



KEURIG® UNITED STATES RETAILER COOPERATIVE ADVERTISING POLICY

I. Introduction

At Keurig Green Mountain, Inc. (“**Keurig**”), we use excellence as a guide for everything we do, from our patented single-cup brewing technology, to the gourmet brands of coffee and tea that are packaged in our K-Cup® portion packs, to our customer service. Our products reflect the significant investment we have made in our pursuit of excellence, and we know that our future success in maintaining Keurig® as a truly premium brand that is synonymous with exceptional quality, innovative design, and superior flavor will require significant and sustained investments, both by us and by our valued business partners. We also understand the positive effect that the advertising and other marketing efforts of Keurig’s Retailers can have on our product sales and brand image if those efforts are consistent with Keurig’s Keurig® Retail Consumer Products Brand Equity Policy (the “**Brand Equity Policy**”), a copy of which has been delivered to you previously. Therefore, Keurig is committed to invest its marketing dollars in support of those Retailers who are committed to positioning, marketing and selling Keurig® products as premium branded products for the discriminating gourmet consumer. This Keurig® United States Retailer Cooperative Advertising Policy (this “**Policy**”) sets forth the terms under which Keurig is prepared to invest a portion of its marketing budget in Qualified Advertising (as defined in Section III below) that reflects such commitment and, thus, mutually benefits Keurig and its United States Retailers. Consistent with the Brand Equity Policy, Keurig places certain restrictions on the manner in which Keurig® Retail Consumer Products (as defined by Keurig in the Brand Equity Policy) may be advertised using the Keurig® trademark and other related trademarks, including, without limitation, Keurig Brewed®, K-Cup®, Vue®, Rivo®, Coffee House Taste By The Cup®, Deliciously Simple®, Brewing Excellence One Cup at a Time®, Choose, Brew, and Enjoy™, and Custom Brew®. The purposes of such restrictions are (i) to continue to build the Keurig® brand and to extend its reach into the consumer coffee brewer market, for the mutual benefit of Keurig and its United States Retailers, by emphasizing, through advertising, the exceptional quality, innovative design, superior flavor and premium value associated with Keurig® Retail Consumer Products; (ii) to encourage United States Retailers to promote and invest in building a market for Keurig® Retail Consumer Products consistent with the Brand Equity Policy; and (iii) to minimize the possibility of free riding and bait and switch tactics by non-participating Retailers. This Policy advances these purposes by encouraging advertising that consistently positions Keurig® Retail Consumer Products as premium branded products for discriminating gourmet consumers by focusing those consumers on the premium features, quality and value of Keurig® Retail Consumer Products. Under no circumstances, therefore, may dollars Keurig invests as part of this Policy be used for any purpose other than advertising that is consistent with these purposes and with the specific terms of this Policy.

Note: The Retailer alone has the sole discretion to determine both advertised price(s) and selling price(s). Each Retailer may, in its sole discretion and at its own expense, advertise and sell Keurig® Retail Consumer Products in a manner inconsistent with this Policy.

All Retailers should study the Brand Equity Policy and this Policy carefully and call Keurig® brand management with any questions. **The terms of this Policy shall be effective as of May 10, 2015 and supersede and replace any prior like policy.**

II. ACCRUAL OF COOPERATIVE ADVERTISING FUNDS

- A. The amount of funds available under this Policy will be established by accruing a standard percentage of the Retailer's invoice price by model of Keurig® single cup brewer purchased from Keurig, net of returns. Funds will accrue for use by the Retailer on a calendar year basis (January 1 through December 31). The accrual will be placed in the Retailer's current year fund ("**CYF**"). This money will be reimbursed to the Retailer for Qualified Advertising (as defined in Section III below) run in the current year in accordance with the Claim Back Procedure described below in Section V, and can be used to offset claims made for Qualified Advertising during the current year.
- B. At the close of business on December 31 of each year, any balance in the Retailer's CYF will be designated as a Prior Year Fund ("**PYF**"). Any funds in the Retailer's PYF shall be available to reimburse the Retailer for Qualified Advertising run by the Retailer in the prior year and between January 1 and February 28 of the current year. Claims for reimbursement from the PYF for Qualified Advertising must be submitted by March 31 of each year. Each year, any money remaining in the Retailer's PYF on April 15 will be forfeited.
- C. The issuance of credit or a check is subject to the accrual of sufficient funds in the Retailer's CYF or PYF, as applicable, at the time the claim is processed.
- D. No funds shall be accrued under this Policy for purchases of Keurig® Retail Consumer Products other than Keurig® single cup brewers. However, given the interrelationship of all Keurig® Retail Consumer Products to the Keurig® brewing system and the Keurig® brand, Qualified Advertising of any and all Keurig® Retail Consumer Products is eligible for reimbursement under this Policy. In addition, Keurig may, from time to time, offer other products or promotions that will not qualify for advertising accrual. Keurig shall communicate to Retailers such additional products and promotions that will not be eligible for advertising accrual.

