



## STARBUCKS CORPORATION

### NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

#### POLICY ON DIRECTOR NOMINATIONS

November 9, 2010

**1. Purpose of the Policy.**

The purpose of this Policy on Director Nominations (the "Policy") is to describe the process by which candidates for possible inclusion in the Company's recommended slate of director nominees (the "Candidates") are selected. The Policy is administered by the Nominating and Corporate Governance Committee (the "Committee") of Starbucks Corporation ("Starbucks" or the "Company"). All of the members of the Committee are independent under the Marketplace Rules of The Nasdaq Stock Market, LLC ("Nasdaq").

**2. The Committee's Charter.**

The Committee's charter, the Company's Corporate Governance Principles and Practices (the "Principles") and other important materials relating to corporate governance at Starbucks are available publicly on the Company's web site at the following address: [http://www.starbucks.com/aboutus/corporate\\_governance.asp](http://www.starbucks.com/aboutus/corporate_governance.asp). Copies of the Committee's charter and the Principles may also be obtained, free of charge, by writing to:

Executive Vice President, General Counsel & Secretary  
Starbucks Corporation  
2401 Utah Avenue South  
S-LA1  
Seattle, Washington, 98134

**3. Board Membership Criteria.**

The Principles state that the Committee "is responsible for, among other things, reviewing the appropriate skills and characteristics required of directors in the context of prevailing business conditions and for making recommendations regarding the size and composition of the Starbucks Board of Directors (the "Board"). The objective is a Board that brings to the Company a variety of perspectives and skills derived from high quality business and professional experience."

The Principles also state that the Committee is expected to work closely with the chairman of the Board/chief executive officer in determining the qualifications desired in new Board members.

The Committee, having consulted with the chairman/ceo, interprets the Principles to mean that Candidates shall possess at least the following specific minimum qualifications:

- Each Candidate shall be prepared to represent the best interests of all of the Company's shareholders and not just one particular constituency.
- Each Candidate shall be an individual who has demonstrated integrity and ethics in his/her personal and professional life and has an established record of professional accomplishment in his/her chosen field.
- No Candidate, or family member (as defined in Nasdaq rules), or affiliate or associate (each as defined in Rule 405 under the Securities Act of 1933, as amended) of a Candidate, shall have any material personal, financial or professional interest in any present or potential competitor of the Company.
- Each Candidate shall be prepared to participate fully in Board activities, including active membership on at least one Board committee and attendance at, and active participation in, meetings of the Board and the committee of which he/she is a member, and not have other personal or professional commitments that would, in the Committee's sole judgment, interfere with or limit his or her ability to do so.
- Each Candidate shall be willing to make, and financially capable of making, the required investment in the Company's stock in the amount and within the timeframe specified in the Principles.

In addition, the Committee also considers it desirable that Candidates possess the following qualities or skills:

- Each Candidate should contribute to the Board's overall diversity - diversity being broadly construed to mean a variety of opinions, perspectives, personal and professional experiences and backgrounds, such as gender, race and ethnicity differences, as well as other differentiating characteristics.
- Each Candidate should contribute positively to the existing chemistry and collaborative culture among Board members.
- Each Candidate should possess professional and personal experience and expertise relevant to the Company's goal of being one of the world's leading consumer brands. At this stage of the Company's development, relevant experiences might include, among other things, large company CEO experience, international CEO experience, senior level international experience, senior level multi-unit small box retail or restaurant experience, and relevant senior level expertise in one or more of the following areas – finance, accounting, sales and marketing, organizational development, information technology, social media and public relations.

#### **4. Board Size.**

The Company's articles of incorporation state that the size of the Board shall be as fixed in the bylaws, and the bylaws provide that the number of directors shall be determined by resolution of the Board. The size of the Board may change from time to time, but the Board should not become so large that it ceases to function effectively and cohesively.

