

**OPEN LETTER
TO GREEN MOUNTAIN
COFFEE ROASTERS'
BOARD OF DIRECTORS**

Friday, May 11, 2012

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Dear GMCR Board of Directors,

I am writing to you to express concern over various statements your former Chairman Robert Stiller, current CEO Larry Blanford, current CFO Frances Rathke, and others have made recently. I've been tempted to buy your stock, as it appears to be cheap, but I frankly cannot get myself to do so. Here's why: I don't trust you, I don't trust your management team, and I don't trust your reported numbers. I wanted to give GMCR a chance, but Stiller, Blanford, Rathke, and others' recent public statements leads me to the belief that something is very wrong with your company. I fear the worst is yet to come.

See, the problem is, I don't think it's just me; I think the market's reaction since last Wednesday's earnings conference call suggests others do not trust you as well. Your stock is down, not because of short-sellers, but because market participants are collectively trying to price in a 'dishonesty discount'.

A word of advice: If you care about the long-term value of your stock and your reputation, come clean as soon as possible. It's better late than never. This means no more excuses, finger pointing, skirting with the law, evasion, inaccurate statements, etc. I'm willing to wager that the market will reward you in time, if you come clean now. You can start by addressing the following:

Questions and Comments for Robert Stiller, Founder, Former CEO, & now Former Chairman of GMCR:

- I. ***You said, "I've always believed in the company, I want my money in Green Mountain." "...I had no alternative but to sell." (see Exhibit I)***
 - If you believe in GMCR, and want your money in GMCR, then why did you not meet your margin calls with the green mountains of cash, or other securities you owned? A margin call can be satisfied in different ways; it does not necessitate that you sell your GMCR stock.
 - SEC FORM 4s (see Exhibit II) suggest you should have had over \$150 million in proceeds from stock sales that occurred between 5/27/2010 – 3/27/2012 alone...this was more than enough cash to meet your margin calls. If you had the cash to meet margin calls, why didn't you inject cash to satisfy the calls?
 - Let's factor in your non-lavish, recent middle-class purchases – if I add up your purchase of a \$10 million Palm Beach house, \$17.5 million apartment bought from New England Patriot's quarterback Tom Brady, your yacht (let's estimate it at \$25 million), and \$3.9 million and \$4.75 million, respectively, for two adjacent lakeside plots on Via Vizcaya in Palm Beach, you're still left with over \$90 million of liquid assets, more than enough to meet your margin calls. What am I missing? (see Exhibit III)
 - Let's take this one step further: Why not go 'all in' on your stock? You've suggested, on the record, that it is cheap. You most definitely have the cash, you think your stock is cheap, and you 'believe' in the company. Why not put your words into action? You could afford more yachts, within 1-2 years.
 - Like other dubious claims you've made in the past, I think the simplest explanation is the most correct one; **I think you are lying. You don't 'believe' in the company nor do you believe in your own stock. You had the means to meet your margin call without selling GMCR stock, yet you did not, claiming you were 'forced' to sell. No one forced you to sell; you chose to sell.** If anything, I this leads me to believe you simply wanted a convenient 'out'.
 - You must think (or hope) market participants are foolish enough to buy your baloney. What else are you lying about? Is this how your people over at GMCR count revenues, capital expenditures, and inventories? Do they follow the "'cause Bob says" school of accounting?
 - Perhaps you should resign, as you clearly do not possess the "highest level of honesty and personal and professional ethics, integrity and values?" as is expected of director nominees. (see Exhibit VIII)

II. You claim that you “have no income” and need to sell shares to pay for your lifestyle. “A lot of people don't understand that I have no other income other than selling stock or borrowing against it.” (see Exhibit IV)

- To the contrary, SEC filings show you were paid over \$100,000 annually, in cash, in just the last 2 years alone (see Exhibit V). Why are you lying, by claiming you “have no income”?
- You could easily earn \$2-\$3 millions in income per year, if you were to invest just \$100 million of the \$150 million in cash you received from your recent stock sales into ‘risk-free’ US Treasuries. You could earn substantially more income if you invested in municipal bonds, corporate bonds, & dividend stocks.
- To make matters worse, you & I know you have more ‘spare change’ than \$150 million, if we go back and examine your past income, stock sale proceeds, and other sources of income between 1975-2009. How else could you have been worth over \$1 billion just 9 months ago? Who are you trying to fool?
- You insult widows and orphans by claiming “you have no income”. A growing number of Americans today are struggling to make ends meet, as evidenced by rising food stamp usage, yet you have the gall to claim you have no income?
- You are the owner of ‘Heritage Flights’, which during fiscal years 2011, 2010, and 2009, billed GMCR a total of \$0.7 million, \$0.4 million, and \$0.2 million, respectively. Do you, or have you, earned income from this business? (see Exhibit V)
- A wise man once told me, “When you’re in the hole, stop digging.” I suggest you heed this wise man’s advice by watching what you say publicly.

III. You stated: “Our P/E is less than 10 on our latest earnings, but we’re growing [revenues] 30% to 40%,” as you then called short-sellers’ accusations “a joke.” (see Exhibit I)

- So does this mean you believe your stock is cheap and that it’s a screaming buy? Why don’t you lead by example and buy your stock, hand over fist? Actions speak louder than words.
- When you boldly claim that short-sellers’ accusations are “a joke”, are you saying their claims are false? If they are false, how come no one from the company has directly addressed any of the accusations head on?
- If short-sellers’ accusations related to Capital Expenditures are “a joke” how come the capex numbers mentioned in your investor materials from last week, do not even match up to the corresponding numbers in your 10K (see Exhibit VI)?

IV. When asked if you would ever speak to David Einhorn, you said “I don’t think I would, I’m not going to deal with people like himself.” You acknowledged that it was legal for investors like Einhorn to express their views against the company, but felt that things could be blown out of proportion: “I believe they manipulate the market.” (see Exhibit I)

- What do you mean exactly, when you say “I’m not going to deal with people like himself”? If you believe in GMCR, I suggest you meet with David Einhorn or Sam Antar. Set them straight and explain what they’re missing.
- If you meet with Einhorn or Antar, and win either over, I can easily see your stock jump 40-50 percent within days. You said, “I’m totally committed to Green Mountain Coffee and making them a success and whether I’m in the chairman’s role or not I’m there to be a sounding board or a questioner and an advocate for doing the right thing.” Great, meet with Einhorn or Antar. What do you have to lose?
- You claim, “I believe they manipulate the market”, yet why does the evidence suggest that in fact, to the contrary, you and certain enablers have been manipulating the market?

V. **Asked if Green Mountain had been unfairly targeted by short-sellers, you said “of course [...] this is a fabulous company, we’ve broken so many records.” “We’ve been under close scrutiny by the short-sellers, saying we are not making all the money that we are,” you told Reuters, “The shorts have been after us. Every little thing gets scrutinized and misinterpreted, I feel. And you get gun-shy.” (See Exhibit I & VII)**

- If you’ve been unfairly targeted by short-sellers, why don’t you do something about it, like...I don’t know, perhaps address their concerns directly?
- So are you not denying that you’re not making all the money you’ve been claiming to make?
- You’re not denying that the shorts claims are false, are you? Why not? I hope you realize you’re following, to the script, the path that white collar crooks of the past followed, on the road to eventual perdition.
- By attacking short-sellers, rather than addressing their claims, you are now joining a very exclusive list of companies that include: Enron, Solv-Ex, Lernout & Hauspie, Tyco International, Lehman Brothers, and Sino-Forest, just to name a few.

