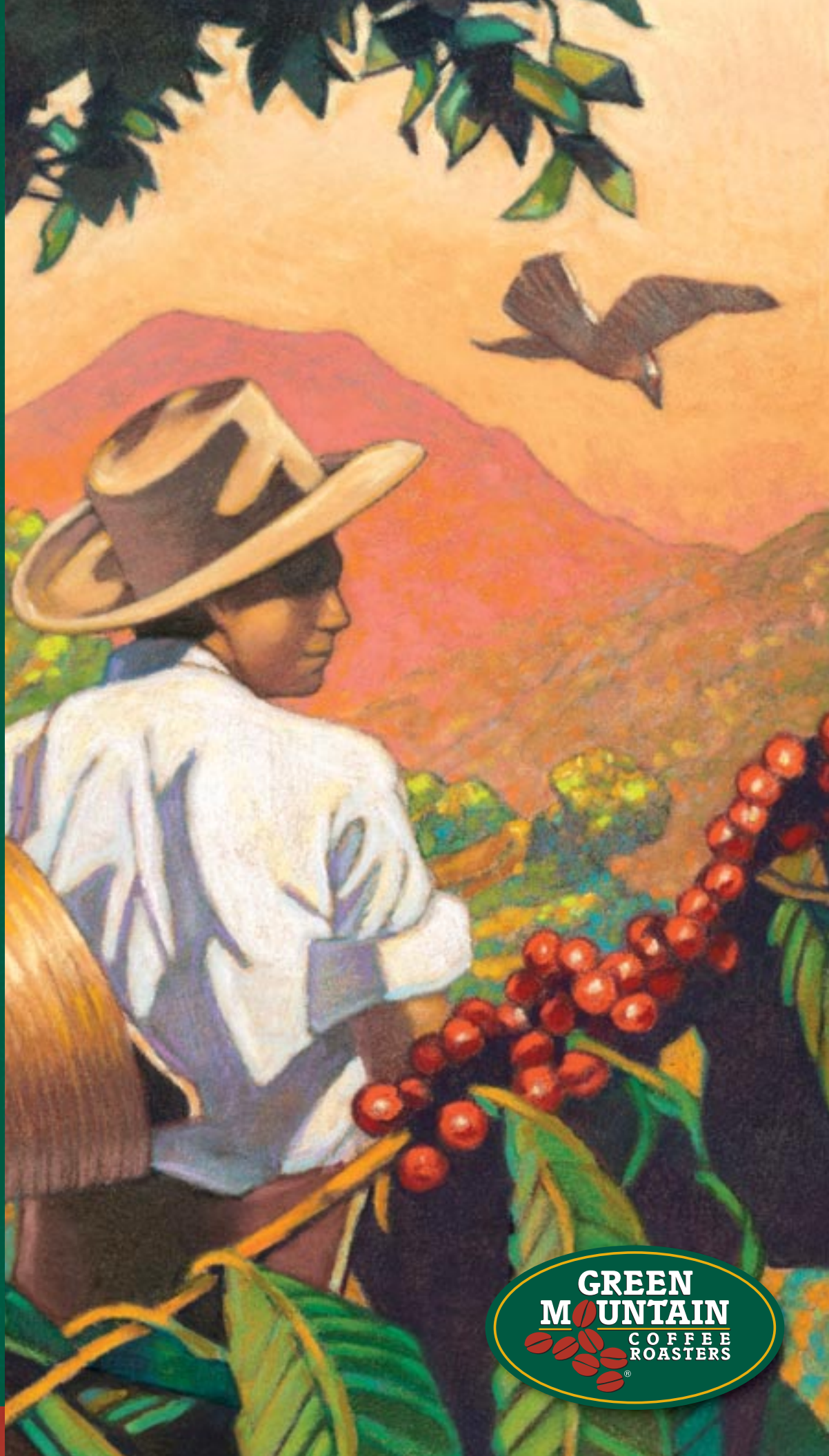


Annual Report

2001



Coffee with a
Conscience.



