

# Starbucks Annual Meeting of Shareholders



March 19, 2008

## Forward-Looking Statement

This presentation includes forward-looking statements about certain company initiatives and plans, as well as trends in or expectations regarding net new store openings. These forward-looking statements are based on currently available operating, financial and competitive information and are subject to various risks and uncertainties. Actual future results and trends may differ materially depending on a variety of factors including, but not limited to, coffee, dairy and other raw material prices and availability, successful execution of internal plans and initiatives, fluctuations in U.S. and international economies and currencies, the impact of competition, the effect of legal proceedings, and other risks detailed in the company's filings with the Securities and Exchange Commission, including the "Risk Factors" section in Starbucks Annual Report on Form 10-K for the fiscal year ended September 30, 2007 and Starbucks Quarterly Report on Form 10-Q for the quarter ended December 30, 2007. The company assumes no obligation to update any of these forward-looking statements.

# Howard Schultz

chairman, president and  
chief executive officer

## Starbucks Board of Directors



Howard Schultz



Howard Behar



Barbara Bass



James G. Shennan, Jr.



Mellody Hobson



William W. Bradley



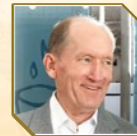
Javier G. Teruel



Myron E. Ullman, III



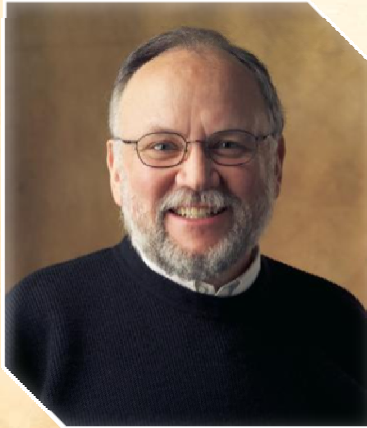
Olden Lee



Craig E. Weatherup

## Howard Behar, Board of Directors

From 1996-2008



- president, North America (2001-2003)
- president, Starbucks Coffee International (1995-1999)
- executive vice president, Sales and Operations (1989-1995)

## Michael Casey, chief financial officer

From 1995-2007



## Maria Luisa Rodenbeck

In Memory



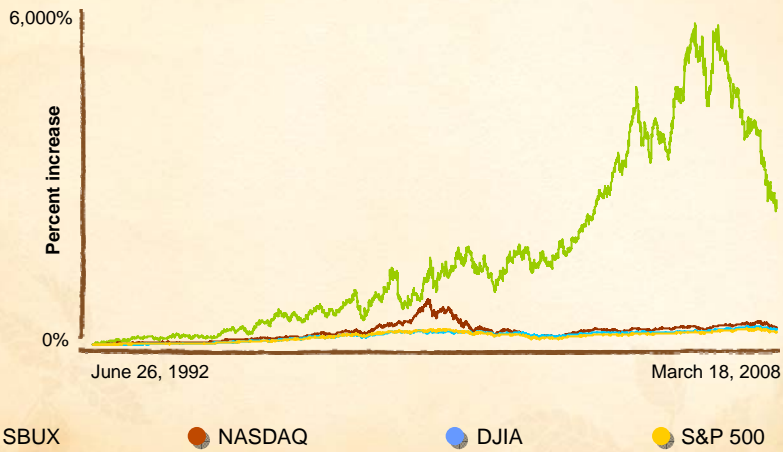
“This has been a 10-year journey for me and it’s a really, really beautiful dream come true.”

## Don Valencia



In Memory

## Stock Price Appreciation Since IPO



SBUX stock price and indices data are based on the daily close.

