

STARBUCKS CORP  
Form 10-Q/A  
August 10, 2004

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM 10-Q/A**

**☐ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**For the Quarterly Period Ended June 27, 2004**

**OR**

**○ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_ to \_\_\_ .**

**Commission File Number: 0-20322**

**STARBUCKS CORPORATION**

**(Exact Name of Registrant as Specified in its Charter)**

**Washington**  
**(State or Other Jurisdiction of  
Incorporation or Organization)**

**91-1325671**  
**(IRS Employer  
Identification No.)**

**2401 Utah Avenue South, Seattle, Washington 98134**  
**(Address of principal executive offices)**

**(206) 447-1575**  
**(Registrant's Telephone Number, including Area Code)**

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☐ No ○

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act):

Yes ☐ No ○

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

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Title	Shares Outstanding as of August 9, 2004
Common Stock, par value \$0.001 per share	397,466,677

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EXHIBIT 32.1

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**EXPLANATORY NOTE**

This Amendment to the Starbucks Corporation (the Company) Quarterly Report on Form 10-Q for the fiscal quarter ended June 27, 2004 (fiscal 2004 third quarter), is being filed solely for the purpose of amending the reference to international Company-operated markets included in the fifth paragraph of the Management's Overview section of Management's Discussion and Analysis of Financial Condition and Results of Operations. The appropriate reference is to the Company's International operating segment.

The Management's Overview section included in Part I, Item 2 of the Company's fiscal 2004 third quarter Quarterly Report on Form 10-Q is hereby amended by deleting the text thereof in its entirety and substituting the following:

**PART I FINANCIAL INFORMATION**

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**Management's Overview**

During the 13 weeks ended June 27, 2004, all areas of Starbucks business, from domestic and international retail operations to the Company's specialty businesses, delivered strong financial performance, and innovation was prevalent throughout the Company's operations. Starbucks believes the Company's ability to achieve the balance between growing the core business and building the platform for future growth is the key to increasing shareholder value. Starbucks third quarter performance provides a strong example of the Company's commitment to this balance.

Historically, the primary driver of the Company's revenue growth has been the opening of new retail stores, both Company-operated and licensed, in pursuit of the Company's objective to establish Starbucks as the most recognized and respected brand in the world. With a presence today in more than 30 countries, management continues to believe that the Company's long term goal of operating at least 25,000 Starbucks retail locations throughout the United States and in International markets is achievable.

In addition to opening new retail stores, Starbucks is targeting to increase revenues generated at Company-operated stores open for 13 months or longer (comparable store sales growth) by 3-7% for the next three to five years by attracting new customers and increasing the frequency of visits by current customers. The strategy to achieve this target is to continuously improve the level of customer service, maintain a steady stream of product innovation and improve the speed of service through training, technology and process improvement. In the third quarter of fiscal 2004, comparable store sales in Company-operated markets increased by 11% as a result of these efforts. June 2004 marks the 150th consecutive month of positive comparable store sales growth for Starbucks, as well as the eighth consecutive month of double-digit growth, which is the longest period of double-digit comparable store sales growth reported for the Company in 10 years.

In licensed markets, Starbucks shares operating and store development experience to help licensees improve the profitability of existing stores and build new stores, which generated additional royalty income and product sales. The Company's strategy is to increase its equity stake as international markets develop.

The combination of more retail stores, higher revenues from existing stores, and growth in other business channels in both the United States and International segments resulted in a 27.2% increase in total net revenues in the third quarter of fiscal 2004 compared to the third quarter of fiscal 2003, which was above the Company's three to five year target of

approximately 20%. Since additional retail stores can leverage existing support organizations and facilities, that infrastructure can be expanded more slowly than the rate of revenue growth and generate margin improvement. In the third quarter of fiscal 2004, operating income as a percentage of total net revenues increased to 11.7% from 10.2% in the comparable period of fiscal 2003, and net earnings increased by 43.5%, compared to the third quarter of fiscal 2003. Also contributing to these results was the fourth consecutive quarter of positive operating results from the Company's International operating segment.

Management believes that comparable store sales growth at the current level is not sustainable over the long term. However, management believes that new store development opportunities on a global basis are sufficient for the Company to maintain a high level of unit growth and that the execution of the current retail operating strategy can achieve 3-7% comparable store sales growth for the next three to five years. These revenue growth opportunities, coupled with continuous focus on controlling both operating and capital costs, should allow Starbucks to continue to modestly improve margins and achieve annual revenue growth of approximately 20% and annual earnings per share growth of 20-25% for this same three to five year period.

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**PART II OTHER INFORMATION**

**Item 6. Exhibits and Reports on Form 8-K**

(a) *Exhibits:*

<b>Exhibit No.</b>	<b>Description</b>
31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**STARBUCKS CORPORATION**

August 10, 2004

By: /s/ MICHAEL CASEY  
Michael Casey  
executive vice president and chief financial officer  
Signing on behalf of the registrant and as principal  
financial officer

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