Dear Fellow Stockholder,

Fiscal 2001 was a milestone year for Green Mountain Coffee. Our accomplishments included celebrating our 20th anniversary, making our first acquisition, and being honored by *Forbes* magazine for our entrepreneurial spirit.

It's also been another year of great performance. For the third consecutive year, we set records for sales revenues, coffee pounds shipped and earnings per share. We deepened our commitment to social responsibility, demonstrating once again that doing good can enhance financial performance.

Outstanding Financial Results

Maintaining our focus on wholesale channels, we grew net sales to \$95.6 million — a 13.8% increase over fiscal 2000. (All results are being reported as actual year-over-year increases despite fiscal 2000 having one extra week. Comparable 52-week growth would be higher.) Coffee pounds shipped grew 14.1% to a total of 12.4 million pounds. The Company continued to manage costs well and benefited from favorable coffee prices. Income from continuing operations rose to \$5.8 million, a 39.2% increase over last year. Earnings per share from continuing operations were \$.80, up 35.6%, from \$.59 in fiscal 2000.

Summary Financial Data

(In thousands except per share data)	52 wks. ended		53 wks. ended		52 wks. ended
	Sept. 29, 2001	Year-over-year	Sept. 30, 2000	Year-over-year	Sept. 25, 1999
Selected Statement of Operations Data:					
Coffee pounds shipped	12,408	+14%	10,873	+21%	9,004
Net Sales	\$95,576	+14%	\$84,001	+29%	\$64,881
Gross profit	\$40,862	+22%	\$33,536	+31%	\$25,620
Income*	\$5,782	+39%	\$4,153	+85%	\$2,247
Income* per diluted share	\$0.80	+36%	\$0.59	+84%	\$0.32
Weighted average shares outstanding	7,197	+3%	6,979	-2%	7,094
Selected Balance Sheet Data: (at end of period)					
Working capital	\$8,545	+28%	\$6,681	+10%	\$6,052
Total assets	\$34,496	+27%	\$27,244	+14%	\$23,878
Long-term debt	\$6,451	-28%	\$8,918	+46%	\$6,091
Stockholders' equity	\$18,600	+86%	\$10,017	-14%	\$11,682
Long-term debt/equity	34.7%	-61%	89.0%	+71%	52.1%
Return on equity*	40.4%	+5%	38.3%	+81%	21.2%
(*from continuing operations)					

We further strengthened an already strong balance sheet in fiscal 2001. We reduced long-term debt by \$2.5 million even while making our first acquisition for a cash purchase price of \$2.4 million (details further on) and funding a \$2 million loan to our ESOP. In January 2001, we effected a two-for-one Common Stock split, intended to benefit stockholders by placing more shares in the market, thus helping to increase trading activity and further improve the stock's liquidity.



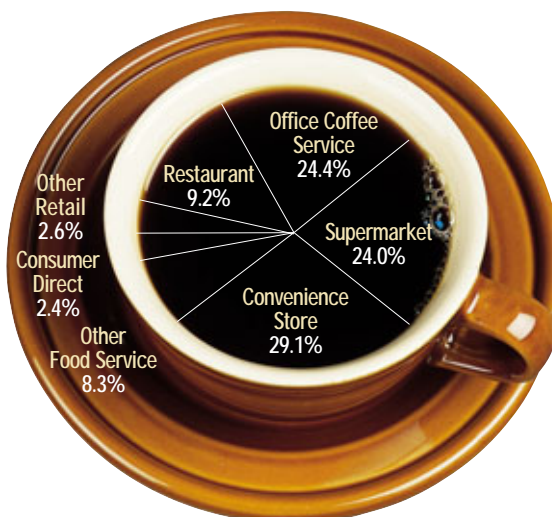


— Signature Coffee —

The heart of our product line is our array of more than 40 Signature Coffees. These tried and true favorites include our distinctive proprietary blends. These coffees are blended after roasting, not before, so that the best and truest character of each bean is brought to the whole. In addition, richly flavored coffees and satisfying decafs broaden the selection. Time, tradition and careful craftsmanship go into every cup.

