STARBUCKS CORP
Form DEF 14A
January 22, 2009

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant þ
Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Starbucks Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

---

2) Aggregate number of securities to which transaction applies:

---

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

---

4) Proposed maximum aggregate value of transaction:

---

5) Total fee paid:

---

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

SEC 1913 (04-05)	**Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

Table of Contents

Seattle, Washington
January 22, 2009

Dear Shareholders:

You are cordially invited to attend the Starbucks Corporation 2009 Annual Meeting of Shareholders on March 18, 2009, at 10 a.m. (Pacific Time). The meeting will be held at Marion Oliver McCaw Hall at the Seattle Center, located on Mercer Street, between Third and Fourth Avenues, in Seattle, Washington. Directions to McCaw Hall and transportation information appear on the back cover of the notice of annual meeting and proxy statement.

Under the Securities and Exchange Commission (the SEC) rules that allow companies to furnish proxy materials to shareholders over the Internet, Starbucks has elected to deliver our proxy materials to the majority of our shareholders over the Internet. The new delivery process will allow us to provide shareholders with the information they need, while at the same time conserving natural resources and lowering the cost of delivery. On January 22, 2009, we mailed to our shareholders a Notice of Internet Availability of Proxy Materials (the Notice) containing instructions on how to access our Fiscal 2008 Proxy Statement and 2008 Annual Report to Shareholders. The Notice also provides instructions on how to vote online or by telephone and includes instructions on how to receive a paper copy of the proxy materials by mail. The Notice will serve as an admission ticket for one shareholder to attend the 2009 Annual Meeting of Shareholders. On January 22, 2009, we also first mailed this proxy statement and the enclosed proxy card to certain shareholders. If you received a paper copy of the proxy materials in the mail, the proxy statement includes an admission ticket for one shareholder to attend the Annual Meeting of Shareholders. ***Each attendee must present the Notice, an admission ticket or other proper form of documentation (as described in the section Annual Meeting Information in the proxy statement) to be admitted.***

The matters to be acted upon are described in the notice of annual meeting and proxy statement. At the Annual Meeting of Shareholders, we will also report on our Company s operations and respond to questions from shareholders.

As always, we anticipate a large number of attendees at the Annual Meeting of Shareholders. This year, seating will be limited to McCaw Hall ***only***, and we cannot guarantee seating for all shareholders. Shareholders may also log onto a live webcast of the meeting; please see details on our Investor Relations web site at http://investor.starbucks.com. Doors will open at 8 a.m. (Pacific Time) the day of the event.

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the Annual Meeting of Shareholders, we urge you to vote and submit your proxy by the Internet, telephone or mail in order to ensure the presence of a quorum. If you attend the meeting you will, of course, have the right to revoke the proxy and vote your shares in person. If you hold your shares through an account with a brokerage firm, bank or other nominee, please follow the instructions you receive from them to vote your shares.

Very truly yours,

Howard Schultz
chairman, president and chief executive officer

STARBUCKS CORPORATION
2401 Utah Avenue South
Seattle, Washington 98134

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders of Starbucks Corporation will be held at Marion Oliver McCaw Hall at the Seattle Center, located on Mercer Street, between Third and Fourth Avenues, in Seattle, Washington, on March 18, 2009, at 10 a.m. (Pacific Time) for the following purposes:

1. To elect eleven directors nominated by the board of directors to serve until the 2010 Annual Meeting of Shareholders;

2. To approve amendments to existing equity plans to allow for a one-time stock option exchange program for employees other than directors and executive officers;

3. To ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending September 27, 2009; and

4. To transact such other business as may properly come before the Annual Meeting of Shareholders.

Our board of directors recommends a vote ***for*** Items 1, 2 and 3. Only shareholders of record at the close of business on January 9, 2009 will be entitled to notice of and to vote at the Annual Meeting of Shareholders and any adjournments thereof.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on March 18, 2009. Our proxy statement is attached. Financial and other information concerning Starbucks is contained in our Annual Report to Shareholders for the fiscal year ended September 28, 2008. This proxy statement and our fiscal 2008 Annual Report to Shareholders are available on our web site at http://investor.starbucks.com. Additionally, and in accordance with SEC rules, you may access our proxy materials at http://bnymellon.mobular.net/bnymellon/sbux, which does not have cookies that identify visitors to the site.

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the Annual Meeting of Shareholders, we urge you to vote and submit your proxy in order to ensure the presence of a quorum.

Registered holders may vote:

1. By Internet: go to http://www.proxyvoting.com/sbux;

2. By toll-free telephone: call 1-866-540-5760; or

3. By mail (if you received a paper copy of the proxy materials by mail): mark, sign, date and promptly mail the enclosed proxy card in the postage-paid envelope.

Any proxy may be revoked at any time prior to its exercise at the Annual Meeting of Shareholders.

Beneficial Shareholders. If your shares are held in the name of a broker, bank or other holder of record, follow the voting instructions you receive from the holder of record to vote your shares.

By order of the board of directors,

Paula E. Boggs
secretary

Seattle, Washington
January 22, 2009

TABLE OF CONTENTS

Table of Contents

STARBUCKS CORPORATION
2401 Utah Avenue South
Seattle, Washington 98134

PROXY STATEMENT
for the
ANNUAL MEETING OF SHAREHOLDERS

We are making this proxy statement available to you on or about January 22, 2009 in connection with the solicitation of proxies by our board of directors for the Starbucks Corporation 2009 Annual Meeting of Shareholders. At Starbucks and in this proxy statement, we refer to our employees as partners. Also in this proxy statement we sometimes refer to Starbucks as the Company, we, or us, and to the 2009 Annual Meeting of Shareholders as the annual meeting. When we refer to the Company s fiscal year, we mean the annual period ending on the Sunday closest to September 30 of the stated year. This proxy statement covers our fiscal 2008, which was from October 1, 2007 through September 28, 2008 (fiscal 2008).

Internet Availability of Annual Meeting Materials

Under Securities and Exchange Commission (SEC) rules, Starbucks has elected to make our proxy materials available to the majority of our shareholders over the Internet rather than mailing paper copies of those materials to each shareholder. On January 22, 2009, we mailed to the majority of our shareholders a Notice of Internet Availability of Proxy Materials (the Notice) directing shareholders to a web site where they can access our fiscal 2008 proxy statement and 2008 Annual Report and view instructions on how to vote via the Internet or by phone. If you received the Notice only and would like to receive a paper copy of the proxy materials, please follow the instructions printed on the Notice to request that a paper copy be mailed.

Annual Meeting Information

The annual meeting will be held at 10 a.m. (Pacific Time) on March 18, 2009, at Marion Oliver McCaw Hall at the Seattle Center, located on Mercer Street, between Third and Fourth Avenues, in Seattle, Washington. Directions to McCaw Hall and a map are provided on the back cover of this proxy statement. For those shareholders receiving a Notice, the Notice will serve as an admission ticket for one shareholder to attend the annual meeting. For those shareholders receiving a paper copy of proxy materials in the mail, an admission ticket for one shareholder to attend the annual meeting is enclosed in the proxy materials.

Majority Vote Standard in Uncontested Director Elections

We have adopted majority voting procedures for the election of directors in uncontested elections. In an uncontested election, nominees must receive more for than against votes to be elected. The term of any director who does not receive a majority of votes cast in an election held under the majority voting standard terminates on the earliest to occur of: (i) 90 days after the date election results are certified; (ii) the date the director resigns; or (iii) the date the board of directors fills the position. As provided in our bylaws, a contested election is one in which:

as of the last day for giving notice of a shareholder nominee, a shareholder has nominated a candidate for director according to the requirements of our bylaws; and

the board of directors considers that a shareholder candidacy has created a bona fide election contest.

Voting Information

Record Date. The record date for the annual meeting is January 9, 2009. On the record date, there were 734,562,932 shares of our common stock outstanding and there were no outstanding shares of any other class of stock.

Voting Your Proxy. Holders of shares of common stock are entitled to cast one vote per share on all matters. Proxies will be voted as instructed by the shareholder or shareholders granting the proxy. Unless contrary

Table of Contents

instructions are specified, if the proxy is completed and submitted (and not revoked) prior to the annual meeting, the shares of Starbucks common stock represented by the proxy will be voted: (1) **FOR** the election of each of the eleven director candidates nominated by the board of directors; (2) **FOR** the approval of amendments to existing equity plans to allow for a one-time stock option exchange program for employees other than directors and executive officers; (3) **FOR** the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending September 27, 2009 (fiscal 2009); and (4) in accordance with the best judgment of the named proxies on any other matters properly brought before the annual meeting.

Revoking Your Proxy. A shareholder who delivers an executed proxy pursuant to this solicitation may revoke it at any time before it is exercised by (i) executing and delivering a later-dated proxy card to our corporate secretary prior to the annual meeting; (ii) delivering written notice of revocation of the proxy to our corporate secretary prior to the annual meeting; or (iii) attending and voting in person at the annual meeting. Attendance at the annual meeting, in and of itself, will not constitute a revocation of a proxy. If you voted by telephone or the Internet and wish to change your vote, you may call the toll-free number or go to the Internet site, as may be applicable in the case of your earlier vote, and follow the directions for changing your vote.

Vote Required. The presence, in person or by proxy, of holders of a majority of the outstanding shares of Starbucks common stock is required to constitute a quorum for the transaction of business at the annual meeting. Abstentions and broker non-votes (shares held by a broker or nominee that does not have the authority, either express or discretionary, to vote on a particular matter) are counted for purposes of determining the presence or absence of a quorum for the transaction of business at the annual meeting. If a quorum is present, a nominee for election to a position on the board of directors will be elected as a director if the votes cast for the nominee exceed the votes cast against the nominee. The following will not be votes cast and will have no effect on the election of any director nominee or the other proposals: (i) broker non-votes; (ii) a share whose ballot is marked as abstain; (iii) a share otherwise present at the meeting but for which there is an abstention; and (iv) a share otherwise present at the annual meeting as to which a shareholder gives no authority or direction. If a quorum is present, approvals of all of the proposals, and all other matters that properly come before the meeting, require that the votes cast in favor of such actions exceed the votes cast against such actions. Proxies and ballots will be received and tabulated by BNY Mellon Shareowner Services, our transfer agent and the inspector of elections for the annual meeting.

Expenses of Solicitation. We will bear the expense of preparing, printing and mailing this proxy statement and the proxies we solicit. Proxies will be solicited by mail, telephone, personal contact, and electronic means and may also be solicited by directors, officers and Starbucks partners in person, by the Internet, by telephone or by facsimile transmission, without additional remuneration. We have retained The Altman Group, Inc. to act as a proxy solicitor in conjunction with the annual meeting. We have agreed to pay Altman $25,000, plus reasonable out-of-pocket expenses, for proxy solicitation services.

We will also request brokerage firms, banks, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares of our stock as of the record date and will reimburse them for the cost of forwarding the proxy materials in accordance with customary practice. Your cooperation in promptly voting your shares and submitting your proxy by the Internet or telephone, or by completing and returning the enclosed proxy card (if you received your proxy materials in the mail), will help to avoid additional expense.

PROPOSAL 1 ELECTION OF DIRECTORS

In accordance with our bylaws, our board of directors has set its size at eleven members; there are currently nine members. Under our bylaws, the number of directors may be changed at any time by a resolution of the board. The terms of each of the nine current directors expire upon the election and qualification of the directors to be elected at the 2009 annual meeting. The board has nominated each of the nine current directors for re-election at the annual meeting, to serve until the 2010 Annual Meeting of Shareholders and until their respective successors have been elected and qualified. In addition to the nine current directors, the board has nominated Kevin R. Johnson and Sheryl Sandberg as new directors for election at the annual meeting to serve until the 2010 Annual Meeting of Shareholders and until their respective successors have been elected and qualified.

Table of Contents

Unless otherwise directed, the persons named in the proxy intend to vote all proxies **FOR** the election of the nominees, as listed below, each of whom has consented to serve as a director if elected. If, at the time of the annual meeting, the nominee is unable or declines to serve as a director, the discretionary authority provided in the enclosed proxy will be exercised to vote for a substitute candidate designated by the board, unless the board chooses to reduce its own size. The board has no reason to believe any of the nominees will be unable or will decline to serve if elected. Proxies cannot be voted for more than eleven persons since that is the total number of nominees.

Set forth below is certain information furnished to us by the director nominees. There are no family relationships among any of our directors or executive officers. None of the corporations or other organizations referenced in the biographical information below is a parent, subsidiary or other affiliate of Starbucks.

Nominees

HOWARD SCHULTZ, 55, is the founder of Starbucks and serves as our chairman, president and chief executive officer. Mr. Schultz has served as chairman of the board since our inception in 1985, and in January 2008, he reassumed the role of president and chief executive officer. From June 2000 to February 2005, Mr. Schultz also held the title of chief global strategist. From November 1985 to June 2000, he served as chairman of the board and chief executive officer. From November 1985 to June 1994, Mr. Schultz also served as president. From January 1986 to July 1987, Mr. Schultz was the chairman of the board, chief executive officer and president of Il Giornale Coffee Company, a predecessor to the Company. From September 1982 to December 1985, Mr. Schultz was the director of retail operations and marketing for Starbucks Coffee Company, a predecessor to the Company.

BARBARA BASS, 57, has been a Starbucks director since January 1996. Since 1993, Ms. Bass has been the president of the Gerson Bakar Foundation. From 1989 to 1992, Ms. Bass was president and chief executive officer of the Emporium Weinstock Division of Carter Hawley Hale Stores, Inc. She also serves on the board of directors of DFS Group Limited, a retailer of luxury branded merchandise, and bebe stores, inc., a retailer of contemporary sportswear and accessories.

WILLIAM W. BRADLEY, 65, has been a Starbucks director since June 2003. Mr. Bradley is a managing director of Allen & Company LLC. From 2001 until 2004, he acted as chief outside advisor to McKinsey & Company s non-profit practice. In 2000, Mr. Bradley was a candidate for the Democratic nomination for President of the United States. He served as a senior advisor and vice chairman of the International Council of JP Morgan & Co., Inc. from 1997 through 1999. During that time, Mr. Bradley also worked as an essayist for *CBS Evening News*, and as a visiting professor at Stanford University, Notre Dame University and the University of Maryland. Mr. Bradley served in the U.S. Senate from 1979 until 1997, representing the State of New Jersey. Prior to serving in the U.S. Senate, he was an Olympic gold medalist in 1964, and from 1967 through 1977 he played professional basketball for the New York Knicks, during which time they won two world championships. Mr. Bradley also serves on the boards of directors of Willis Group Holdings Limited and Seagate Technology.

MELLODY HOBSON, 39, has been a Starbucks director since February 2005. Ms. Hobson has served as the president and a director of Ariel Investments, LLC, a Chicago-based investment management firm, and as the chairman (since 2006) and a trustee (since 2000) of the mutual funds it manages. She previously served as senior vice president and director of marketing at Ariel Capital Management, Inc. from 1994 to 2000, and as vice president of marketing at Ariel Capital Management, Inc. from 1991 to 1994. Ms. Hobson works with a variety of civic and professional institutions, including serving as a director of the Chicago Public Library as well as its foundation and as a board member of the Field Museum and the Chicago Public Education Fund. In 2004, *The Wall Street Journal* named her as one of its 50 Women to Watch. Ms. Hobson also serves on the boards of directors of DreamWorks Animation SKG, Inc. and The Estee Lauder Companies, Inc.

KEVIN R. JOHNSON, 48, has served as the Chief Executive Officer of Juniper Networks, Inc., a leading provider of high-performance networking products and services, since September 2008. Mr. Johnson also serves on the board of directors of Juniper Networks. Prior to joining Juniper Networks, Mr. Johnson served as President, Platforms and Services Division for Microsoft Corporation, a worldwide provider of software, services and solutions. Mr. Johnson was a member of Microsoft s Senior Leadership Team and held a number of senior executive positions over the course of his 16 years at Microsoft. Prior to joining Microsoft in 1992, Mr. Johnson worked in IBM s systems integration and consulting business.

