081

December 23, 2016

Nature's Bakery, LLC  
Attention: David B. Marson  
Attention: Kelly Allin  
9460 Double R Blvd., Suite 200  
Reno, Nevada 89521  
kallin@naturesbakery.com

Via E-mail & FedEx

David B. & Jan T. Marson  
5150 Convair Drive  
Carson City, Nevada 89706  
dmarson@naturesbakery.com

Via E-mail & FedEx

The Marson Family Trust  
5150 Convair Drive  
Carson City, Nevada 89706

Via FedEx

RE: Monster Energy NASCAR Cup Series Sponsorship Agreement

Ladies & Gentlemen:

I received Nature's Bakery's letter dated December 19, 2016. All of us at Stewart-Haas Racing, LLC ("**SHR**") are aware of the challenges Nature's Bakery has faced in 2016, from the recipe changes, the lack of sales production and subsequent termination of the VP of Sales, the several month gap in a new VP of Sales hire, the recurring product mold issues, the fire in the St. Louis plant, to the pressure applied by the new ownership group to find efficiencies and its desire to cut the NASCAR spend.

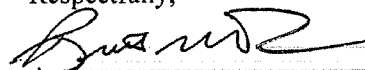
The purpose of this letter is to focus on the opportunities in 2017; however, because of the magnitude of the baseless assertions in Nature's Bakery's letter to SHR, I must first briefly repudiate those claims as outlined in **Exhibit A**. If you would like additional evidence contrary to your allegations, including but not limited to citations, market analyses, additional third party reports and public and private statements by Nature's Bakery representatives, I'm happy to share with you that additional information upon request, as our marketing staff has assembled countless examples and exhibits.

Regarding 2017, I want to again remind you of the opportunities with which SHR stands ready, able, and willing to assist Nature's Bakery. Please see **Exhibit B**, which provides an outline on how we expect to collectively take this program to the next level, expand distribution, and continue to grow brand awareness. We look forward to achieving all of the goals that we initially set out to achieve. We are confident that the awareness of the brand is exponentially higher than when we started; while we need to maintain that momentum, we also need to focus on distribution and product availability to the large segment we are targeting.

That new management and/or ownership at Nature's Bakery would like to take its marketing in a different direction is unfortunate, but that does not give Nature's Bakery the right to "transition from the relationship as soon as possible." SHR has, and will continue to, comply with all of its duties and obligations pursuant to the Sponsorship Agreement and SHR expects Nature's Bakery to do the same.

We look forward to continuing our successful relationship into 2017 and beyond.

Respectfully,



Brett Frood, President

EXHIBIT

A

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## Exhibit A

As our team has communicated throughout the year, Nature's Bakery has not been able to maximize the program and its potential impact on top-line business by failing to activate and utilize the assets in a more industrious manner. Brands with fewer races and a lesser presence have outperformed Nature's Bakery's marketing and parallel sales efforts through superior activation and retail partnership campaigns. As means of a snapshot example, TaxAct ran a three-month lead generation promotion that yielded approximately 70,000 entries; yet, Nature's Bakery ten-month Fantern promotion yielded 300 entries. Additionally, Nature's Bakery's four-month national sweepstakes campaign (#chooseyourjourney) yielded approximately 50,000 entries. Likewise, Monster Energy, Busch Beer, and Hunt Brothers Pizza (our other partners focused on retail distribution & brand awareness) had much success in amplifying new and growing existing distributions outlets. Below is a sampling of response to the claims made in your letter:

1. Special Accommodations & Restructuring of the Contract. Not only has SHR performed its contractual obligations, SHR has surpassed its duties by accommodating multiple material and unreasonable requests from Nature's Bakery. Those requests include, but are not limited to:

- Nature's Bakery twice requesting material modifications to the payment schedule in the Sponsorship Agreement.
- Nature's Bakery requesting that SHR find a third party to replace Nature's Bakery in primary races, which SHR was able to do, saving Nature's Bakery over \$1.6 million. This is a direct reduction to SHR's income because the replacement sponsor is an existing SHR sponsor that reduced its other commitments to SHR in order to purchase those #10 races.
- SHR gave Nature's Bakery additional primary races worth over \$1 million for no additional charge, including making a concerted effort to increase distribution with Kroger via the #14 Brownie scheme.