## Starbucks Growth

### 1970s

- Founded in Seattle's Pike Place Market as a purveyor of coffee, spice and tea

### 1980s

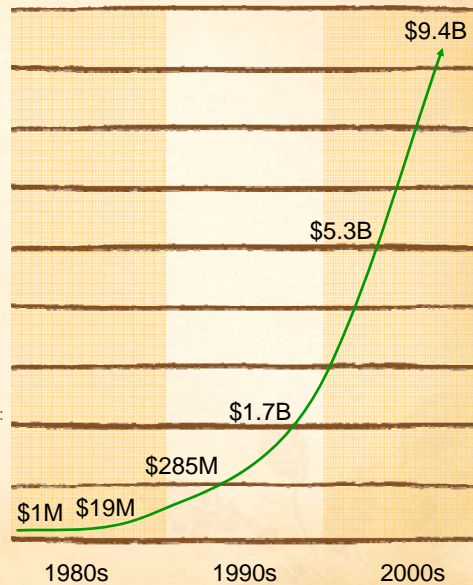
- Howard Schultz and a group of investors bought Starbucks Coffee Company, with 11 stores and 100 employees
- Revenues of \$19 million; store count rose to 55

### 1990s

- Introduced Frappuccino® blended beverages
- Expanded to additional U.S. cities, and entered international markets
- Extended Starbucks brand into Ready-to-Drink beverages, packaged coffee, ice cream and tea
- Quadrupled revenues and stores, \$1.7 billion in revenue and nearly 2,500 stores

### 2000s

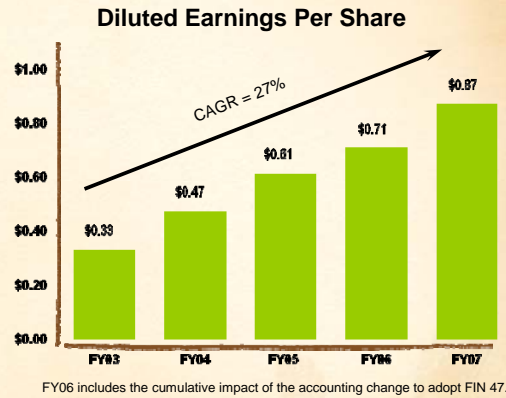
- Continued innovation and new product introductions: Starbucks Card, Fair Trade Certified™ coffee, Starbucks® coffee, Starbucks™ Cream Liqueur®
- Introduced Ready-to-Drink coffee drinks in Asia Pacific
- Expanded store growth into Europe, South America and Latin America
- Tripled revenues to over \$9 billion; more than 15,000 locations



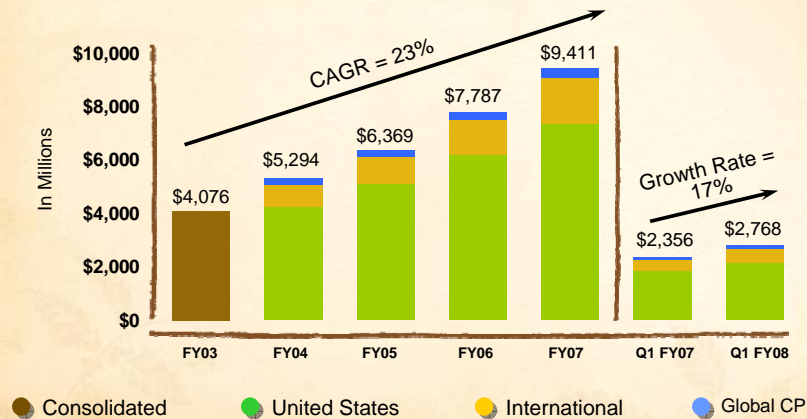
## Fiscal 2007 Financial Results

52 weeks ended Sept. 30, 2007

- \$9.4 billion in revenue
- 11.2% operating margin
- \$673 million net earnings
- \$0.87 earnings per share
- 15,011 Starbucks stores worldwide
- 5% comparable store sales growth



