



# TROY ALSTEAD

executive vice president  
and chief financial officer

# Forward-Looking Statements and Non-GAAP Disclosure

Today's presentations contain forward-looking statements relating to certain company initiatives and plans, as well as trends in or expectations regarding, the expected effects of its transformation strategy, restructuring and other initiatives, earnings per share, operating margin, free cash flow, operating cash flow, comparable store sales, store openings and closings, liquidity and other balance sheet items, short-term borrowing levels, capital expenditures, timing of introducing new products and initiatives as well as expense control and other anticipated cost savings.

These forward-looking statements are based on currently available operating, financial and competitive information and are subject to a number of significant risks and uncertainties. Actual future results may differ materially depending on a variety of factors including, but not limited to, coffee, dairy and other raw material prices and availability, fluctuations in U.S. and international economies and currencies, successful execution of the company's transformation strategy, restructuring and other initiatives, store traffic trends, the impact of competition, the effect of legal proceedings, and other risks detailed in the company filing with the Securities and Exchange Commission, including the "Risk Factors" section of Starbucks Annual Report on Form 10-K for the fiscal year ended September 28, 2008. The company assumes no obligation to update any of these forward-looking statements.



# FY08: A Year of Transition

## EXTERNAL FACTORS

- Challenging global macro-economic environment
  - Consumer confidence
  - Decline in real wealth
  - Capital and liquidity crunch
  - Currency volatility
- Commodity pressure and rising labor costs
- Competitive threats across all segments

## INTERNAL FACTORS

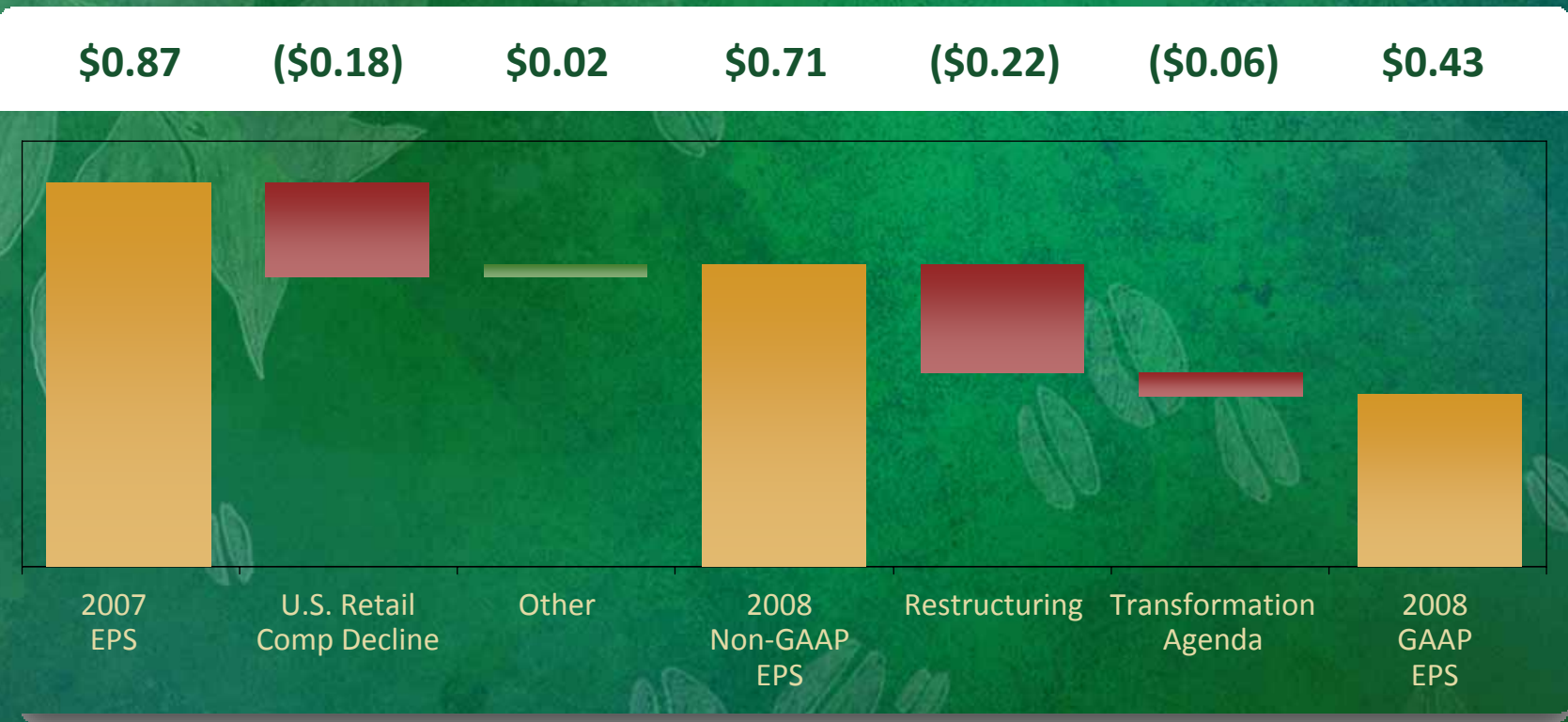
- Formation of new senior leadership team
- Accelerated investment in innovation and enhanced beverage delivery
- Reshaped cost structure
- Rationalized store portfolio in U.S. and Australia
- Introduction of value platform

# FY08 –Total Company Summary

(\$ in millions, except EPS)

	FY 2008	FY 2007
Revenue	\$ 10,383	\$ 9,412
Operating Income (Non-GAAP)	\$ 843	\$ 1,054
Non-GAAP EPS - Diluted	\$ 0.71	\$ 0.87
Operating Margin (Non-GAAP)	8.1%	11.2%
Restructuring Charges & Transformational Costs	\$ 339	
GAAP Metrics:		
Operating Income	\$ 504	\$ 1,054
EPS - Diluted	\$ 0.43	\$ 0.87
Operating Margin	4.9%	11.2%