Questions for William Davis, Lead Director, Chair of the Governance and Nominating Committee, & Audit Committee Financial Expert:

VI. **Green Mountain said that it changed the company’s internal trading policy last December to prohibit any more company shares from being pledged as collateral to brokerage houses. However, GMCR said Davis had pledged 204,000 new shares to his margin loan after Jan. 1. But in Davis' case, a new internal policy went unheeded. He took out more loans using his shares as collateral.**

“Mr. Stiller and Mr. Davis were the only ones that had pledge situations, so they were grandfathered in, in that they were allowed to continue those situations. They were not ... permitted to add to them,” DuLong said at the company's offices in Waterbury. (see Exhibit I & VII)

- Aren’t you, Mr. William Davis, in direct violation of GMCR’s recently updated internal trading policy, as you pledged 204,000 new shares to a margin loan after January 1, 2012?
- Isn’t it embarrassing that this all happened, under your watch as the Chair of the Governance and Nominating Committee? Have you been doing your job? Wouldn’t lower level employees get dismissed for similar failures to perform basic responsibilities?

VII. **The principal duties and responsibilities of the Governance Committee are to: Review conflicts of interest among members of the Board and Elected Officers; Oversee the Company’s overall compliance program. (See Exhibit VIII)**

- Why is it that there are no disclosures in SEC filings that you borrowed against your shares, even as Robert Stiller at least provided some disclosure in GMCR proxy statements?
- Doesn’t this represent a very serious conflict of interest, given you were a member of the Audit Committee, the very audit committee that conducted an internal investigation in 2010, and found no evidence of wrong-doing?
- How could you possibly have been objective or independent in examining accounting irregularities or Einhorn's allegations?
- You are considered to be an “audit committee financial expert”, despite the fact that you don’t appear to have any accounting experience. **Perhaps you do not meet the qualifications and should resign? Perhaps you should also resign, as you clearly do not possess the “highest level of honesty and personal and professional ethics, integrity and values?**
- It would seem that you have put GMCR in a very precarious situation, given this internal investigation led by the audit committee has been used by your counsel as the basis to dismiss class action lawsuits.

Questions for the Entire Board:

VIII. ***“In the second quarter of fiscal 2012 gross margin declined ... due to the combination of underutilization of our current manufacturing base as a result of lower than expected K-Cup pack demand ...”*** CFO Frances Rathke.

See Exhibit IX

- How can your Company be looking to spend between \$525-\$575 million in CAPEX – just shy of how much you’ve spent on CAPEX in 20 years combined – Given that your management team cites ‘underutilization of our current manufacturing base’?
- When SunTrust Analyst, William Chappell, more or less asked this very question – *“And then second, if that’s the case (that you’re saying, long term, the business is slowing), why not dramatically cut back CapEx?”* – **Why did your management team avoid answering this question?**
- Why does your management provide guidance, when they claim they have no clue as to what happened to business? How is it they have no idea, given they’ve had 6-8 weeks since quarter end to find an answer?
- What if your management team knows exactly what is going on, but is desperately attempting to hide behind bogus explanations, e.g. ‘it was the weather’? What are you hiding?

IX. Your CEO Larry Blanford stated, ***“My personal feeling is this is much ado about nothing. I think it was inadvertently put up on the site and has been taken down,”*** in response to questions about CFO Fran Rathke falsely claiming to be a CPA. (see Exhibit X)

- The problem is, it was not just your website, but several years’ worth of SEC filings and press releases that all falsely claimed Rathke was a CPA. This directly contradicts Blanford’s claim it was ‘inadvertent’. See GAAP-uccino 1.5 - Part I of III, by LST.
- What will you do about your CFO, given she and/or GMCR lied about her being a CPA? What will you do about your CEO who doesn’t seem to take these issues of ethics and integrity seriously? It seems that Larry considers truth ‘relative’, in the same way that Stiller considers lavish ‘relative’.
- Can you afford to do nothing, and be complicit to such low standards? The spotlight may be on YAHOO! and its CEO Scott Thompson as of this moment, but the spotlight may shine on you at any time.
- At least in Yahoo’s situation, their board seems to be doing something. You and your management, on the other hand, have swept this under the rug. They say the cover-up is worse than the crime.
- How credible are Blanford and Rathke, given they have signed off on at least 4 years’ of SEC filings, knowing there was false information in these filings? Their hearts must be beating faster, knowing they violated Sarbanes Oxley. Are yours beating any faster?

While I hope you end up doing the right things, I fear it may already be too late. As far as I’m concerned, Robert Stiller is GMCR. If a man so lacking in basic ethics and integrity shaped the DNA of its CEO, CFO, Board, senior management, and company...I shudder at the thought. It seems the worst is yet to come.

Good Luck,

LST

*“On the abstract level, I have turned the belief in my own fallibility into the cornerstone of an elaborate philosophy. On a personal level, I am a very critical person who looks for defects in myself as well as in others. But, being so critical, I am also quite forgiving. I couldn’t recognize my mistakes if I couldn’t forgive myself. To others, being wrong is a source of shame; to me, recognizing my mistakes is a source of pride. Once we realize that imperfect understanding is the human condition, **there is no shame in being wrong, only in failing to correct our mistakes.**”* – George Soros

EXHIBITS



EXHIBIT I

Green Mountain's Ousted Chairman And Founder On Deutsche Bank Forcing Him To Sell And Short-Seller Market Manipulation

Agustino Fontevicchia, Forbes Staff

Green Mountain Coffee's founder spoke to *Forbes* a few hours after the company publicly announced it was sacking him as chairman of the board. "I'm still a little stunned," said Robert Stiller late on Tuesday, noting that he "got caught with this latest drop" in Green Mountain's share price, prompting sudden margin calls from Deutsche Bank that forced him to sell.

Stiller, a former billionaire, had words for short-sellers like David Einhorn, who targeted the stock and precipitated its decline. "Our P/E is less than 10 on our latest earnings, but we're growing [revenues] 30% to 40%," explained Stiller, calling short-sellers' accusations "a joke."

Late on Tuesday, Green Mountain Coffee announced in a press release that Stiller was being removed from his post as chairman of the board after having sold 5 million shares outside of the approved transaction window as the result of a margin call on pledged Green Mountain stock.

The sale, worth \$125.5 million according to the SEC, was forced by Deutsche Bank, Stiller explained, after they cut the percentage he was allowed to borrow against his equity stake due to the protracted fall in Green Mountain's stock price. "They gave me no warning, [they just said] we're only going to give you 30%," explained Stiller, referring to how much he could borrow against his shares.