Table of Contents

OLDEN LEE, 67, has been a Starbucks director since June 2003. Mr. Lee worked with PepsiCo, Inc. for 28 years in a variety of positions, including serving as senior vice president of human resources of its Taco Bell division and senior vice president and chief personnel officer of its KFC division. Mr. Lee currently serves as principal of Lee Management Consulting, a management consulting firm he founded. Mr. Lee also serves on the board of directors of TLC Vision Corporation.

SHERYL SANDBERG, 39, has served as the Chief Operating Officer of Facebook, Inc., an online social utility company, since March 2008. From 2001 to March 2008, Ms. Sandberg was the Vice President of Global Online Sales and Operations for Google Inc., an Internet search engine company. Ms. Sandberg also is a former Chief of Staff of the United States Treasury Department and previously served as a management consultant with McKinsey & Company and as an economist with The World Bank. Ms. Sandberg serves on a number of nonprofit boards including The Brookings Institution, The AdCouncil, Women for Women International, and V-Day. In 2008, Ms. Sandberg was named as one of the 50 Most Powerful Women in Business by *Fortune* and one of the 50 Women to Watch by *The Wall Street Journal*.

JAMES G. SHENNAN, JR., 67, has been a Starbucks director since March 1990. Mr. Shennan served as a general partner of Trinity Ventures, a venture capital organization, from September 1989 to July 2005, when he became general partner emeritus. Prior to joining Trinity Ventures, he served as the chief executive of Addison Consultants, Inc., an international marketing services firm, and two of its predecessor companies. Mr. Shennan also serves on the board of directors of P.F. Chang s China Bistro, Inc.

JAVIER G. TERUEL, 58, has been a Starbucks director since September 2005. Mr. Teruel served as vice chairman of Colgate-Palmolive Company, a consumer products company, from July 2004 to April 2007, when he retired. Prior to being appointed vice chairman, Mr. Teruel served as Colgate-Palmolive s executive vice president responsible for Asia, Central Europe, Africa and Hill s Pet Nutrition. After joining Colgate in Mexico in 1971, Mr. Teruel served as vice president of Body Care in Global Business Development in New York, and president and general manager of Colgate-Mexico. He also served as president of Colgate-Europe, and as chief growth officer responsible for the company s growth functions. Mr. Teruel currently serves as a partner of Spectron Desarrollo, SC, an investment management and consulting firm. He also serves on the boards of directors of The Pepsi Bottling Group, Inc., Corporacion Geo S.A.B. de C.V. and J.C. Penney Company, Inc.

MYRON E. ULLMAN, III, 62, has been a Starbucks director since January 2003. Mr. Ullman has served as the chairman of the board of directors and chief executive officer of J.C. Penney Company, Inc., a chain of retail department stores, since December 2004. Mr. Ullman served as directeur general, group managing director of LVMH Möet Hennessy Louis Vuitton, a luxury goods manufacturer and retailer, from July 1999 to January 2002. From January 1995 to June 1999, he served as chairman and chief executive officer of DFS Group Limited, a retailer of luxury branded merchandise. From 1992 to 1995, Mr. Ullman served as chairman and chief executive officer of R.H. Macy & Co., Inc. He also serves on the board of directors of the Federal Reserve Bank of Dallas.

CRAIG E. WEATHERUP, 63, has been a Starbucks director since February 1999. Mr. Weatherup worked with PepsiCo, Inc. for 24 years and served as chief executive officer of its worldwide Pepsi-Cola business and President of PepsiCo, Inc. He also led the initial public offering of The Pepsi Bottling Group, Inc., where he served as chairman and chief executive officer from March 1999 to January 2003. Mr. Weatherup also serves on the board of directors of Macy s, Inc.

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ELECTION OF EACH OF THE NOMINEES TO THE BOARD OF DIRECTORS.

CORPORATE GOVERNANCE

Board Committees and Related Matters

During fiscal 2008, our board of directors had three standing committees: the Audit and Compliance Committee (the Audit Committee), the Compensation and Management Development Committee (the Compensation Committee) and the Nominating and Corporate Governance Committee (the Nominating Committee). The board makes committee and committee chair assignments annually at its meeting

Table of Contents

immediately following the annual meeting of shareholders. Reports from the Audit Committee and Compensation Committee appear below. The committees operate pursuant to written charters, which are available on our web site at www.starbucks.com/aboutus/corporate_governance.asp.

The current composition of each board committee is:

Audit and Compliance	Compensation and Management Development	Nominating and Corporate Governance
Javier G. Teruel (Chair)	Barbara Bass (Chair)	Craig E. Weatherup (Chair)
Mellody Hobson	William W. Bradley	Barbara Bass
James G. Shennan, Jr.	Olden Lee	William W. Bradley
Craig E. Weatherup	Myron E. Ullman, III	James G. Shennan, Jr.

Affirmative Determinations Regarding Director Independence and Other Matters

Our board of directors has determined that each of the following director nominees is an independent director as such term is defined under NASDAQ rules:

Barbara Bass	Sheryl Sandberg
William W. Bradley	James G. Shennan, Jr.
Mellody Hobson	Javier G. Teruel
Kevin R. Johnson	Myron E. Ullman, III
Olden Lee	Craig E. Weatherup

In determining that Sen. Bradley is independent, the board considered his position as a member of the board of directors of a venture-stage company from which Starbucks purchased certain advertising and marketing services in fiscal 2008. In determining that Ms. Sandberg is independent, the board considered her position as an officer of a private company from which Starbucks purchased certain advertising and marketing services in 2008. In determining that Ms. Hobson and Mr. Teruel are independent, the board considered their respective positions as members of the board of directors of other large public companies who have business relationships with Starbucks. None of these relationships constitutes a related-person transaction under applicable SEC rules. Accordingly, none has been described in the Certain Relationships and Related Transactions section of this proxy statement.

The board also has determined that each member of its three committees meets applicable independence requirements as prescribed by NASDAQ, the SEC and the Internal Revenue Service.

With the assistance of Starbucks legal counsel, the Nominating Committee reviewed the applicable legal standards for board member and board committee independence and the criteria applied to determine audit committee financial expert status, as well as the answers to annual questionnaires completed by the independent directors. On the basis of this review, the Nominating Committee delivered its independence recommendations to the full board. The board made its independence and audit committee financial expert determinations based on the Nominating Committee s recommendation and each member s review of the information made available to the Nominating Committee.

Audit Committee

As more fully described in its charter, the Audit Committee is responsible for overseeing our accounting and financial reporting processes, including the quarterly review and the annual audit of our consolidated financial statements by Deloitte & Touche LLP (Deloitte), our independent registered public accounting firm. Each of Ms. Hobson and Messrs. Shennan, Teruel and Weatherup (i) meets the independence criteria prescribed by applicable law and the rules of the SEC for audit committee membership and is an independent director as defined by NASDAQ rules, (ii) meets NASDAQ s financial knowledge and sophistication requirements, and (iii) has been determined by the board of directors to be an audit committee financial expert under SEC rules. The Audit and Compliance Committee Report describes in more detail the Audit Committee s responsibilities with regard to our financial statements and its interactions with Deloitte.

Table of Contents

Review and Approval of Related-Person Transactions

Under the Audit Committee s charter, and consistent with NASDAQ rules, any material potential or actual conflict of interest or transaction between Starbucks and any related person of Starbucks must be reviewed and approved or ratified by the Audit Committee. SEC rules define a related person of Starbucks as any Starbucks director (or nominee), executive officer, 5%-or-greater shareholder or immediate family member of any of these persons.

In September 2007, our board of directors adopted a Policy for the Review and Approval of Related-Person Transactions Required to Be Disclosed in Proxy Statements. The policy provides that any related person as defined above must notify the chair of the Audit Committee before becoming a party to, or engaging in, a potential related-person transaction that may require disclosure in our proxy statement under SEC rules, or if prior approval is not practicable, as soon as possible after engaging in the transaction. Based on current SEC rules, transactions covered by the policy include:

any individual or series of related transactions, arrangements or relationships (including but not limited to indebtedness or guarantees of indebtedness), whether actual or proposed;

in which Starbucks was or is to be a participant;

the amount of which exceeds $120,000; and

in which the related person has or will have a direct or indirect material interest. Whether the related person has a material direct or indirect interest depends on the significance to investors of knowing the information in light of all the circumstances of a particular case. The importance to the person having the interest, the relationship of the parties to the transaction with each other and the amount involved in the transaction are among the factors to be considered in determining the significance of the information to investors.

The Audit Committee chair has the discretion to determine whether a transaction is or may be covered by the policy. If the chair determines that the transaction is covered by the policy, then the full Audit Committee must review and approve it. The Audit Committee s decision is final and binding. Additionally, the Audit Committee chair has discretion to approve, disapprove or seek full Audit Committee review of any *immaterial* transaction involving a related person (*i.e.*, a transaction not otherwise required to be disclosed in the proxy statement).

In considering potential related-person transactions, the Audit Committee looks not only to SEC and NASDAQ rules, including the impact of a transaction on the independence of any director, but also to the consistency of the transaction with the best interests of Starbucks and our shareholders. As the policy describes in more detail, the factors underlying these considerations include:

whether the transaction is likely to have any significant negative effect on Starbucks, the related person or any Starbucks partner;

whether the transaction can be effectively managed by Starbucks despite the related person s interest in it;

the purpose, and the potential benefits to Starbucks, of the transaction;

whether the transaction would be in the ordinary course of our business; and

the availability of alternative products or services on comparable or more favorable terms.

Audit and Compliance Committee Report

As part of fulfilling its responsibilities, the Audit Committee reviewed and discussed the audited consolidated financial statements for fiscal 2008 with management and Deloitte and discussed those matters required by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended, and SEC Regulation S-X, Rule 2-07, with Deloitte. The Audit Committee received the written disclosures and the letter from Deloitte required by applicable requirements of the Public Company Accounting Oversight Board regarding Deloitte s communications with the Audit Committee concerning independence, and has discussed with Deloitte its independence.

Table of Contents

Based on the Audit Committee s review of the audited consolidated financial statements and its discussions with management, the internal audit function and Deloitte, the Audit Committee recommended to the board of directors that the audited consolidated financial statements for fiscal 2008 be included in the Starbucks Annual Report on Form 10-K filed with the SEC (2008 10-K).

Respectfully submitted,

Javier G. Teruel (Chair)
Mellody Hobson
James G. Shennan, Jr.
Craig E. Weatherup

Compensation Committee

As more fully described in its charter, the primary responsibilities of the Compensation Committee are to:

Conduct an annual review of all compensation elements for our executive officers, including any special compensation and benefits, and submit recommendations for review and approval by the independent directors.

Annually review, approve and submit to the independent directors for their review and approval performance measures and targets for all executive officers participating in the annual executive incentive bonus plan; certify and recommend to the independent directors that they certify achievement of performance goals after the annual measurement period to permit bonus payouts under the plan.

Review and approve the compensation structure for our senior officers below the executive-officer level, oversee the compensation practices applicable to our partners generally, and approve, change when necessary and administer partner-based equity plans and the annual incentive bonus plan for management below the executive-officer level.

After consulting with the panel of independent directors, together with the chair of the Nominating Committee, the chair of the Compensation Committee annually reviews the performance of our chairman, president and chief executive officer and meets with him to share the findings of the review.

Annually review and approve our management development and succession planning practices and strategies.

In addition, the Compensation Committee s charter allows it to delegate its authority to subcommittees of the committee, as may be necessary or appropriate. At least annually, the Compensation Committee reviews and approves our executive compensation strategy and principles to ensure that they are aligned with our business strategy and objectives, shareholder interests, desired behaviors and corporate culture.

Summary of the Role of Management and Consultants in the Executive Compensation Process

In fiscal 2008, several members of senior management participated in the Compensation Committee s executive compensation process. To assist in carrying out its responsibilities, the Compensation Committee also regularly received reports and recommendations from an outside independent compensation consultant, Frederic W. Cook & Co., Inc. (Cook & Co.). The Compensation Committee did not request, and management did not provide, specific compensation recommendations for fiscal 2008 compensation for Mr. Schultz or James L. Donald (our former president and chief executive officer). Towers Perrin, management s consultant, provided market data and historical compensation information to the Compensation Committee and its consultant Cook & Co. Cook & Co. provided advice regarding best practices in executive compensation and compensation trends for Messrs. Schultz and Donald to Barbara Bass, the committee s chair. All references to Towers Perrin and Cook & Co. in this proxy statement refer, respectively, to management s compensation consultant and the Compensation Committee s consultant. Ms. Bass, with input and review by Cook & Co., then developed specific compensation

Table of Contents

recommendations for Messrs. Schultz and Donald. The Compensation Committee discussed those recommendations and reached consensus during an executive session of the board of directors without management or its consultant present.

Management s Role in the Executive Compensation Process

Mr. Schultz, who reassumed the role of president and chief executive officer in January 2008, Mr. Donald, who served as our president and chief executive officer during fiscal 2007 and until January 2008, our executive vice president, Partner Resources and other key members of Partner Resources each played an important role in the Compensation Committee s executive compensation process for fiscal 2008 and regularly attended committee meetings. Partner Resources refers to our human resources function. For fiscal 2008, Mr. Schultz and Mr. Donald (while in his role as president and chief executive officer) provided their perspective to the Compensation Committee regarding executive compensation matters generally and the performance of the executives reporting to them. Members of the Partner Resources team presented recommendations to the Compensation Committee on the full range of annual executive compensation decisions, including (i) annual incentive bonus plan structure and participants, (ii) long-term incentive compensation strategy, (iii) target competitive positioning of executive compensation based on prior year Company and individual performance, and (iv) target total direct compensation for each executive officer, including base salary adjustments, target incentive bonus and equity grants. At the Compensation Committee s November 2007 meeting, the first meeting after the end of the fiscal year 2007, members of the Partner Resources team presented the committee with specific compensation recommendations for all executives other than Messrs. Schultz and Donald for fiscal year 2008. These recommendations were developed in consultation with Mr. Donald (who at that time was our president and chief executive officer) and accompanied by market data provided by Towers Perrin, which was also reviewed by Cook & Co. During the November 2007 meeting, the Compensation Committee exercised its independent discretion whether to accept management s recommendations and made final approvals about each executive officer s compensation in an executive session of the independent directors without management present. Barbara Bass, the Compensation Committee s chair, also met periodically with members of the Partner Resources team to confer on current and upcoming topics likely to be brought before the committee.

For the last few years, Howard P. Behar, a former non-independent member of the board, attended Compensation Committee meetings. Mr. Behar did not stand for re-election last year, so he stopped attending Compensation Committee meetings as of March 2008. In accordance with NASDAQ rules, in fiscal 2008 (i) Messrs. Schultz and Donald did not vote on executive compensation matters or attend executive sessions of the Compensation Committee, and (ii) neither Messrs. Schultz nor Donald were present when their own compensation was being discussed or approved.

The Role of Consultants in the Executive Compensation Process

For fiscal 2008, the Compensation Committee had an outside independent compensation consultant. The Compensation Committee s consultant regularly attends committee meetings and attends executive sessions as requested by Ms. Bass.

Cook & Co. has served as the Compensation Committee s consultant since June 2007 and reported directly to the committee in fiscal 2008 to assist it, as requested, in fulfilling various aspects of the committee s charter. Without the Compensation Committee s prior approval, Cook & Co. will not perform any services for Starbucks management, although it does work in cooperation with management as required to gather information necessary to carry out its obligations to the committee. While the Compensation Committee does not ask Cook & Co. for its own market data, the firm does validate the market data received from Towers Perrin, management s consultant, supporting management s recommendations.

During fiscal 2008, the Compensation Committee asked Cook & Co. to review, validate and provide input on the following tasks that Towers Perrin completed at management s request:

Conduct an analysis of total direct compensation for executive positions and assess how target and actual compensation positioning to the market aligned with Starbucks compensation philosophy and objectives;

Table of Contents

Prepare analysis and recommend the peer group of companies used for benchmarking executive compensation, using the criteria established by the committee, and provide input on changes to the peer group as requested;

Review management proposals for fiscal 2008 annual bonus targets, including review of the proposed primary and secondary objective performance measures;

Provide market data, historical compensation information and internal equity comparisons to the committee for its compensation decisions for Messrs. Schultz and Donald;

Review and provide input on management s compensation proposals for new hires, promotions and other executive position moves within Starbucks; and

Review and provide input on management s compensation proposals for executive separation agreements.

