

STARBUCKS CORP  
Form 8-K  
September 25, 2006

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

**FORM 8-K  
CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the  
Securities and Exchange Act of 1934**

**Date of Report (Date of earliest event reported): September 20, 2006**

**STARBUCKS CORPORATION**

(Exact Name of Registrant as Specified in its Charter)

**Washington**

(State or Other Jurisdiction of  
Incorporation or Organization)

**0-20322**

(Commission File Number)

**91-1325671**

(IRS Employer  
Identification No.)

**2401 Utah Avenue South, Seattle, Washington 98134**

(Address of principal executive offices)

**(206) 447-1575**

(Registrant's Telephone Number, including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01 Entry into a Material Definitive Agreement.**

On September 20, 2006, the independent members of the Board of Directors (the Board) of Starbucks Corporation (the Company), upon a recommendation from the Compensation and Management Development Committee of the Board (the Compensation Committee), approved objective performance goals for performance-based bonuses payable in respect of the fiscal year ending September 30, 2007 (Fiscal 2007) to the executive officers of the Company under the Company's Executive Management Bonus Plan, as amended and restated effective September 19, 2006 (the EMB Plan). The Compensation Committee approved Fiscal 2007 individual performance goals for performance-based bonuses under the EMB Plan for certain executive officers. Target bonuses for the Company's chairman and the Company's president and chief executive officer are based on achievement of an objective performance goal only. Target bonuses for all other executive officers of the Company are weighted so that 80% of the target bonus is based on an objective performance goal and 20% is based on individual performance goals.

The objective performance goal for each of the executive officers is based on the Company's earnings per share for Fiscal 2007, excluding the impact of any (i) significant acquisitions or dispositions of businesses by the Company, (ii) one-time, non-operating charges or (iii) accounting changes (including the Company's early adoption of any accounting change mandated by any governing body, organization or authority); and adjusted for any stock split, stock dividend or other recapitalization (such measure, the Adjusted Earnings Per Share). Individual performance goals vary depending on the Company's strategic plan initiatives and the responsibilities of the positions held by the executive officers. Relative weights assigned to each individual performance goal typically range from 5% to 35% of the portion of the bonus attributable to achievement of individual performance goals. The Fiscal 2007 target bonus amounts and weighting between the objective and individual performance goals for each executive officer are set forth in the table below.

Executive Officer	Target Bonus (as a Percentage of Salary)	Objective Performance Goals Weight	Individual Performance Goals Weight
chairman	100%	100%	0%
president and chief executive officer	100%	100%	0%
division presidents	65%	80%	20%
executive vice presidents	50%	80%	20%

The terms of the EMB Plan permit bonus payouts in excess of the target bonus in the event that the Company's actual financial performance is better than the objective performance goal. Therefore, for Fiscal 2007, each executive officer's bonus could be up to 200% of the target amount. The specific Adjusted Earnings Per Share levels required for increased bonus payouts are based on a scale approved by the independent directors of the Board upon a recommendation by the Compensation Committee.

The following is an example of how a maximum allowable payout of 200% of the target amount could affect total bonus payouts for Fiscal 2007. ***This example is included for illustrative purposes only and does not represent a forecast or target by the Company of expected Adjusted Earnings Per Share for Fiscal 2007.***

Because each executive vice president participating in the EMB Plan has a target bonus of 50% of base salary, and because 80% of that target bonus is allocated to achieving the objective performance goal and 20% of that target bonus is allocated to achieving the individual performance goals, the target bonus attributed to achieving the objective performance goal is 40% of base salary (*i.e.*, 80% x 50% = 40%) and the target bonus attributed to achievement of the individual performance goals is 10% of base salary (*i.e.*, 20% x 50% = 10%). If Adjusted Earnings Per Share for Fiscal 2007 were at a level permitting a payout of 200% of the target bonus, each executive vice president participating in the EMB Plan would be eligible to receive 100% of his or her base salary (80% for achieving the objective performance goal (200% x 40%) and 20% for achieving the individual performance goals (200% x 10%), assuming the executive vice president achieved all of his or her individual performance goals).



**Item 9.01 Financial Statements and Exhibits.**

(c) Exhibits.

Exhibit No.	Description
10.1	Starbucks Corporation Executive Management Bonus Plan, as amended and restated effective September 19, 2006.

**SIGNATURES**

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

**STARBUCKS CORPORATION**

Dated: September 25, 2006

By:                   /s/ Michael Casey  
Michael Casey  
executive vice president, chief financial  
officer and chief administrative officer

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**EXHIBIT INDEX**

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