LARRY BLANFORD
Green Mountain Coffee Roasters, Inc.

Larry Blanford, 54, has been pres./ceo of Green Mountain Coffee Roasters, Inc. (Waterbury, VT), parent of Keurig, since May 2007. Previously, he was pres./ceo of Royal Group Technologies from 2005 to 2006. Prior to then, Blanford was pres./ceo of Philips Consumer Electronics N.A. from 2001 to 2004, president major appliances at Maytag from 2000, president of Maytag's worldwide solutions group from 1999, and senior vp worldwide business development from earlier that year; he joined Maytag in 1997. Before then, Blanford held positions at Johns Manville and Procter & Gamble. Green Mountain Coffee Roasters had sales for the second quarter, ended March 29, of $120.9 million, up 45.9% from a year ago. Operating income was $11.6 million, up 64.3%. Net income was $6.0 million, up 89.4%.

In the following interview, Blanford discusses recent milestones and the outlook for business.

HE: What were the circumstances that led to your appointment to pres./ceo in May 2007?
LB: A search firm identifying a new director candidate for Green Mountain contacted me. Two of the desired qualifications were ceo experience and experience in related fields. I had been considering new opportunities, after the 2006 sale of Royal Group Technologies, which I led as pres./ceo from 2005. I also had experience in major appliances and consumer electronics, and began my career in packaged goods. When I met with chairman and founder Bob Stiller, I was impressed, and following a few more meetings about the board position, Bob asked if I would consider running the company. Within two months, we had all agreed that it would make sense for the company.

HE: What attracted you to the opportunity?
LB: I was attracted to the company's founding purpose and principles focused on corporate social responsibility. I also like the Green Mountain coffee brand, which is strong in the Northeast, and the opportunity to develop the synergy between the brand and Keurig, which was acquired about a year before I joined. The Keurig brewer delivers on the value proposition of single serve, which I became aware of when I was at Procter & Gamble in the early 1980s. Many single-serve brewers have been introduced since, few of which were particularly successful. Keurig had it right, however, and the opportunity to take the system more aggressively into the marketplace was exciting.

HE: What has been accomplished since you assumed the role?
LB: Last summer, the top executives from each segment worked together on refining our strategy for single-serve and leveraging the synergy between Green Mountain and Keurig. We designed a comprehensive strategy, which the board approved in September, and we've been executing against that plan ever since.

With that strategy in hand, we began creating a physical and organizational capacity to support the growth opportunities available in single-serve. We've experienced annual top-line growth of 50%, which has required scaling in every facet of the business, including manufacturing capacity, distribution capability, and customer care. For example, we recently purchased a 334,000-square-foot facility near Knoxville, TN, which will allow us to expand our production of K-Cups.

HE: What were the circumstances that led to Nick Lazaris, president of Keurig, leaving the company last month?
LB: Nick had been with Keurig for 10-plus years, beginning at an early and critical time. I believe he felt there were other interesting things he wanted to tackle, and decided that with the momentum the business now has with the team he built, this was a good time, although he will continue as a consultant for a period of time.

HE: Describe today's Green Mountain Coffee Roasters.
LB: We have evolved into an organization with two independent yet interdependent business segments: Green Mountain Coffee, our traditional coffee business, and Keurig Inc., our wholly owned subsidiary. Each business has a leadership team responsible for all of the segment's primary functions.

However, there are significant synergies between the two segments, particularly in the area of single-serve. A small enterprise organization — me, our cfo, our general counsel, and other key executives — is in place to provide support and direction to the two operating segments and ensure that we successfully leverage that synergy.

HE: What is GMCR's competitive advantage?
LB: Our fundamental purpose and principles position us well in today's marketplace. We are benefiting from increased consumer interest in corporate social responsibility and our workforce is outstanding.

The synergy between the specialty coffee business and the single-serve business is another advantage. The Keurig single-serve brewer is sold nationally at approximately 12,000 retail locations. Each brewer carries with it samples of Green Mountain brand and Newman's Own brand coffees. That allows us to build brand awareness in geographies outside of the Northeast.

Conversely, Green Mountain has significantly improved distribution for Keurig, particularly in office coffee opportunities and through retail department stores. We've also expanded K-Cup selection in grocers in the Northeast.

Finally, we have the ability to market our single-serve brewers in three channels, including office, at-home, and hotel, where we have introduced a brewer for hotel rooms that provides significant benefits to consumers and hotel management. Consumers can now experience Keurig's single-serve system in any of those venues, which yields synergies that help us grow sales. Our competitors, on the other hand, are focused on only one channel.

HE: What were the key points derived from the strategy meeting last summer that the board approved?
LB: First, we were confident that the focus on delivering a great cup of gourmet coffee had been critical to our success, and that we would keep that focus. We agreed that the significant opportunities in at-home and away-from-home were impor-

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tant because of the synergies, and that we would drive a broad acceptance of brewers through a reasonably aggressive penetration model throughout North America. Another point was the continued focus on innovation in brewer technology and beverages.