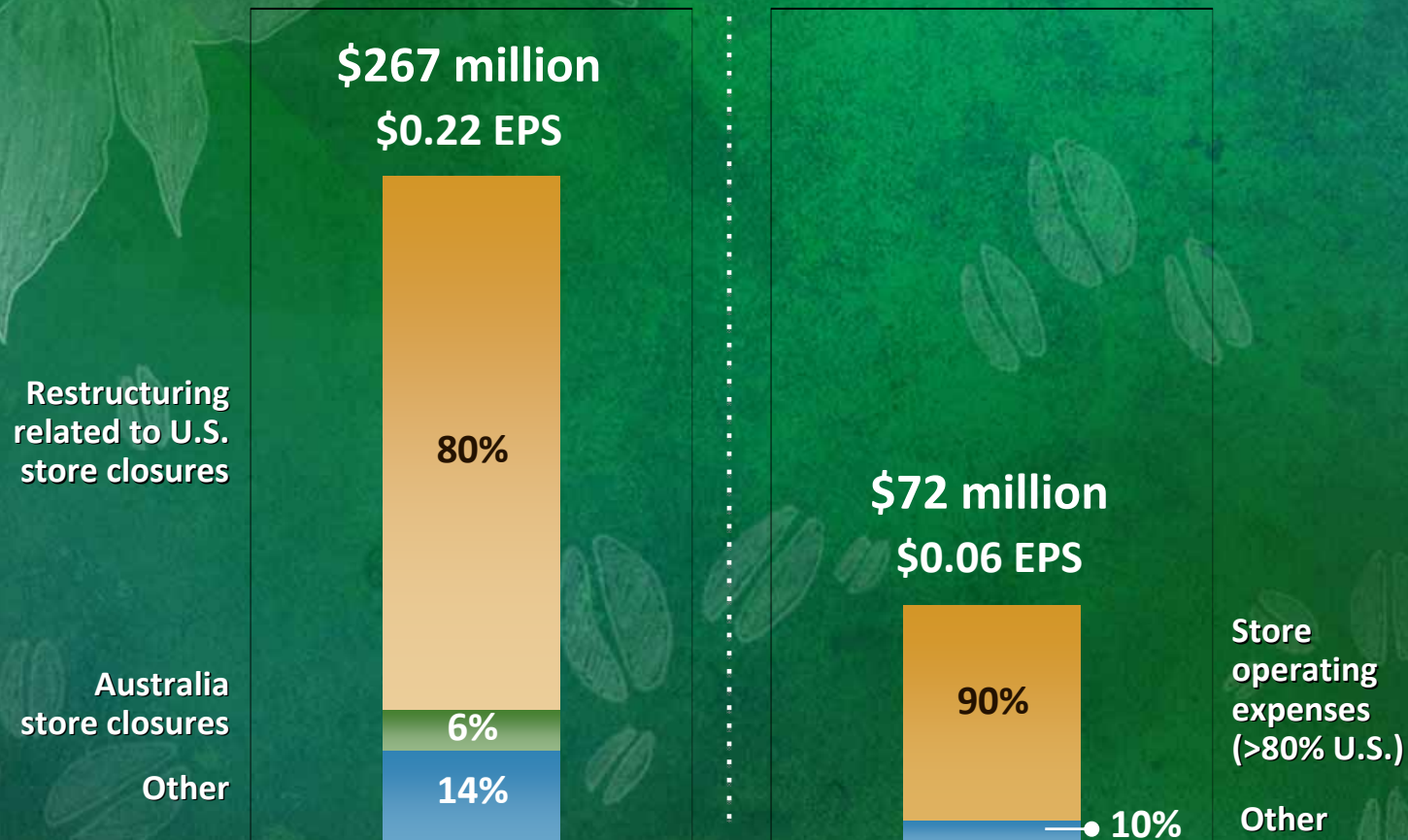
# FY07 to FY08 – EPS Bridge



# FY08 – Restructuring Charges and Transformation Costs

## RESTRUCTURING CHARGES

## TRANSFORMATION COSTS

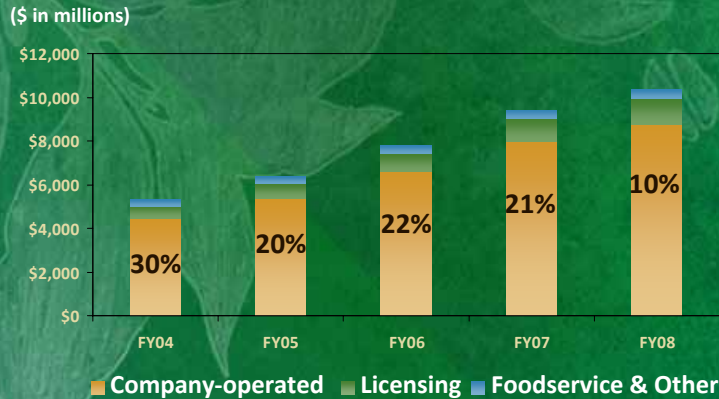


# Foundational Changes for the Future

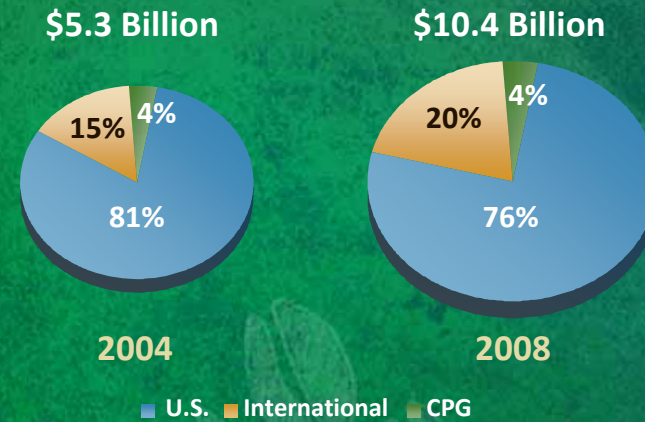
- Sharpened financial discipline around store performance
- Aligned cost structure for slower growth trajectory
- Reduced and reprioritized capital expenditures
- Entered FY09 with momentum on a number of cost efficiency initiatives
- Positioned Starbucks for the future with a healthier operating model

