

**WILLIAMS-SONOMA, INC.**  
**CORPORATE GOVERNANCE GUIDELINES**

The following guidelines have been approved by the Board of Directors of Williams-Sonoma, Inc. (the “Company”) and, along with the charters and key practices of the board committees, provide the general framework for the governance of the Company. The Board will review these principles and other aspects of the Company’s governance periodically.

**A. BOARD COMPOSITION**

**1. Selection of Chair and Chief Executive Officer**

The Board may select a Chair and Chief Executive Officer any way that seems best for the Company at a given point in time. The Board does not have a policy on whether or not the roles of Chief Executive Officer and Chair should be separate and, if they are to be separate, whether the Chair should be selected from the non-employee Directors or be an employee.

**2. Size and Composition of the Board**

The Board should periodically review and set the appropriate size of the Board within the range established in the Company’s Bylaws. There should be a majority of independent directors on the Board.

**3. Board Definition of What Constitutes Independence for Outside Directors**

Each director designated as an independent director shall be independent in accordance with the applicable rules of The New York Stock Exchange (the “NYSE”) and the Securities and Exchange Commission. Because it is not possible to anticipate or explicitly provide for all potential conflicts of interest that may affect independence, the Board is also responsible for affirmatively determining that each independent director has no other material relationship with the Company or its affiliates or any executive officer of the Company or his or her affiliates. A relationship will be considered “material” if in the judgment of the Board it would interfere with the director’s independent judgment. In addition, in accordance with the rules of the NYSE, the Board has also adopted a Policy Regarding Director Independence Determinations, a copy of which is attached as Exhibit A, to assist it in making independence determinations.

**4. Board Membership Criteria**

The Nominations and Corporate Governance Committee is responsible for reviewing with the Board from time to time the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board.

## **5. Selection of New Director Candidates**

The Board is responsible for selecting its nominees for election to the Board, but may delegate the screening process involved to the Nominations and Corporate Governance Committee, with the expectation that other members of the Board and management will be requested to take part in the process as appropriate.

## **6. Directors Who Change Their Present Job Responsibility**

Directors who retire or change from the principal position they held when they came on the Board should notify the Chair of the Nominations and Corporate Governance Committee, but should not necessarily leave the Board. The Board will, via the Nominations and Corporate Governance Committee, review the continued appropriateness of Board membership under these circumstances.

## **7. Service on Other Boards of Directors**

When a director has been invited to join another board, the director should inform the Chair of the Nominations and Corporate Governance Committee prior to accepting the position. The Chair of the Nominations and Corporate Governance Committee may then inform other members of the Board as the Chair deems necessary.

## **8. Term Limits**

The Board does not have term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who over time have developed increasing insight into the Company and its operations and therefore provide an increasing contribution to the Board as a whole.

## **9. Board Compensation**

Board compensation should be focused on equity-based compensation, but may also include cash. Employee directors will not be paid for Board membership in addition to their regular employee compensation. Independent directors may not receive consulting, advisory or other compensatory fees from the Company in addition to their Board compensation, other than merchandise discounts.

The staff of the Company will report from time to time to the Compensation Committee on the status of Board compensation in relation to other comparable U.S. companies. Changes in Board compensation, if any, should come at the recommendation of the Compensation Committee, but with full discussion and concurrence by the Board.

## **10. Share Ownership**

Each non-employee director must hold, by the later of the 2012 Annual Meeting or the fifth anniversary of such director's initial election to the Board, 20,000 shares of Company stock.

## **B. RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

### **1. Primary Responsibilities**

The primary responsibilities of the Board are oversight, counseling and direction to the management of the Company in the interest and for the benefit of the Company's shareholders. The Board's detailed responsibilities include:

- (a) Selecting, regularly evaluating the performance of, and approving the compensation of the Chief Executive Officer and other senior executives;
- (b) Planning for succession with respect to the position of Chief Executive Officer and monitoring management's succession planning for other senior executives;
- (c) Reviewing and, where appropriate, approving the Company's major financial objectives, strategic and operating plans and actions;
- (d) Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed; and
- (e) Overseeing the processes for maintaining the integrity of the Company with respect to its financial statements and other public disclosures, and compliance with law and ethics.

The Board has delegated to the Chief Executive Officer, working with the other executive officers of the Company, the authority and responsibility for managing the business of the Company in a manner consistent with the standards and practices of the Company, and in accordance with any specific plans, instructions or directions of the Board. The Chief Executive Officer and management are responsible for seeking the advice and, in appropriate situations, the approval of the Board with respect to extraordinary actions to be undertaken by the Company.

Each Board member is expected to (i) prepare for, attend, and participate in all Board and applicable committee meetings and (ii) ensure that other existing and planned future commitments do not materially interfere with the member's service as a director.