For more information about the Compensation Committee s activities, see Compensation Discussion and Analysis and Compensation and Management Development Committee Report.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee was at any time during fiscal 2008 or at any other time an officer or employee of Starbucks, and no member had any relationship with Starbucks requiring disclosure as a related-person transaction in the section Certain Relationships and Related Transactions. No executive officer of Starbucks has served on the board of directors or compensation committee of any other entity that has or has had one or more executive officers who served as a member of our board of directors or Compensation Committee during fiscal 2008.

Nominating Committee

As described more fully in its charter, the Nominating Committee is responsible for developing and implementing policies and procedures that are intended to constitute the board and organize it appropriately to meet its fiduciary obligations to Starbucks and our shareholders on an ongoing basis. Among its specific duties, the Nominating Committee:

Makes recommendations to the board about our corporate governance processes;

Assists in identifying and recruiting board candidates;

Administers the Director Nominations Policy;

Considers shareholder nominations to the board;

Makes recommendations to the board regarding membership and chairs of the board s committees;

Oversees the annual evaluation of the effectiveness of the board and of each of its committees;

Biennially recommends the board s presiding independent director;

Biennially reviews the type and amount of board compensation for independent directors;

Makes recommendations to the full board regarding such compensation; and

Reviews its charter at least annually for appropriate revisions.

The Nominating Committee also annually assists the board with its affirmative independence and expertise determinations. After consulting with the panel of independent directors, together with the chair of the Compensation Committee, the chair of the Nominating Committee annually reviews the performance of our chairman, president and chief executive officer and meets with him to share the findings of the review.

Table of Contents

Presiding Director; Executive Sessions of Independent Directors

Biennially, at the first board meeting following the annual meeting of shareholders, the independent directors select an independent director to preside at all of their executive sessions and act as a liaison between management and the independent directors. Our presiding independent director also plays an active role in shaping agendas for board meetings. Mr. Ullman was selected after the 2008 Annual Meeting of Shareholders as the presiding director under the current guidelines and his current term expires at the board meeting immediately following the annual meeting of shareholders in March 2010. The presiding director is limited to two consecutive two-year terms, so Mr. Ullman is eligible to be selected again in March 2010 to serve a second two-year term as presiding director. The independent directors meet in an executive session at each board meeting.

Succession Planning

Senior Management Succession Planning

In light of the critical importance of executive leadership to Starbucks success, we have an annual succession planning process that we refer to as Organization & Partner Planning (OPP). The OPP process is enterprise-wide for managers up to and including our president and chief executive officer. Reflecting the significance the board attaches to succession planning, Starbucks Compensation Committee is named the Compensation *and Management Development* Committee.

Our board s involvement in the annual OPP process is outlined in our Corporate Governance Principles and Practices. The Principles provide that each year, the chair of the Compensation Committee, together with the chairman, president and chief executive officer, will review succession planning practices and procedures with the board, and provide the board with a recommendation as to succession in the event of each senior officer s termination of employment with Starbucks for any reason (including death or disability).

Our Compensation Committee, pursuant to its charter, annually reviews the performance of the executive officers and the succession plans for each such officer s position. As noted above, this information is then presented to the board. The Compensation Committee also conducts an annual review of, and provides approval for, our management development and succession planning practices and strategies.

ceo Succession Planning

The chairman, president and chief executive officer provides an annual report to the board assessing senior managers and their potential to succeed him or her. This report is developed in consultation with our executive vice president, Partner Resources and the chair of our Compensation Committee and includes contingency plans in the event of our chief executive officer s termination of employment with Starbucks for any reason (including death or disability). The report to the board also contains the chief executive officer s recommendation as to his or her successor. The full board has the primary responsibility to develop succession plans for the ceo position.

Attendance at Board and Committee Meetings, Annual Meeting

During fiscal 2008, the board of directors held ten meetings, the Audit Committee held nine meetings, the Compensation Committee held seven meetings and the Nominating Committee held four meetings. The board and each committee hold an executive session without management present at each of their respective meetings. During fiscal 2008, each director attended at least 75% of all meetings of the board and board committees on which he or she served.

Our Corporate Governance Principles and Practices require each board member to attend our annual meeting of shareholders except for absences due to causes beyond the reasonable control of the director. There were ten directors at the time of the 2008 Annual Meeting of Shareholders and all ten attended the meeting.

Our Director Nominations Process

Our Policy on Director Nominations is available at www.starbucks.com/aboutus/corporate_governance.asp. The purpose of the nominations policy is to describe the process by which candidates for possible inclusion in our

Table of Contents

recommended slate of director nominees (the candidates) are selected. The nominations policy was approved by the full board and is administered by the Nominating Committee.

Minimum Criteria for Board Members

Each candidate must possess at least the following specific minimum qualifications:

Each candidate shall be prepared to represent the best interests of all shareholders and not just one particular constituency;

Each candidate shall be an individual who has demonstrated integrity and ethics in his/her personal and professional life and has established a record of professional accomplishment in his/her chosen field;

No candidate, or family member (as defined in NASDAQ rules), or affiliate or associate (as defined in federal securities laws) of a candidate, shall have any material personal, financial or professional interest in any present or potential competitor of Starbucks;

Each candidate shall be prepared to participate fully in board activities, including active membership on at least one board committee and attendance at, and active participation in, meetings of the board and the committee(s) of which he or she is a member, and not have other personal or professional commitments that would, in the Nominating Committee s sole judgment, interfere with or limit his or her ability to do so; and

Each candidate shall be willing to make, and financially capable of making, the required investment in our stock in the amount and within the time frame specified in the Corporate Governance Principles and Practices and described on page 16 of this proxy statement.

Desirable Qualities and Skills

In addition, the Nominating Committee also considers it desirable that candidates possess the following qualities or skills:

Each candidate should contribute to the board s overall diversity diversity being broadly construed to mean a variety of opinions, perspectives, personal and professional experiences and backgrounds, such as gender, race and ethnicity differences, as well as other differentiating characteristics;

Each candidate should contribute positively to the existing chemistry and collaborative culture among board members; and

Each candidate should possess professional and personal experiences and expertise relevant to our goal of being one of the world s leading consumer brands. At this stage of our development, relevant experiences might include, among other things, large-company CEO experience, senior-level international experience, senior-level multi-unit small box retail or restaurant experience and relevant senior-level expertise in one or more of the following areas finance, accounting, sales and marketing, organizational development, information technology and public relations.

Internal Process for Identifying Candidates

The Nominating Committee has two primary methods for identifying candidates (other than those proposed by shareholders, as discussed below). First, on a periodic basis, the Nominating Committee solicits ideas for possible candidates from a number of sources members of the board; senior-level Starbucks executives; individuals personally known to the members of the board; and research, including database and Internet searches.

Second, the Nominating Committee may from time to time use its authority under its charter to retain at our expense one or more search firms to identify candidates (and to approve such firms fees and other retention terms). If the Nominating Committee retains one or more search firms, they may be asked to identify possible candidates who meet the minimum and desired qualifications expressed in the nominations policy, to interview and screen such candidates (including conducting appropriate background and reference checks), to act as a liaison among the

11

Table of Contents

board, the Nominating Committee and each candidate during the screening and evaluation process, and thereafter to be available for consultation as needed by the Nominating Committee.

The nominations policy divides the process for candidates proposed by shareholders into the general nomination right of all shareholders and proposals by qualified shareholders (as described below).

General Nomination Right of All Shareholders

Any Starbucks shareholder may nominate one or more persons for election as a director at an annual meeting of shareholders if the shareholder complies with the notice, information and consent provisions contained in our bylaws. We have an advance notice bylaw provision. In order for the director nomination to be timely, a shareholder s notice to our executive vice president, general counsel and secretary must be delivered to our principal executive offices not less than 120 days nor more than 150 days before the anniversary of the date of the 2009 annual meeting.

The procedures described in the next paragraph are meant to establish an additional means by which certain shareholders can have access to our process for identifying and evaluating candidates and is not meant to replace or limit shareholders general nomination rights in any way.

Proposals by Qualified Shareholders

In addition to those candidates identified through its own internal processes, in accordance with the nominations policy, the Nominating Committee will evaluate a candidate proposed by any single shareholder or group of shareholders that has beneficially owned more than 5% of our common stock for at least one year (and will hold the required number of shares through the annual meeting of shareholders) and that satisfies the notice, information and consent provisions in the nominations policy (a qualified shareholder). All candidates (whether identified internally or by a qualified shareholder) who, after evaluation, are then recommended by the Nominating Committee and approved by the board, will be included in our recommended slate of director nominees in our proxy statement.

In order to be considered by the Nominating Committee for an upcoming annual meeting of shareholders, notice from a qualified shareholder regarding a potential candidate must be received by the Nominating Committee not less than 120 calendar days before the anniversary of the date of our proxy statement released to shareholders in connection with the previous year s annual meeting.

Any candidate proposed by a qualified shareholder must be independent of the qualified shareholder in all respects as determined by the Nominating Committee or by applicable law. Any candidate submitted by a qualified shareholder must also meet the definition of an independent director under NASDAQ rules.

Evaluation of Candidates

The Nominating Committee will consider all candidates identified through the processes described above, and will evaluate each of them, including incumbents, based on the same criteria.

If, based on the Nominating Committee s initial evaluation, a candidate continues to be of interest to the Nominating Committee, the chair of the Nominating Committee will interview the candidate and communicate the chair s evaluation to the other Nominating Committee members and the chairman, president and chief executive officer. Later reviews will be conducted by other members of the Nominating Committee and senior management. Ultimately, background and reference checks will be conducted and the Nominating Committee will meet to finalize its list of recommended candidates for the board s consideration.

Timing of the Identification and Evaluation Process

Our fiscal year ends each year on the Sunday closest to September 30. The Nominating Committee usually meets in September and November to consider, among other things, candidates to be recommended to the board for inclusion in our recommended slate of director nominees for the next annual meeting and our proxy statement. The board usually meets each November to vote on, among other things, the slate of director nominees to be submitted to

Table of Contents

and recommended for election by shareholders at the annual meeting, which is typically held in March of the following calendar year.

Future Revisions to the Nominations Policy

The nominations policy is intended to provide a flexible set of guidelines for the effective functioning of our director nominations process. The Nominating Committee intends to review the nominations policy at least annually and anticipates that modifications will be necessary from time to time as our needs and circumstances evolve, and as applicable legal or listing standards change. The Nominating Committee may amend the nominations policy at any time, in which case the most current version will be available on our web site.

Corporate Governance Materials Available on the Starbucks Web Site

Our Corporate Governance Principles and Practices are intended to provide a set of flexible guidelines for the effective functioning of the board and are reviewed regularly and revised as necessary or appropriate in response to changing regulatory requirements and evolving best practices. They are posted on the Corporate Governance section of our web site at www.starbucks.com/aboutus/corporate_governance.asp.

In addition to our Corporate Governance Principles and Practices, other information relating to corporate governance at Starbucks is available on the Corporate Governance section of our web site, including:

- Restated Articles of Incorporation
- Amended and Restated Bylaws
- Audit and Compliance Committee Charter
- Compensation and Management Development Committee Charter
- Nominating and Corporate Governance Committee Charter
- Director Nominations Policy
- Standards of Business Conduct (applicable to directors, officers and partners)
- Code of Ethics for CEO and Finance Leaders
- Procedure for Communicating Complaints and Concerns
- Audit and Compliance Committee Policy for Pre-Approval of Independent Auditor Services

You may obtain copies of these materials, free of charge, by sending a written request to: executive vice president, general counsel and secretary, Starbucks Corporation, 2401 Utah Avenue South, S-LA1, Seattle, Washington 98134. Please specify which documents you would like to receive.

Political Contributions

Starbucks recognizes that there is a growing trend among well-run public companies to establish transparency, accountability and oversight involving corporate political contributions and payments to trade associations or other tax-exempt organizations that are used for political purposes. As a result of discussions with shareholders represented by Investor Voice, working on behalf of Newground Social Investment, we also recognize that this is an increasingly important issue for our shareholders. Consequently, we intend to work throughout 2009 to craft policies and procedures that ensure disclosure and accountability related to these kinds of expenditures. Our goal is to have such policies and procedures in place prior to the 2010 Annual Meeting of Shareholders.

Contacting the Board of Directors

The Procedure for Communicating Complaints and Concerns describes the manner in which interested persons can send communications to our board of directors, the committees of the board and to individual directors and describes our process for determining which communications will be relayed to board members. This complaints and concerns procedure provides that interested persons may telephone their complaints and

Table of Contents

concerns by calling the Starbucks Auditline at 1-800-300-3205 or sending written communications to the board, committees of the board and individual directors by mailing those communications to our third-party service provider for receiving these communications at:

Starbucks Corporation
[Addressee*]
P.O. Box 34507
Seattle, Washington 98124

* Audit and Compliance Committee of the Board of Directors
Compensation and Management Development Committee of the Board of Directors
Nominating and Corporate Governance Committee of the Board of Directors
Name of individual director

Compensation of Directors

Compensation Program for Non-Employee Directors

For fiscal 2008, the annual compensation program for non-employee directors provided for a total of $240,000 per year in compensation, comprised of (i) a retainer of $120,000, which may be in the form of cash, stock options or a combination of both at the director s election, and (ii) $120,000 in equity compensation in the form of stock options. The compensation program was approved by our board of directors in May 2007, on the recommendation of the Nominating Committee following its biennial non-employee director compensation review required by its charter and our Corporate Governance Principles and Practices. We pay at least 50% of non-employee director compensation in the form of stock options in order to align the interests of non-employee directors with shareholders. We do not pay chair or meeting fees as part of our non-employee director compensation program.

When it considered and ultimately recommended an increase in non-employee director compensation effective for fiscal 2008, the Nominating Committee reviewed competitive market data prepared by Towers Perrin for the same comparator group used to benchmark executive compensation for fiscal 2008. At the time the compensation was approved, the level of non-employee director total compensation fell between the 75th and 90th percentile among comparator group companies. The board believes this level is appropriate to attract and retain top board candidates. Based on the biennial review cycle noted above, we do not expect the board to review non-employee director compensation again prior to May 2009.

New non-employee directors first become eligible to receive the regular annual compensation in the first full fiscal year after they join the board. In addition to the annual compensation program, upon first joining the board non-employee directors are granted an initial stock option to acquire 30,000 shares of our common stock under the 2005 Non-Employee Director Sub-Plan to our 2005 Long-Term Equity Incentive Plan. The initial stock option grant vests in equal annual installments over a three-year period. None of the directors in the table below were granted initial stock options in fiscal 2008.

Stock options have an exercise price equal to the closing market price of our common stock on the grant date. Pursuant to the 2005 Non-Employee Director Sub-Plan to our 2005 Long-Term Equity Incentive Plan, the number of options covered by each annual grant is determined by dividing the equity compensation amount for each director by the closing market price of our common stock on the grant date, multiplied by three. For example, for $120,000 of equity compensation and a closing market price of $15 per share on the grant date, the director would receive 24,000 stock options, which is the result of $120,000 divided by $15, or 8,000, multiplied by 3. Annual stock option grants vest one year after the date of grant. Stock options granted to non-employee directors generally cease vesting as of the date he or she no longer serves on the board. However, unvested stock options will vest in full upon a non-employee director s death or retirement (generally defined as leaving the board after attaining age 55 and at least six years of board service) or upon a change in control of Starbucks (described beginning on page 49). Four of the board s eight current independent directors meet the retirement criteria.

Table of Contents

Mr. Schultz does not participate in the compensation program for non-employee directors, but rather is compensated as an executive officer, as described in the section Executive Compensation beginning on page 20. Mr. Behar, during the time he was a director and also a Starbucks partner, was compensated pursuant to the employment arrangement described in the section Certain Relationships and Related Transactions beginning on page 51.