# Consolidated Revenue Profile

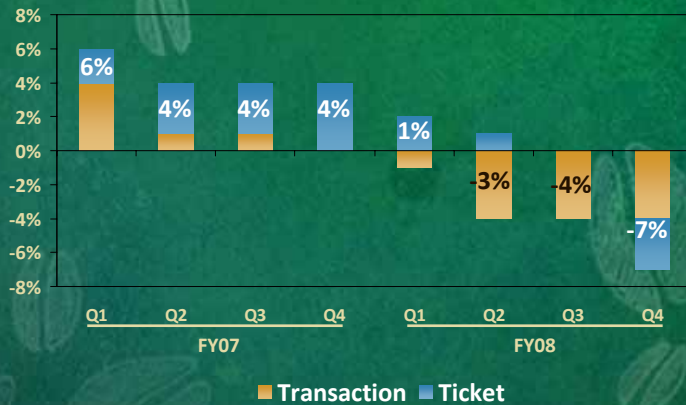
## Consolidated Net Revenue and Growth



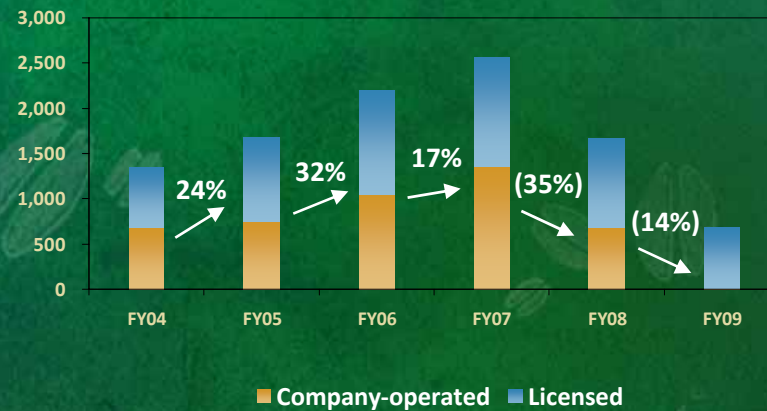
## Revenue by Business Segment



## Comparable Store Sales Trends

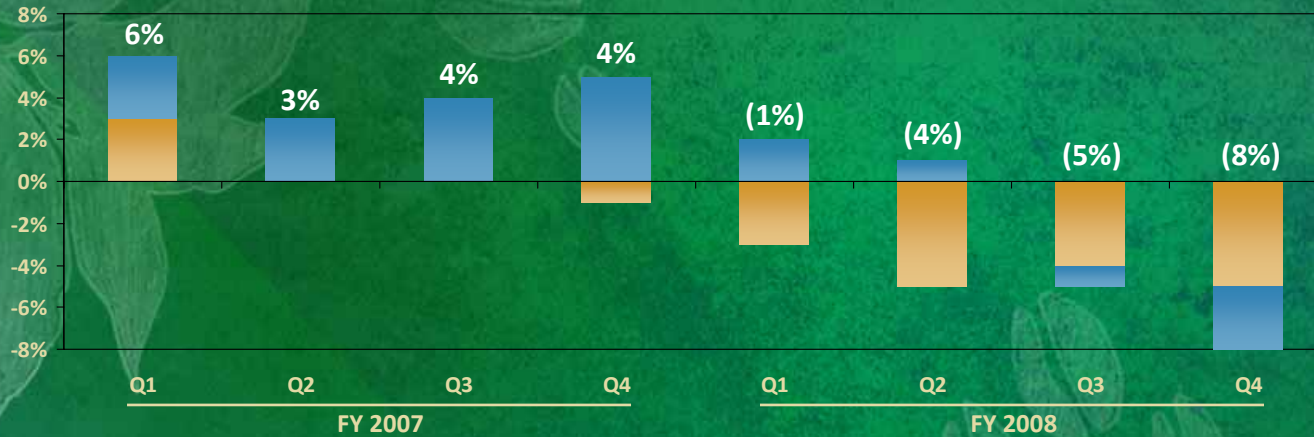


## Net New Store Growth

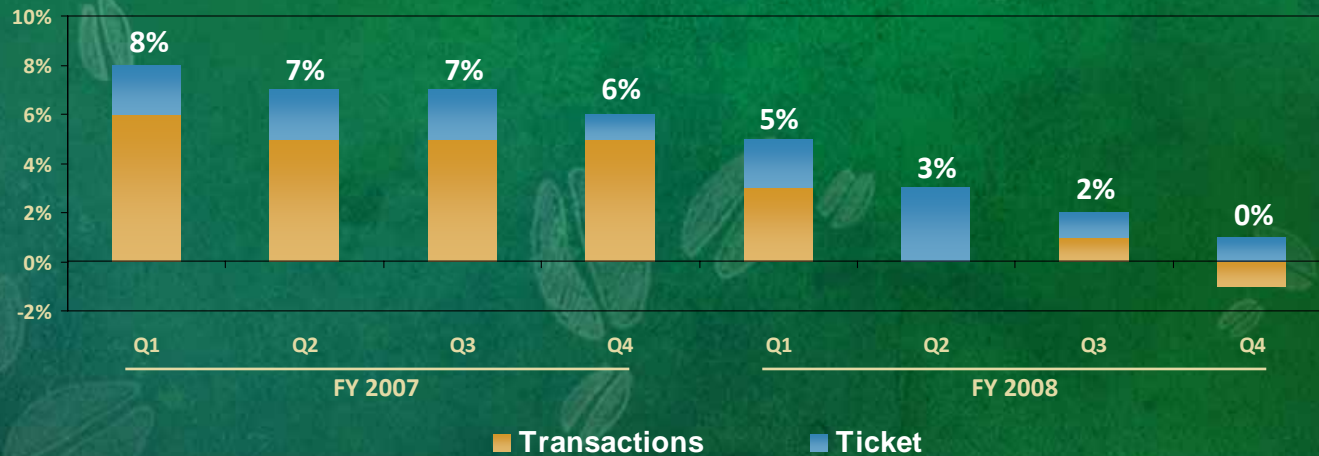


# Comparable Store Sales Trends

## U.S. Segment

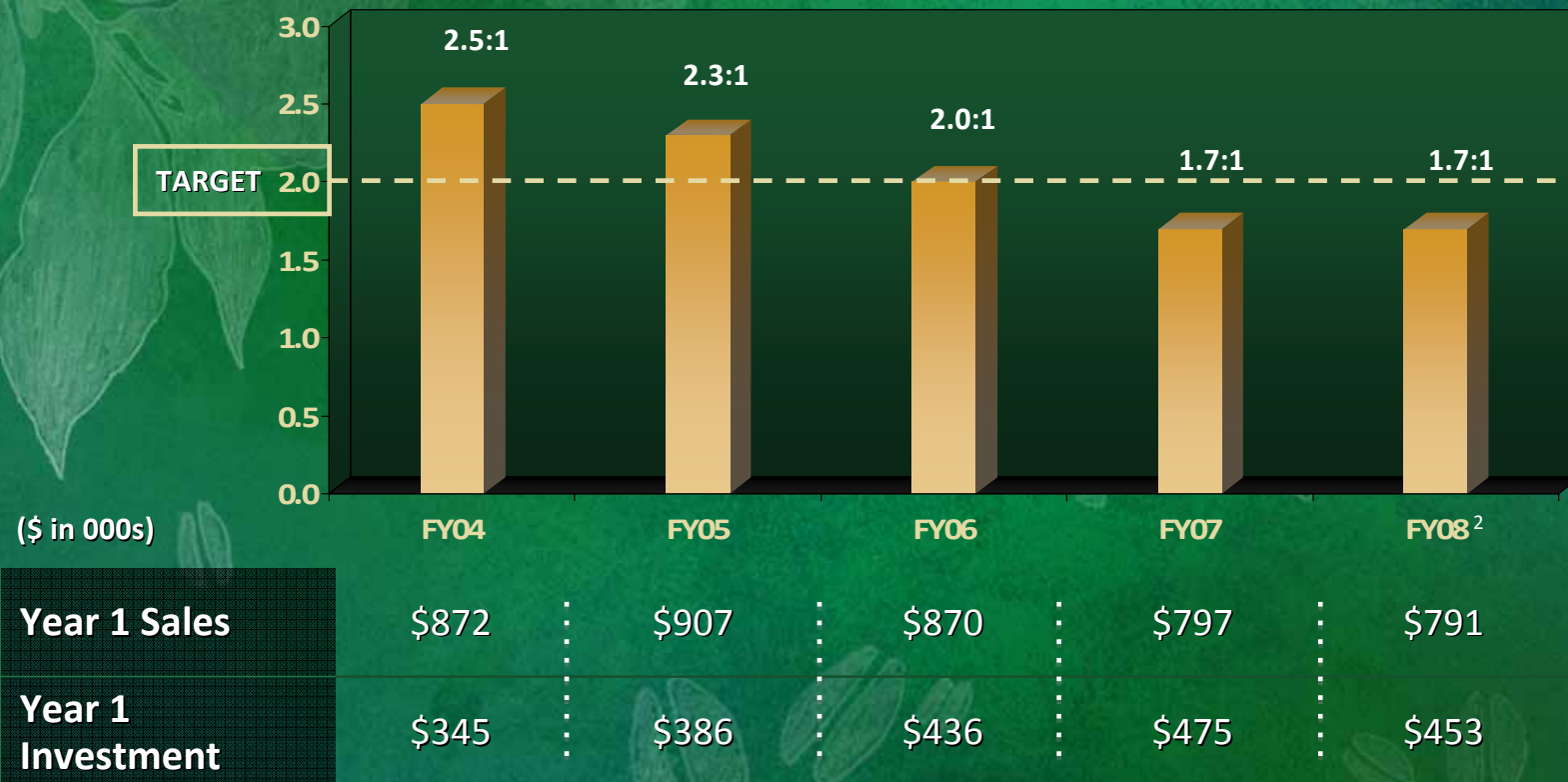