### **2. Corporate Business Principles**

Members of the Board shall act at all times in accordance with the requirements of the Company's Corporate Code of Conduct and Ethics Policy, which shall be applicable to each director in connection with his or her activities relating to the Company. This obligation shall at all times include, without limitation, adherence to the Company's policies with respect to conflicts of interest, confidentiality, protection of the Company's assets, ethical conduct in business dealings and respect for and compliance with applicable law. Any waiver of the requirements of the Corporate Code of Conduct and Ethics Policy with respect to any individual director shall be reported to, and be subject to the approval of, the Board of Directors.

## **C. BOARD MEETINGS**

### **1. Scheduling and Selection of Agenda Items for Board Meetings**

Board meetings are scheduled in advance and typically held five (5) times per year. Additional Board meetings may be called upon appropriate notice at any time to address specific needs of the Company. The Board may also take action from time to time by unanimous written consent.

The Chair of the Board and the Chief Executive Officer, in consultation with the other members of the Board and management, shall draft the agenda for each meeting and distribute it in advance to the Board. Each director may propose the inclusion of items on the agenda, request the presence of or a report by any member of the Company's management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

The annual cycle of agenda items for Board meetings is expected to change on a periodic basis to reflect, among other things, Board requests, changing business and legal issues and the work done by the Board committees. The Board's annual agenda will include review of the long-term strategic plan for the Company and the principal issues that the Company expects to face in the future.

### **2. Board Material Distributed in Advance**

Information that is important to the Board's understanding of the business should be distributed to the Board in writing or electronically before the Board meets. Supplemental written materials will be provided to the Board on a periodic basis and at any time upon request of Board members.

As a general rule, materials on specific subjects should be sent to the Board members in advance so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the material. Sensitive subject matters may be discussed at the meeting without written or electronic materials being distributed in advance or at the meeting.

### **3. Director Access to Officers and Employees**

The Board has complete access to all officers and employees. Any meetings or contacts that a director desires to initiate may be arranged directly by the director or through the Chief Executive Officer or other company officer. The directors should use their judgment to ensure that any such contact or communication is not disruptive to the business operations of the company, and copy the Chief Executive Officer with any written communications, to the extent not inappropriate. The Board shall have access to independent advisors, if necessary and appropriate.

#### **4. Outside Directors' Discussion**

The Board's policy is to have a separate meeting time for the independent directors, typically during the regularly scheduled Board meetings. The Lead Independent Director will preside over these executive sessions.

#### **5. Director Orientation and Continuing Education**

The Board or a committee of the Board, with the assistance of management, may set up and monitor new-director orientation programs and director continuing education programs designed to familiarize new directors with the Company's businesses, strategies and challenges.

### **D. BOARD COMMITTEES**

#### **1. Number of Committees**

The current Board committees of the Company are (a) Audit and Finance Committee, (b) Compensation and (c) Nominations and Corporate Governance. There will, from time to time, be occasions on which the Board may want to form a new committee or disband a current committee depending upon the circumstances.

The Audit and Finance, Compensation and Nominations and Corporate Governance Committees shall be composed entirely of independent directors.

Each committee will have a written charter, approved by the Board, which describes the committee's general authority and responsibilities. Each Committee will undertake a periodic review of its charter, and will work with the Nominations and Corporate Governance Committee and the Board to make such revisions as are considered appropriate.

Each committee has the authority to engage outside experts, advisers and counsel to the extent it considers appropriate to assist the committee in its work.

Each committee will periodically report to the Board concerning its activities.

The Audit and Finance Committee is responsible for the hiring, oversight and compensation of the independent certified public accountants that audit the Company's financial statements, for monitoring the effectiveness of the Company's internal financial and accounting organization and controls and financial reporting, and for monitoring the financial impact of selected strategic initiatives of the Company.

The Compensation Committee reviews and determines salaries and other matters relating to compensation of the executive officers of the Company, and administers the Company's stock option plans, including the review and granting of stock options to eligible employees under the Company's existing stock option plans.

The Nominations and Corporate Governance Committee reviews and reports to the Board on matters of corporate governance (that is, the roles and relationships of the Board,

the shareholders and management) and reviews and addresses these Corporate Governance Guidelines and recommends revisions as appropriate. The Nominations and Corporate Governance Committee reviews proposals submitted by shareholders for action at the Annual Shareholders' Meeting, and recommends action by the Board with regard to each such proposal.

The Nominations and Corporate Governance Committee also makes recommendations to the Board regarding the size and composition of the Board, establishes procedures for the nomination process and recommends candidates for election to the Board.

