

Israel Customer Response v. August 24, 2003

Thank you for your email.

Please know that it was a difficult decision for Starbucks and the Delek Group to amicably agree to dissolve our joint venture in Israel. After months of discussions and in view of the many difficulties we encountered, we believe this is the right decision. In Israel, it became clear to us that it was not possible to build a successful business in this market at this time.

As a company working with business partners around the world, we believe it is important for us to embrace diversity as an essential component in the way we do business and treat each other with respect and dignity. On principle, Starbucks, as a commercial organization, does not get involved in international or local politics.

As these are still very early days of our growth in the region, we are committed to making strategic decisions to help ensure the future success of our business. We hope to return to Israel at a later date.

Please know that our commitment in the Israeli market continues to be strong and long-term.

You can also visit the Anti-Defamation League website for an independently researched opinion on the closure. http://www.adl.org/rumors/starbucks_rumors.asp

Thank you.

Bill O'Shea
vice president Business Development (Europe, Middle East and Africa)
Starbucks Coffee International