## International Segment



# U.S. Unit Economics<sup>1</sup>

## Sales to Investment Ratio – Year 1

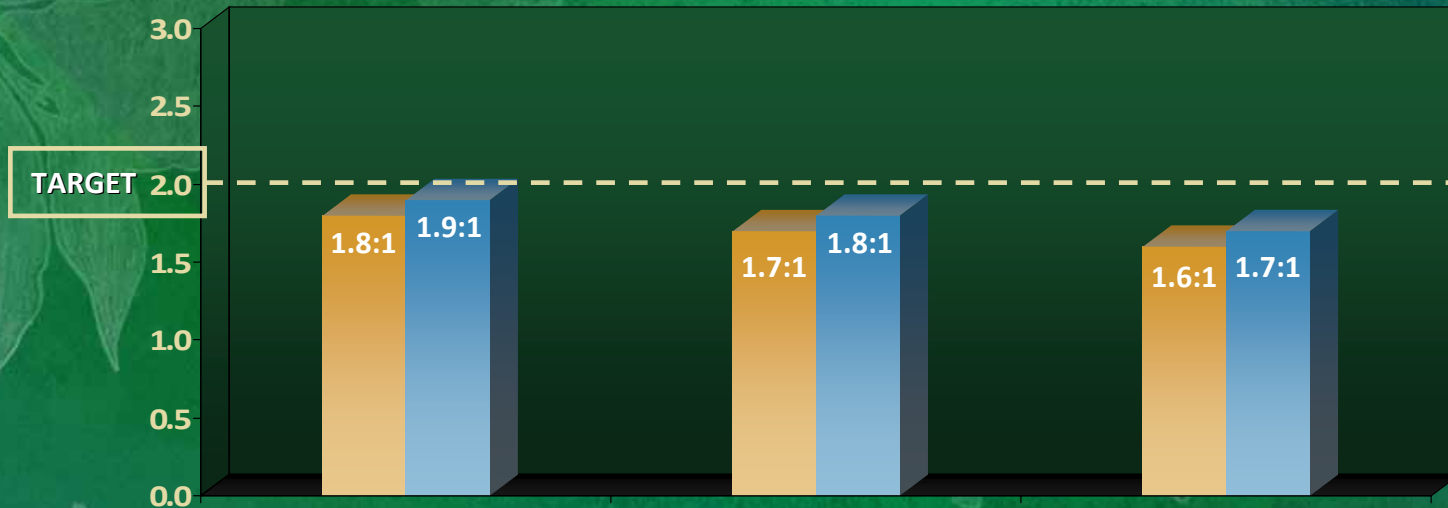


(1) Company-operated stores

(2) FY08 first year data based on current Company forecast, excluding closures

# UK and Canada Unit Economics<sup>1</sup>

## Sales to Investment Ratio – Year 1



(\$ in 000s)