The former billionaire explained that he "has no income" and needs to sell shares to pay for his lifestyle. "But it's been very hard to sell some of the shares that I have," he noted, "so I've borrowed against them."

Stiller, who founded Green Mountain Coffee in 1981, said that because of the company's constant product launches and deals, time windows to sell stock have been very limited. "The people at Green Mountain knew this was a forced sale, [but] they felt I shouldn't have been in a position to have a sale forced [on me]," he added.

According to Green Mountain's press release, Stiller still has 8.4 million shares, or about 5.7% of the outstanding amount. The company added that if all of Stiller's shares that are either pledged as collateral or held in margin accounts were settled, he would be left with 1.86 million, suggesting 88% of his remaining stake is pledged. Green Mountain's founder has indeed seen a precipitous decline in the value of his fortune.

Before starting Green Mountain, Stiller sold rolling paper at the campus of Columbia University during the 1970's. As my colleague Luisa Kroll has reported:

His brand, E-Z Wider, had double the width of competing brands. The paper wouldn't feed into the machine properly, causing tearing. Stiller figured out a way to prevent ripping and eventually made a small fortune. "People expected to see potheads, but we were more efficient at paper conversion than any manufacturer at the time," he told me back then. He and a partner sold out in 1980, each pocketing \$3.1 million.

Stiller then began experimenting with coffee roasting after having a very good cup of coffee at a restaurant near his ski condo in Sugarbush, Vermont. Green Mountain propelled him into billionaire status on the back of his investments in the Keurig single cup system and a partnership with Starbucks (and later Dunkin' Brands). Stiller became a billionaire pretty much overnight, as Green Mountain stock went ballistic in early 2011.

As quickly as the stock rose, taking his personal fortune to \$1.3 billion by September of 2011, it fell, though. Hedge fund rockstar David Einhorn targeted the stock in a presentation at the Value Investing Congress last November, noting possible accounting fraud (the SEC was investigating the company) and threats to its business model. The stock collapsed further when T2 Partner's Whitney Tilson said in a CNBC

EXHIBIT I (continued)

interview that SEC investigators might find accounting fraud. Last Wednesday, the stock dropped 40% despite an earnings beat, as investors focused on slowing K-cup demand.

Asked if Green Mountain had been unfairly targeted by short-sellers, Stiller said "of course [...] this is a fabulous company, we've broken so many records." "We've been under close scrutiny by the short-sellers, saying we are not making all the money that we are," said the company's founder, citing the aforementioned growth numbers.

When asked if he would ever speak to David Einhorn, he said "I don't think I would, I'm not going to deal with people like himself." Stiller acknowledged that it was legal for investors like Einhorn to express their views against the company, but felt that things could be blown out of proportion: "I believe they manipulate the market."

Stiller seemed dismayed and shocked at the sudden turn of events. He feels betrayed by Deutsche Bank ("I'm naïve thinking these people are there to work with you") but remains optimistic about the future of the company he founded in 1981. "I've put my heart into the company, it's something I've built for 30 years."

"I've always believed in the company, I want my money in Green Mountain," concluded Stiller.

This article is available online at:

<http://www.forbes.com/sites/afonteverchia/2012/05/08/green-mountains-ousted-chairman-and-founder-on-deutsche-bank-forcing-him-to-sell-and-short-seller-market-manipulation/>

Green Mountain founder feeling burned by stock flap

Scott Malone Reuters

10:07 p.m. CDT, May 9, 2012

WATERBURY, Vermont (Reuters) - The founder of embattled **Green Mountain Coffee Roasters** Inc said he felt the company treated him unfairly by ousting him as chairman after a share sale that broke company rules but defended its commitment to doing the right thing.

Robert Stiller vowed to repay the margin loans that prompted his demotion and to comply with a new company policy prohibiting directors and officers from taking out loans that use shares of the **Waterbury**, Vermont-based coffee roaster as collateral.

The maker of **Keurig**-brand single-serve coffee makers took away Stiller's title and suspended his salary and that of fellow director William Davis after learning that the pair made emergency share sales to cover margin calls prompted by a plunge in Green Mountain's stock price after weak quarterly results.

The company said the share sales took place at a time when it prohibited insiders from making trades. Stiller, 68, said he had not expected a sale days after the Wednesday earnings report to run afoul of company policies.

"I guess I feel I've been treated unfairly. But I understand what they did and why they did it," said Stiller, who founded the company in 1981 as a coffee shop in the town of Waitsfield, Vermont, near a popular ski area.

Green Mountain is one of a handful of Vermont companies, along with Ben & Jerry's ice cream - now owned by Unilever - and privately held organic dairy Stonyfield Farm that have made social responsibility a point of pride, even as they have grown far beyond their hippie roots.

But its financial woes threaten to tarnish that image, overshadowing the company's practice of contributing 5 percent of pretax earnings to social and environmental causes and installing solar panels atop its Waterbury factory to power the operation.

UNDER SCRUTINY

Despite that hit, Stiller would not rule out trying to return to the chairmanship, once the stock issue is settled.

He added he did not blame the board for stripping him of his office, given the scrutiny the company is currently facing, which includes an **SEC** probe that has been running since 2010.

"I understand what they did and why they did it," Stiller said. "Our company lives and breathes doing the right thing and everybody is attacking us because they think we're defrauding them. It is totally frustrating."

He said his brokerage, **Deutsche Bank**, forced the sale of 5 million shares, worth \$125.5 million, on Monday.

"The window was supposed to open," Stiller said. "We announced our earnings and the window for us opens two days after - and two days after they kept the window closed but I had no alternative but to sell."

Green Mountain lowered its full-year profit forecast by about 6 percent last Wednesday, spooking

EXHIBIT I (continued)

investors and spurring a 50 percent drop in its share price, which triggered margin calls on Stiller's and Davis' loans.

"I have no other source of income than selling stock," Stiller said. On Wednesday, **Krispy Kreme Doughnuts Inc** said Stiller had sold his stake in that company for \$49.6 million.

Stiller, who retired from day-to-day work at the company in 2007, saw his wealth soar last year as Green Mountain shares more than tripled in value. The rally earned him a spot on Forbes magazine's annual ranking of billionaires in 2011.

He bought a sprawling condominium apartment in Manhattan's **Time Warner** Center last year from **NFL** football star **Tom Brady**. According to **New York City** records, Stiller paid \$17.5 million for the 74th floor apartment in a building overlooking **Central Park** and Columbus Circle.

Around the same time, Stiller bought a property in **Palm Beach, Florida**, for \$9.958 million equipped with an in-ground swimming pool, elevator and dock, according to county records.

Stiller also owns Heritage Flight, a six-airplane charter company that Green Mountain has paid \$1.3 million over the past three years.

"I don't feel I live that lavishly but I've developed this company over the 30 years," said Stiller, who prior to Green Mountain founded the E-Z Wider brand of cigarette rolling paper.

BILLIONAIRE FOR A BLINK

Stiller said the decline in Green Mountain shares took a toll on his finances, adding that his director pay "doesn't go very far." The company last year paid him \$101,000 for his service on the board, in addition to an option award then worth \$74,296, according to filings with the Securities and Exchange Commission.