Fiscal 2008 Compensation of Non-Employee Directors

The following table shows fiscal 2008 compensation recognized for financial statement reporting purposes of our non-employee directors (as described further in footnote 1 below). Consequently, the amounts reflected in the Option Awards column below also include amounts from awards granted in prior years this is why the amounts in the Total column below exceed $240,000 annually.

Fiscal 2008 Director Compensation

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)(1)	Total ($)
Barbara Bass		285,589	285,589
William W. Bradley		281,516	281,516
Mellody Hobson		316,644	316,644
Olden Lee		281,516	281,516
James G. Shennan, Jr.	120,000	142,799	262,799
Javier G. Teruel		369,303	369,303
Myron E. Ullman, III		281,516	281,516
Craig E. Weatherup		285,589	285,589

(1) These amounts reflect the aggregate compensation costs for financial statement reporting purposes for fiscal 2008 under Statement of Financial Accounting Standards (SFAS) No. 123(R), Share-Based Payment (SFAS 123R), for annual stock options granted in fiscal 2008 and fiscal 2007, and for Ms. Hobson s and Mr. Teruel s initial grants, which were granted in fiscal 2005. These amounts do not reflect amounts paid to or realized by the director for fiscal 2008. The full grant date fair value of the stock option awards granted in fiscal 2008 to each director other than Mr. Shennan (who elected to receive his retainer in cash), computed in accordance with SFAS 123R, was $285,589. The SFAS 123R full grant date fair value of the stock option award granted in fiscal 2008 to Mr. Shennan was $142,799. For information on the method and assumptions used to calculate the compensation costs, see Note 14 to our audited consolidated financial statements in our 2008 10-K. In calculating expense for non-employee director stock options for financial statement reporting purposes, we do not assume any service-based forfeitures. As of September 28, 2008, the aggregate number of shares underlying outstanding option awards for each non-employee director were: Ms. Bass 546,039 shares; Mr. Bradley 128,654 shares; Ms. Hobson 127,534 shares; Mr. Lee 188,892 shares; Mr. Shennan 472,824 shares; Mr. Teruel 127,534 shares; Mr. Ullman 188,892 shares; and Mr. Weatherup 547,268 shares.

Former Deferred Compensation Plan

Non-employee directors formerly could defer all or a portion of their compensation in the form of unfunded deferred stock units under a directors deferred compensation plan. The board terminated future deferrals under the plan during fiscal 2005, so no further compensation may be deferred. Amounts previously deferred are unaffected and deferred stock units credited to non-employee directors who had previously deferred compensation under the plan remain outstanding. We do not provide above-market or preferential earnings on these amounts. Deferred stock units are settled in an equal number of shares of Starbucks common stock when plan participants leave the board. Deferred stock units cannot be voted or transferred. The number of deferred stock units held by each director is shown in the footnotes to the beneficial ownership table on page 17.

Table of Contents

Director Stock Ownership Guidelines

The board adopted stock ownership guidelines for non-employee directors in fiscal 2003. The original guidelines required a $200,000 investment within four years. In May 2007, the board revised the guidelines in tandem with the increase to non-employee director compensation described above. The revised guidelines increase the required investment in our common stock by $40,000 to $240,000, so the guidelines will continue to correspond to the value of annual compensation. All future non-employee directors will have four years from their election to the board to achieve the $240,000 investment. Existing directors have two years from their original deadline to achieve the additional $40,000 investment. Stock options do not count toward meeting the requirement. Each director must continue to hold the shares purchased as a result of the director s investment for as long as he or she serves on our board. All non-employee directors are in compliance with the guidelines. Ms. Hobson and Mr. Teruel have not yet served on the board for four years and are working toward making the required investment.

BENEFICIAL OWNERSHIP OF COMMON STOCK

The following table sets forth information concerning the beneficial ownership of our common stock by (i) those persons who we know to beneficially own more than 5% of our outstanding common stock, (ii) our current directors and nominees, (iii) the named executive officers listed in the Summary Compensation Table on page 40, and (iv) all of our current directors and executive officers as a group. Beneficial ownership is a concept which takes into account shares that may be acquired within 60 days (such as by exercising vested stock options) and shares as to which the named person has or shares voting and/or investment power. Information provided for Sands Capital Management, LLC, Morgan Stanley and FMR LLC is based on the latest Schedule 13G reports that each such investor had filed with the SEC as of the date of this proxy statement. Information for all other persons is provided as of December 1, 2008. Except as otherwise noted, the beneficial owners listed have sole voting and investment power with respect to shares beneficially owned. An asterisk in the percent of class column indicates beneficial ownership of less than 1%.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class[1]
Directors and Officers		
Howard Schultz	30,362,689(2)	4.1%
Barbara Bass	565,605(3)	*
William W. Bradley	143,465(4)	*
Mellody Hobson	132,879(5)	*
Kevin R. Johnson	0	*
Olden Lee	207,814(6)	*
Sheryl Sandberg	1,085(7)	*
James G. Shennan, Jr.	741,308(8)	*
Javier G. Teruel	127,534(9)	*
Myron E. Ullman, III	228,892(10)	*
Craig E. Weatherup	587,268(11)	*
Peter J. Bocian	89,831(12)	*
Clifford Burrows	254,095(13)	*
Martin Coles	687,640(14)	*
Gerardo I. Lopez	198,205(15)	*
James L. Donald	0(16)	*
All current directors and executive officers as a group (19 persons)	36,145,280(17)	4.8%
5% Shareholders		
Sands Capital Management, LLC	42,254,297(18)	5.8%
Morgan Stanley	37,031,317(19)	5.1%
FMR LLC	39,215,144(20)	5.4%

(1) Based on 733,392,777 shares of our common stock outstanding on December 1, 2008. In accordance with SEC rules, percent of class as of December 1, 2008 is calculated for each person and group by dividing the number of shares beneficially owned by the sum of the total shares outstanding plus the number of shares subject to securities exercisable by that person or group within 60 days.

(2) Includes 8,527,150 shares subject to options exercisable within 60 days of December 1, 2008 and 5,446,624 shares pledged to secure a line of credit. Also includes 124,144 shares of common stock held by the Schultz Family Foundation as to which Mr. Schultz disclaims beneficial ownership. As more fully discussed on page 35, also includes 3,394,184 deferred stock units representing stock option gains that were deferred in 1997 into an equivalent number of deferred stock units under our 1997 Deferred Stock Plan.

Table of Contents

(3) Includes 531,039 shares subject to options exercisable within 60 days of December 1, 2008. Also includes 28,000 shares held indirectly by a trust and 6,566 deferred stock units under our Non-Employee Director Deferral Plan.

(4) Includes 128,654 shares subject to options exercisable within 60 days of December 1, 2008 and 6,566 deferred stock units under our former directors deferred compensation plan.

(5) Includes 127,534 shares subject to options exercisable within 60 days of December 1, 2008.

(6) Includes 188,892 shares subject to options exercisable within 60 days of December 1, 2008.

(7) Shares are jointly held with Ms. Sandberg s spouse.

(8) Includes 472,824 shares subject to options exercisable within 60 days of December 1, 2008, 62,440 shares held by the Shennan Family Partnership, a partnership of which Mr. Shennan is a general partner, 134,100 shares held in trusts of which Mr. Shennan or his spouse is a trustee for the benefit of members of the Shennan family, and 45,900 shares held by Mr. Shennan s spouse.

(9) Includes 127,534 shares subject to options exercisable within 60 days of December 1, 2008.

(10) Includes 188,892 shares subject to options exercisable within 60 days of December 1, 2008.

(11) Includes 547,268 shares subject to options exercisable within 60 days of December 1, 2008, and 40,000 shares held in a trust of which Mr. Weatherup and his wife are trustees for the benefit of members of the Weatherup family.

(12) Includes 81,233 shares subject to options exercisable within 60 days of December 1, 2008. Mr. Bocian resigned effective November 25, 2008 and has three months after the date of termination to exercise his vested options.

(13) Includes 250,938 shares subject to options exercisable within 60 days of December 1, 2008.

(14) Includes 678,071 shares subject to options exercisable within 60 days of December 1, 2008.

(15) Includes 198,205 shares subject to options exercisable within 60 days of December 1, 2008.

(16) Mr. Donald, our former president and chief executive officer, left the Company effective January 7, 2008.

(17) Does not include shares beneficially owned by Messrs. Bocian or Donald as neither of these individuals was an executive officer as of December 1, 2008.

(18) Sands Capital Management, LLC stated in its Schedule 13G filing with the SEC on February 10, 2006 (the latest Schedule 13G filed by Sands Capital as of the date of this proxy statement) that, of the 42,254,297 shares beneficially owned, it (a) has sole voting power with respect to 29,629,905 shares, (b) has sole dispositive power with respect to all 42,254,297 shares, and (c) shares neither voting nor dispositive power with respect to any shares. According to the Schedule 13G filing, the address of Sands Capital Management, LLC is 1100 Wilson Blvd., Suite 3050, Arlington, Virginia 22209.

(19)

Morgan Stanley stated in its Schedule 13G filing with the SEC on February 14, 2008 that, of the 37,031,317 shares beneficially owned, it (a) has sole voting power with respect to 36,152,689 shares, (b) has shared voting power with respect to 3,752 shares, and (c) has sole dispositive power with respect to all 37,031,317 shares. According to the Schedule 13G filing, the address of Morgan Stanley is 1585 Broadway, New York, NY 10036.

(20) FMR LLC stated in its Schedule 13G filing with the SEC on February 14, 2008 that, of the 39,215,144 shares beneficially owned, it (a) has sole voting power with respect to 2,064,127 shares, (b) has shared voting power with respect to no shares, and (c) has sole dispositive power with respect to all 39,215,144 shares. According to the 13G filing, the address of FMR LLC is 82 Devonshire Street, Boston, MA 02109. Fidelity Management & Research Company (Fidelity), a wholly-owned subsidiary of FMR LLC and an investment adviser registered under the Investment Advisers Act of 1940 (Investment Advisers Act), is the beneficial owner of 37,990,504 shares as a result of acting as investment adviser to various investment companies registered under the Investment Company Act of 1940. Edward C. Johnson 3d (Chairman of FMR LLC) and FMR LLC, through its control of Fidelity, and the funds each have sole power to dispose of the 37,990,504 shares owned by the funds. Neither FMR LLC nor Edward C. Johnson 3d has the sole power to vote or direct the voting of the shares owned directly by the Fidelity funds, which power resides with the funds Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the funds Boards of Trustees. Strategic Advisers, Inc., a wholly-owned subsidiary of FMR LLC and an

Table of Contents

investment adviser registered under the Investment Advisers Act, provides investment advisory services to individuals. As such, FMR LLC s beneficial ownership includes 266,426 shares beneficially owned through Strategic Advisers, Inc. Pyramis Global Advisors Trust Company (PGATC), an indirect wholly-owned subsidiary of FMR LLC and a bank as defined in the Securities Exchange Act of 1934, is the beneficial owner of 511,314 shares as a result of its serving as investment manager of institutional accounts owning such shares. Edward C. Johnson 3d and FMR LLC, through its control of PGATC, each has sole dispositive power over 511,314 shares and sole power to vote or to direct the voting of 511,314 shares owned by the institutional accounts managed by PGATC as reported above. Fidelity International Limited (FIL) and various foreign-based subsidiaries provide investment advisory and management services to a number of non-U.S. investment companies and certain institutional investors. FIL is the beneficial owner of 446,900 shares. Partnerships controlled predominantly by members of the family of Edward C. Johnson 3d and FIL, or trusts for their benefit, own shares of FIL voting stock with the right to cast approximately 47% of the total votes which may be cast by all holders of FIL voting stock. FMR LLC and FIL are separate and independent corporate entities, and their Boards of Directors are generally composed of different individuals.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Compensation Committee determines our compensation objectives, philosophy and forms of compensation and benefits for all partners, including executives. Several key compensation elements for our executive officers are submitted by the Compensation Committee to the independent directors for their review and approval. Additionally, several members of senior management participate in the Compensation Committee s executive compensation process (as noted in the Compensation Committee section beginning on page 7) and the committee regularly receives reports and recommendations from Cook & Co., its independent compensation consultant. This Compensation Discussion and Analysis discusses and analyzes our executive compensation program and the amounts shown in the executive compensation tables that follow.

Fiscal 2008 The Year In Review

Fiscal 2008 was a transitional year for Starbucks as the Company took steps to transform and reinvigorate its business. The deterioration in the U.S. economic environment impacted traffic in our stores, and as the year progressed, the economic weakness spread globally, influencing key international markets. Partly as a result of this difficult economic environment and partly as a result of matters within our control, the Company s performance in fiscal 2008 did not meet our plans or expectations. As a result of the Company s fiscal 2008 performance, none of the named executive officers received a bonus payout under our annual incentive bonus plans. Consequently, actual total direct compensation paid to our named executive officers for fiscal 2008 fell below our 2008 target levels.

Fiscal 2009 The Year Ahead

The Company expects to continue to face a very challenging economic environment throughout fiscal 2009 and it is difficult to predict the effects that the unprecedented global financial and economic crises will have on the Company s financial performance in fiscal 2009. As a result, the Compensation Committee evaluated compensation for fiscal 2009 with an eye toward balancing retention of key executive officers with the Company s fiscal 2008 performance, our pay for performance principles, and costs to the Company. With this in mind, the Compensation Committee determined that none of the named executive officers will receive a base salary increase for fiscal 2009. Additionally, the Compensation Committee added performance-based restricted stock units (performance RSUs) as part of our long-term incentive compensation. The Compensation Committee believes that a combination of stock options and performance RSUs is an appropriate long-term incentive compensation mix to motivate future performance and retain executive officers. However, with respect to our chairman, president and chief executive officer, the Compensation Committee decided that most of his fiscal 2009 compensation should be directly tied to increasing our share price. Consequently, Mr. Schultz will not participate in the Executive Management Bonus Plan for fiscal 2009 and his entire fiscal 2009 long-term incentive grant was in the form of stock options. This means that a substantial portion of Mr. Schultz s compensation for fiscal 2009 will only be realized to the extent that our share price increases over time. The Compensation Committee believes these steps will more closely align pay for performance in fiscal 2009 while balancing costs to the Company and retention of executive officers.

Executive Compensation Program Objectives and Design

Our executive compensation program is designed to achieve four key objectives:

Attract and Retain Top Talent. Attract and retain executives critical to our long-term success.

Pay for Performance. Align executive compensation with Company, business unit and individual performance on both a short-term and long-term basis.

Place Majority of Pay At Risk. Align executive compensation with shareholder interests by placing a significant majority of total direct compensation at risk, and increasing the amount of pay that is at risk as we give executives greater levels of responsibility. At risk means the executive will not realize value unless performance goals, the majority of which are directly tied to Company performance, are achieved (for annual incentive bonuses and performance RSUs) or our stock price appreciates (for stock options).

Table of Contents

Be True to Our Values. Support our mission statement and guiding principles.

To achieve these objectives, we structured our executive compensation program to:

Be competitive with compensation paid by companies in the same market for executive talent.

Reward performance by linking compensation to (i) Company and, for some executives as appropriate, business unit performance, and (ii) achievement of individual performance bonus goals for executives other than the chairman, president and chief executive officer.

Drive long-term shareholder returns by delivering a majority of executive compensation in the form of equity compensation, the value of which is directly linked to our stock price.

Align executive and shareholder interests by requiring executives to own our stock.

Provide limited executive perquisites.

In this proxy statement, the term executive officers means our most senior executives, who are all listed under the heading Executive Officers in our 2008 10-K (available on our web site at http://investor.starbucks.com). The term named executive officers means the four current executive officers named in the compensation tables that follow plus Peter J. Bocian, our former executive vice president, chief financial officer and chief administrative officer who left the Company effective November 25, 2008, and James L. Donald, our former president and chief executive officer who left the Company effective January 7, 2008. Committee or Compensation Committee means the Compensation and Management Development Committee of the board.