## **2. Assignment and Term of Service of Committee Members**

The Nominations and Corporate Governance Committee proposes Committee assignments to the Board, which is responsible for the appointment of committee members and committee chairs. Committee assignments are reviewed periodically by the Nominations and Corporate Governance Committee, and it is expected that committee assignments will rotate from time to time among the Board members.

## **3. Frequency and Length of Committee Meetings and Committee Agenda**

The committee chairs, in consultation with the Chair of the Board, the Chief Executive Officer and appropriate members of management, will determine the frequency and length of the committee meetings and develop the committee agendas. The agendas and meeting minutes of the committees will be shared with the full Board, and other Board members are welcome to attend committee meetings.

# **E. MANAGEMENT AND BOARD REVIEW AND RESPONSIBILITY**

## **1. Evaluation of Executive Officers**

The Nominations and Corporate Governance Committee evaluates annually the performance of the Chief Executive Officer and oversees evaluations of the performance of the Board and the Company's management.

## **2. Compensation of Executive Officers**

The Compensation Committee conducts, and reviews with the independent directors, an evaluation annually in connection with the determination of the salary and executive bonus of all executive officers, including the Chief Executive Officer.

## **3. Succession Planning and Management Development**

The Chief Executive Officer reviews succession planning and management development with the Board on an annual basis.

#### **4. Formal Evaluation of the Board**

The Nominations and Corporate Governance Committee manages the Board's process for annual director self-assessment and evaluation of the Board.

#### **5. Board Interaction with Institutional Investors, Press, Customers, Etc.**

Management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that Board members would do this with the knowledge of management and, in most instances, at the request of management.

### **F. SHAREHOLDER COMMUNICATIONS WITH DIRECTORS**

#### **1. Communications with Board**

Shareholders may communicate with the Board or any of the directors. Shareholders may send written communications to the Board or to any of the directors at the following address: c/o Corporate Secretary, Williams-Sonoma, Inc., 3250 Van Ness Avenue, San Francisco, California 94109. All communications will be compiled by the Company's Corporate Secretary and submitted as appropriate to the Board or an individual director on a periodic basis.

#### **2. Attendance at Shareholder Meetings**

Directors who are up for election at the Company's annual meeting of shareholders should attend the annual meeting.

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The Nominations and Corporate Governance Committee of the Board of Directors shall review these Corporate Governance Guidelines annually and report to the Board with any recommendations it may have in connection with these guidelines.

Effective September 2009.

## **EXHIBIT A**

### **Williams-Sonoma, Inc. Policy Regarding Director Independence Determinations**

A majority of the Board of Directors of Williams-Sonoma, Inc. (the “Company”) shall be comprised of directors meeting the independence requirements of the New York Stock Exchange (the “NYSE”) and the Company. The Board will make a determination regarding the independence of each director annually based on all relevant facts and circumstances. In addition, in accordance with the rules of the NYSE, the Board has also adopted the following categorical standards to assist it in making a determination of independence. Unless the Nominations and Corporate Governance Committee makes an affirmative determination to the contrary based on its review of other factors, any director who meets the following criteria shall be presumed to be independent (except for purposes of serving as a member of the Audit and Finance Committee):

1. A director who serves as an executive officer or employee of, or beneficially owns more than a 10% equity interest in, any corporation, partnership or other business entity that during the most recently completed fiscal year made payments to the Company or received payments from the Company for goods or services if such payments were less than the greater of 2% of such other entity’s gross consolidated revenues for such fiscal year or \$1 million.
2. A director who serves as an executive officer or employee of, or beneficially owns more than a 10% equity interest in, any corporation, partnership or other business entity to which the Company was indebted during the most recently completed fiscal year in an amount less than the greater of 2% of such other entity’s gross consolidated revenues for such fiscal year or \$1 million.
3. A director or member or employee of a law firm that provided services to the Company during the most recently completed fiscal year if the total billings for such services were less than the greater of 2% of the law firm’s gross revenues for such fiscal year or \$1 million.
4. A director who is a partner, executive officer or employee of any investment banking firm that has performed services for the Company during the most recently completed fiscal year if the total compensation received for such services was less than the greater of 2% of the investment banking firm’s gross consolidated revenues for such fiscal year or \$1 million.
5. A director who serves as an officer or director of a tax-exempt organization that during the most recently completed fiscal year received contributions from the Company (other than employee matching contributions) if such payments were less than the greater of 2% of such organization’s gross consolidated revenues for such fiscal year or \$1 million.
6. A director who has any other relationship or was involved in any other transaction not covered by any of the standards above if the amount involved does not exceed \$60,000 in the last fiscal year.
7. A director who has an immediate family member with a relationship to the Company if the immediate family member would be deemed independent under the above standards.