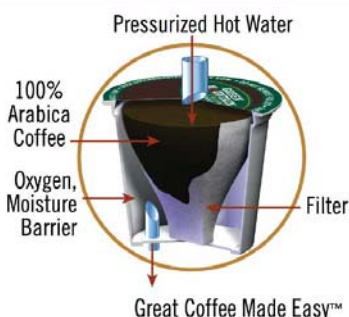




Improving the Environmental Impact of the Keurig Brewing System

One of our biggest areas of opportunity is the environmental impact of our coffee packaging materials and brewing systems, including the K-Cup® portion packs used in our Keurig® Single-Cup Brewing Systems. Reducing this impact has been a priority for us and our stakeholders have confirmed that they would like us to lead the way with enhanced brewing systems and packaging materials which are friendlier to the environment and more sustainable. This is what we're doing about it.

- We have undertaken an in-depth Life-Cycle Analysis to understand and compare single-cup brewing versus drip brewing from a whole system standpoint. While end-of-process waste is the most visible to consumers, each step along the way from tree-to-cup has an environmental impact. In the case of the portion pack for single-serve brewing, we have learned through the Life-Cycle Analysis that the most significant environmental impact is the production of the materials used in the portion pack – thus, reducing the impact of the materials used is the direction science suggests and we're directing resources in this direction (as we are with all our packaging). We have been successful in this regard with the packaging film for our 10oz/12oz bags, which are now made with 19.4% PLA, a renewable biopolymer derived from natural cornstarches. Over time, we are hopeful we can achieve similar results with our single-serve packaging.
- In addition to working on upstream issues, we also remain concerned with downstream disposal issues. To that end, we continue to actively research alternatives to the petroleum-based materials in our portion-pack. We have recently had some promising results in this area and hope to be selling a tea product in a portion pack made from renewable materials in 2010 and portion packs with more substantive improvements in the not too distant future.
- We continue to research and develop opportunities for more environmentally friendly approaches to both single-serve and drip brewing methods and to evolve our product design processes and systems so that we can build greater environmental responsibility into our products from the beginning.
- All K-Cup portion packs and all water path components of Keurig home brewers are free of Bisphenol-A (BPA).
- The recyclable parts of our home brewers all have recycling codes on them to help facilitate responsible disposal and all our home brewers comply with the RoHS Directive (www.rohs.gov.uk), a set of European regulations designed to reduce the effect of electronic equipment in the waste stream.
- We continue to offer the "My K-Cup" product, a reusable filter assembly that can be refilled by the consumer. "My K-Cup" is easily cleaned and compatible with all Keurig home brewers sold today.



The K-Cup portion pack consists of three main elements — the cup itself, a layer of filter paper, and an aluminum foil top. The mix of materials in the package, as well as the process of heat-sealing the various components, currently makes recycling difficult.