HE: How is the company performing for the fiscal year-to-date?
LB: Our performance has been on pace with our guidance. For the first two quarters, sales were up 49% and net income was up 59%.

HE: What is impacting the business?
LB: While our away-from-home brewer channel continues to grow at double-digit rates, the at-home brewer channel has driven our success over the past 18 months. As consumer understanding of the system and retail availability have increased, sales of at-home brewers have grown significantly.

This year we'll achieve a milestone, as the number of K-Cups sold for at-home brewers will exceed the number sold for office brewers for the first time.

HE: What's the most important issue facing the company now?
LB: We continue to develop our manufacturing and organizational capacity to support our growth. We've had to scale the business rapidly.

HE: How is Keurig performing 2008 to-date?
LB: For the fiscal year ended Sept. 29, Keurig segment sales were $135 million. Through the first six months of fiscal 2008, Keurig segment sales were up 102%; at-home brewers were up 156% year-over-year, and away-from-home brewers, including the hotel brewer, were up 124%.

We continue to drive brewer sales at high growth rates, which ultimately leads to increased demand for K-Cup portion packs. Shipments of K-Cup portion packs, including those licensed from other roasters, were up 58%.

HE: How is GMCR maintaining Keurig's growth levels since acquiring it in 2006?
LB: We have a combination of efforts within Green Mountain and Keurig to maximize the synergies between the companies. The fundamental value proposition of the brewers continues to be strong, and Green Mountain's coffee-business knowledge has yielded additional advantages.

For fiscal 2008, we anticipate consolidated topline growth — Green Mountain and Keurig — to be up 42% to 47%.

HE: What is Keurig's competitive advantage?
LB: For consumers, Keurig brewers deliver a great cup of coffee. Since its inception, Keurig has focused on providing choice, and now offers about 200 varieties of coffee, tea, and hot cocoa. From a business standpoint, the participation in all three channels is a major advantage.

HE: What are the objectives for Keurig for the remainder of the year?
LB: The goal is to continue to grow brewer sales in all three channels and further increase awareness of the value proposition among consumers.

HE: What initiatives are in place to achieve the objectives?
LB: Our television advertising campaign will be national this year, versus our presence in about 15 markets a year ago.

Additionally, we've introduced new features on our $199 model, including special selections to make iced coffee and iced tea.

Finally, all of our major retailers are increasing their commitment by carrying more Keurig models, adding K-Cup SKUs, committing to increased levels of circular advertising, or making more time available for in-store demonstrations. We're also working with our retailers to enhance the merchandising of the product.

HE: What are the projected revenues for Keurig?
LB: We don't provide segment guidance. A rough estimate is that about 60% of the revenues come from the coffee division and about 40% come from Keurig.

HE: How has the retailer response been to the new opening-price Keurig unit?
LB: We'll begin shipments of the Keurig Mini to five or six retailers this fall for the holiday season. The unit has a $79 price point and will be positioned as a supplementary brewer ideal for dorm rooms, office cubicles, or at-home offices. The Keurig Mini comes in four colors —white, black, red, and blue, and we're making an accessory tote bag available.

HE: What has surprised you about the coffee / coffeemaker business over the past year?
LB: While it wasn't surprising, this past year has underscored how consumers enjoy their coffee and are constantly in search of the best cup of coffee they can access conveniently. The word of mouth that the Keurig system is generating is exciting.

HE: Describe the vision for Keurig and how it will evolve.
LB: Keurig is a technology company. It is vital that we continue to drive new technology that is meaningful to end users and channel partners.

HE: What are the longer-term opportunities for GMCR?
LB: Consumers beyond the Northeast trying Green Mountain coffee in K-Cup portion packs is building the brand nationally. We'll leverage that exposure to create a national multiple-channel approach — foodservice, convenience stores, grocery — that has been so successful for us in the Northeast.

HE: What role will additional acquisitions play in the company's growth strategy?
LB: We will continue to evaluate opportunities going forward, but our organic growth opportunities are significant. Our future is not dependent on making critical acquisitions.

HE: What other housewares/electrics categories would be logical extensions for GMCR?
LB: At this time, we're not pursuing other housewares categories.

HE: How is the partnership with Breville?
LB: We provide technology and a style that is in keeping with the overall Breville design. I don't have hard numbers, but I believe Breville is pleased.

HE: Are there plans to enter into additional partnerships?
LB: As a public company, we can't comment on the subject at this time.

HE: Against whom does the company benchmark?
LB: We're not focused on any one competitor; we monitor all players in the specialty coffee and single-serve businesses.

HE: Complete this sentence: In three years, Green Mountain Coffee Roasters and Keurig will be …
LB: … the preeminent provider of great specialty coffee through multiple channels nationally, with Keurig driving the single-serve revolution in coffee.