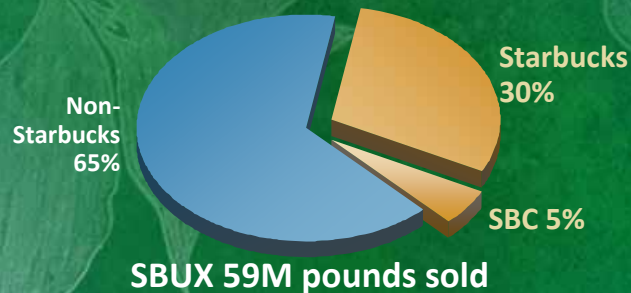
	FY04	FY06	FY08 <sup>2</sup>
<b>UK</b>			
Year 1 Sales	\$869	\$947	\$972
Year 1 Investment	\$491	\$566	\$607
<b>CANADA</b>			
Year 1 Sales	\$549	\$753	\$817
Year 1 Investment	\$283	\$428	\$469

(1) Company-operated stores

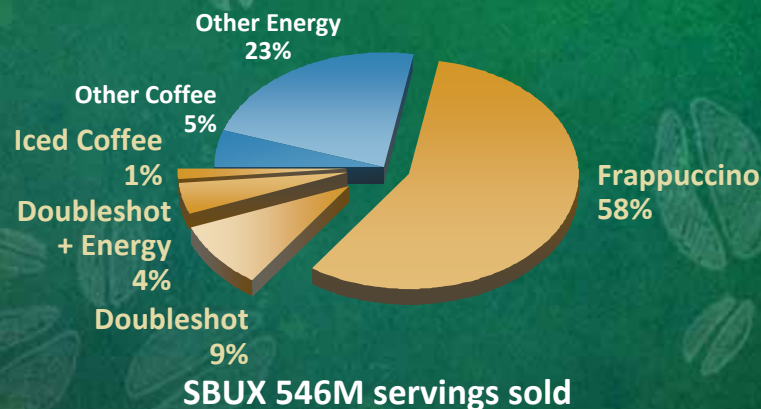
(2) FY08 first year data based on current Company forecast