III. QUALIFIED ADVERTISING CRITERIA

All Retailer advertising programs must be pre-approved in writing by Keurig in order for the Retailer to be eligible to receive reimbursement on any advertisements under this program. The following criteria define Qualified Advertising eligible for reimbursement under this Policy:

- A. **Specific Qualifying Media.** Keurig will approve reimbursement claims only for Qualified Advertising in the following media, supported by proof of performance as specified:
1. Newspaper inserts — special advertising supplements inserted into net paid, general circulation newspaper;
 2. Catalogs — bound or stapled booklets printed on coated or quality uncoated stock for distribution to the end user of the product(s), where the size is at least 5" x 7", and at least eight (8) pages;
 3. Circulars — multi-page leaflets on newspaper stock, where the size is at least 11" x 17";
 4. Subject to prior written approval, Direct Mail advertising, (including proportionate share

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- of publishing, freight and postage);
5. Subject to prior written approval, Advertising at trade shows, fairs, cooking demonstrations and other relevant public exhibits;
 6. Subject to prior written approval, in-store promotional events, demonstrations, and related temporary displays;
 7. Subject to prior written approval, TV and radio broadcast advertisements.
 8. Subject to prior written approval, email and Internet advertising.
 9. Web page design, development and maintenance expenses associated with Keurig® Retail Consumer Products appearing on the Retailer's web site(s). Note: With the exception of a Retailer's checkout or shopping cart webpage ("***Checkout Page***"), Keurig deems all information regarding Keurig® Retail Consumer Products on a Retailer's web pages advertising. For avoidance of doubt, the Checkout Page is not deemed advertising by Keurig and is not subject to this Policy. A retailer may not draw attention to a price below MAP for any Keurig® Retail Consumer Products unless the consumer is on the products landing page. On the landing page a retailer may have a line crossed thru their regular retail price for a Keurig Retail Consumer Product and note that final price will be reflected in shopping cart or check out page. Emails sent to end consumers initiated by the retailer, ("***Email Blasts***") are deemed advertising and are subject to this policy.
 10. Keurig deems all communication to an end consumer initiated by the retailer advertising and subject to this policy. This includes and is not limited to Facebook, Twitter, Instagram, etc.

B. Non-Qualifying Media. Keurig will not approve reimbursement claims for advertisements in the following media or for any other activities specified below:

1. Permanent display and store fixtures.
2. Sales person incentives.
3. Ad preparatory charges of any kind (except if sponsored by Keurig).
4. Directories or yellow page type ads.
5. Tax.
6. Postage and freight (except as approved for direct mail advertising).

C. Format and Other General Requirements:

1. All newspaper advertisements must serve the Retailer's geographic area, hold at least a second class postal permit, and be verifiable by independent audit.
2. All print advertising must include, at a minimum, (a) an illustration of a Keurig single cup brewer with the correct model and/or name and at least one line of copy providing a selling feature of the brewer, (b) an illustration of no less than three different portion packs preferably by Keurig®, Green Mountain Coffee®, Tully's Coffee® or The Original Donut Shop® or Café Escapes®, and (c) when advertising more than one Keurig® single cup brewer, each brewer must include copy of at least one selling feature that differentiates it from the other brewers illustrated. While not required, we do recommend that each brewer illustrated show a different type of beverage being brewed into a cup to illustrate the multi-beverage capability of the system. For example, if an advertising shows all four brewers in the K-Cup® brewer platform, we recommend it

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show a cup of coffee, a cup of hot cocoa, a brewed over ice beverage, a travel mug, etc. and visualize the benefit for the consumer.

3. All advertisements that include a Keurig® trademark and/or a product shot must do so in accordance with the Keurig® Retailer Trademark Usage Guidelines, as provided by Keurig (the “*Retailer Trademark Usage Guidelines*”).
4. If the advertisement references a product warranty, the advertisement must include all significant terms and conditions of the warranty or indicate that complete details are available from the Retailer prior to sale.
5. TV and radio broadcast advertising should be entirely devoted to Keurig® Retail Consumer Products (no competing brands). All broadcast advertising should mention the Keurig® brand not less than two (2) times in a 30 second broadcast and not less than three (3) times in a 60 second broadcast. Model names and numbers are not required for radio spots.
6. Advertisements must not be deceptive and must comply with all federal, state and/or local laws and regulations (e.g., models shown and/or features advertised must be related to the price indicated in the ad). Regardless of the Retailer’s compliance with any other terms of this Policy, deceptive ads and misleading advertising practices may lead to termination of the Retailer’s authorization to sell Keurig® Retail Consumer Products.
7. Advertisements must not advertise Keurig® Retail Consumer Products along with non-Keurig® or unlicensed products or accessories.