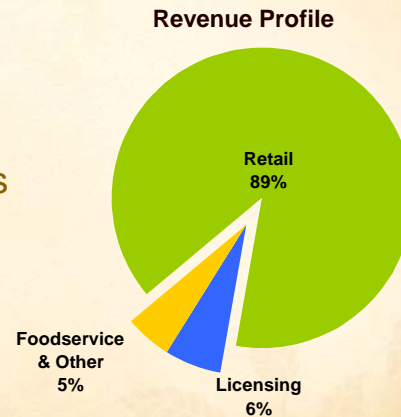
## Continued Net Revenue Growth



## Fiscal 2007 U.S. Business Results

52 weeks ended Sept. 30, 2007

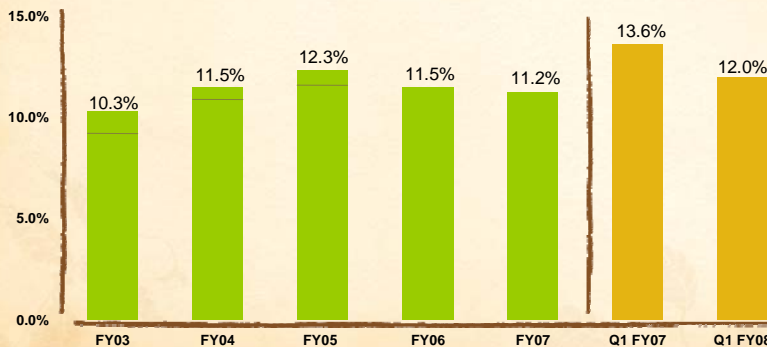
- \$7.3 billion in revenue
  - 19% increase over FY06
- 14.6% operating margin
- 10,684 Starbucks stores in the U.S.
- 4% comparable store sales growth



## Pressure on Operating Margin

Opportunity to stabilize U.S. business and expand margin in international business

Consolidated Operating Margin



\* Line on FY03, FY04, and FY05 bars indicates operating margin including FAS 123 expensing of stock option compensation

## More Disciplined Store Growth

Slowing U.S. pace; accelerating international growth

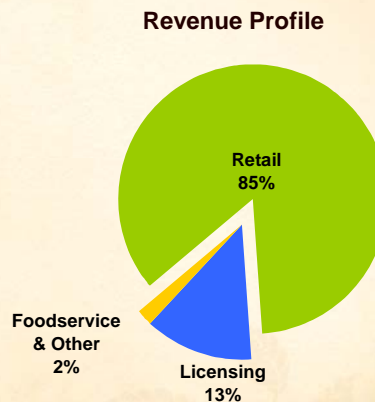


\* FY08 and FY09 estimates based on company store opening targets

## Fiscal 2007 International Business Results

52 weeks ended Sept. 30, 2007

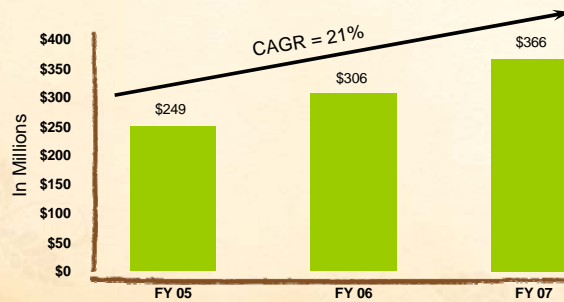
- \$1.7 billion in revenue
  - 30% increase over FY06
- 8.1% operating margin
- 4,327 Starbucks stores internationally
- 42 countries
- 7% comparable store sales growth



# Fiscal 2007 Global Consumer Products Group (CPG) Business Results

52 weeks ended Sept. 30, 2007

Revenue Growth



## Recognition



## Blueprint for Transformation Agenda

- Improve the current state of the U.S. business
- Re-ignite emotional attachment with our people and our customers
- Build and invest for the long-term