According to the Company's bylaws, any vacancy occurring in the Board, whether caused by resignation, death, increase in the number of directors or otherwise, may be filled by

the affirmative vote of a majority of the remaining directors though less than a quorum of the Board. A director elected to fill any vacancy shall hold office until the next election of directors by the Company's shareholders.

The criteria above, and evaluation processes below, apply to all vacancies, including those to be filled by interim appointments by the Board.

## **5. Identification of Candidates.**

### **A. Internal Process for Identifying Candidates.**

The Committee has two primary methods for identifying Candidates (other than those proposed by the Company's shareholders, as discussed below). First, on a periodic basis, the Committee solicits ideas for possible Candidates from a number of sources - members of the Board; senior level Company executives; individuals personally known to the members of the Board; and research, including database and Internet searches.

Second, the Committee may from time to time use its authority under its charter to retain at the Company's expense one or more search firms to identify Candidates (and to approve any such firms' fees and other retention terms). If the Committee retains one or more search firms, they may be asked to identify possible Candidates who meet the minimum and desired qualifications expressed in this Policy, to interview and screen such candidates (including conducting appropriate background and reference checks), to act as a liaison among the Board, the Committee and each Candidate during the screening and evaluation process, and thereafter to be available for consultation as needed by the Committee.

### **B. Candidates Proposed by Shareholders.**

#### **I. *General Nomination Right of All Shareholders.***

Any shareholder of the Company may nominate one or more persons for election as a director of the Company at an annual meeting of shareholders if the shareholder complies with the notice, information and consent provisions contained in the Company's bylaws. The Company has advance notice bylaw provisions. The Company's bylaws are available publicly on the Company's web site at the following address:

[http://www.starbucks.com/aboutus/corporate\\_governance.asp](http://www.starbucks.com/aboutus/corporate_governance.asp). The procedures described in the following section B(II) are meant to establish an additional means by which certain shareholders can have access to the Company's process for identifying and evaluating Candidates, and is not meant to replace or limit shareholders' general nomination rights in any way.

#### **II. *Proposals by Qualified Shareholders.***

In addition to those Candidates identified through its own internal processes, the Committee will evaluate Candidates proposed by Qualified Shareholders (defined below) in accordance with this Policy. All Candidates (whether identified internally or by a Qualified Shareholder) who, after evaluation, are then recommended by the Committee and approved by the Board will be included in the Company's recommended slate of director nominees in its proxy statement.

Any single shareholder, or group of shareholders, that has beneficially owned more than 5% of the Company's outstanding common stock for at least one year and that satisfies the notice,

information and consent provisions in this Policy (such individual or group, the “Qualified Shareholder”), may propose a Candidate for evaluation by the Committee, by delivering a written notice to the Committee satisfying each of the requirements described below (the “Notice”). The Notice must be received by the Committee not less than 120 calendar days before the anniversary of the date of the Company's proxy statement released to shareholders in connection with the previous year's annual meeting. Where the Company changes its annual meeting date by more than 30 days from year to year, the Notice must be received by the Committee no later than the close of business on the 10<sup>th</sup> day following the day on which notice of the date of the upcoming annual meeting is publicly disclosed.

Any Candidate proposed by a Qualified Shareholder must be independent of the Qualified Shareholder in all respects (i.e., free of any material personal, professional, financial or business relationships from the nominating shareholder), as determined by the Committee or by applicable law. Any Candidate submitted by a Qualified Shareholder must also meet the definition of an “independent director” under applicable Nasdaq rules.

The Notice shall also contain or be accompanied by the following information or documentation:

- Proof of the required stock ownership (including the required holding period) of the shareholder or group of shareholders. The Committee may determine whether the required stock ownership condition has been satisfied for any shareholder that is the registered owner. Any shareholder that is not the registered shareholder may submit one of the following to the Company to evidence the required ownership percentage and holding period:
  - A written statement from the record holder of the stock (usually a bank or broker) verifying that, at the time the shareholder mailed the Notice, the shareholder had held the required percentage of shares for at least one year; or
  - If the shareholder has filed a Schedule 13D, Schedule 13G, Form 3, Form 4, and/or Form 5, or amendments to those documents or updated forms, reflecting ownership of the shares as of or before the date that the Notice was mailed, a copy of the schedule and/or form, and any subsequent amendments reporting a change in ownership level, as well as a written statement from the shareholder that the shareholder continuously held the required percentage of shares for the one-year period as of the date that the Notice was mailed.
- A written statement that the shareholder intends to continue to own the required percentage of shares through the date of the annual meeting with respect to which the Candidate is nominated.
- The name or names of each shareholder submitting the proposal, the name of the Candidate, and the written consent of each such shareholder and the Candidate to be publicly identified.
- Regarding the Candidate, such person's: name, age, business and residence addresses, principal occupation or employment, number of shares of the Company's stock, if any, beneficially owned, a written resume or curriculum vitae of personal and professional experiences, and all other information relating to the Candidate that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder (the “Exchange Act”).

- Regarding the Candidate, information, documents or affidavits demonstrating to what extent the Candidate meets the required minimum criteria, and the desirable qualities or skills, described in this Policy. The Notice must also include a written statement that the shareholder submitting the proposal and the Candidate will make available to the Committee all information reasonably requested in furtherance of the Committee's evaluation of the Candidate.
- Regarding the shareholder submitting the proposal, the person's business address and contact information and any other information that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to Section 14 of the Exchange Act.
- The signature of each Candidate and of each shareholder submitting the proposal.

The Notice shall be delivered in writing, by registered or certified, first-class mail, postage prepaid, to the following address:

Chair, Nominating & Corporate Governance Committee of Starbucks Corporation  
 c/o Executive Vice President, General Counsel & Secretary  
 2401 Utah Avenue South, S-LA1  
 Seattle, Washington 98134

The executive vice president, general counsel and secretary will promptly forward the Notice to the Chair of the Committee. Except as may be required by applicable law, rule or regulation, the Committee will have no obligation to acknowledge receipt of the Notice or otherwise communicate with the shareholder submitting the Notice.

**6. Evaluation of Candidates.**

The Committee will consider all Candidates identified through the processes described above, and will evaluate each of them, including incumbents, based on the same criteria.

If, based on the Committee's initial evaluation, a Candidate continues to be of interest to the Committee, the Chair of the Committee will interview the Candidate and communicate the Chair's evaluation to the other Committee members, the chairman/ceo. If the Chair's initial evaluation is favorable, the Candidate will be interviewed by one or more of the other Committee members, other Board members, the chairman/ceo, the executive vice president and chief financial officer and the executive vice president, general counsel and secretary. If the results of these interviews are favorable, the Chair of the Committee will arrange to have appropriate reference and background checks conducted and the Chair will report the findings from such checks to the other Committee members, the chairman/ceo and the executive vice president, general counsel and secretary. The Committee will then meet to consider and finalize its list of recommended Candidates for the Board's consideration. Except as may be required by applicable law, rule or regulation, the Committee will have no obligation to discuss the outcome of the evaluation process or the reasons for the Committee's recommendations, with any shareholder who made a proposal.

**7. Timing of Identification and Evaluation Process.**

The Company's fiscal year ends each year on the Sunday closest to September 30. The Committee usually meets in September and November to consider, among other things, Candidates to be recommended to the Board for inclusion in the Company's recommended slate

of director nominees for the next annual meeting and the Company's proxy statement. The Board usually meets each November to vote on, among other things, the slate of director nominees to be submitted to and recommended for election by shareholders at the annual meeting, which is typically held in March of the following calendar year.

**This Policy on Director Nominations is intended to provide a set of flexible guidelines for the effective functioning of Starbucks director nominations process. The Committee intends to review this Policy at least annually and anticipates that modifications will be necessary from time to time as Starbucks needs and circumstances evolve, and as applicable legal or listing standards change. The Committee may modify or amend this Policy at any time. Should this occur, an amended and restated policy will be made publicly available in the investor relations section of the Starbucks.com web site.**