Starbucks Total Pay Philosophy

Our Total Pay philosophy is designed to recognize and reward the contributions of all partners, including executives, in achieving our strategic goals and business objectives, while aligning our compensation program with our mission statement and guiding principles. You can find a copy of our mission statement and guiding principles on our web site in the About Us section. We regularly assess our total pay package, and we adjust it as appropriate to remain competitive and to enable us to attract and retain our partners. We also offer a comprehensive benefits package, including comprehensive health care to all eligible full- and part-time partners in the United States and internationally (except in countries where the government provides health care), and provide a broad-based stock option program to all eligible global partners, and partner stock purchase programs in the United States, Canada and the United Kingdom. We believe our Total Pay practices motivate our executives to build long-term shareholder value, and take care of the partners who take care of our customers.

Table of Contents

Elements of Executive Compensation Program

The following table lists the elements of our fiscal 2008 executive compensation program and the primary purpose of each.

Element	Objectives and Basis	Form
Base salary	Provide base compensation that is competitive for each role	Cash
Annual Incentive Bonus	Annual incentive to drive Company, business unit, where appropriate, and individual performance	Cash
Long-Term Incentive	Long-term incentive to drive Company performance and align executives interests with shareholders interests; retain executives through long-term vesting and potential wealth accumulation	Stock options
Perquisites and Other Executive Benefits	Provide for the safety and wellness of our executives, and other purposes as discussed below	Various (see discussion below)
Discretionary Bonuses and Equity Awards	Attract top executive talent from other companies; retain executives through long-term vesting and potential wealth accumulation	Cash, stock options, time-based restricted stock units (time-based RSUs)
Deferred Compensation	Provide tax-deferred means to save for retirement	Eligibility to participate in 401(k) plan and non-qualified management deferred compensation plan
General Partner Benefits	Offer competitive benefits package that includes all benefits offered to partners generally	Eligibility to participate in partner health and welfare plans, stock purchase plan and other broad-based partner benefits

Introduction of Performance-Based Restricted Stock Units for Fiscal 2009

Our shareholder-approved equity compensation plan permits a variety of equity awards. For the last several years, we have considered whether to grant awards other than stock options as part of our long-term incentive compensation strategy. As noted above, in fiscal 2009 we introduced performance RSUs as part of our long-term incentive compensation for our executive officers. We will continue to evaluate which equity award vehicles achieve the best balance between continuing our practice of providing equity-based compensation and creating and maintaining long-term shareholder value. For additional details regarding performance RSUs, see the section Performance-Based Restricted Stock Units for Fiscal 2009 on page 33.

Determining Executive Compensation at Starbucks

Timing of Executive Compensation Decisions for Fiscal 2008 Compensation

Annual executive compensation decisions are made at the November Compensation Committee meeting, which is the committee s first regular meeting after fiscal year-end. During this meeting, the Compensation Committee approves target total direct compensation, which is comprised of:

Short-Term Compensation						**Long-Term Incentive Compensation**		
Base Salary	+	**Target Annual Incentive Bonus**	=	**Target Total Cash Compensation**	+	**Equity Awards**	=	**Target Total Direct Compensation**

Table of Contents

For example, in its first meeting for fiscal 2008, which occurred in November 2007, the Compensation Committee approved base salaries and target annual incentive bonus amounts for fiscal 2008. At the same meeting, the Compensation Committee reviewed fiscal 2007 performance and determined a fiscal 2008 target total direct compensation level. The table below summarizes the timeline for the executive compensation decisions relating to fiscal 2008 and gives an example of the fiscal 2008 compensation decisions for Mr. Schultz.

Compensation Committee Annual Calendar	Fiscal Year 2008	Example: Howard Schultz *(chairman, president and chief executive officer)*
May Approve Peer Companies and Compensation Philosophy: Review and approve peer companies. Review compensation philosophy.	**May 2007:** Reviewed compensation philosophy and peer group companies no changes were made.	**May 2007:** N/A.
September Approve Targets: Compare previous fiscal year s target and actual compensation against peer company performance. Set bonus target and determine bonus metrics for next fiscal year.	**September 2007:** Reviewed fiscal 2007 and trailing 12 months performance against peer company performance. Approved bonus targets (as a % of base salary) for fiscal 2008.	**September 2007:** Approved fiscal 2008 bonus target: 100% of base salary.
November Approve Compensation: *Based on review of prior fiscal year performance:* Base salary determined. Review of target bonus amount as determined during the September meeting. Approve equity awards. Determine target total direct compensation. Determine actual payout of short-term incentive bonus amounts based on prior fiscal year performance.	**November 2007:** Evaluated fiscal 2007 Company and individual performance. Approved base salaries for fiscal 2008. Approved bonus metrics and target bonus amounts as a percentage of base salaries for fiscal 2008 (typically occurs during September meeting). Approved equity awards for fiscal 2008.	**November 2007:** Fiscal 2008 base salary: $1,190,000 (no increase from fiscal 2007). Equity award of $5,500,000 (economic value). Target total direct compensation set at approximately the median of peer group companies. **November 2008:** Fiscal 2008 actual bonus payout determined to be 0% (as a percentage of base salary).

Approved fiscal 2008 target total direct compensation at approximately the median of peer group companies. Approved actual bonus payouts for fiscal 2007 performance.	Fiscal 2008 *actual* total direct compensation below target based on fiscal 2008 performance.

Tally Sheets

When making executive compensation decisions, the Compensation Committee reviews tally sheets showing, for each executive officer: (i) targeted value of base pay, annual incentive bonus and equity award grants for the current year and each of the past several years; (ii) actual realized value for each of the past several years (the sum of cash received, gains realized from equity awards, and the value of perquisites and other benefits); (iii) the amount of unrealized value from prior equity award grants and accumulated deferred compensation; and (iv) the amount the

Table of Contents

executive could realize upon a change in control, which for Starbucks includes only amounts from the acceleration of equity award vesting. Although tally sheets do not drive individual executive compensation decisions, the Compensation Committee uses tally sheets for several purposes. First, it uses tally sheets as a reference to ensure committee members understand the total compensation being delivered to executives each year and over a multi-year period. Tally sheets also enable the Compensation Committee to validate its strategy of paying a substantial majority of executive compensation in the form of equity, by showing amounts realized and unrealized by executives from prior equity grants. In some cases, the Compensation Committee s review of tally sheets may lead to changes in the Company s compensation benefits and perquisites. For fiscal 2008, there were no changes to the Company s benefits and perquisites based on the Compensation Committee s review of tally sheets.

Compensation Decision Process

The timing of executive compensation decisions at Starbucks is discussed above. When making compensation decisions, the Compensation Committee begins by reviewing competitive market data to see how our executive pay levels compare to other companies. However, the Compensation Committee does not use formulas or rigidly set the compensation of our executives based on this data. The Compensation Committee then considers recommendations and input from management, and input from Cook & Co., its consultant, as described on page 7. As noted above, management did not provide specific compensation recommendations for Mr. Schultz and Mr. Donald (our former president and chief executive officer). Recommendations and input are influenced by factors that may vary from year to year, but typically include prior-year Company and business unit financial performance and shareholder return, retention, internal pay equity (*i.e.*, considering pay for similar jobs and jobs at different levels within Starbucks), compensation history, and whether individual performance was particularly strong or weak in the prior year. The Compensation Committee also considers how it can optimize our tax deductibility of executive compensation under Section 162(m) of the Internal Revenue Code by delivering compensation that is performance-based to the greatest extent possible while also delivering non-performance-based elements at competitive levels. The Compensation Committee applies the factors it deems most relevant for the particular fiscal year to the most recent market data available to set compensation at the desired competitive positioning.

When deciding fiscal 2008 *target* total direct compensation, the primary factors that drove the Compensation Committee s decisions were:

Company financial performance that met the fiscal 2007 earnings per share target of $0.87, but did not meet internal fiscal 2007 operating profit targets either for Starbucks as a whole or for the U.S. business segment (our largest business segment);

A one-year total shareholder return in fiscal 2007 of -23%;

Retention concerns; and

Paying executives in new roles competitively.

Setting the Pay Mix

The Compensation Committee and the independent directors determine what portion of each executive s compensation will be at risk, with the at risk portion increasing as we give executives greater levels of responsibility. The percentage of each named executive officer s fiscal 2008 target total direct compensation that was at risk as of the time it was initially approved (at the beginning of the fiscal year) is set forth in the table below. Target total direct compensation is composed of base salary, target annual incentive bonus and long-term incentive compensation. We define fiscal 2008 at risk compensation to include target annual incentive bonuses under our Executive Management Bonus Plan or General Management Incentive Plan for fiscal 2008 and economic value of stock options awarded in fiscal 2008. The percentage below is calculated by dividing (i) the at risk compensation amount by (ii) the target total direct compensation, which includes the at risk compensation plus fiscal 2008 base salary.

		At Risk Compensation		**At Risk Compensation (as a % of Target Total Direct Compensation)**
Named Executive Officer	**Base Salary ($)**	**Target Annual Incentive Bonus ($)**	**Long-Term Incentive ($)**	
Howard Schultz chairman, president and chief executive officer	1,190,000	1,190,000	5,500,000	85%
Peter J. Bocian former executive vice president, chief financial officer and chief administrative officer	600,000	300,000	1,000,000	68%
Clifford Burrows[(1)] president, Starbucks Coffee U.S.	595,000	386,750	690,000	64%
Martin Coles president, Starbucks Coffee International	725,000	725,000	2,000,000	79%
Gerardo I. Lopez[(2)] executive vice president; president, Global Consumer Products, Foodservice and Seattle s Best Coffee	415,000	166,000	230,000	49%
James L. Donald former president and chief executive officer	1,000,000	1,000,000	5,500,000	87%

(1) Based on compensation Mr. Burrows received at the time of his promotion in March 2008.

(2) Mr. Lopez s at risk compensation is below the other named executive officers because he received a lower long-term incentive compensation award. His long-term incentive award was lower than the other named executive officers because his award is aligned with other senior vice presidents for internal pay equity purposes. Effective January 1, 2009, Mr. Lopez was promoted to executive vice president; president, Global Consumer

Products, Foodservice and Seattle s Best Coffee.

Comparator Group Companies and Benchmarking

The Compensation Committee refers to executive compensation surveys prepared by Towers Perrin when it reviews and approves executive compensation. The surveys reflect compensation levels and practices for executives holding comparable positions at targeted comparator group companies, which helps the Compensation Committee set compensation at competitive levels. The Compensation Committee, with assistance from Cook & Co., annually reviews specific criteria and recommendations regarding companies to add or remove from the comparator group. The Compensation Committee s primary criteria are market capitalization, revenue, industry and international operations; secondary criteria are growth in revenue, earnings per share, total shareholder return and brand recognition.

Table of Contents

By applying these criteria, the Compensation Committee selected a fiscal 2008 comparator group of 18 companies, as shown in the table below. Although changes to the comparator group are made when appropriate, the Compensation Committee prefers to keep the group substantially consistent from year to year to produce more consistent and useful compensation benchmarking. In May 2008, when the Compensation Committee conducted its annual review of the comparator group for the next fiscal year, it removed Wendy s International from the comparator group because Wendy s was acquired in 2008. Otherwise, the comparator group did not change from fiscal 2007 to fiscal 2008.

Starbucks Fiscal 2008 Executive Compensation Comparator Group Companies

Specialty Retail	Consumer Products	Restaurants	Supply Chain/Logistics
Bed Bath & Beyond	Avon Products	Brinker International	FedEx
Best Buy	Clorox	McDonald s	
Gap	Colgate-Palmolive	Wendy s International	
Limited Brands	General Mills	YUM! Brands	
Polo Ralph Lauren	Hershey Foods		
Staples	NIKE		
Whole Foods Market			

The Compensation Committee compares each executive officer s salary, target annual incentive bonus and long-term incentive compensation value, both separately and in the aggregate, to amounts paid for similar positions at comparator group companies. The Compensation Committee s philosophy is to target annual total direct compensation to executives at approximately the median (or 50th percentile) among comparator group companies (based on the Company s performance at plan). The Compensation Committee considers the median range to generally be plus or minus 10% of our comparator group s median. As discussed above, *target* total direct compensation varies depending on the factors the Compensation Committee considers most relevant each year. Target total direct compensation is set around the beginning of each fiscal year. See Timing of Executive Compensation Decisions for Fiscal 2008 Compensation on page 22. Based on Company financial performance in fiscal 2007, in early fiscal 2008 we determined that fiscal 2008 target total direct compensation for executive officers generally should be positioned at approximately the 50th percentile of the comparator group companies.

When determining each element of target total direct compensation, the Compensation Committee reviewed survey data based on a three-year average, other than for Messrs. Burrows and Lopez, given the variability in survey data year over year. For Mr. Lopez, the Compensation Committee reviewed industry-specific fiscal 2007 data because three-year average survey data at the senior vice president level for Mr. Lopez was not compiled. For Mr. Burrows, the Compensation Committee reviewed industry-specific fiscal 2007 data updated through March 2008 (the date Mr. Burrows was promoted) because the committee does not review the three-year-average survey data when reviewing a promotion into a new role. The Compensation Committee used this data when making final fiscal 2008 executive compensation decisions early in fiscal 2008 and for Mr. Burrows in March 2008. Fiscal 2008 target total direct compensation for all named executive officers other than Mr. Coles was positioned near the median for comparable positions among comparator group companies. Mr. Coles target total direct compensation for fiscal 2008 was slightly below median as it was his first year as chief operating officer. Mr. Coles reassumed the role of president, Starbucks Coffee International in late fiscal 2008.

The table below compares fiscal 2008 *target* total direct compensation versus fiscal 2008 total direct compensation *actually delivered* for each of the named executive officers. Each element of fiscal 2008 compensation is further analyzed below.

Named Executive Officer	Target Total Direct Compensation ($)[1]	Actual Total Direct Compensation ($)[1]	+/− to Target (%)
Howard Schultz	7,880,000	6,690,000	−15%
Peter J. Bocian	1,900,000	1,600,000	−16%
Clifford Burrows	1,671,750(2)	1,285,000	−23%
Martin Coles	3,450,000	2,725,000	−21%
Gerardo I. Lopez	811,000	645,000	−20%
James L. Donald	7,500,000	N/A(3)	N/A(3)

(1) Amounts include the target and actual economic value of awards according to a formula used by the Compensation Committee on the recommendation of Towers Perrin, consistent with its methodology for valuing comparator group grants. They do not represent the full grant-date fair value of equity awards as calculated under SFAS 123R.

(2) The target total direct compensation is based on the benchmarking data reviewed by the Compensation Committee at the time of Mr. Burrows promotion in March 2008.

(3) Mr. Donald s employment terminated as of January 7, 2008. As such, his actual total direct compensation for fiscal 2008 is not included.

Analysis of Executive Compensation Elements

Base Salary. We set executive base salaries at levels we believe are competitive based on each individual executive s role and responsibilities. We review base salaries for executive officers on an annual basis, and at the time of hire, promotion or other change in responsibilities. Base salary changes also impact target annual incentive bonus amounts, and actual annual incentive bonus payouts, because they are based on a percentage of base salary. When reviewing each executive s base salary, we consider the level of responsibility and complexity of the executive s job, whether individual performance in the prior year was particularly strong or weak, how the executive s salary compares to the salaries of other Starbucks executives, and the salaries paid by comparator group companies for the same or similar positions. Consistent with the philosophy discussed above, our executive base salaries generally are set at approximately the median or 50th percentile of salaries paid by comparator group companies for comparable positions. However, as discussed above, in specific cases we set base salaries higher or lower than the median where appropriate. For fiscal 2008, Messrs. Donald s and Coles base salaries were below median. Mr. Coles base salary was below median because he was new in his role as chief operating officer. As such, there was a delay in bringing his total compensation up to median as chief operating officer from his previous compensation as president, Starbucks Coffee International. Mr. Donald s base salary was below median because the Compensation Committee believed that more of his compensation should be in the form of at risk compensation, such as stock options, since he had responsibility for the overall performance of the Company and because Company performance in fiscal 2007 did not warrant an increase in his base salary. For fiscal 2008, Mr. Lopez s base salary was above median because of his increased responsibilities leading the Global Consumer Products Group (CPG) and because CPG is a growing business unit with an expanding global presence. Fiscal 2008 executive base salaries remained unchanged from fiscal 2007 levels, other than for Messrs. Lopez and Bocian, because we believed fiscal 2007 levels remained competitive and Company performance did not warrant an increase. Mr. Lopez received an increase in base salary for the same reason his base salary was set above median as described above. Mr. Bocian also received an increase in base salary because it was his first year as executive vice president, chief financial officer and chief administrative officer. For fiscal 2009, none of the named executive officers received an increase in base salary because the Compensation Committee did not believe the Company s performance warranted an increase.