Sandie Andersen  
4-year partner  
Tacoma Proctor Store #356

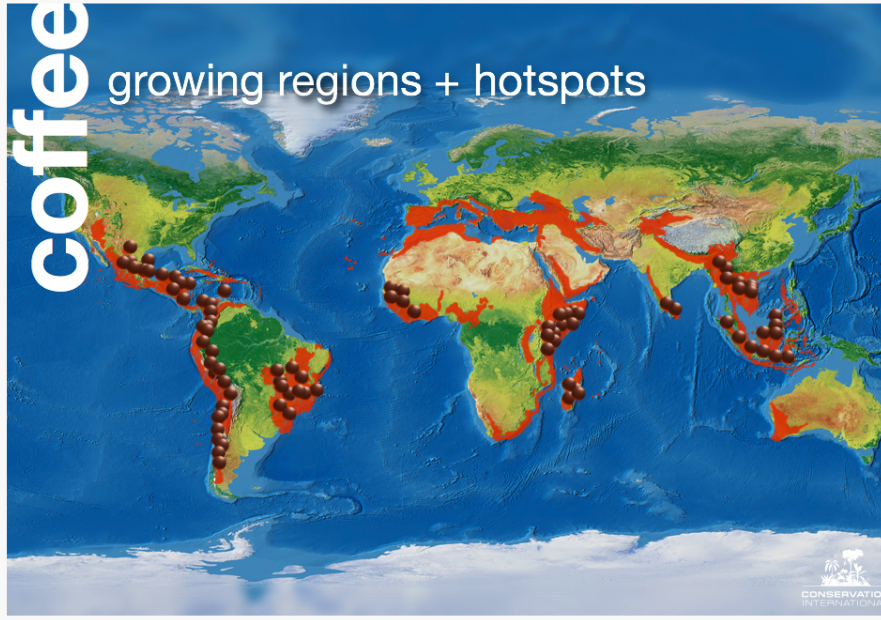
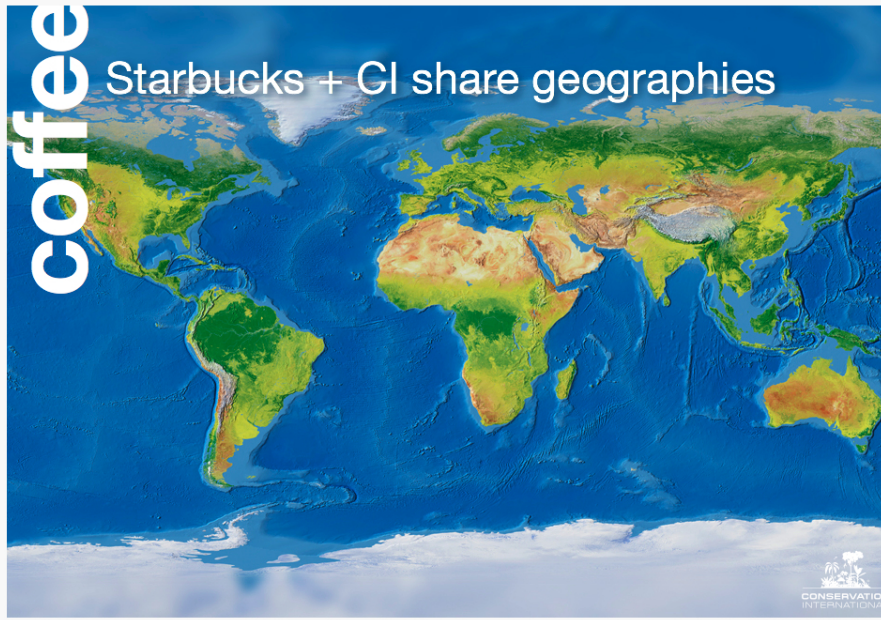
**“We are in the people business”**

