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Starbucks and Chinese Government Announce Yunnan Coffee Industry Investments

*Starbucks to Open Its First Farmer Support Center in Asia
Yunnan Government to Invest RMB 3 Billion (US\$450 million) to Increase Volume and Expand Coffee Acreage by 2020
Partnership to Create and Enhance Specialty Coffee in Yunnan*

KUNMING, China--(BUSINESS WIRE)--One of China's leading business partners, Starbucks Coffee Company (Nasdaq: SBUX), today signed Memorandum Of Understanding (MOU) agreements with Yunnan Academy of Agricultural Science (YAAS) and People's Government of Pu'er City, Yunnan Province. At the signing ceremony witnessed by Mr. Kong Chuizhu, Vice Governor, Yunnan Provincial Government and Howard Schultz, chairman, president and chief executive officer of Starbucks, the company agreed to collaborate with the two governmental organizations to help local farmers promote responsible coffee-growing practices and develop localized high-quality coffee. The company intends to accomplish these goals through its investment in and operation of its first ever base farm, a coffee development center, coffee farmer support center, and coffee processing facilities in Pu'er. This initiative completes Starbucks entire value-chain in China and deepens its coffee presence in the country.

"Starbucks is proud to collaborate with the Yunnan government to share our coffee knowledge to help Yunnan continue to develop into a top-quality coffee growing region and bring the distinctive Yunnan coffee taste to our customers around the world," said Schultz.

As part of the collaboration, Starbucks will develop and operate a base farm and processing facilities to further strengthen the company's foundation that will support its continued and sustained growth in China. Additionally, the company will operate a Farmer Support Center, its first in Asia and third globally following Costa Rica and Rwanda. Starbucks agronomists and quality experts will work directly with Yunnan's coffee farmers to provide resources and expertise to promote responsible coffee-growing practices that improve quality and enhance the size of the yield. Research will be conducted on areas such as new varieties for local adaptation, disease resistance and flavor improvements.

The provincial government plans to invest RMB 3 billion (US\$450 million) in expanding green bean volume from the current 38,000 tons to 200,000 tons by 2020. Additionally, it will increase coffee acreage from the current 26,700 hectares to 100,000 hectares within the same period.

Leveraging its global coffee leadership, Starbucks will share its globally tested coffee knowledge and best practices to help Yunnan become a top-quality coffee producing region in Asia. With the support of Yunnan government, the company will introduce Starbucks Coffee and Farmer Equity (C.A.F.E.) Practices, which have helped farmers achieve improvements in coffee quality evaluation scores; up to a 25 percent increase in yield per hectare; and cost reduction of over \$200 per hectare on average.

"Our efforts, together with the support of YAAS and Pu'er municipal government in Yunnan reaffirm Starbucks continued commitment to conducting business responsibly and creating a better future for local farmers, communities and the environment," said Wang Jinlong, senior vice president of Starbucks Coffee Company and chairman of Starbucks Greater China. "We are focusing on areas where we can have the greatest impact; ethical sourcing, environmental stewardship, and community involvement."

Since 2007, Starbucks purchases of Yunnan coffee have increased approximately 20 fold. Starbucks collaboration with Yunnan province coffee farmers and suppliers reached a major milestone with the launch of Starbucks® South of the Clouds Blend™ in early 2009. With support from the provincial government, Starbucks worked closely with coffee farmers and suppliers in the Yunnan region to create Starbucks first blend that featured high-quality *arabica* coffee beans from China. The company expects to significantly increase this amount in the coming years.

Since opening its first store on January 11, 1999 at the China World Trade Center in Beijing, Starbucks has welcomed

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customers in more than 400 stores in 31 cities throughout mainland China. It currently has approximately 800 stores in Greater China. Starbucks has received a warm welcome across the country and its iconic green siren logo has come to represent much more than quality coffee. Not only is Starbucks a symbol of China's rapid urban development, but for the Chinese consumer it embodies a new kind of modern living and attitude towards life. Starbucks authentic coffee culture and unique *Starbucks Experience* resonate deeply with the needs and aspirations of Chinese consumers from all walks of life.

About Starbucks Coffee Company

Since 1971, Starbucks Coffee Company has been committed to ethically sourcing and roasting the highest quality *arabica* coffee in the world. Today, with stores around the globe, the company is the premier roaster and retailer of specialty coffee in the world. Through our unwavering commitment to excellence and our guiding principles, we bring the unique *Starbucks Experience* to life for every customer through every cup. To share in the experience, please visit us in our stores or online at www.starbucks.com and www.starbucks.com.cn.

About Farmer Support Centers

Starbucks has established Farmer Support Centers in Costa Rica and Rwanda to provide local farmers with resources and expertise to help lower the cost of production, reduce fungus infections, improve coffee quality and increase the production of premium coffee. By helping to sustain coffee farmers and strengthen their communities, Starbucks ensures a healthy supply of high-quality coffee for the future.

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