Creating Customers for Life

Green Mountain combines outstanding coffee with exceptional service and support to give our wholesale customers a more profitable way to grow their businesses. In fiscal 2001, we continued to grow in our core New England market while we expanded geographically. Wholesale coffee pounds shipped rose 8.8% in New England (55.2% of wholesale pounds) and we grew 21.2% in the balance of the USA, primarily through our enhanced relationship with Exxon Mobil Corporation (ExxonMobil) and the growth of our Keurig® business.



Fiscal 2001 Coffee Pounds Shipped by Channel

Convenience Stores

Our fastest growing channel was our convenience store channel with growth being primarily driven by our five-year agreement with ExxonMobil. ExxonMobil is an outstanding business partner and we appreciate their support in bringing Green Mountain coffee to more of their customers throughout America.

To enhance our customer relationships we introduced a new “four seasons” coffee program to many convenience store and other cup customers. Results were terrific with over 1,600 wholesale customers signing up to participate in all four of our seasonal promotions.

Supermarkets

In the supermarket channel, our expansion into Florida continues to proceed well via Kash n’ Karry stores in central Florida. In New England, we strengthened our relationships with Hannaford Bros., Stop&Shop, Shaw’s and other chains during the year. In October 2001 (after a two-year hiatus), we regained the bulk specialty coffee business at Kings Super Markets. We are proud of this accomplishment given Kings had been the only sizable customer whose business we had “lost” in our 20-year history.



Office Coffee Service

Growth in the office coffee service (OCS) business was strong overall in fiscal 2001, but slowed dramatically in the second half of the year. Despite the addition of three other roasters, we continued to maintain a dominant share of the Keurig K-Cup™ business. As economic growth slowed, Keurig, Inc., saw less demand for new brewers in core sectors. We remain highly optimistic about the long-term market potential for this unique single-cup brewing system.

Consumer Direct

While a small portion of our total business, coffee pounds shipped through our consumer direct channel (consisting of catalog and website sales) grew 20.1%. We continue to get good response to our expanded catalog. If you don’t already receive it, I encourage you to call 1-800-223-6768 to get on our mailing list or log on to www.GreenMountainCoffee.com.





— Fair Trade and Organic Coffee —

Our certified Fair Trade and Organic coffees offer exquisite flavor while further demonstrating our commitment to social responsibility. Fair Trade guarantees that the hardworking farmers who grow these beans receive a fair price for their efforts so they can take better care of themselves, their families and their lands, ensuring high quality coffee far into the future. Organic coffees are fed only by sun, rain and natural compost to help protect wildlife habitat and preserve the land. We believe these commitments make great coffee better—and great coffee is what we're all about.

Celebrating 20 Years of Coffee and Community

Green Mountain Coffee Roasters was formed 20 years ago when I bought a small café in Waitsfield, VT, that roasted and served extraordinary coffee. Last summer, we celebrated our 20th anniversary with a variety of events for our employees and consumers. The celebration culminated in June at our annual Company meeting where we reviewed some of the historical highlights that have made us who we are today.

The moments in the meeting that made me proudest were remarks to our employee community by Paul Rice, Executive Director of TransFair USA, and Bill Fishbein, Founder of Coffee Kids.™ Paul spoke about how purchases of Fair Trade coffee by Green Mountain and other coffee roasters are improving the lives of small coffee farmers and their families. Bill relayed how the Company's support of Coffee Kids' micro-lending programs has had a positive impact on these communities. Quality coffee begins at the source. In fiscal 2001, we doubled our Fair Trade coffee purchases during a time when green coffee farmers were experiencing a low price crisis. I believe we, and others in the industry, need to do more to support coffee farmers, particularly in these challenging times.