# Consumer Products Group (CPG)

U.S. Premium Packaged Coffee Market\*  
\$1.2 Billion



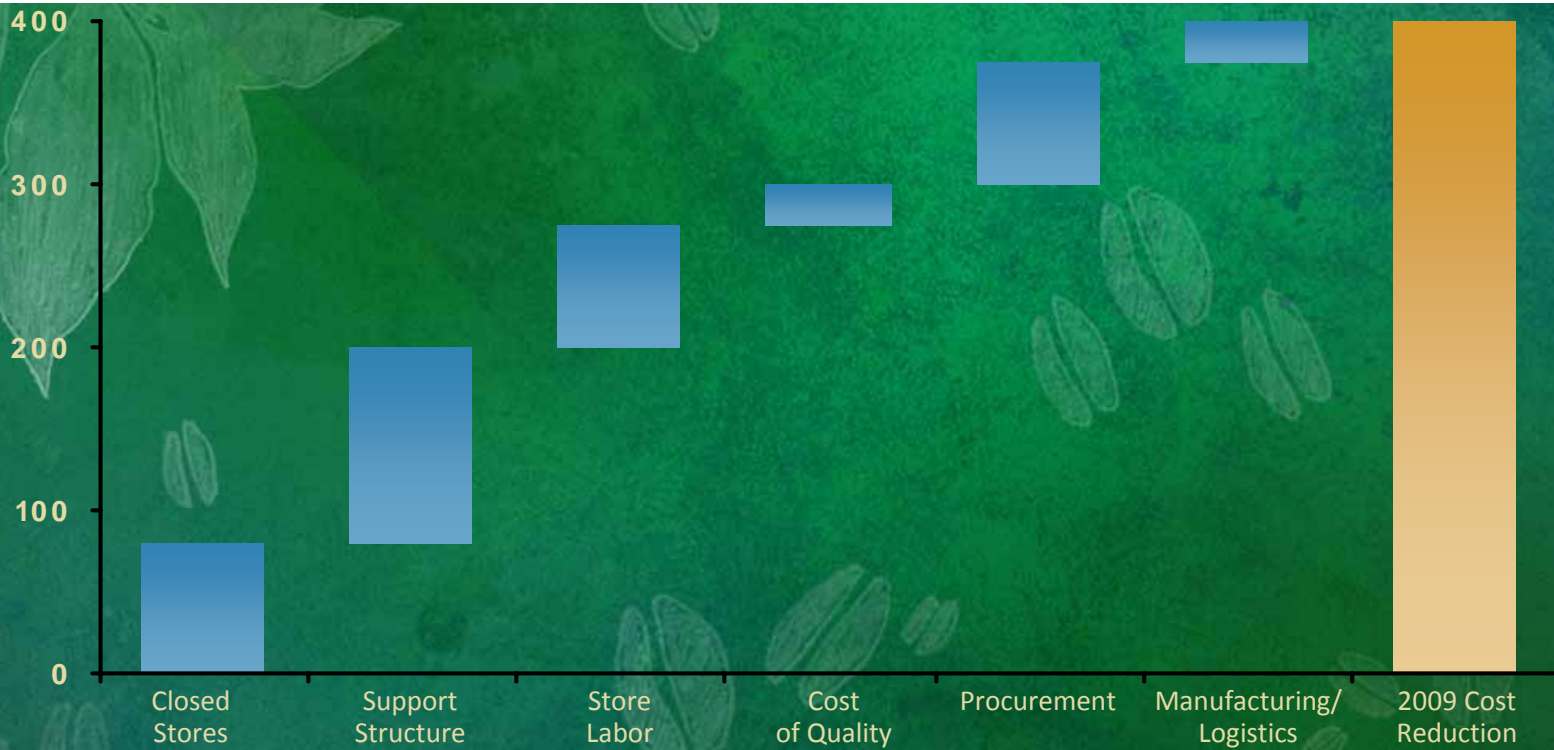
U.S. RTD Category Market Share\*  
\$939 Million



- Diverse Business Model
- Blue-Chip distribution partners
- Revenue derived from product sales and royalties
- Brand equity allowed for creation of new categories in U.S.
- Global reach with abundant expansion opportunities

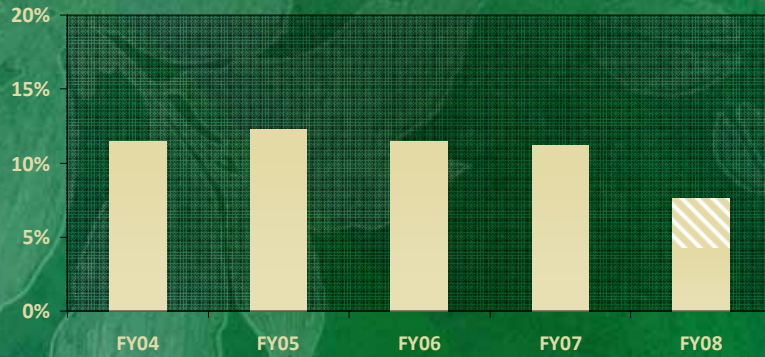
# 2009 Cost Reduction Plans

\$400+ Million Total in 2009

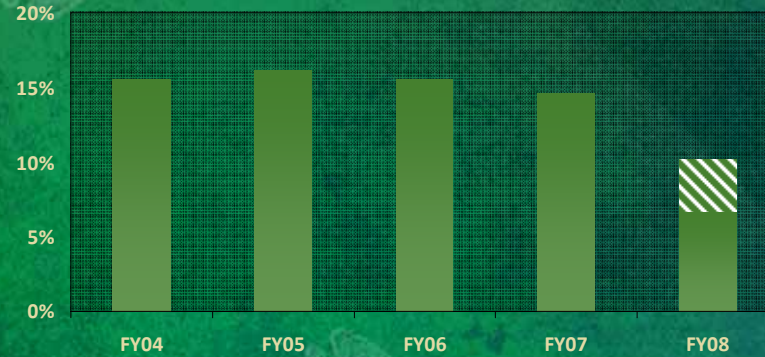


# Operating Margin

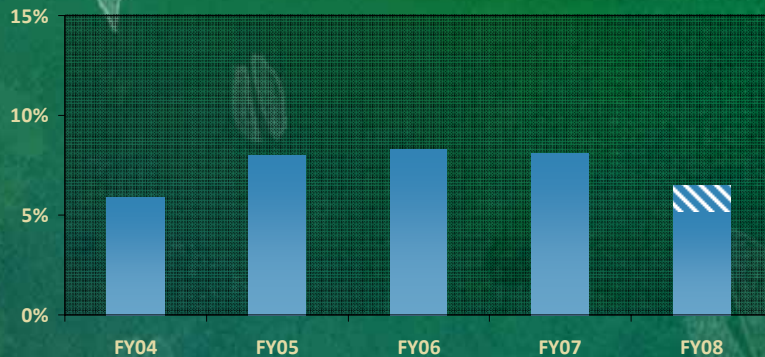
## Consolidated



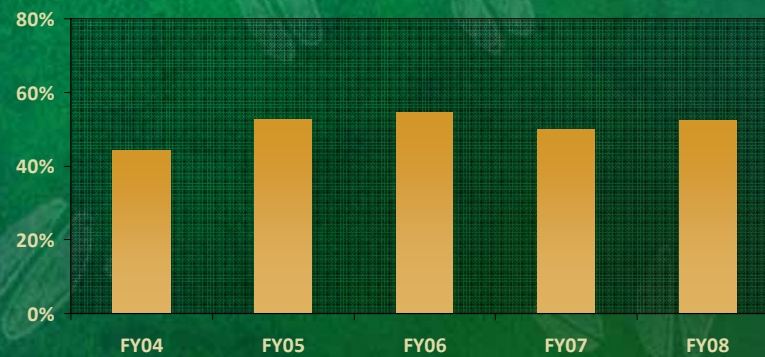
## U.S.