Annual Incentive Bonus. We provide an annual incentive bonus opportunity for executive officers to drive Company, business unit where appropriate, and individual performance on a year-over-year basis. For fiscal 2008, all the executive officers with a title of executive vice president or above, including all the named executive officers, participated in the Executive Management Bonus Plan at target annual incentive bonus amounts expressed as a percentage of base salary. Because Mr. Lopez was a senior vice president in fiscal 2008, he participated in the General Management Incentive Plan in fiscal 2008 at a target annual incentive bonus as a percentage of base salary. The target annual incentive bonus amounts were established so that, when combined with base salary, total cash compensation for our named executive officers was targeted below the 50th percentile of comparator group companies. We believe that executive compensation should align with shareholder interests by placing a significant portion of target total direct compensation at risk, and increasing the amount of pay that is at risk as we give executives greater levels of responsibility. As such, we provide our executive officers with a significant portion of target total direct compensation in the form of equity awards. As a result, target total cash compensation is generally set below the 50th percentile of comparator group companies; however, target total cash compensation combined with target long-term incentive compensation for total direct compensation is targeted at the 50th percentile of comparator group companies as noted above.

Table of Contents

The total annual incentive bonus award *actually delivered* to an executive is determined based on the extent to which objective performance and individual performance goals were achieved. Under the Executive Management Bonus Plan, Company or business unit performance above or below the primary objective target raises or reduces, respectively, the payouts related to both the primary objective performance goal and the individual performance goals, if any. However, Company performance above or below the primary objective does not affect the payouts related to the secondary objective performance goal. The Executive Management Bonus Plan does not permit a payout of more than $3.5 million to any executive officer for any single fiscal year based on achievement of objective performance goals. In addition, under the Executive Management Bonus Plan, if executive officers achieve below 80% of their individual performance goals, then they do not receive any portion of the individual performance payout. For fiscal 2008, the General Management Incentive Plan was a multiplicative plan. As such, the resulting primary objective goal, secondary objective goal and the individual goals are multiplied to determine the total bonus payout. Under the General Management Incentive Plan, failure to achieve the threshold primary objective measure, the threshold secondary objective measure or 50% of the individual performance goals results in a 0% payout. If executive officers under the General Management Incentive Plan achieve below 50% of their individual performance goals, then they do not receive any payout.

For the named executive officers, the annual incentive bonus opportunity was composed of objective performance goals (both primary and secondary) and, for named executive officers other than Messrs. Schultz and Donald, individual performance goals. The primary objective performance goal for the named executive officers with responsibilities that cross business units (Messrs. Schultz, Bocian, Coles and Donald) was adjusted operating income, for Mr. Burrows it was adjusted business unit profit contribution under Europe, Middle East and Africa (EMEA) and for Mr. Lopez it was adjusted business unit profit contribution under CPG. Mr. Coles primary objective goal was based on adjusted operating income because he was chief operating officer when the goals were approved and remained in that position for ten months of the fiscal year before reassuming the role of president, Starbucks Coffee International. The secondary objective performance goal was adjusted earnings per share. The weighting (as a percentage of each executive s target annual incentive bonus amount) among the goals for each of the named executive officers for fiscal 2008 was as follows.

Named Executive Officer	**Primary Objective Goal (%)**	**Secondary Objective Goal (%)**	**Individual Goal (%)**
Howard Schultz	50	50	N/A
Peter J. Bocian	50	30	20
Clifford Burrows(1)			
5 months	33.35	33.35	33.3
7 months	50	30	20
Martin Coles	50	30	20
Gerardo I. Lopez(2)	33.35	33.35	33.3
James L. Donald(3)	50	50	N/A

(1) Per the Letter Agreement with Mr. Burrows dated February 21, 2008 promoting him to lead the U.S. business, Mr. Burrows fiscal 2008 bonus was prorated with the first five months of the fiscal year under the General Management Incentive Plan at a bonus target of 40% of his base salary and the last seven months of the fiscal year under the Executive Management Bonus Plan at a bonus target of 65% of his base salary. As such, for the first five months of the fiscal year, the weighting (as a percentage of his target annual incentive bonus amount) was 33.35%/33.35%/33.3% as noted in the table under the General Management Incentive Plan and for the last seven months was 50%/30%/20% as noted in the table under the Executive Management Bonus Plan.

(2) As a senior vice president, Mr. Lopez participated in the General Management Incentive Plan for fiscal 2008. Effective January 1, 2009, Mr. Lopez was promoted to executive vice president; president, Global Consumer Products, Foodservice and Seattle s Best Coffee. As an executive vice president, he will participate in the Executive Management Bonus Plan for fiscal 2009.

(3) Mr. Donald was not eligible for an annual incentive bonus payout for fiscal 2008 as he was not employed at the end of the fiscal year.

Table of Contents

Objective Performance Goals

For fiscal 2008, the primary objective performance goal for the executive officers was either adjusted business unit profit contribution (for executives responsible for a single business unit) or adjusted operating income (for executives with responsibilities that cross business units). For compensation purposes, we define operating income as consolidated business unit profit contribution less total unallocated corporate general and administrative expense. The primary objective measures are adjusted to exclude the impact of any (i) significant acquisitions or dispositions of businesses, (ii) one-time, non-operating charges and (iii) accounting changes (including early adoption of any accounting change mandated by any governing body, organization or authority). The secondary objective performance goal was adjusted earnings per share. Earnings per share is adjusted to exclude the impact of any (i) significant acquisitions or dispositions of businesses, (ii) one-time, non-operating charges and (iii) accounting changes (including early adoption of any accounting change mandated by any governing body, organization or authority). Adjusted earnings per share is also adjusted for any stock split, stock dividend or other recapitalization.

We chose these measures because they directly link to Company performance and they are easy to track and communicate. Since business unit profit contribution performance and operating income (primary measure) track core operating performance more closely than earnings per share, for Messrs. Bocian and Coles and for Mr. Burrows (for the seven months he participated in the Executive Management Bonus Plan), we decided to base 50% of the total annual incentive bonus on the primary objective performance measure and 30% of the total annual incentive bonus on the secondary objective performance measure. For Mr. Lopez and Mr. Burrows (for part of the fiscal year), under the General Management Incentive Plan, 33.35% of the total annual incentive bonus was based on the primary objective performance measure and 33.35% of the total annual incentive bonus was based on the secondary objective performance measure. The primary objective performance measure for Messrs. Schultz and Donald was 50% of the total annual incentive bonus and the secondary objective performance measure was 50% of the total annual incentive bonus because, as noted above, 100% of their annual incentive bonuses were based on objective performance goals.

Fiscal 2008 Executive Management Bonus Plan Permitted Payout for Achievement of Primary Objective Performance Goal

Business Unit Profit Contribution (in Millions US$)						
U.S.	**International**	**Consumer Products Group**	**Consolidated Operating Income (in Millions US$)**	**% of Payout**		**Impact**
1,348.9	230.6	223.0	1,374.7	200%	ý	Positively
1,342.2	227.2	219.7	1,361.0	175%		impacts primary
1,335.5	223.8	216.4	1,347.4	150%		measure and
1,322.3	219.4	213.2	1,326.3	125%		individual target
1,309.2	214.1	208.0	1,302.2	100%		percentages Target
1,276.5	207.7	201.8	1,256.1	75%	ý	Negatively
1,270.1	205.5	200.7	1,246.0	50%		impacts primary
1,263.8	203.4	199.7	1,235.9	25%		measure and
Less than 1,263.8	Less than 203.4	Less than 199.7	Less than 1,235.9	0%		individual target percentages

Table of Contents

Fiscal 2008 General Management Incentive Plan Permitted Payout for Achievement of Primary Objective Performance Goal

Business Unit Profit Contribution (in Millions US$)		
EMEA[1]	**Consumer Products Group**	**% of Payout**
88.8	223.0	150%
87.6	219.7	135%
86.3	216.4	120%
84.7	213.2	110%
83.1	208.0	100%
81.4	201.8	85%
80.1	200.7	70%
78.9	199.7	50%
Less than 78.9	Less than 199.7	0%

(1) As noted above, Mr. Burrows fiscal 2008 bonus was prorated with the first five months of the fiscal year under the General Management Incentive Plan with a primary objective performance target of business unit profit contribution by EMEA and the last seven months of the fiscal year under the Executive Management Bonus Plan with a primary objective performance target of business unit profit contribution by U.S. The actual performance by EMEA was below the threshold level for achievement of any bonus.

As noted above, the fiscal 2008 primary objective performance measure was either adjusted business unit profit contribution performance or adjusted Company operating income. To provide greater incentive for greater performance, the fiscal 2008 Executive Management Bonus Plan and General Management Incentive Plan primary measure had a sliding scale that provided for annual incentive bonus payouts greater than the target bonus if operating income or the business unit profit contribution performance was greater than the target (up to a 200% payout under the Executive Management Bonus Plan or up to a 150% payout under the General Management Incentive Plan) or less than the target bonus if operating income or the business unit profit contribution performance was lower than the target (subject to a threshold amount). For fiscal 2008, the Company performance of the primary objective measure goal was:

Primary Objective Measure	Target (in Millions US$)	Actual Performance (in Millions US$)	% of Target	Payout ($)
Adjusted U.S. Business Profit Contribution	1,309.2	805.2	61.5	0
Adjusted International Business Profit Contribution	214.1	137.0	64.0	0
Adjusted CPG Business Profit Contribution	208.0	205.3	98.7[1]	0
Adjusted Operating Income	1,302.2	843.2	64.8	0

(1) Although 98.7% of the adjusted CPG Business Profit Contribution target was met, the General Management Incentive Plan was a multiplicative plan, which resulted in a 0% payout since the threshold for adjusted earnings per share was not met.

Table of Contents

The fiscal 2008 secondary objective performance measure was adjusted earnings per share. As shown in the table below, target adjusted earnings per share for fiscal 2008 was $1.03. To provide greater incentive for greater performance, the fiscal 2008 Executive Management Bonus Plan and the General Management Incentive Plan secondary measure had a sliding scale that provided for bonus payouts greater than the target bonus if adjusted earnings per share was $1.03 or more (up to a 200% payout for $1.07 or greater under the Executive Management Bonus Plan and up to 140% payout for $1.07 or greater under the General Management Incentive Plan) or less than the target bonus if adjusted earnings per share was $1.02 or lower (subject to a threshold adjusted earnings per share of $1.00).

Fiscal 2008 Permitted Payout
for Achievement of Secondary Objective Performance Goal

Adjusted EPS	Executive Management Bonus Plan % of Payout	General Management Incentive Plan % of Payout
$1.07 or greater	200%	140%
$1.06	175%	120%
$1.05	150%	110%
$1.04	125%	105%
$1.03	100%	100%
$1.02	75%	95%
$1.01	50%	90%
$1.00	25%	80%
Less than $1.00	0%	0%

Fiscal 2008 adjusted earnings per share was $0.71, providing for a potential 0% payout. For fiscal 2008, earnings per share of $0.43 was adjusted to $0.71 as a result of $0.28 in charges related to restructuring and transformation costs.

We used adjusted operating income, business unit profit contribution and earnings per share rather than actual operating income, business unit profit contribution and earnings per share calculated under generally accepted accounting principles because we believe adjusted measures give executives a more certain target that is within their sphere of control and accountability. This avoids potentially interfering with the incentive purpose of the awards by increasing or reducing actual bonus payouts based on accounting impacts of extraordinary events and changes in accounting rules. In setting the objective performance target, we consider target Company performance under the board-approved annual operating and long-term strategic plans, the potential payouts based on achievement at different levels on the sliding scale and whether the portion of incremental earnings paid as bonuses rather than returned to shareholders is appropriate. Objective performance goals are generally targeted where they (i) require significant year-over-year growth in our business and (ii) are not easy to achieve. For example, 18.4% growth in adjusted earnings per share from $0.87 in fiscal 2007 was required in order to achieve the target fiscal 2008 adjusted earnings per share of $1.03. For every cent of adjusted earnings per share over the target, we believe it is appropriate to provide for increased executive bonuses due to the significant shareholder returns commonly generated by above-target earnings per share performance. The Compensation Committee and the independent directors have the discretion under the plan to reduce the awards paid under the Executive Management Bonus Plan, but do not have discretion to increase payouts that are based on achievement of the objective performance goals or make a payout based on the objective performance goals if the threshold targets are not achieved.

Individual Performance Goals

For fiscal 2008, all named executive officers participating in annual incentive bonus plans had individual performance goals under such plans other than Messrs. Schultz and Donald, who had only objective performance goals because they were responsible for the financial performance of the entire Company. For other executives, we believe individual bonus goals are appropriate primarily to drive individual performance against strategic corporate initiatives. Individual bonus goals may be set within, but are not limited to, the following five categories:

Financial and/or business performance;

Strategic focus/transformation strategy;

Organizational effectiveness;

Partner development; and

Personal development.

Individual annual incentive bonus goals vary depending on our strategic plan initiatives and each executive s responsibilities. Other than for Mr. Lopez and Mr. Burrows (for a portion of the year), individual goals were set at 20% of total incentive bonus goal weighting in fiscal 2008. For Messrs. Lopez and Burrows (for a portion of the year), the individual goals were set at 33.3% of total incentive bonus goal weighting for fiscal 2008. We chose 20% because we wanted to drive individual development of executives while at the same time maximizing tax deductible performance-based compensation. We chose 33.3% under the General Management Incentive Plan because it is a multiplicative plan. Individual annual incentive bonus goals are set prior to the start of each fiscal year. However, in May 2008, in light of the significant changes to the Company, including the adoption of the transformation strategy and changes in management, the executives were asked to re-evaluate and modify their individual goals to reflect the changes in the Company. These goals were then reviewed and approved by both Mr. Schultz and the Compensation Committee. Individual goals for fiscal 2008 under the Executive Management Bonus Plan and General Management Incentive Plan for the other named executive officers were based on the following categories:

Peter J. Bocian: financial/business, partner development, organizational effectiveness, strategic focus and personal development.

Clifford Burrows: execution, team building, fiscal 2009 preparation and transformation strategy.

Martin Coles: financial performance, partner development, organizational effectiveness, transformation strategy and global development.

Gerardo I. Lopez: business performance and strategic direction, partner development, organizational effectiveness and business integration and corporate reorganization.

Performance Under the Annual Incentive Plan

After the end of fiscal 2008, the Compensation Committee determined the extent to which the performance goals were achieved, and subsequently approved, certified and recommended to the independent directors (who also approved and certified) the amount of the award to be paid to each participant in the plan. Based on fiscal 2008 financial performance, the target primary and secondary objective goals were not met. As a result, there were no annual incentive bonus payouts under the annual incentive plans for fiscal 2008. The table below shows the fiscal 2008 target annual incentive bonus for each named executive officer as compared to the actual fiscal 2008 bonus payout.

Fiscal 2008 Annual Incentive Bonus Plan Target Bonus vs. Actual Payout

Named Executive Officer	**Target Bonus (as a % of Base Pay)**	**Actual Payout (as a % of Base Pay)**
Howard Schultz	100%	0%
Peter J. Bocian	50%	0%
Clifford Burrows	40/65%[(1)]	0%

Martin Coles	100%[2]	0%
Gerardo I. Lopez	40%	0%
James L. Donald[3]	100%	0%

(1) As a result of his promotion to lead the U.S. business, Mr. Burrows fiscal 2008 bonus was prorated with the first five months of the fiscal year under the General Management Incentive Plan at a bonus target of 40% of his base salary and the last seven months of the fiscal year under the Executive Management Bonus Plan at a bonus target of 65% of his base salary.