On June 5, 2001, Green Mountain announced the purchase of the coffee-related assets of Frontier Natural Products Co-op. Frontier was a pioneer in the organic coffee category. When they decided to focus on other parts of their business, we were pleased that they called us to see if we would carry on the tradition they began. Frontier and Green Mountain share a commitment to great coffee and a desire to do the right thing for coffee farmers and for the environment.

FRONTIER
ORGANIC COFFEE

Organic and Fair Trade coffees are the fastest growing part of the specialty coffee market. With Frontier's assets, we added 20 new organic coffees to our product line and more than doubled the size of our organic coffee business. We established relationships with important new customers for organic and Fair Trade coffee including Fred Meyer, a leading supermarket chain and natural products retailer in the Northwest. In addition, we are continuing support of Frontier source projects in Peru, Mexico, and Guatemala. With these three projects, Green Mountain supported 12 projects in coffee growing communities in fiscal 2001.

In October, *Forbes* magazine again named Green Mountain as one of America's fastest growing small companies. Earlier in the year we received similar



recognition from *Business Week* and *Fortune*. Green Mountain was featured in *Forbes'* cover story. The story highlighted our entrepreneurial roots and discussed some of the characteristics that make our culture distinctive. This recognition reflects the combined efforts of all our employees and sets a high bar for future performance.





— Connoisseur Coffee —

Exclusive collections of outstanding coffees is what Connoisseur Coffees are all about. Designed to broaden our relationship with select customers, these custom blends, roasts and flavors provide each customer a unique selection of coffees tailored to their shoppers' needs. Available only at select locations.

Becoming Better and Better

While we're proud of all we've accomplished, I believe we must become "better and better" each year. In fiscal 2002, we'll continue to work in our four focus areas to grow earnings and responsibly build our brand and our business:

1. A passion for coffee—We source, roast and supply the world's finest specialty coffees. As part of this effort, we will be taking steps to expand our leadership position in Fair Trade and organic coffees. We also will continue to develop more and stronger source relationships, increasing the percentage of coffees that come from farms we know in order to assure a secure, long-term supply of the highest quality coffee beans.

2. Creating customers for life—We will do even more to strengthen the partnerships we have with our customers.

We are introducing a "next generation" merchandising program to enhance the appearance of our customers' coffee presentations. Further, we'll introduce an innovative new program with select supermarket customers this spring. The program will allow high volume stores to offer a broader and more exclusive selection of Green Mountain coffees, increasing their coffee sales and the loyalty of their customers.

3. A destination workplace—We believe an inclusive culture brings out the best in our employees. We are introducing new programs designed to improve leadership development and sales training. We'll also offer all employees more personal skills training as well as financial management education. Our people are our competitive advantage and, as the business grows, we want our people personally engaged and fully prepared to grow with it.

4. A commitment to social responsibility—We seek to improve the world in which we live. We will be working even harder to make our local communities stronger, to improve conditions in coffee growing areas and to preserve the natural environment. In fiscal 2002, we'll introduce a new environmental management program that is expected to further reduce our use of natural resources while improving our operating efficiency. I believe doing the right thing helps us do well as a Company and yields highly satisfactory results for all stakeholders.

Our 20th anniversary was a banner year. Looking ahead, it appears that fiscal 2002 could be more challenging due to the impact of a slowing economy. That said, Green Mountain is a premier brand with a proven growth strategy. We will continue to strive to manage our business to reward stockholders for their investment in Green Mountain. I appreciate your belief, as a stockholder, in what we are doing.

Cordially,



Bob Stiller
January 5, 2002



P.S. Don't forget to take advantage of the 10% discount to stockholders! See details on the inside back cover.



— Exotic Origins Coffee —

Rare in production and limited in supply, this collection represents the pinnacle of the craft that creates the world's greatest coffees. Each Exotic Origins Coffee harkens from a particular region, farm, or estate renowned for the quality and taste of their beans. These are coffees of unmatched flavor, balance, and character—they are a select fabulous few. Centuries of tradition, often handed down through generations at a single farm, go into cultivating and harvesting the beans.