Following his most recent sale, Stiller controls about 7 percent of Green Mountain stock.

Daniel Cox, owner of advisory firm Coffee Enterprises who used to work at Green Mountain and considers himself a friend of Stiller's, said the company's founder was enjoying the fruits of his labor and there was nothing wrong with that.

"Does he have some toys? You betcha," Cox said. "He's got airplanes, he owns a few houses. He does a lot of philanthropy work. He's earned the money legally and if he wants to give it away or spend it on a boat or invest in other companies - what's wrong with that? That's his business.

"Unfortunately, he was highly leveraged and got a big margin call. So he had to sell his shares - there's nothing illegal."

Margin accounts allow investors to borrow cash against their stock holdings, and can serve as a tool for corporate insiders to raise money without spooking Wall Street by selling shares.

But a former top U.S. securities regulator questioned whether publicly traded companies should allow their top officials to borrow against their shares.

"The perception of management borrowing against their own holdings is so bad," said Arthur Levitt, a former chairman of the Securities and Exchange Commission. "I would encourage shareholders to push companies to implement such protections where they don't currently exist.

EXHIBIT I (Continued)

Green Mountain has lost more than three-quarters of its value in the last seven months, following criticism from hedge fund investor **David Einhorn**, who has questioned the company's accounting and growth forecasts as rivals including **Starbucks Corp** look to get into the single-serve coffee business.

The shares closed at \$26.67 on Wednesday, compared with a life high of \$115.98 last September.

Green Mountain employs roughly 1,700 people in northern Vermont, which represents about 30 percent of its workforce.

NO OTHER MARGIN EXPOSURE

Green Mountain, with a current market value of about \$4.1 billion, said it told Stiller and Davis last year that it would be forbidding directors from taking new loans against its stock. It told them to add no more shares to those accounts and to close them out by the end of 2012.

It found that no other executives or directors had borrowed against their shares, said Suzanne DuLong, a vice president of investor relations and corporate communications.

"Mr. Stiller and Mr. Davis were the only ones that had pledge situations, so they were grandfathered in, in that they were allowed to continue those situations. They were not ... permitted to add to them," DuLong said at the company's offices in Waterbury.

She noted that the board allowed both men to continue to serve the three-year director terms they had been elected to in March, albeit without their salaries or committee seats. Green Mountain named Michael Mardy, chief financial officer of Tumi Holdings Inc, as interim chairman.

Stiller said he plans to close out his margin account on Green Mountain stock by the year's end as the company has requested, but declined to say if he hoped to get the chairmanship back.

"I'm totally committed to Green Mountain Coffee and making them a success and whether I'm in the chairman's role or not I'm there to be a sounding board or a questioner and an advocate for doing the right thing," Stiller said.

(Additional reporting by Martinne Geller, Michael Erman, Emily Flitter, Jonathan Stempel and Himanshu Ojha in New York, Mihir Dalal and Arpita Mukherjee in Bangalore and Tom Hals in Delaware; Editing by Tiffany Wu and Edmund Klamann)

Source <http://www.chicagotribune.com/business/sns-rt-us-greenmountainbre8481ab-20120509,0,7069877.story>

EXHIBIT II

Created by EDGAR Online, Inc.

GREEN MOUNTAIN COFFEE ROASTERS INC --- Insider Trades

Insider	Relation	Date	Trans Type	Form	Shares Traded	Price	Shares Held
STILLER ROBERT P	DIR	5/7/2012	S	Form 4	-5,000,000	24.6803	8,386,899
STILLER ROBERT P	DIR	3/27/2012	JS	Form 4	-19,065	51.91	13,386,899
STILLER ROBERT P	OFF	2/24/2012	S	Form 4	-500,000	66.6846	13,405,964
STILLER ROBERT P	OFF	2/15/2012	S	Form 4	-500,000	65.9393	13,905,964
STILLER ROBERT P	OFF	11/29/2011	JS	Form 4	-20,000	48.92	14,405,964
STILLER ROBERT P	OFF	11/23/2011	JS	Form 4	-200,350	50.13	14,425,964
STILLER ROBERT P	OFF	8/4/2011	JS	Form 4	-18,050	107.4333	15,126,314
STILLER ROBERT P	OFF	8/4/2011	S	Form 4	-500,000	107.4333	14,626,314
STILLER ROBERT P	DIR	5/5/2011	S	Form 4	-310,000	68.3375	15,144,361
STILLER ROBERT P	DIR	5/5/2011	OE	Form 4 Option	110,000	4.2400 - 30.7900	15,454,361
STILLER ROBERT P	OFF	3/15/2011	JS	Form 4	-11,144	58.99	15,344,361
STILLER ROBERT P	OFF	2/10/2011	JS	Form 4	-6,360	41.36	15,355,505
STILLER ROBERT P	OFF	7/8/2010	JS	Form 4	-2,650	26.48	15,361,865
STILLER ROBERT P	OFF	6/24/2010	JS	Form 4	-965	26.09	15,364,515
STILLER ROBERT P	OFF	5/27/2010	JS	Form 4	-8,700	24.24	15,365,480

TOTAL PROCEEDS THROUGH 3/27/2012 (BEFORE MARGIN CALLS): \$ 156,390,677

EXHIBIT III

Why Green Mountain Coffee Founder's Woes Are A Cautionary Tale For The Suddenly Stock-Rich

Luisa Kroll, Forbes Staff

When I met [Green Mountain Coffee's](#) founder [Robert Stiller](#) in 2001, he had already been running Green Mountain (Nasdaq: GMCR), the coffee company he founded in Vermont, for two decades and was worth \$89 million. At the time the soft-spoken, mellow CEO was already backing away from day-to-day business, meditating 45 minutes a day and espousing the virtues of "appreciative inquiry," a management technique developed at [Case Western Reserve University](#) that encourages people to learn from their successes instead of their mistakes.

Maybe he was too relaxed or too focused on the upside. Little more than a decade later, he may now lose it all for spending money that he didn't yet have in hand. As has been widely reported, he borrowed against his Green Mountain shares to fund an increasingly extravagant lifestyle. He told me last summer that he had pledged the shares long before the stock took off and he'd done so because for a long time he couldn't, as an insider, sell any shares because of various lock-up periods tied to deals.

Borrowing against shares that are increasing in value works well but when those shares start to fall, things can unravel quickly, as has been the case with Stiller. Earlier this week he was forced to sell 5 million shares, or about 3.2% of shares outstanding, to cover margin calls on the loans. He was then removed as Chairman of the Board. Stiller, who still has a huge portion of his remaining shares pledged, is apparently saying he will fight to get his position back.

His story is a cautionary tale for other entrepreneurs who hold most of their fortunes in their public companies. Stiller debuted among the Forbes 400 list of richest Americans last year, after Green Mountain's stock more than tripled in 12 months to \$97. It is now trading at \$26. At the time, nearly 90% of his fortune was held in that one stock and 5% in Krispy Kreme, in which he'd recently invested. (He also had to dump those shares this week).

