

## **PRICESMART, INC. NOMINATIONS PROCESS**

### **I. Purpose**

The following Nominations Process is designed to assist the Board in discharging the Board's responsibilities, consistent with applicable law, regarding:

- (a) the identification of qualified candidates to become Board members;
- (b) the selection of nominees for election as directors at the next annual meeting of stockholders (or special meeting of stockholders at which directors are to be elected); and
- (c) the selection of candidates to fill any vacancies on the Board.

### **II. Recommendation of Director Nominees**

#### **A. Independent Directors' Recommendation of Nominees**

Director nominees shall be recommended to the Board, for the Board's selection, by a majority of independent directors, each of whom satisfies the independence requirements of NASDAQ. (All of such independent directors on the Board are hereafter referred to as the "Independent Directors.")

#### **B. Procedures Regarding Recommendation of Nominees**

1. (a) At an appropriate time prior to each annual meeting of stockholders at which directors are to be elected or reelected, a majority of the Independent Directors shall recommend to the Board for nomination by the Board such candidates as said majority of the Independent Directors, in the exercise of their judgment, have found to be well qualified and willing and available to serve.
- (b) At an appropriate time after a vacancy arises on the Board or a director advises the Board of his or her intention to resign, a majority of the Independent Directors shall recommend to the Board for appointment by the Board to fill such vacancy, such prospective member of the Board as said majority of the Independent Directors, in the exercise of their judgment, have found to be well qualified and willing and available to serve.
- (c) In addition to the foregoing, the Independent Directors will consider candidates recommended by any stockholder of the Corporation who has held the Corporation's common stock for at least one year and who holds a minimum of 1% of the Company's outstanding shares. The recommending stockholder must submit the following: (i) a detailed resume of the recommended candidate; (ii) an explanation of the reasons why the stockholder believes the recommended candidate is qualified for service on the Corporation's Board; (iii) such other information that would be required by the rules of the SEC to be included in a proxy statement; (iv) the written consent of the recommended candidate; (v) a description of any arrangements or undertakings between the stockholder and the recommended candidate regarding the nomination; and (vi) proof of the recommending stockholder's stock holdings in the Corporation.

Recommendations from stockholders which are received after the deadline set forth in the Company's most recent proxy statement, for a stockholder proposal to be considered for inclusion in the Corporation's proxy statement for the next annual meeting, likely will not be considered timely for consideration by the Committee for the following year's annual meeting.

(d) For purposes of (a), (b) and (c) above, the Independent Directors may consider the advice and recommendations (if any) of the Board's Nominating and Governance Committees as well as the following criteria, among others that the Independent Directors shall deem appropriate, in recommending candidates for election to the Board:

(i) personal and professional integrity, ethics and values;

(ii) experience in corporate management, such as serving as an officer or former officer of a publicly held company;

(iii) experience in the Company's industry and with relevant social policy concerns;

(iv) experience as a board member of another publicly held company;

(v) academic expertise in an area of the Company's operations; and

(vi) practical and mature business judgment.

(e) Each nominee shall be evaluated based on his or her individual merits, taking into account the need of the Corporation and the composition of the Board; there shall be no specific, minimum qualifications that such nominees must meet. Recommendations received by stockholders will be processed and subject to the same criteria as other candidates recommended to the Board.

(f) The foregoing notwithstanding, if the Company is subject to a binding obligation that requires a director nomination structure inconsistent with the foregoing, and such obligation pre-dates November 4, 2003, then the nomination or appointment of such directors shall be governed by such requirements.

2. The Independent Directors shall meet to accomplish the foregoing as frequently as a majority of the Independent Directors deem necessary or desirable. The Independent Directors may include or exclude from its meetings any person it deems appropriate, but no such person, if included, may participate in any discussion or deliberation unless invited to do so by the Independent Directors, and in any event shall not be entitled to vote.

3. The Independent Directors may retain any independent counsel, experts or advisors that the Independent Directors believe to be desirable and appropriate; the Independent Directors may also use the services of the Company's regular legal counsel or other advisors to the Company.

*NOTE: In accordance with the July 15, 2004 Resolution of the Board which adopted this Nominations Process, it "shall not be applicable to this Corporation in the event the Corporation is a "Controlled Company" as defined by Nasdaq Rule 4350 (c)(5).*