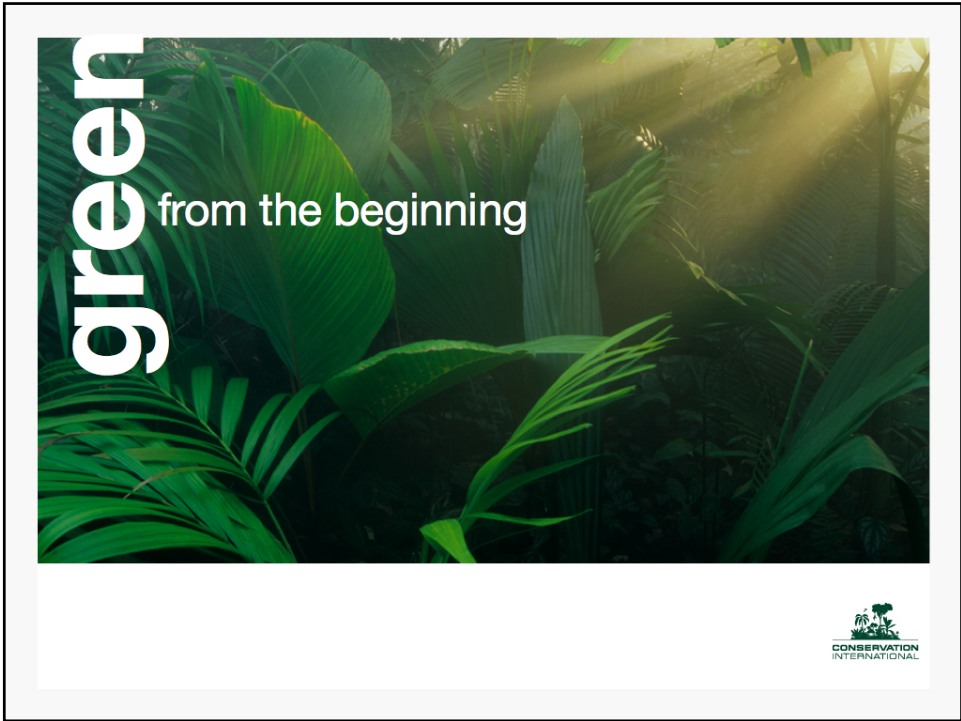


# Peter Seligmann

ceo and chairman

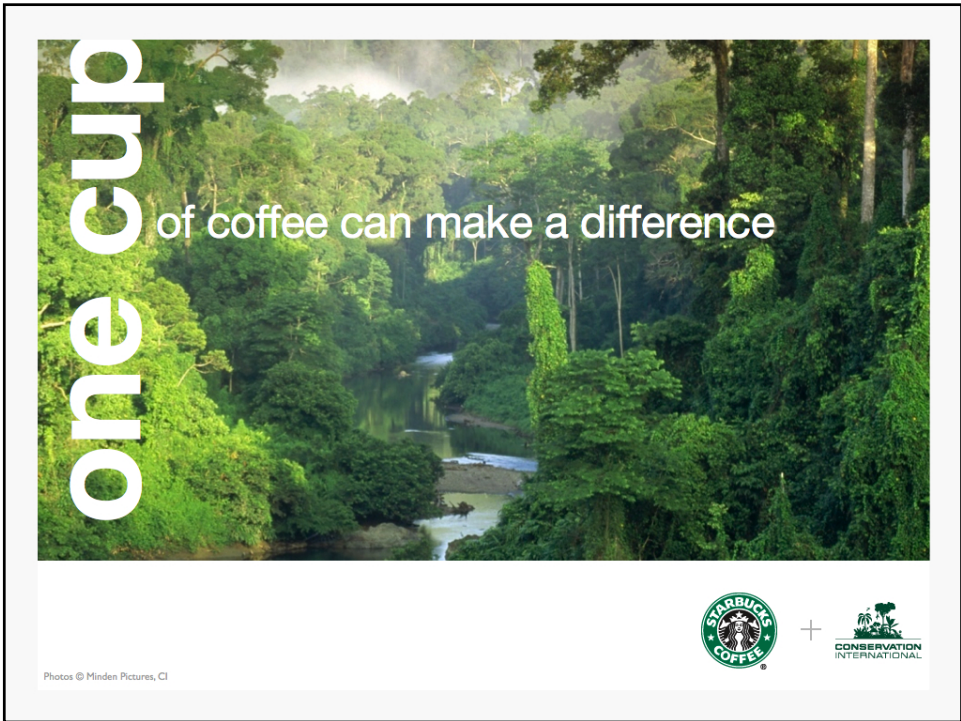
Conservation International









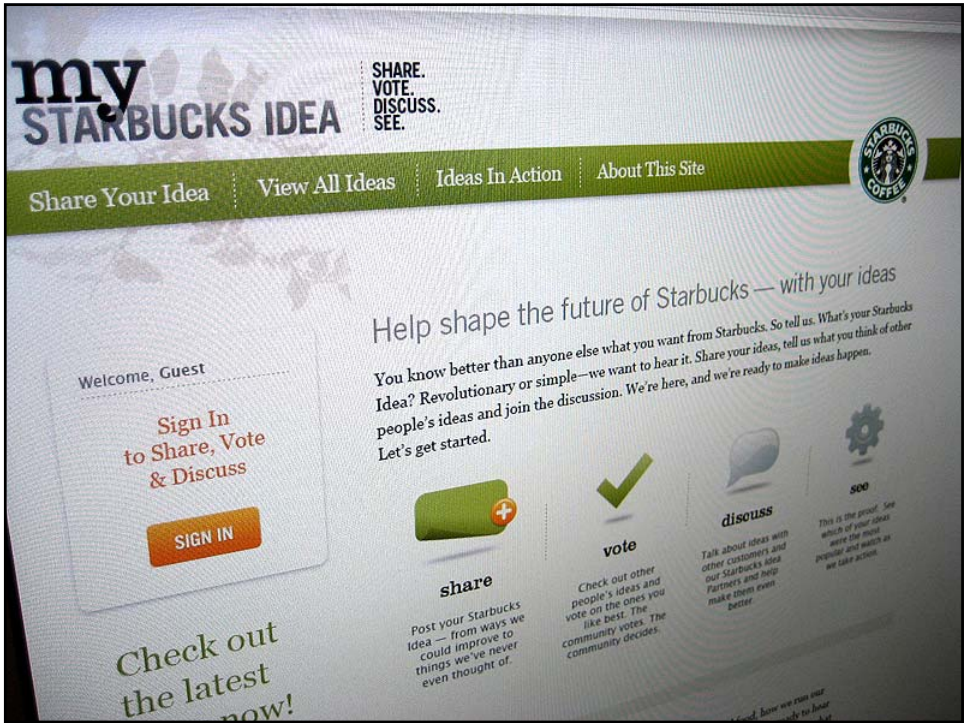





**Responsibly grown.  
Ethically traded.  
Proudly served.**

**Chris Bruzzo**


chief technology officer




View Category:   [« Previous Page](#) [Next »](#)


 **Voted**  
**850**  
Points

**Separate line for brewed coffee drinkers.**  
Create a different line for those that want brewed coffee so that those customers do not need to wait for all the other orders that take substantially longer... [more »](#)

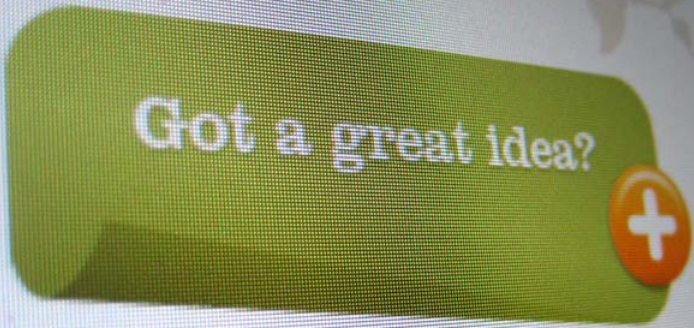
 **Comments [9]** Posted by awheeler to Ordering, Payment & Pickup · 3/6/2008 10:40 PM


 **Voted**  
**690**  
Points

**Can you do weekly drink specials?**  
Weekly (coffee) specials.  
Posted by garyp007 to Coffee & Espresso Drinks · 3/6/2008 10:50 PM