(2) Mr. Coles fiscal 2008 bonus target was 100% of base pay based on his role as chief operating officer when bonus targets were approved and his remaining in that role for 10 months of the fiscal year. His fiscal 2009 bonus target is 65% of base pay based on reassuming the role of president, Starbucks Coffee International.

(3) Mr. Donald s employment terminated as of January 7, 2008. As such, he was not eligible for a year-end bonus under the Executive Management Bonus Plan for fiscal 2008.

Long-Term Incentive Compensation. We design our long-term incentive compensation program to drive long-term Company performance, align the interests of executives with those of our shareholders and retain executives through long-term vesting and potential wealth accumulation. The Compensation Committee reviews long-term incentive compensation strategy and vehicles at least annually. Our long-term incentive compensation program is broad-based, with over 96,000 partners in 15 countries at all levels, including qualified part-time partners, receiving equity awards in the most recent annual grant in November 2008. The Compensation Committee continues to believe in the importance of equity compensation for all executive officers and the broad-based partner population, for purposes of partner incentive and retention, and alignment of interests with shareholders. Additionally, because we do not have a pension or a supplemental executive retirement plan, we believe our executives plan for their retirement substantially through potential wealth accumulation from equity gains.

In fiscal 2008, as in prior years, long-term performance-based compensation of executive officers consisted of stock option awards as disclosed in the Fiscal 2008 Grants of Plan-Based Awards table on page 42. The Compensation Committee continues to believe that stock options are an appropriate equity vehicle for a portion of long-term incentive compensation for our executives because stock options align their interests with the interests of shareholders by having value only if our stock price increases over time.

The amount of equity granted to executive officers is based on a target economic value, which was set at approximately the 50th percentile of comparator group companies for comparable positions. However, as discussed above, in specific cases we set the target economic value of the equity award higher or lower than the median where appropriate based on factors such as the Company s prior year performance and individual executive performance. For fiscal 2008, Mr. Bocian s target economic value for his equity award was above the 50th percentile of comparator group companies as it was his first year as executive vice president, chief financial officer and chief administrative officer and his employment letter included a negotiated equity award. For fiscal 2008, Mr. Lopez s target economic value for his equity award was below the 50th percentile of comparator group companies to align his award with other senior vice presidents for internal pay equity purposes.

We do not consider the realized or unrealized value of equity awards when determining the target economic value because each equity award is awarded as an incentive to drive *future* shareholder return. The amount of stock options granted to executive officers for fiscal 2008 was based on a target economic value for the total equity award value. To calculate the number of stock options granted, the total equity award value was divided by a closing price multiplier. The closing price multiplier was equal to the closing market price of Starbucks stock on the date of grant multiplied by a Black-Scholes factor of .35. The Black-Scholes factor of .35 is based on an option value ratio recommended by Towers Perrin. Towers Perrin arrives at the option value ratio based on maintaining comparable assumptions to those used to develop competitive market levels and to maintain year-over-year consistency so that the amount of stock options granted is primarily determined by Company financial performance and less influenced by changes in the estimated option value. As such, Starbucks has applied the same Black-Scholes factor of .35 for the last four years.

The amounts shown in the table below represent the target economic value of awards according to a formula used by the Compensation Committee on the recommendation of Towers Perrin. They do not represent the full grant-date fair value calculated under SFAS 123R.

Named Executive Officer	Fiscal 2008 Target Option Award Value ($)

Howard Schultz	5,500,000
Peter J. Bocian	1,000,000
Clifford Burrows	690,000
Martin Coles	2,000,000
Gerardo I. Lopez	230,000
James L. Donald	5,500,000

Performance-Based Restricted Stock Units for Fiscal 2009. In November 2008 (early fiscal 2009) the Compensation Committee introduced performance-based restricted stock units (performance RSUs) as part of the total target long-term incentive compensation award for executive officers, with 50% of the award granted to executive officers in the form of stock options and 50% in the form of performance RSUs. Performance RSUs may be earned based on achievement of adjusted earnings per share for fiscal 2009. Each named executive officer may achieve between 0% to 200% of the target award amount. The Compensation Committee will determine and certify the actual level of attainment of the performance goal. Based on the level of attainment, the target number of performance RSUs will be multiplied by the applicable percentage of achievement. The number of performance RSUs resulting from the calculation will constitute the maximum number of restricted stock units that may vest under the award. The earned performance RSUs will vest 50% on the second anniversary of the date of grant and 50% on the third anniversary of the date of grant. The Compensation Committee and the independent directors do not have discretion to increase payouts that are based on achievement of the performance goal. As noted above, Mr. Schultz will not participate in the Executive Management Bonus Plan for fiscal 2009 and his entire fiscal 2009 long-term incentive grant was in the form of stock options. As such, he did not receive performance RSUs for fiscal 2009.

Perquisites and Other Executive Benefits. Our executive compensation program includes limited executive perquisites and other benefits. The aggregate incremental cost of providing perquisites and other benefits to the named executive officers is included in the amount shown in the All Other Compensation column of the Summary Compensation Table on page 40 and detailed in the Fiscal 2008 All Other Compensation table on page 41. We believe the perquisites and other executive benefits we provide are representative of benefits offered by the companies with whom we compete for executive talent, and therefore offering these benefits serves the objective of attracting and retaining top executive talent. In the Compensation Committee s view, some of the perquisites and other benefits, particularly home and personal security services, are provided for the Company s benefit notwithstanding the incidental personal benefit to the executive. A discussion and analysis of perquisites follows.

Personal Use of Corporate Aircraft. Under our corporate aircraft use policy, the chairman, president and chief executive officer, the chief financial officer and other members of management with the approval of the chairman, president and chief executive officer are permitted limited personal use of the corporate-owned aircraft, but are required to reimburse Starbucks for those costs. Those reimbursements are discussed in the section Certain Relationships and Related Transactions on page 51.

Security. Under our executive security program, we provide security services to the chairman, president and chief executive officer and certain other executives. Security services include home security systems and monitoring and, in the case of the chairman, president and chief executive officer, personal security services. The board considers these expenses appropriate to protect Starbucks notwithstanding the incidental personal benefit to the executives.

Replacement of Split-Dollar Life Insurance Benefit. In fiscal 2005, we terminated our obligations to pay premiums with respect to split-dollar life insurance arrangements with Mr. Schultz in exchange for an annual cash payment in an amount sufficient for him acquire a like benefit. The original split-dollar agreements and policies were put in place over 10 years ago as a benefit to Mr. Schultz. We terminated the agreements due to a change in law, not because we wanted to reduce the scope of benefits provided to Mr. Schultz.

Executive Physicals. We offer to pay for an annual physical examination for all senior vice presidents and above, which includes all executive officers. We provide the physicals at minimal cost for the Company s benefit, in an effort to minimize the risk of losing the services of senior management due to unforeseen significant health issues.

Executive Life and Disability Insurance. We provide life and disability insurance to our vice presidents and above, including all executive officers, at a higher level than is provided to partners generally. We believe this is a standard benefit offered to management employees by comparator group companies.

Expatriate Package. Under limited circumstances, we provide certain perquisites to officers that expatriate to another country for work on the Company s behalf. Mr. Burrows, prior to assuming his new role as president, Starbucks Coffee U.S. in March 2008, was located in the Netherlands as an expatriate from the United Kingdom. During his time in the Netherlands, Mr. Burrows received tax preparation assistance, a car allowance, a housing allowance, tax equalization and a goods and services differential. The amount for each

Table of Contents

of these perquisites is detailed in the Fiscal 2008 All Other Compensation Table on page 41. Upon assuming his new role, Mr. Burrows no longer receives the expatriate perquisites. We believe this is a standard package offered to expatriated employees at global companies.

Relocation Expenses. The Company agreed to pay the relocation expenses in connection with Mr. Burrows promotion to president, Starbucks Coffee U.S. These expenses include: new home purchase closing costs, moving expenses, new area orientation tour, temporary housing and a miscellaneous expense payment of up to $15,000 (less payroll taxes). The amount recognized in fiscal 2008 for each of these perquisites is detailed in the Fiscal 2008 All Other Compensation Table on page 41. We believe this is a standard package offered by global companies to executive employees that are asked to relocate.

Discretionary Bonuses and Equity Awards. We pay sign-on, first-year guaranteed and other bonuses and grant new-hire equity awards where necessary or appropriate to attract top executive talent from other companies. Executives we recruit often have a significant amount of unrealized value in the form of unvested equity and other forgone compensation opportunities. Sign-on and first-year guaranteed bonuses and special equity awards are an effective means of offsetting the compensation opportunities executives lose when they leave a former employer to join Starbucks. We typically require newly recruited executives to return a pro rata portion of their sign-on bonus if they voluntarily leave Starbucks within a certain period of time (usually one year) after joining us. We did not award a discretionary cash bonus to any named executive officer in fiscal 2008.

We grant discretionary equity awards from time to time where appropriate to retain key executives or recognize expanded roles and responsibilities. Discretionary equity awards have almost always taken the form of stock options. However, in fiscal 2007 for the first time we granted time-based RSUs for retention purposes. We granted time-based RSUs to better serve retention purposes by ensuring that the awards will have value if they vest since the ultimate value of time-based RSUs, unlike stock options, does not depend solely on our stock price increasing over time. On May 8, 2008 we granted 38,360 restricted stock units to Mr. Bocian. The amount awarded was equal to his annual base salary divided by stock price on the date of grant. The restricted stock units would have vested over a four-year period, with 50% vesting on the second anniversary of the date of grant and 50% vesting on the fourth anniversary of the date of grant; however, Mr. Bocian resigned from the Company effective November 25, 2008. Consequently, the restricted stock units were forfeited upon his resignation. The Compensation Committee approved the grant to Mr. Bocian for retention purposes as all of Mr. Bocian s previously granted stock options were underwater at the time of the restricted stock unit grant (meaning the exercise prices of the options were greater than our then-current stock price). On March 18, 2008, we granted 37,222 stock options to Mr. Burrows in connection with his promotion to president, Starbucks Coffee U.S. The amount was based on the benchmarking data reviewed by the Compensation Committee when determining his target total direct compensation at the time of promotion. The stock options become exercisable in two increments of 9,306 shares each on March 18, 2009 and 2010, and in two increments of 9,305 shares each on March 18, 2011 and 2012.

Deferred Compensation. Some executive officers participate in the Management Deferred Compensation Plan, which defers cash compensation. Mr. Schultz also participates in a deferred stock plan.

Management Deferred Compensation Plan. We offer participation in the plan to a select group of management and highly compensated partners, including but not limited to executive officers, because their participation in our 401(k) plan is limited under federal income tax rules and we believe they should have other similar means of saving for retirement. We do not pay or guarantee above-market returns. The appreciation, if any, in the account balances of plan participants is due solely to contributions by participants, any Company matching contributions and the underlying performance of the investment funds selected by the participants. The investment alternatives available to Management Deferred Compensation Plan participants are identical to those available to 401(k) plan participants.

1997 Deferred Stock Plan. Under the 1997 Deferred Stock Plan, key partners designated by the Compensation Committee could elect to defer gains from stock option exercises by being credited with deferred stock units payable in shares of common stock upon the expiration of the deferral period specified by the executive. In September 1997, Mr. Schultz elected to defer receipt of 3,394,184 shares of common

Table of Contents

stock (as adjusted for stock splits since 1997). In November 2006, with the consent of the Compensation Committee, Mr. Schultz elected to re-defer receipt of the shares until December 2012 (or earlier if his employment with Starbucks terminates). Although the Compensation Committee may consider another re-deferral by Mr. Schultz, we no longer permit new deferrals.

General Partner Benefits. Executives are eligible to participate in all benefit plans we offer to partners generally. This helps us attract and retain top executive talent.

Employee Stock Purchase Plan. Among the plans we offer to U.S. and Canadian partners generally, including executive officers, is our U.S. tax-qualified employee stock purchase plan. Under the plan, eligible partners may acquire our stock at a discount price through payroll deductions. For fiscal 2008, the plan had a three-month look-back and allowed participants to buy stock at a 15% discount to the lower of the market price on the first or last trading day of the period. No plan participant could purchase more than $25,000 in market value of our stock under the plan in any calendar year.

Other Policies and Considerations

Internal Pay Equity

Compensation of Other Named Executive Officers in Relation to One Another and to the Chairman, President and Chief Executive Officer

As noted above, the Compensation Committee considers internal pay equity, among other factors, when making compensation decisions. However, the Compensation Committee does not use a fixed ratio or formula when comparing compensation among executive officers. In addition, the Compensation Committee reviews executive compensation on the same basis for each of the named executive officers, including our chairman, president and chief executive officer.

Our chairman, president and chief executive officer is compensated at a higher level than other executive officers due to his significantly greater level of experience, accountability and responsibility. However, Mr. Schultz s base salary has not increased since fiscal 2004. Mr. Schultz receives more of his pay in the form of long-term incentive compensation, rather than annual cash compensation, as compared to the compensation of the other named executive officers. Given Mr. Schultz s responsibility for overall Company performance, the Compensation Committee believes greater compensation in the form of long-term incentive compensation will align his compensation with the long-term performance of the Company. The Compensation Committee believes this is consistent with market practices whereby companies compensate chief executive officers at a higher level than the other executive officers and weight the chief executive officer s total compensation more heavily toward long-term incentive compensation.

We believe the fiscal 2008 target total direct compensation we paid to Messrs. Bocian, Burrows, Coles, Lopez and Donald in relation to the compensation targeted for Mr. Schultz and to one another is reasonable and appropriate given each executive s responsibilities and fiscal 2007 performance.

Mr. Bocian. Mr. Bocian s fiscal 2008 target total direct compensation was lower than that of Messrs. Donald and Coles. Mr. Bocian s compensation was below Mr. Donald s compensation as Mr. Bocian did not have the same level of responsibility and accountability for overall Company performance. Mr. Bocian s compensation was below Mr. Coles compensation as Mr. Bocian was compensated at the executive vice president level while Mr. Coles was compensated at the chief operating officer level. Mr. Bocian s compensation was higher than Messrs. Burrows and Lopez since Mr. Burrows was not promoted until February 2008 to his new role as president, Starbucks Coffee U.S. and as such was not compensated as an executive officer until his promotion, and Mr. Lopez was compensated at the senior vice president level.

Mr. Burrows. Mr. Burrows fiscal 2008 target total direct compensation was lower than that of our other named executive officers (other than Mr. Lopez), because he was compensated as a senior vice president until he was promoted to president, Starbucks Coffee U.S.

Mr. Coles. Mr. Coles fiscal 2008 target total direct compensation was higher than that of the other named executive officers (other than Messrs. Schultz and Donald) because his compensation was targeted as chief

Table of Contents

operating officer. As such, he received higher targeted compensation due to his broad responsibilities relative to our other named executive officers.

Mr. Lopez. Mr. Lopez s fiscal 2008 target total direct compensation was lower than the other named executive officers because he was compensated as a senior vice president.

Mr. Donald. Mr. Donald s fiscal 2008 target total direct compensation was higher than that of the other named executive officers (other than Mr. Schultz) due to his greater responsibility for overall Company performance as the Company s then president and chief executive officer.

Change-in-Control and Termination Arrangements

We do not provide special change-in-control benefits to executives. Our only change-in-control arrangement, which applies to all partners with equity compensation awards, is accelerated vesting of equity. We do, however, occasionally offer a severance benefit arrangement for new executive officers to provide for one year s base salary if we terminate his or her employment for any reason other than cause (which generally requires misconduct) within one year of the executive s hire date. We may also offer a severance benefit arrangement for terminated or separated executives as part of a negotiated termination of employment in exchange for a release of claims against the Company and other covenants in the best interests of the Company. Other than as described below, none of our named executive officers for fiscal 2008 has any such severance benefit arrangement.

On January 22, 2008, in connection with Mr. Donald s separation, the Company entered into a Separation Agreement and Release with Mr. Donald. Pursuant to the agreement, we agreed to pay Mr. Donald a severance amount equal to $1,250,000. The Compensation Committee believes that the separation amount was appropriate and in the best interests of the Company in exchange for certain covenants provided by Mr. Donald. A detailed description of the agreement can be found on page 48. The amount paid in fiscal 2008 is noted in the Fiscal 2008 All Other Compensation Table on page 41.