Of the 1126 billionaires we found in March, 269 held 80% or more of their fortunes in public stocks including 43 Americans. Among them are people like [Chip Wilson](#), the founder of yoga apparel phenom Lululemon, another high-flying stock that trades at 58 times earnings, and [Robert Pera](#), who jumped into the ranks after his Ubiquiti Networks listed in November; the stock climbed steadily after going public, but has sunk 30% since mid-April. It fell 5% just today. (See www.forbes.com/real-time-billionaires). Facebook co-founders Mark Zuckerberg and Dustin Moskovitz will join this club of billionaires with concentrated public wealth next week.

Stiller is hardly the first person to borrow against his shares, though not many bet so much of the house. Some current examples include Forbes 400 real estate developer Steven Roth, Campbell Soup heir Bennett Dorrance and Ameritrade's Joe Ricketts. Even Tesla's Elon Musk has a small number of shares pledged.

So what did Stiller buy with his borrowed money? Here is a tally of the assets he's accumulated in recent years including a yacht, a \$10 million Palm Beach house and a \$17.5 million apartment he bought from New England Patriot's quarterback Tom Brady. Nice toys but probably wasn't worth it.

Aviation business: 2004

A licensed pilot, he bought a small private air charter, Heritage Flight, in Burlington, VT., in 2004. It now has 10 aircraft, and provides aviation services such as maintenance, avionics, FBO, charter and aircraft management. Stiller told me last year that he'd used borrowed money to fund the venture and admitted the business probably wasn't worth as much as he'd invested in it.

Yacht: 2007

Stiller retired as CEO of Green Mountain Coffee Roasters after 26 years. That same year he bought a 164-foot yacht Andale, which he re-christened as Grace E. Besides the name change, he apparently did a refit,

EXHIBIT III (Continued)

changing all the furniture, adding WiFi and installing an IV system. He enclosed the sundeck, adding a gym on it. The yacht sleeps 14 guests; 11 crew members. I could not confirm how much he paid for the yacht or the refit but yachts of that size likely start around \$25 million and cost approximately 10% a year of purchase price to operate. It is available for chartering for apparently a quarter of a million a week. Take a look [here](#).

Krispy Kreme Stake: Disclosed January 2011

He reported a 5% stake in Krispy Kreme Doughnuts then worth \$22 million. He increased it over the next few months and held 11% by late summer, making him the chain's biggest individual shareholder.

Real estate: March 2011

Stiller snapped up a couple of tony properties in March of last year, the same month his net worth crossed over \$1 billion, thanks to a huge jump in the value of Green Mountain's stock. He paid \$17.5 million for Tom Brady's 3,000 sq. foot apartment above the Mandarin Hotel in the Time Warner Center on the Upper West Side in Manhattan. He also spent \$10 million that month for a 7,542 sq. foot Palm Beach home with five bedrooms and 6 bathrooms. He told me he now resides in Palm Beach. Here is a [picture](#) of the Florida home.

More real estate: April 2011

A month later he paid \$3.9 million and \$4.75 million, respectively, for two adjacent lakeside plots on Via Vizcaya in Palm Beach, the street where his new Palm Beach home was located; it was nearly \$6 million less than what the previous owner paid five years earlier.

In the end, Stiller spent money he had on paper by getting the banks to loan him money. Now he's in danger of losing almost all of it. Expect Grace E to hit the market soon.

This article is available online at:

<http://www.forbes.com/sites/luisakroll/2012/05/10/why-green-mountain-coffee-founders-woes-are-a-cautionary-tale-for-the-suddenly-stock-rich/>

EXHIBIT IV

Coffee Mogul Defends Loans

By [DANA MATTIOLI](#) And [EMILY GLAZER](#)

Employees of [Green Mountain Coffee Roasters Inc.](#) knew company founder Robert Stiller as a low-key yoga aficionado who wore sweaters to work, preached the importance of charity and made sure the staff had access to meditation rooms.

It turns out the 68-year-old Mr. Stiller also bought costly real estate and piled up hundreds of millions of dollars in debt borrowed against his company stock and other investments.

His two worlds collided on Monday, as Mr. Stiller was forced by his bankers to sell \$123 million worth of Green Mountain stock, cutting his stake to 5.4% from nearly 10% in March.

The sudden sale prompted the company's board to strip him of his title as chairman and publicly criticize the transaction, saying it was "inconsistent with the company's internal trading policies."

On Wednesday, Mr. Stiller disclosed that he also had sold Monday his 12% stake in [Krispy Kreme Doughnuts Inc.](#), raising nearly \$50 million.

All told, the entrepreneur long billed as the richest man in Vermont has sold nearly a quarter-billion dollars worth of stock since mid-February, raising questions about how he came to borrow so heavily against his shares and to what end.

"A lot of people don't understand that I have no other income other than selling stock or borrowing against it," said Mr. Stiller, in a phone interview from his home in Palm Beach, Fla.

He said he didn't want to dump his stock, and was hurt and confused by his board's action.

The sales, he said, were forced on him by his bankers at [Deutsche Bank AG](#), who first slashed how much they would allow him to borrow against his stock, and then required him to put up more cash when the price of Green Mountain shares dropped sharply following a disappointing earnings report last week.

Deutsche Bank declined to comment Wednesday.

Mr. Stiller, who has thick white eyebrows, a long forehead and a healthy tuft of white hair, said he borrowed against his stock to pay for big real-estate purchases last year, donate to charity and fund investments in other businesses, including a flight-operations company and an environmental firm that he said don't generate a lot of money.

His purchases included a \$17.5 million apartment in New York's Time Warner Center that was previously owned by New England Patriots quarterback Tom Brady, according to city records. He also bought a three-bedroom house in Palm Beach, on the fashionable Intercoastal Waterway.

"I went for a year where I couldn't sell any shares," Mr. Stiller said. "Lavish is all relative."

Mr. Stiller, who was adopted, was raised around Scarsdale, in New York's suburban Westchester County, by an entrepreneurial German immigrant, from whom he says he caught the start-up bug. In the 1960s, his father sold his electrical-tubing company for around \$5 million, allowing the family to live comfortably, Mr. Stiller said.

In 1971, at 28 years old, Mr. Stiller and a friend, Burt Rubin, started E-Z Wider, a company that made rolling papers. Though it was typically associated with marijuana users, Mr. Stiller said, the company had sophisticated manufacturing capabilities and eventually captured 25% of the market. Mr. Stiller, who says he wasn't a "heavy pot smoker," said E-Z Wider was selling enough rolling paper every two weeks to stretch from New York to California and back.

In 1980, the partners sold the company for \$6.2 million. The following year, Mr. Stiller bought a coffee shop in Waitsfield, a Vermont ski town he frequently visited to escape New York. He would later build the company into Green Mountain Coffee Roasters.

Green Mountain and his wealth grew, and in September 2011 Forbes estimated Mr. Stiller was worth \$1.3 billion. Former employees say he wasn't the flashy type. He often came to work in a sweater and slacks, and was never seen in a suit, said Dean Haller, who reported directly to Mr. Stiller from 1998 to 2001. "Bob's the kind of guy you met him on the street you'd have no idea the money he had," he said.