2. Danica Patrick.

- The MVP Index of 2016 Driver & Sponsor Rankings indicates that:
  - Danica Patrick has a higher sponsor integration into her social media platforms than Dale Earnhardt, Jr./Nationwide, Brad Keselowski/Miller Lite, Kasey Kahne/Farmers, Kevin Harvick/Jimmy John's, and Chase Elliott/NAPA.
  - From 1/1/16 to 8/31/16, Danica Patrick and Nature's Bakery paired together generated the 5<sup>th</sup> most impressions of any brand in NASCAR.
- Aside from SHR's and Nature's Bakery's initiatives, Nature's Bakery has received material third party exposure through the initiatives of other SHR sponsors, including without limitation:
  - Coca-Cola's twenty national television commercials (reaching over 92 million viewers), its digital ads and points of sales materials, all with Danica Patrick in a Nature's Bakery fire suit.
  - Mobil 1 national campaigns with streaming videos and digital ads, with Danica Patrick in a Nature's Bakery fire suit.
  - National campaigns from Goodyear Tire, Chevrolet and others, all including Danica Patrick in a Nature's Bakery fire suit.
- According to the Meltwater clipping service, the estimated internet media exposures generated for Nature's Bakery through its SHR sponsorship program is almost \$7,000,000 of exposure value.
- According to TVEyes, television news exposures generated for Nature's Bakery through its SHR sponsorship program is almost \$4,500,000.
- Davie Brown Index 2015 confirmed Danica Patrick as NASCAR's "Most Marketable Personality"; the 2014 Harris Poll ranked her as the "second most-recognized female athlete in the USA".
- In less than one year, almost 70% of NASCAR fans associate Nature's Bakery as Danica Patrick's sponsor. For context, only 74% of NASCAR fans associate Busch Beer as a sponsor of Kevin Harvick, and Anheuser-Busch has been his sponsor since 2012.

## Exhibit B

### 2017 Activation Action Plan

1. Establish a Macro Activation Direction. SHR requests a telephone call with Nature's Bakery senior leadership in the first week of January to discuss a macro activation direction for 2017 sales and marketing programs. The call should include:
  - Reaching agreement on the allocation of the \$1,662,000 activation budget that SHR has provided to Nature's Bakery through the aforementioned sale of races to Code 3 Associates.
  - Agreeing to activation assets (*sampling unit, showcar, real estate on the racecar and driver fire suit, VIP hosting, video recaps, merchandise, etc.*) and strategies included in the \$1,662,000 budget as soon as possible. Such agreement is imperative to establishing a set sales and marketing program direction.
  - Should no program direction be established by Nature's Bakery in January, Nature's Bakery's external sales and retail focused marketing efforts will continue to underperform in the marketplace.
2. Sales Initiatives Call.
  - SHR has, unsuccessfully, attempted to coordinate a call with Nature's Bakery VP of Sales. It is imperative that this call takes place as soon as possible; SHR leadership and Nature's Bakery sales leadership need to establish a game plan with regard to targeting key distribution opportunities in 2017.
  - As part of the game plan to increase its distribution in 2017, SHR will discuss providing races on the #14 car to target specific retailers. These races will be provided, contingent that they can be directly tied to increased distribution.
3. General Action Plan Aspects. In recent months, SHR has worked tirelessly with Nature's Bakery Sponsorship Manager on 2017 activation ideas. However, no clear direction has been put in place yet by Nature's Bakery. As such, SHR requests a multi-day strategic planning meeting with the Nature's Bakery full marketing staff to clearly define marketing objectives and activation programs for 2017. The conversation should include, but not be limited to:
  - Implementing the suggested social media plan that Nature's Bakery sent to SHR on December 5<sup>th</sup>. As part of the conversation, the staffs need to establish a structured social media calendar to be executed by SHR and Danica Patrick.
  - Investing a portion of the \$1,662,000 budget to purchase in-car cameras and media assets with the broadcast partners to elevate impressions and exposures.
  - Ideating and building out large-scale public relations events to leverage Danica Patrick's national celebrity status and endorsement of Nature's Bakery.
  - Strategically tying in SHR activation assets (*sampling unit, showcar, real estate on the racecar and driver fire suit, VIP hosting, video recaps, merchandise, etc.*) to elevate consumer awareness. This conversation should include aiding the launch / rollout of the 2017 Nature's Bakery brand re-design.