## International



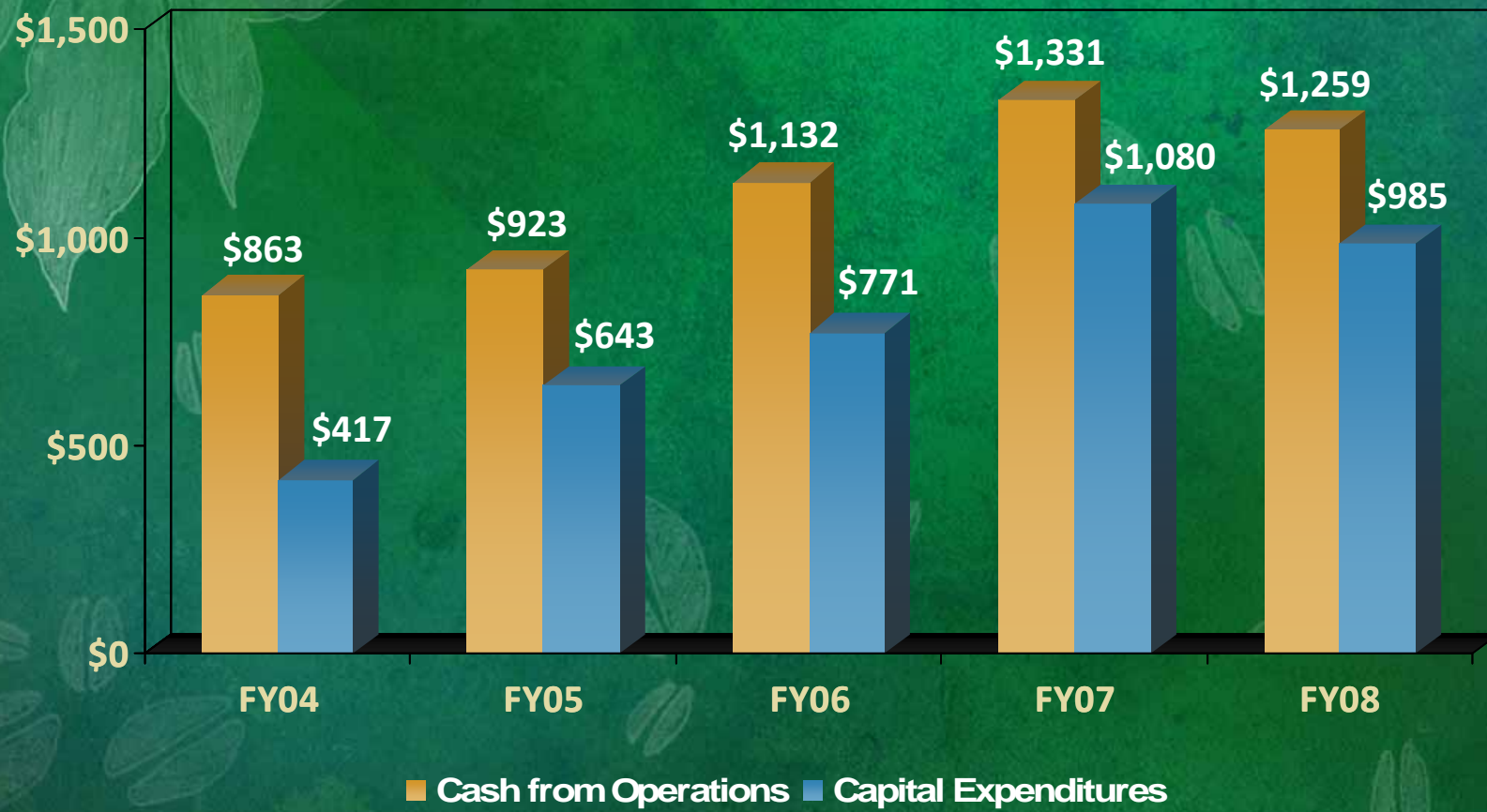
## Consumer Products Group



 Non-GAAP

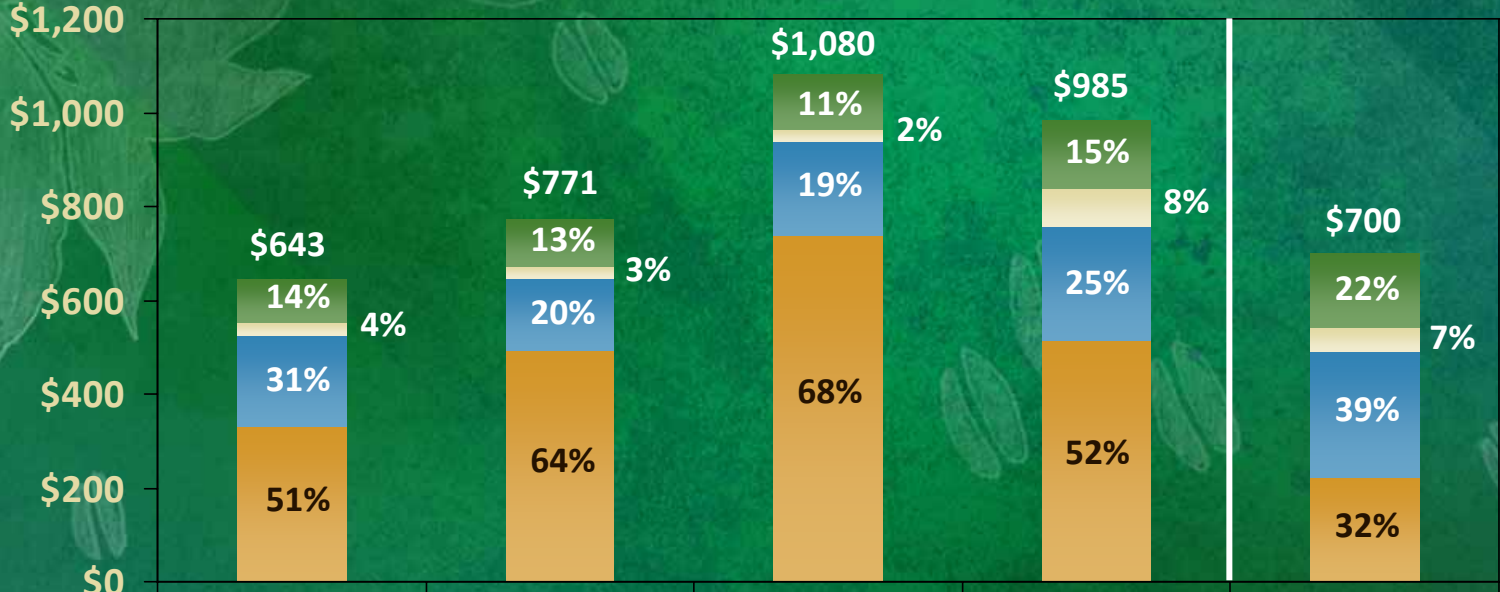
# Strong Cash Flow Generation Supports Investment