Mr. Haller said the founder is a fan of Deepak Chopra and yoga, and took pains to set up yoga and meditation rooms for employees. Green Mountain contributes 5% of its pretax profits to social and environmental causes, including the development of an environmentally friendly coffee filter launched around 1990, said Rick Peyser, Green Mountain's director of social advocacy and supply-chain community outreach. Mr. Stiller also urged employees to study a management technique called "appreciative inquiry," which encourages people to learn from their successes.

"Bob Stiller has been a pioneer in the coffee business and in the world of corporate social responsibility," said Suzanne DuLong, a spokeswoman for Green Mountain.

EXHIBIT IV (Continued)

He could also be demanding. At times, one former employee said, things were done "CBS," or "cause Bob says."

After stepping down as chief executive in 2007, Mr. Stiller began to borrow more heavily against his Green Mountain stock. In 2008, he had pledged 46% of his stock as collateral for loans, according to figures in the company's proxy filing for the year. By this January, the sum pledged had jumped to 78%. By February, he was selling off shares in Green Mountain. This month, he also sold stock in an Indianapolis-based restaurant franchiser called [Noble Romans Inc.](#)

Investors can borrow from banks or brokerages using their stock portfolios as collateral. Because of stock-market volatility, banks require investors to maintain a balance in their accounts that is a certain percentage, or margin, of what they have borrowed. If stock prices fall sharply, investors must deposit more money into their margin accounts to maintain the required cushion.

There isn't any specific requirement that companies must disclose their executives' margin borrowing to investors as a matter of course, though the need to do so might arise if it became big enough to affect how an executive runs the company, said Charles Elson, who chairs the John L. Weinberg Center for Corporate Governance at the University of Delaware. Nor is there any requirement for executives to disclose their margin borrowing to their boards.

Executives can't borrow from the company itself, however. The Sarbanes-Oxley Act banned companies from lending to their executives, in the wake of the 2002 WorldCom Inc. scandal, in which Bernard J. Ebbers, the company's chief executive, owed WorldCom hundreds of millions of dollars in loans he took out to buy WorldCom shares that became subject to margin calls.

Mr. Stiller's problem this week was that he was forced by his bank's margin call to sell his stock during what he knew was a blackout period Green Mountain imposed on stock sales by its officials.

"The board knew I had these margin things," Mr. Stiller said. "Had the window opened, I would have been fine. The window didn't open. I had to sell, and it's sort of devastating after building this company."

—Corrie Driebusch and Michael Rapoport contributed to this article.

Source - Wall Street Journal

EXHIBIT V

DIRECTOR COMPENSATION

NON-MANAGEMENT DIRECTORS' COMPENSATION IN FISCAL 2011

Name	Fees Earned or			Total (\$)	Aggregate Awards
	Paid in Cash (\$)	Stock Awards (1)(\$)	Option Awards (2)(\$)		Outstanding(3)
Barbara Carlini	—	63,000	74,296	137,296	222,006
Douglas N. Daft	—	54,500	74,296	128,796	9,434
William D. Davis	52,750	37,250	74,296	164,296	73,551
Jules A. del Vecchio	66,000	—	74,296	140,296	182,150
Michael J. Mardy	81,000	—	74,296	155,296	60,900
Hinda Miller	—	59,000	74,296	133,296	156,155
Dave E. Moran	53,000	—	74,296	127,296	172,150
Robert P. Stiller	101,000	—	74,296	175,296	845,829

DIRECTOR COMPENSATION

NON-MANAGEMENT DIRECTORS' COMPENSATION IN FISCAL 2010

Name	Fees Earned or			Total (\$)	Aggregate Awards
	Paid in Cash (\$)	Stock Awards (1) (\$)	Option Awards (2) (\$)		Outstanding (3)
Barbara Carlini	—	55,500	78,048	133,548	326,180
Douglas N. Daft	—	39,775	78,048	117,823	5,843
William D. Davis	83,000	—	78,048	161,048	151,870
Jules A. del Vecchio	58,500	—	78,048	136,548	200,100
Michael J. Mardy	71,500	—	78,048	149,548	78,600
Hinda Miller	—	65,500	78,048	143,548	222,496
Dave E. Moran	50,500	—	78,048	128,548	179,850
Robert P. Stiller	102,500	—	78,048	180,548	953,529

The Company uses travel services provided by Heritage Flight, a charter air services company owned by Mr. Robert P. Stiller, the Company's current Chairman of the Board. During fiscal years 2011, 2010, and 2009, the Company was billed a total of \$0.7 million, \$0.4 million, and \$0.2 million, respectively, by Heritage Flight for travel services provided to various employees of the Company. The use of Heritage Flight services was reviewed and approved by the Audit Committee in accordance with our policy set forth above.

SOURCE – SEC FILINGS

EXHIBIT VI

Capital Expenditures to Support Growth

Description (in millions)	2010	2011	2012 EST. ¹
K-Cup® Pack Packaging	\$63	\$139	\$165
Vue™ Pack Packaging	\$8	\$33	\$65
Coffee Processing (primarily roasting & grinding equipment)	\$13	\$28	\$90
Manufacturing Facilities & Infrastructure	\$28	\$62	\$165
Information Systems Technology and Other	\$22	\$29	\$65
TOTAL	\$134	\$291	\$525 - \$575 EST.

¹Per Company guidance issued May 2, 2012



GREEN MOUNTAIN COFFEE ROASTERS, INC.



Cash flows from investing activities:

Change in restricted cash	2,074	(75)	(119)
Proceeds from sale of short-term investments	—	50,000	—
Proceeds from notes receivable	499	1,788	—
Acquisition of Tully's Coffee Corporation	—	—	(41,361)
Acquisition of Timothy's Coffee of the World Inc.	—	(154,208)	—
Acquisition of Diedrich Coffee, Inc., net of cash acquired	—	(305,261)	—
Acquisition of LJVH Holdings, Inc. (Van Houtte), net of cash acquired	(907,835)	—	—
Purchases of short-term investments	—	—	(50,000)
Capital expenditures for fixed assets	(283,444)	(126,205)	(48,298)
Proceeds from disposal of fixed assets	1,192	526	162
Other investing activities	(158)	—	—
Net cash used in investing activities	(1,187,672)	(533,435)	(139,616)

Sources - <http://strubelim.com/wp/green-mountain%e2%80%99s-capital-expenditures-raise-questions/>

SEC Filings, GMCRC Investor Presentations

Green Mountain Coffee founder says treated "unfairly"

Reuters, (Reporting by Scott Malone; Editing by Gary Hill)

4:18 p.m. CDT, May 9, 2012

WATERBURY, Vermont (Reuters) - The founder of **Green Mountain Coffee Roasters** Inc, who was stripped of his role as chairman on Tuesday, said he believes he has been treated unfairly but understands why the company took the action it did.

The company he founded in 1981 stripped Robert Stiller of his chairmanship after he sold shares held as collateral against a loan, a sale he was forced to make because of the stock's sliding value.