D. Minimum Advertised Price

Retailers are free to advertise Keurig® Retail Consumer Products at any price at their own expense, subject to compliance with the Retailer Trademark Usage Guidelines. To be Qualified Advertising eligible for reimbursement under this Policy, however, advertisements displaying pricing must meet the following requirements:

1. The price(s) displayed must be at or above the published Minimum Advertised Price (“*MAP*”) in effect at the time the advertisement is run. MAPs presently in effect for the Keurig® Retail Consumer Products are set forth on Exhibit A (K-Cup® Products), Exhibit B (Keurig® 2.0 Products), and Exhibit C (Rivo® Products) attached hereto. **It is the Retailer’s responsibility to verify the MAP(s) in effect at the time the advertisement(s) run, and to make sure that the advertised price(s) are the same or higher than the corresponding published MAP(s).**
2. The advertisement(s) must include the Keurig® model name(s) and/or number(s) that are complete or sufficient to specifically identify the advertised Keurig® Retail Consumer Product(s).
3. The advertisement(s) must **not** state or imply that anyone other than the Retailer originated the advertised price.
4. If a Retailer’s pricing policy is to use a price that has as its last digit (i.e., 0 – 9 cents) a number other than 9, that Retailer may use its standard last digit as long as the last digit policy applies to all competing brands. Example: An advertised price of \$149.94 is acceptable where the MAP is \$149.99 and where pricing for all competing brands follows the same last digit policy.

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5. Unless approved by Keurig as part of a national promotion, the advertisement must **not** associate a gift card, rebate, coupon or gift with purchase with any Keurig® Retail Consumer Products or image thereof except as permitted by paragraphs 6 and 7 below. It is the Retailers' responsibility to verify the maximum values that a Gift Card or Mail-in Rebate can be advertised with a respective Keurig Consumer Product and remain compliant with this policy. Please refer to our Gift Card/Mail-in Rebate Program (an appendix to this policy) for detail and requirements of execution and to remain compliant to this policy.
6. Storewide or Department-wide Promotions. Advertisements for storewide or department-wide promotions must state clearly that any gift card, rebate, coupon, gift with purchase or % off savings is applicable storewide or to the entire department in which the Keurig® Retail Consumer Products included in such advertisement are customarily sold. Coupons, % off savings, rebates or gift with purchases that are applicable storewide or to the entire department in which Keurig® Retail Consumer Products are customarily sold may be offered as long as they are consistent with the premium brand positioning called for under the Brand Equity Policy.
7. Product Category Promotions. Any advertisement run stating % off savings specific to the product category in which Keurig® Retail Brewers are customarily sold may be offered one time per retail quarter with an additional flex exposure per six month season to be used at the retailers discretion throughout the year for a total of six exposures during the rolling twelve months, as long as such advertisements do not (a) "net out" the % savings applicable to such product category resulting in a below-MAP price of a Keurig® Retail Brewer in the printed advertisement and/or on the retailer's website, (b) result in a net price lower than 10% below the published MAP retail for the respective Keurig® Retail Brewers or (c) run in concurrence with any other promotional offer including coupons, credit card discounts, gift cards, rebates, etc. The product category that Keurig® Retail Brewers are sold in is defined as Coffeemakers which includes without limitation drip coffeemakers, espresso-based beverage makers and single serve coffeemakers. Note, the restriction described in this paragraph 7 does not apply to Keurig® K-Cup® portion packs, Vue® portion packs, Rivo® portion packs or Keurig® Accessories sold at retail. Retailers are not entitled to reimbursement in connection with any other promotional offer associated with such Keurig® Retail Brewer(s) including storewide coupons/discounts, charge card promotions that are not standing offers, gift cards, mail in rebates or similar promotions.
8. Products not produced, licensed or otherwise authorized by Keurig that are intended or marketed for use with Keurig® Retail Consumer Products may not be advertised in close proximity to Keurig® Retail Consumer Products. For purposes of determining whether an advertisement is eligible for reimbursement under this Policy, close proximity is defined as appearing alongside Keurig® Retail Consumer Products or near enough Keurig® Retail Consumer Products to be interpreted as being part of the Keurig® family of branded and licensed products.