Mr. Bocian resigned from the Company effective November 25, 2008. He did not receive compensation in connection with his resignation.

Executive Stock Ownership Guidelines

We adopted stock ownership guidelines for senior executives in September 2007 to ensure that our executives have a long-term equity stake in Starbucks. The guidelines apply to all executive vice presidents and above. The guidelines require covered executives to have achieved a minimum investment in Starbucks stock within five years. Minimum investment levels for each job title are:

Job Title	**Minimum Investment**
chairman, president and chief executive officer	$ 5,000,000
president[1]	$ 2,000,000
executive vice president	$ 750,000

[1] For fiscal 2008, applied to the named executive officers Messrs. Burrows and Coles.

The unrealized value of vested, in-the-money stock options counts for up to 25% of the required minimum investment. Unrealized value is measured as the difference between aggregate exercise price and aggregate market value of underlying shares. Shares held prior to the effective date of the guidelines and shares purchased and held under our employee stock purchase plan also count toward satisfying the investment requirement. The Compensation Committee monitors each executive s progress toward the minimum investment on an annual basis. We disfavor hedging transactions that limit or eliminate the economic risk to our executives and partners of owning our stock and, to our knowledge, no such arrangements are currently outstanding. Our insider trading policy requires general counsel pre-approval of any such hedging transactions.

Table of Contents

Equity Grant Timing Practices

All stock options granted at Starbucks have an exercise price equal to the closing market price of our stock on the grant date. In September 2008, our board approved the following revised equity compensation grant timing guidelines:

Regular Annual Grant Dates. Regular annual grants for partners and non-employee members of the board are approved at the November Compensation Committee and board meetings, and the grant date for such annual grants is the second business day *after* the public release of fiscal year-end earnings. However, if fiscal year-end earnings are released before the November Compensation Committee and board meetings, then the grant date will be the Monday following such meetings. The grants are approved as formulas based on a specified dollar amount; the number of shares and exercise price for each option grant are determined based on the closing market price of our stock on the grant date, and the number of shares for each restricted stock unit is determined by dividing the dollar amount by the closing market price of our stock on the grant date. For fiscal 2008, a group of management partners below the executive level received time-based RSUs as part of their annual grant. The March 2008 grant date for those restricted stock units was set in advance by the Compensation Committee at its November 2007 meeting.

Grant Dates for New Hires and Promotions. Grant dates for new hire and promotion grants are determined as follows:

> *Standard New Hire/Promotion Grants to Vice Presidents and Below.* Grants to newly hired or newly promoted partners with titles of vice president or below that fall within parameters previously approved by the Compensation Committee are approved by written action of the chief executive officer acting under a delegation from the committee. These grants generally occur on the same date each month and cover partners whose offer letters are signed and who are working in their new positions as of an earlier date in that month.
>
> *All Other New Hire/Promotion Grants.* All other new hire/promotion grants are approved by resolution of the Compensation Committee and, unless a future effective date is specified, are effective as of the date of the meeting at which they are approved or, in the case of written consents, as of the date the last committee member signs the consent (in the event the date the last Committee member signs the consent falls on a weekend or holiday, the grant will occur on the next trading day). Other new hire/promotion grants include grants (i) to senior vice presidents or above under all circumstances and (ii) to vice presidents or below for new hire or promotion grants outside of the parameters the Compensation Committee has delegated the chief executive officer authority to approve.

Grant Dates for Other Equity Awards. Grant dates for equity awards other than annual equity award grants and new hire/promotion grants are determined as follows:

> *Grants to Vice Presidents and Below by the Chief Executive Officer with Delegated Authority.* Grants to partners with titles of vice president or below that fall within the parameters previously approved by the Compensation Committee are approved by written consent of the chief executive officer acting under delegation from the committee. These grants generally occur on the same date each month.
>
> *All Other Equity Award Grants.* All other equity award grants are approved by resolution of the Compensation Committee and, unless a future effective date is specified, are effective as of the date of the meeting at which they are approved or, in the case of written consents, as of the date the last committee member signs the consent (in the event the date the last committee member signs the consent falls on a weekend or holiday, the grant will occur on the next trading day).

Initial Grant Dates for Newly Elected Non-Employee Directors. The grant date for initial grants to newly elected non-employee members of the board is the date of election to the board, if the election date is open for trading under our blackout policy for stock trading, or as of the first open trading day after the election date, if the election date is not open for trading under our blackout policy.

Tax Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code prevents us from taking a tax deduction for non-performance-based compensation in excess of $1 million in any fiscal year paid to the chief executive officer and the three other most highly compensated named executive officers (excluding the chief financial officer). We refer to these executives as the Section 162(m) covered executives. In designing our executive compensation program, we carefully consider the effect of Section 162(m) together with other factors relevant to our business needs. We design annual incentive and long-term performance awards to be tax-deductible to Starbucks, so long as preserving the tax deduction does not inhibit our ability to achieve our executive compensation objectives. We will pay non-deductible compensation when necessary to achieve our executive compensation objectives. The tax deductibility under Section 162(m) of fiscal 2008 executive compensation is as follows:

Base Salary. The fiscal 2008 base salary paid to the individual executive officers covered by Section 162(m) is fully deductible under Section 162(m), except for $128,997 of the salary paid to Mr. Schultz.

Annual Incentive Bonus. The Executive Management Bonus Plan, as in effect during fiscal 2008, was designed to enable at least 80% of the annual incentive bonuses paid to Messrs. Bocian and Coles and Mr. Burrows (for part of the year) and 100% of such amounts paid to Messrs. Schultz and Donald to qualify as performance-based and therefore be deductible under Section 162(m). We believe it is important for the executive team below the chairman, president and chief executive officer to have individual performance bonus goals in order to drive specific behaviors and business initiatives, even if it means a portion of their bonuses will not be tax-deductible. There were no bonus payouts under the annual incentive plans for fiscal 2008 performance.

Stock Options. Stock options granted to the covered executive officers are designed to qualify as Section 162(m) performance-based compensation, and any gain upon exercise of the options should be fully deductible under Section 162(m).

Other Compensation. Other compensation paid to the Section 162(m) covered executives that is not considered performance-based under Section 162(m) is not deductible to the extent that it, together with other non-performance based compensation such as base salary, or discretionary bonuses, exceeds $1 million in any fiscal year. For fiscal 2008, these amounts included a total of $262,028, composed of Mr. Schultz s imputed income of (a) $14,274 related to passengers on personal flights using corporate aircraft (federal tax rules require imputing income despite Mr. Schultz s reimbursement of our aggregate incremental cost of those flights), (b) $11,504 for life and long-term disability insurance premiums paid by Starbucks and (c) $236,250 payment to replace a split-dollar life insurance benefit formerly provided to him, as more fully explained on page 34.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on this review and discussion, the Compensation Committee recommended to the board of directors that the Compensation Discussion and Analysis be included in the Starbucks 2008 10-K and this proxy statement.

Respectfully submitted,

Barbara Bass (Chair)
William W. Bradley
Olden Lee
Myron E. Ullman, III

Table of Contents

Summary Compensation Table

The following table sets forth information regarding the fiscal 2008 compensation for our chief executive officer, chief financial officer (at year-end), our three other most highly compensated executive officers in fiscal 2008 plus Mr. Donald, our former president and chief executive officer (our named executive officers). Columns required by SEC rules are omitted where there is no amount to report. The table also sets forth information regarding the fiscal 2007 compensation for Messrs. Schultz, Coles and Donald because they were also named executive officers in fiscal 2007.

Name and Principal Position	Year	Salary ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	All Other Compensation ($)(5)	Total ($)
Howard Schultz	2008	1,190,000		7,730,540		764,366	9,684,906
chairman, president and chief executive officer	2007	1,190,000		8,576,816		861,398	10,628,214
Peter J. Bocian(6) former executive vice president, chief financial officer and chief administrative officer	2008	594,711	89,307	1,041,683		3,543	1,729,244
Clifford Burrows president, Starbucks Coffee U.S.	2008	565,990	373,542	434,902		610,151	1,984,585(7)
Martin Coles	2008	725,000		1,914,850		46,184	2,686,034
president, Starbucks Coffee International	2007	638,462		1,473,570	233,552	10,593	2,356,177
Gerardo I. Lopez executive vice president; president, Global Consumer Products, Foodservice and Seattle s Best Coffee(8)	2008	411,827	747,097	456,696		5,789	1,621,409
James L. Donald	2008	311,538		(2,506,849)(9)		875,447	(1,319,864)
former president and chief executive officer	2007	1,000,000		6,492,771		36,920	7,529,691

(1) See page 27 for discussion and analysis of base salary levels.

(2) These amounts reflect the aggregate compensation costs for financial statement reporting purposes for fiscal 2008 under SFAS 123R for restricted stock units granted in fiscal 2008 and fiscal 2007. These amounts do not reflect amounts paid to or realized by the executive for fiscal 2008. For information on the assumptions used to calculate the compensation costs, see Note 14 to the audited consolidated financial statements in our 2008 10-K and Note 13 to the audited consolidated financial statements in our Form 10-K for the fiscal year ended 2007. As required by SEC rules, the amounts reported have been adjusted to exclude the estimated effect of service-based

forfeiture assumptions used for financial reporting purposes. See the Fiscal 2008 Grants of Plan-Based Awards table on page 42 for the grant date fair value of each restricted stock unit granted in fiscal 2008. Restricted stock units do not accelerate upon retirement.

(3) These amounts reflect the aggregate compensation costs for financial statement reporting purposes for each fiscal year in the table under SFAS 123R for stock options granted in such fiscal year and the amount of compensation cost for financial reporting purposes under SFAS 123R arising from prior year equity grants that is required to be included in the fiscal year reported. These amounts do not reflect amounts paid to or realized by the executive for fiscal 2008. For information on the model and assumptions used to calculate the compensation costs, see Note 14 to the audited consolidated financial statements in our 2008 10-K and Note 1 to the audited consolidated financial statements in our Form 10-K for the fiscal year ended 2006. The assumed expected term of stock options shown in Note 14 is a weighted average expected term covering all optionees. However,

Table of Contents

Mr. Schultz s historical practice of not exercising stock options until very late in their term requires us to apply a unique expected term assumption that exceeds eight years when valuing options granted to him for purposes of SFAS 123R. As required by SEC rules, the amounts reported have been adjusted to exclude the estimated effect of service-based forfeiture assumptions used for financial reporting purposes. See the Fiscal 2008 Grants of Plan-Based Awards table on page 42 for the grant date fair value of each stock option award granted in fiscal 2008. In addition, under SFAS 123R, the fair value of a stock option granted to a retirement-eligible partner will be expensed earlier than an identical stock option granted to a partner who is not retirement eligible. The options granted to Mr. Schultz on November 16, 2005 were amortized to his retirement eligible date of July 19, 2008; however, Mr. Schultz waived the accelerated vesting feature for options granted subsequent to fiscal year 2006.

(4) This amount represents an annual incentive bonus award paid for fiscal 2007.

(5) The table below shows the components of All Other Compensation for the named executive officers, calculated at the aggregate incremental cost to Starbucks.

Fiscal 2008 All Other Compensation Table

Name	**Relocation ($)**	**Severance ($)**	**Security ($)**	**Insurance Premiums & Annual Physical ($)**	**Retirement Plan Contributions ($)**	**Other ($)**	**Total ($)**
Howard Schultz			511,079	3,237	13,800	236,250(A)	764,366
Peter J. Bocian				3,543			3,543
Clifford Burrows	176,034(B)			1,743	31,357(C)	401,017(D)	610,151
Martin Coles			38,504(E)	2,880	4,800		46,184
Gerardo I. Lopez				2,114	3,675		5,789
James L. Donald		865,385(F)	4,602	960	4,500		875,447

(A) As more fully explained on page 34, represents the amount paid to Mr. Schultz in consideration of the replacement of a split-dollar life insurance benefit we formerly provided him. As discussed on page 51, Mr. Schultz reimbursed us for the aggregate incremental cost of his personal use of corporate aircraft during fiscal 2008.

(B) As more fully explained on page 35, includes expenses related to Mr. Burrows relocation to the United States in connection with his promotion to president, Starbucks Coffee U.S.

(C) This amount reflects Starbucks contributions on Mr. Burrows behalf into an individual pension plan that was part of his U.K. compensation prior to his promotion to president, Starbucks Coffee U.S. in March 2008.

(D) As more fully explained on page 34, includes expenses as part of Mr. Burrows expatriate package. Such expenses include: $27,617 in reimbursement for tax preparation fees; $13,379 for a car allowance; $62,583 for a housing allowance; $292,136 for tax equalization, and $5,302 for a goods and services differential.

(E)

Includes a portion of security costs that were invoiced in British pound sterling. For those invoices, the amounts were converted to U.S. dollars using the exchange rates reported on www.Oanda.com. The average currency rate for October 1, 2007 through September 28, 2008 was used to calculate the conversion. For British pound sterling, the conversion rate was 1.97390 USD/GBP.

(F) Per the Separation Agreement and Release dated January 22, 2008 with Mr. Donald, our former president and chief executive officer, Mr. Donald will receive $1,250,000, payable in equal amounts on a bi-weekly basis during the 12-month period following his separation date of January 7, 2008.

(6) Mr. Bocian resigned from the Company effective November 25, 2008 (after fiscal 2008 year-end).

(7) Prior to his promotion in March 2008 to president, Starbucks Coffee U.S., Mr. Burrows received all of his compensation (other than as noted below) in British pound sterling as he was on the United Kingdom payroll expatriated to the Netherlands. Mr. Burrows received his housing allowance and tax equalization in Euros. All amounts were converted to U.S. dollars using the exchange rates reported on www.Oanda.com. The average

Table of Contents

currency rate for October 1, 2007 through March 11, 2008 (beginning of fiscal year 2008 to the date his promotion) was used to calculate the conversion. For British pound sterling, the conversion rate was 2.01299 USD/GBP. For Euros, the conversion rate was 1.46221 USD/Euro.

(8) Effective January 1, 2009, Mr. Lopez was promoted to executive vice president; president, Global Consumer Products, Foodservice and Seattle s Best Coffee. Prior to January 1, 2009, Mr. Lopez was senior vice president; president, Global Consumer Products, Foodservice and Seattle s Best Coffee.

(9) Pursuant to SEC rules, this amount reflects the reversal of only the previously expensed portions of the awards that were reported in the fiscal 2007 proxy statement (Starbucks first proxy statement under the new SEC rules). The SFAS 123R grant date fair value of the stock options forfeited in fiscal 2008 that were granted in fiscal 2008, due to Mr. Donald s termination, was $4,695,763.

Fiscal 2008 Grants of Plan-Based Awards

The following table sets forth information regarding fiscal 2008 annual incentive bonus awards and equity awards granted to our named executive officers in fiscal 2008. Columns required by SEC rules are omitted where there is no amount to report.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exerci or Bas Price Optio Award
Award	Approval Date[2]	Grant Date	Threshold ($)	Target ($)	Maximum ($)	(#)	(#)	($/Sh
A. Annual Incentive			148,750	1,190,000	2,380,000			
B. Stock Options	11/14/07	11/19/07					687,113	22.87
A. Annual Incentive			22,500	300,000	600,000			
B. Stock Options	11/14/07	11/19/07					124,930	22.87
C. Restricted Stock Units	5/6/08	5/8/08				38,360		
A. Annual Incentive			106,170	324,771	758,625			
B. Stock Options	11/13/07	11/19/07					43,725	22.87
C. Stock Options	3/18/08	3/18/08					37,222	18.24
A. Annual Incentive			54,375	725,000	1,450,000			
B. Stock Options	11/14/07	11/19/07					249,859	22.87
A. Annual Incentive			149,400	166,000	514,600			
B. Stock Options	11/14/07	11/19/07					28,734	22.87
A. Annual Incentive			125,000	1,000,000	2,000,000			
B. Stock Options	11/14/07	11/19/07					687,113	22.87