"I guess I feel I've been treated unfairly. But I understand what they did and why they did it," Stiller, 68, said in a phone interview. "The shorts have been after us. Every little thing gets scrutinized and misinterpreted, I feel. And you get gun-shy."

Stiller said he expected to settle the margin account on his shares by the year's end as required by a new Green Mountain policy but would not say if he hoped to regain the chairmanship. "I'm totally committed to Green Mountain Coffee and making them a success and whether I'm in the chairman's role or not," Stiller said.

Former SEC head slams Green Mountain directors' borrowing practice

Emily Flitter Reuters, (Reporting by Emily Flitter, editing by Matthew Goldstein and M.D. Golan)

5:46 p.m. CDT, May 9, 2012

NEW YORK (Reuters) - A former top securities regulator said on Wednesday that public companies should bar top executives from borrowing against their equity stakes.

Arthur Levitt, a former chairman of the SEC, made his comment a day after **Green Mountain Coffee Roasters** stripped its chairman and lead director of their board titles for taking out loans against their company stock and also selling shares during a period they should not been doing so.

"The perception of management borrowing against their own holdings is so bad," said Levitt, now a senior adviser to **Goldman Sachs** and **Carlyle Group**. "I would encourage shareholders to push companies to implement such protections where they don't currently exist."

A margin call on loans taken out by founder and Chairman Robert Stiller and lead director William Davis led to a wave of forced selling in Green Mountain shares on Monday after the company released disappointing quarterly earnings. The company revealed in a regulatory filing on Tuesday that the men had posted Green Mountain's shares as collateral for the loan. Shares of Green Mountain were little changed on Wednesday. "If the only way is regulation by stock exchanges or other bodies," said Levitt, who spoke to a group of Reuters editors and reporters. "I would certainly favor that."

EXHIBIT VII (Continued)

In Green Mountain's case, the selling by Stiller and David would normally have been prohibited because the company's policy restricts trading by insiders during periods around earnings time.

But Stiller told Forbes in an interview on Tuesday that he had no other options because of the margin call. A Green Mountain spokesman did not immediately respond to a request for comment.

The beleaguered coffee company Stiller started in 1981 has been the target of short-sellers and negative analysts' comments for over a year, with heavy criticism coming from the hedge fund manager **David Einhorn**. Early this year Green Mountain's stock began to sink on news that **Starbucks** had plans to compete directly with its single-serving coffee machine business. It fallen 41 percent so far in 2012.

Forced selling by executives because of a margin call is not uncommon. In recent years, directors at **Boston Scientific** and **Williams-Sonoma** have leveraged their stock holdings for cash and had to meet margin calls. But the Green Mountain directors' situation is unique because they were forced to sell during a blackout period.

Experts say Stiller and Davis could face regulatory scrutiny for potentially violating both securities and accounting laws. Stewart Appelrouth, a forensic accountant and co-founder of Appelrouth Farah & Co. in Miami said Stiller's moves appear to violate provisions in the Sarbanes-Oxley Act.

"There is a prohibition against insider trading and there are certain blackout dates but there are some exceptions. He doesn't meet any of the exceptions," he said. "You can say I had to sell the stock because I had to cover my margin. However, he owns other securities," Appelrouth said, adding that Stiller could have sold his sizeable **Krispy Kreme** stake, a move he eventually did make on Wednesday.

"The biggest problem, I believe was a communications problem because had there been communications inside the company, you told the board, you asked, you let them know, you have internal policy, but I have a problem because I have a margin call. Had there been communication, there would not be a problem now."

In fact, Green Mountain had already tried to outlaw the practice its directors used to raise cash. It grandfathered in the loans for which Stiller and Davis had pledged company shares as collateral while instituting a policy prohibiting new loans at the beginning of this year. But in Davis' case, a new internal policy went unheeded. He took out more loans using his shares as collateral.

"If you violate an internal policy you can have problems with the law because you violated company policy," said Kip Weissman, a partner at Luse Gorman in Washington and a former lawyer in the Securities & Exchange Commission's enforcement division. Weissman said Stiller may also have strayed from the letter of the law in the method he used to disclose the loans, which appeared in the company's proxy statements but not in Stiller's personal insider filings.

The allure of leveraging company stock for cash is strong. David Feldman, a partner at Richardson & Patel in New York, explained that many company founders who take their companies public see liquidity as a reward. "There are so many investors I've worked with who have said you know what, the investors are so mad at me for selling the stock but my wife wanted to buy a new house," Feldman said. "It's often just personal reasons that they sell."

EXHIBIT VIII

Governance and Nominating Committee (the “Governance Committee”)

The principal duties and responsibilities of the Governance Committee are to:

- Review and recommend qualified candidates to the Board for nomination for election to the Board;
- Assemble a Board of Directors that brings to the Company a variety of perspectives and skills derived from business, non-business, and professional experience;
- Review conflicts of interest among members of the Board and Elected Officers;
- Oversee the Company’s overall compliance program (other than the Enterprise Risk Management program);
- Review and recommend an appropriate committee structure for the Board of Directors;
- Review, evaluate and report to the Board on the corporate governance principles applicable to the Company; and
- Do such other things as the Board may direct from time to time.

In evaluating director nominees, the Governance Committee considers whether the nominee has:

- The highest level of honesty and personal and professional ethics, integrity and values;
- Significant financial expertise;
- A proven record of operational success, both in the United States and abroad;
- Demonstrated success in one or more of the following functions: manufacturing, marketing, sales, finance or distribution of consumer branded goods, domestically or globally;
- A commitment to corporate environmental and social responsibility principles;
- A sincere and high level belief in the power and importance of people;
- A familiarity and comfort with technology and diversity in their broadest sense;
- The ability to balance financial results with concern for people;
- A long-term and strategic perspective;

EXHIBIT IX

Fran Rathke - ...In the second quarter of fiscal 2012 gross margin declined to 35.4% from 37.5% in the prior year period. The decline in gross margin over the prior year quarter primarily was due to the following: approximately 290 basis points due to the combination of underutilization of our current manufacturing base as a result of lower than expected K-Cup pack demand and the resulting efforts to reduce K-Cups pack inventory which together increased average labor and overhead cost per K-Cup pack. Approximately 170 basis points was due to higher green coffee cost. Approximately 150 basis points due to a higher write down of finished product and anticipated obsolescence of raw material inventory due to lower than anticipated sales of seasonal and certain coffee products. Approximately 50 basis points increase in warranty expense over the prior year quarter which had benefited from a new program which reduced packaging materials on more insulated brewer.

Operator - And our next question comes from Bill Chappell with SunTrust.

Larry Blanford - Hey, Bill.

William Chappell - Good afternoon. I guess help me understand the change on the outlook for K-Cups and brewers in terms of the commentary on moderation and from what you've said in the quarter there was some seasonal issues, some other pricing issues. But you're making a long term as the business is slowing and then we're trying to couple that with household penetration only being ten to twelve million homes. First help me understand what you saw in the quarter which changed that outlook? And then second, if that's the case, why not dramatically cut back CapEx? It seems like you've been building for a higher trajectory. Why not cut that in half since your primarily building for K-Cups going into next year? Thanks.