EXCEPTIONS:

- From time to time Keurig may sponsor national promotions, gift card offers, and/or mail-in rebates. During such national promotional periods, the advertisement may

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include the promotion, gift card offers, or mail-in rebate amount therein and continue to be deemed Qualified Advertising, provided that the dollar value of the promotion (e.g., gift card) is not “netted out” against the MAP of the applicable Keurig® Retail Consumer Product in such advertisement to indicate a sale price below MAP for such Keurig® Retail Consumer Product.

- Offers of “free shipping” or other discounted shipping charges, alone, within an advertisement for Keurig® Retail Consumer Products will not disqualify such advertisement for reimbursement under this Policy.
- From time to time Keurig may sponsor national promotions in which the MAP for certain Keurig® Retail Consumer Products may be reduced on a temporary basis, and advertising reflecting such reduced MAP will be deemed Qualified Advertising during such time. Keurig will provide written notification of such promotions with details of such events. Retailers are not entitled to reimbursement in connection with these temporary MAP reductions under this Policy in conjunction with any other promotional offer associated with such Keurig® Retail Consumer Products, including storewide coupons/discounts, charge card promotions that are not standing offers, gift cards, or similar promotions.

The following is a non-exhaustive list of practices that do not meet the MAP requirements described herein and, therefore, **that will result in the denial of reimbursement claims:**

1. An advertisement that “nets out” a coupon or gift card from the MAP by showing the effective, below-MAP price of a Keurig® single cup brewer after a coupon or gift card is applied.
2. An advertisement that includes a % off savings applicable to a product category in which Keurig® Retail Consumer Products are customarily sold that results in a price more than 10% lower than Keurig’s MAP price for a Keurig® Retail Consumer Product.
3. An advertisement that includes an image of a Keurig® Retail Consumer Product in close proximity to a product that is not produced or licensed by Keurig but is intended or marketed for use with Keurig® Retail Consumer Products.
4. Retailers may not advertise that specific Keurig® Retail Consumer Products are available at “closeout” prices unless part of an exit strategy approved in writing by Keurig in advance. Such advertising must clearly identify that the price is due to the unusual circumstance of a closeout, by using terminology such as “closeout” or other similar terms approved by Keurig in advance of the advertisement.

IV. ADVERTISING DEVELOPMENT AND REVIEW

Keurig is pleased to assist you in complying with the Brand Equity Policy and this Policy. We will therefore comment on your advertising if requested, but we will not comment on pricing contained in any proposed advertisement, whether or not such pricing is consistent with this Policy.

Advertising copy and artwork submitted for our review will be returned to you with a summary, in the form attached hereto as Exhibit D indicating our comments and the limitations on the extent of

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our review.

V. CLAIM PROCEDURE

A. Proof of Performance Requirements

1. Completed claim reimbursement form, in a form chosen by the applicable Retailer, provided such form must be numbered for control purposes and include thereon, at a minimum, the event date and the claim amount, which may not in any event exceed (a) the result of multiplying the number of Keurig® Retail Consumer Products actually sold by Retailer in connection with the applicable Qualified Advertising by the amount accrued hereunder for such Keurig® Retail Consumer Products, for advertising including Keurig® brewers and (b) the cost of the advertisement, for advertising not including Keurig® brewers.
2. Copy of the applicable media invoice.
3. Copy of the Retailer's invoice which must specify that a Keurig® Retail Consumer Products for which a MAP exists (each, a "**MAP'ed Product**") was advertised.
4. Copy of written authorization signed by Keurig® brand management (if prior approval is required).
5. For newspapers — complete tear sheet showing the advertisement and the name and date of the newspaper.
6. For inserts — full copy of insert and invoices from all newspapers supplemented.
7. For circulars and catalogs — one full copy of the circular or catalog, a notarized statement verifying the total press run and post office receipts.
8. For radio and television — notarized affidavit of performance itemizing the MAP'ed Product(s) advertised, the date and time of day aired, and copy of the script aired.
9. For direct mail — one each of the mailing pieces and postal receipt indicating the mailing cost and the number of pieces mailed.
10. For any other advertising — to be specified at the time written approval is granted.

B. Where authorization by Keurig is required, any advertising amounts spent by the Retailer in excess of, or contrary to, Keurig authorization will be solely at the Retailer's expense.