(\$ in millions)



# Capital Expenditures

(\$ in millions)



CapEx as a % of total net revenues

Fiscal Year	CapEx as a % of total net revenues
FY05	10%
FY06	10%
FY07	11%
FY08	9%
FY09e	

- New stores
- Renov/New Equipmt/Upgrades
- SCCO/Roasting Plants
- Other

# Strong Liquidity

- Substantial free cash flow as capex decreases
- No expected need for additional external financing during this challenging credit environment
- Target improvement in credit metric ratios in FY09
  - Decrease in short-term debt balances
  - Reduction in lease obligations driven by store closures

# Investment Highlights

## GROWTH OPPORTUNITIES

ABUNDANT GLOBAL  
RETAIL / LICENSING  
GROWTH  
OPPORTUNITIES

PRODUCT  
INNOVATION

ESTABLISHED  
BLUE-CHIP  
PARTNERSHIPS

## LEVERAGABLE PLATFORM

UNPARALLELED  
ATTRACTIVE & LOYAL  
CUSTOMER  
DEMOGRAPHIC

CSR  
LEADERSHIP

ROBUST  
FREE CASH FLOW  
GENERATION

## SOLID FOUNDATION

ICONIC  
BRAND WITH GLOBAL  
FOOTPRINT

UNDISPUTED COFFEE  
AUTHORITY &  
MARKET LEADER

GLOBALLY  
DIVERSIFIED  
EARNINGS

EXPERIENCED  
MANAGEMENT



# Reconciliation of Selected GAAP Measures to Non-GAAP Measures

(UNAUDITED)  
(\$ IN MILLIONS, EXCEPT PER SHARE DATA)

## Consolidated Operating Income and Operating Margin

	52 Weeks Ended	
	Sep 28, 2008	Sep 30, 2007
Operating income, as reported (GAAP)	\$ 503.9	\$ 1,053.9
Restructuring charges	266.9	-
Other transformation charges	72.5	-
Non-GAAP operating income	\$ 843.3	\$ 1,053.9
Operating margin, as reported (GAAP)	4.9 %	11.2 %
Restructuring charges	2.6	-
Other transformation charges	0.6	-
Non-GAAP operating margin	8.1 %	11.2 %

# Reconciliation of Selected GAAP Measures to Non-GAAP Measures

(UNAUDITED)  
(\$ IN MILLIONS, EXCEPT PER SHARE DATA)

	52 Weeks Ended	
	Sep 28, 2008	Sep 30, 2007
<b>Net Income</b>		
Net income, as reported (GAAP)	\$ 315.5	\$ 672.6
Restructuring charges	165.4	-
Other transformation charges	44.9	-
Non-GAAP net income	\$ 525.8	\$ 672.6
<b>Earnings Per Share</b>		
EPS, as reported (GAAP)	0.43	0.87
Restructuring charges	0.22	-
Other transformation charges	0.06	-
Non-GAAP EPS	0.71	0.87

# Reconciliation of Selected GAAP Measures to Non-GAAP Measures

(UNAUDITED)  
(\$ IN MILLIONS, EXCEPT PER SHARE DATA)

## United States Operating Income and Operating Margin

	52 Weeks Ended	
	Sep 28, 2008	Sep 30, 2007
Operating income, as reported (GAAP)	\$ 528.1	\$ 1,070.5
Restructuring charges	210.9	-
Other transformation charges	64.7	-
Non-GAAP operating income	\$ 803.7	\$ 1,070.5
Operating margin, as reported (GAAP)	6.7 %	14.6 %
Restructuring charges	2.7	-
Other transformation charges	0.8	-
Non-GAAP operating margin	10.2 %	14.6 %

# Reconciliation of Selected GAAP Measures to Non-GAAP Measures

(UNAUDITED)  
(\$ IN MILLIONS, EXCEPT PER SHARE DATA)

## International Operating Income and Operating Margin

	52 Weeks Ended	
	Sep 28, 2008	Sep 30, 2007
Operating income, as reported (GAAP)	\$ 110.0	\$ 137.7
Restructuring charges	19.2	-
Other transformation charges	7.9	-
Non-GAAP operating income	\$ 137.1	\$ 137.7
Operating margin, as reported (GAAP)	5.2 %	8.1 %
Restructuring charges	0.9	-
Other transformation charges	0.4	-
Non-GAAP operating margin	6.5 %	8.1 %