Larry Blanford - Bill, this is Larry. I think you had a couple of questions in there. I think related to the demand we certainly, as I mentioned and Fran mentioned, we certainly were able to understand a portion of the demand, our mix against our estimates for Q2 related to brewers and the seasonal products which we learned a lot on seasonals this particular quarter that we won't forget as temperatures across the country were very, very unseasonably warm and we learned a lot about the fact that hot cocoa is a – is very much temperature sensitive. So a big learning for us and we'll manage that better going forward. The rest of the mix, as Fran indicated, we're still trying to really understand and we have a number of efforts underway to better really understand the overall portion pack demand. And those include consumption patterns of consumers, weather related, did weather in fact cause even some issues with our coffee sales in the quarter, channel shifts that are going on, trade inventory levels, customer and partner order patterns. These are all things – and I'd say also we've taken two 10% price increases over the last year. And we're trying to understand the sensitivity of consumption to pricing as well. So these are all factors. We don't honestly know to what degree each of those contributed to our mix in Q2, or to what extent they will manifest themselves as we go forward in Q3 and Q4. We basically determine our sales forecast by rolling up our estimates from our sales organizations bottoms up for the next quarter out and I think the numbers that we have projected for Q3 are from that process. And I think all of us are trying to take into account the – kind of these underlying factors and we're still trying to understand them. So that's the honest answer and as we get more information we'll certainly be able to comment on it. Fran, you want to talk about the Vue?

Fran Rathke - Bill, then as regards to as we continue to refine our estimates, and as Larry said, we're really looking into a number of factors to get a better understanding as to how to continue to better estimate portion pack demand, I think what we've done in terms of our revised CapEx is – for example is our prior estimate for K-Cup portion package lines was around 160 – \$225 million, now we're at \$165 million. So we have cut that back. I think we do continue to see, as we noted, MPD data for sample-on brewers throughout the quarter was up 41%. Although our shipment data's down we do believe that we continue to see very strong interest in adoption at homes for the brewer. So we have taken down our overall estimates for K-Cup portion packs this year but we still added a lot to the install base. We are mod – I think the work moderating we've used over the last few years relative especially brewer growth rates, given we're hitting we believe large numbers. But as you look at 40% and what is embedded in the MPD data is just about 30% to 35% of our customers are also seeing some of the other customers who don't report through MPD actually showing higher growth rates of brewers right now through their POS data. So that gives us comfort and some evidence that we're going to continue to need to manufacture and expand our K-Cup packaging manufacturing base.

John Whoriskey - Could I – Bill, this is John Whoriskey. I just would comment further on some of Fran's points around the underlying growth drivers on our Brewer business and penetration. If you look at the MPD data last year, basically out of 25 million coffee makers sold the MPD would indicate we're one in three as we come out of the holiday season. As we look at the latest quarterly results in MPD we're growing at over 400%. And as we're planning – as we start planning out the holiday season with all of our retail partners coming out of the housewares show, we feel very confident that we're in that range of where we see the future growing. So I think the underlying demand, what's going to drive, ultimately drive the system in portion pack growth is household penetration and brewer sales. So those growth rates are still very strong.

SOURCE – EARNINGS CONFERENCE CALL TRANSCRIPT <http://seekingalpha.com/article/553721-green-mountain-coffee-roasters-ceo-discusses-f2q12-results-earnings-call-transcript>

EXHIBIT X

Green Mountain Coffee's new Vue

By Maureen Farrell

NEW YORK (CNMoney) -- Green Mountain Coffee Roasters has unveiled a new brewing system to build on the popularity of its K-cup line, which may face competition after two key patents expire in September.

Company executives say the new Vue machine is aiming to take advantage of a more affluent demographic.

"We're not trying to take existing customers and switch them from K-cup system to a new system," Green Mountain CEO Larry Blanford told CNMoney in an interview following a media presentation of the new machine.

The Vue will sell for \$249, when it debuts on Bed Bath and Beyond's (BBBY, Fortune 500) store shelves in a few weeks. Refill cups will cost about 11% more than Green Mountain's K-cups.

While the new coffee makers look and function a lot like the original K-cup machine, they come with more bells and whistles. The biggest addition: the option to specify the temperature, size and strength of the company's signature single servings.

The company didn't reveal any sales projections for the new system, and Blanford said Green Mountain will not separately detail the revenue and profits generated by the Vue system in its quarterly results.

"We're providing significant transparency, but to break out it any more finely, we would have some competitive concerns," he said.

Green Mountain Coffee (GMCR)'s stock has been on tear over the past five years, handing investors outrageous returns of 110%, on an annualized basis.

Shares plunged 60% last October after David Einhorn, the founder of hedge fund Greenlight Capital known for his prescient call on the impending fall of Lehman Brothers, questioned the company's accounting practices. Weeks after Einhorn's presentation, Green Mountain Coffee reported a rare earnings miss.

Blanford declined to comment on Einhorn's allegations.

The stock rebounded this year and is now down about 27% from September 2011 highs. Green Mountain's most recent quarterly results beat analysts' estimates by a wide margin and showed that the company doubled its revenues over the previous quarter.

Still, roughly 12% of Green Mountain's investors are short sellers, who bet the stock price will fall, according to Data Explorers. That's roughly four times the average short position.

Short sellers make their money by borrowing and selling stock at current market value, only to buy it back later when the stock has declined, and pocketing the difference.

EXHIBIT X (Continued)

Fortune's Fastest Growing Companies #2: Green Mountain Coffee Roasters

Green Mountain has always been candid about its business model. It barely turns a profit on its \$179 coffee machines, but earns high margins on each K-cup of coffee it sells for about 70 cents each.

Green Mountain has inked partnership with Starbucks (**SBUX, Fortune 500**) and Dunkin Donuts (**DNKN**), which sell branded K-cups. The company won't share its profit margins on those cups. Analysts estimate that the company cuts its profits by a third on its licensing deals.

Investors remained concerned about whether competitors will emerge with new options to refill Keurig's original machine. Blanford said his company has and will continue to litigate against other companies that try to sell coffee for use in its machines.

"I don't believe we'll have a lot of new competitors, but we certainly will defend it and someone would have to find a way through the other intellectual property we have" said Blanford.

Meanwhile short sellers continue to hunt for signs of potential accounting improprieties at Green Mountain.

Most recently, a blogger discovered that the company's chief financial officer had an expired certified public accountant license, but listed herself as a CPA on public documents and SEC filings. Green Mountain quickly updated its website to show that her CPA license is inactive.

Blanford calls that a non-issue. "My personal feeling is this is much ado about nothing. I think it was inadvertently put up on the site and has been taken down," he said.

David Sherman, a professor of accounting at Northeastern University, agrees, saying that only CPAs at auditing firms that sign opinions on financial filings are required to maintain an active license.

The bigger issue for investors will be trying to find out where Green Mountain earns its profits. ■

First Published: February 16, 2012: 3:21 PM ET

SOURCE – CNNMONEY