 **Comments [12]** [Remember my Baristas name.](#)  
with a name. I see the  
number their

**Popular Ideas** [View Category](#)

**Got a great idea?** 

 **Voted**  
**850**  
Points

CATEGORIES

PRODUCTS

- Coffee & Espresso Drinks
- Other Drinks
- Food
- Merchandise & Music
- Starbucks Card
- Other Product Ideas

EXPERIENCE

- Ordering, Payment & Pick-Up
- Atmosphere & Locations
- Our Partners (Employees)
- Other Experience Ideas

INVOLVEMENT

- Building Community
- Social Responsibility
- Other Involvement Ideas

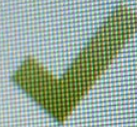
Starbucks Idea Partners

These Starbucks partners (employees) are experts—in coffee stores, our community involvement, entertainment and more. They'll be online to listen to your ideas and we're doing behind the scenes and make sure things run smoothly.



**sbx\_lrad**

Lawrel is our director of partner (employee) resources. She's been with us for six years and is an expert on recruiting, training and "all things partner." Her favorite part of the job? People — customers and other partners. Her drink of choice? Grande nonfat chai latte.



Vote

850

Points

sign out

Se

Crea

need

Errol

3/19/2008 9:32 AM

Definitely do this. Maybe SBux will need to  
though...

sbx\_alex

3/19/2008 10:04 AM

Interesting idea - what would you think of

Comment

## Starbucks Idea Partners

These Starbucks partners (employees) are experts—in coffee and food, how we run our stores, our community involvement, entertainment and more—and they're ready to hear what you have to say. They'll be online to listen to your ideas, ask questions, tell you what we're doing behind the scenes and make sure things run smoothly.



**sbx\_lrad**

Lawrel is our director of partner (employee) resources. She's been with us for six years and is an expert on recruiting, training and "all things partner." Her favorite part of the job? People — customers and other partners. Her drink of choice? Nonfat chai latte.



**sbx\_lynn**

Lynn is a project manager associate at Starbucks. She's one of the people that makes sure a Starbucks is a Starbucks—even if it's in an airport or the grocery store. Her favorite part of the job? Connecting her with partners all over the country. Her drink of choice? A triple shot Americano with a splash of half-and-half.



**see**

This is the proof. See which of your ideas were the most popular and watch as we take action.

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s and  
Idea  
help  
even

## Welcome to My Starbucks Idea

March 19, 2008 by **Howard Schultz**



The human connection between our (employees) is at the core of the Starbucks experience. Each week, 50 million people connect in our Starbucks stores and our customers have been creating a partnership with our people, since we opened our first Starbucks in 1971.

Many have suggested that Starbucks is a social network phenomenon of social networking. We're creating a community of Starbucks people and a human connection to a different Starbucks.

my  
STARBUCKS IDEA

SHARE.  
VOTE.  
DISCUSS.  
SEE.



48

Starbucks experts engaging  
with customers online.

my  
STARBUCKS IDEA

SHARE.  
VOTE.  
DISCUSS.  
SEE.



170,000

Partners each with 10+ ideas.

my  
STARBUCKS IDEA

SHARE.  
VOTE.  
DISCUSS.  
SEE.



**~50 Million**

Customers every week,  
each with an idea.

my  
STARBUCKS IDEA

SHARE.  
VOTE.  
DISCUSS.  
SEE.



**Most Deeply Connected  
Brand in the World**







## Transformation Agenda

- Mastrena™
- Conservation International Partnership
- MyStarbucksIdea.com
- Starbucks Card Rewards
- Pike Place Roast





# **Paula Boggs**

executive vice president, general  
counsel and secretary

## Q&A Session

- **Martin Coles**  
chief operating officer
- **Pete Bocian**  
executive vice president, chief financial officer and  
chief administrative officer
- **Paula Boggs**  
executive vice president, general counsel and secretary
- **Chet Kuchinad**  
executive vice president, Partner Resources
- **Michelle Gass**  
senior vice president, Global Strategy, office of the ceo