C. Advertising that does not meet the above Qualified Advertising Criteria, including the Minimum Advertised Price Requirements, will not be eligible for reimbursement under this Policy. Any claim for reimbursement for such advertising will be denied. In addition, Keurig will not pay any cooperative fund dollars related to any advertisement that does not meet the Qualified Advertising Criteria, which amount may be determined by Keurig based upon the amount accrued under this Policy for actualized point of sale results of Keurig® Retail Consumer Products in connection with the advertising in question.

VI. MODIFICATION OR TERMINATION

Keurig may terminate or amend any part or all of this Policy at any time upon written notice. A Retailer's participation under this Policy shall end in the event of termination or expiration of its authorization to act as a Keurig® authorized retail dealer, except for previously approved and authorized advertising.

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RETAILER ACKNOWLEDGES RECEIPT OF THIS POLICY

RETAILER NAME: _____

BUYER/GMM NAME: _____

SIGNATURE: _____

DATE: _____

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Exhibit A

Minimum Advertised Prices for Keurig® Retail Consumer Products (K-Cup® Products)

<u>Product</u>	<u>Minimum Advertised Price (MAP)</u>
1. Keurig® Mini Plus Model Single Cup Brewer, K10 ¹	US \$99.99
2. Keurig® Elite Model Single Cup Brewer, K40 ^{1, 2}	US \$109.99
3. Keurig® Elite Model Single Cup Brewer, K45 ¹	US \$119.99
4. Keurig® Iced Beverage Tumbler	US \$14.99
5. Keurig® Under Brewer Storage Drawer	US \$24.99
6. Keurig® Water Filter Starter Kit Cartridge Refills (2 pack)	US \$8.99
7. Descaling Solution	US \$12.99
8. Keurig Brewer Maintenance Kit	US \$19.99
9. Thermal Carafe Travel Mug	US \$24.99
10. Keurig® Water Filter Starter Kit Cartridge Refills (6 pack)	US \$24.99
11. Keurig® K-Cup® Countertop Storage Drawer	US \$29.99

¹ Includes all brewer model derivatives including color.

² Pursuant to this Policy, this model of brewer may not be advertised in connection with a storewide or department wide coupon, charge card promotional offer, gift card, or mail-in rebate.

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Exhibit B

Minimum Advertised Prices for Keurig® 2.0 Retail Consumer Products

<u>Product</u>	<u>Minimum Advertised Price (MAP)</u>
1. Keurig® 2.0 Hot Brewer, K550	US \$199.99
2. Keurig® 2.0 Hot Brewer, K500	US \$189.99
3. Keurig® 2.0 Hot Brewer, K450	US \$169.99
4. Keurig® 2.0 Hot Brewer, K400	US \$159.99
5. Keurig® 2.0 Hot Brewer, K350	US \$149.99
6. Keurig® 2.0 Hot Brewer, K300	US \$139.99
7. Keurig® 2.0 Hot Brewer, K250	US \$119.99
8. Keurig® 2.0 Hot Brewer, K200	US \$109.99
9. Keurig® 2.0 Stainless Steel Carafe	US \$29.99
10. Keurig® 2.0 Universal Carousel	US \$24.99
11. Keurig® 2.0 Neo Carousel	US \$24.99
12. Keurig® 2.0 Carafe	US \$19.99
13. Keurig® 2.0 Water Filter Starter Kit	US \$17.99

Note: The Retailer alone has the sole discretion to determine both advertised price(s) and selling price(s). Each Retailer may, in its sole discretion and at its own expense, advertise and sell Keurig® Retail Consumer Products in a manner inconsistent with this Policy.

Exhibit C

Minimum Advertised Prices for Keurig® Rivo® Retail Consumer Products

<u>Product</u>	<u>Minimum Advertised Price (MAP)</u>
1. Rivo® Cappuccino and Latte System, R500	US \$199.99 ³
2. 20-count Rivo® Carousel	US \$29.99
3. 18-count package of Rivo® packs	US \$14.99

³Minimum Advertised Price shown for the product is effective as of 7/6/2014.

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Exhibit D



Retailer: _____

Title of Advertisement/Product: _____

Date of Advertisement: _____

ADVERTISING REVIEW SUMMARY

Please note our comments on your proposed advertisement. Comments are either included on the markup of the proposed advertisement, attached, or are specified below:

Please also note our Keurig[®] Retailer Trademark Usage Guidelines, a copy of which has been delivered to you previously in accordance with the Keurig[®] Retailer Cooperative Advertising Policy.

NOTE ON PRICING

Keurig does not comment on the prices included by resellers in proposed advertising. If you are unsure of our suggested Minimum Advertised Price ("**MAP**") for the product(s) advertised, please call the individual named below for that price.

Reviewed By: _____

Title: _____

Date: _____

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