STARBUCKS CORP
Form DEF 14A
January 28, 2011
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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 x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under Rule 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):

x No fee required

¨ 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:

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(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):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Seattle, Washington

January 28, 2011

Dear Shareholders:

You are cordially invited to attend the Starbucks Corporation 2011 Annual Meeting of Shareholders on March 23, 2011 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 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. This delivery process allows us to provide shareholders with the information they need, while at the same time conserving natural resources and lowering the cost of delivery. On February 4, 2011, we mailed to our shareholders a Notice of Internet Availability of Proxy Materials (the Notice) containing instructions on how to access our proxy statement for our 2011 Annual Meeting of Shareholders and 2010 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 2011 Annual Meeting of Shareholders. On February 4, 2011, 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 operations and respond to questions from shareholders.

As always, we anticipate a large number of attendees at the Annual Meeting of Shareholders. Again 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 website 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

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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 23, 2011 at 10 a.m. (Pacific Time) for the following purposes:

1. To elect ten directors nominated by the board of directors to serve until the 2012 Annual Meeting of Shareholders;
2. To approve an advisory resolution on executive compensation;
3. To conduct an advisory vote on the frequency of future advisory votes on executive compensation;
4. To approve revised performance criteria under the 2005 Long-Term Equity Incentive Plan;
5. To approve an amendment and restatement of the 2005 Long-Term Equity Incentive Plan, including an increase in the number of authorized shares under the plan;
6. To ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending October 2, 2011;
7. To consider one shareholder proposal described in the accompanying proxy statement, if properly presented at the Annual Meeting of Shareholders; and
8. To transact such other business as may properly come before the Annual Meeting of Shareholders.

Only shareholders of record at the close of business on January 13, 2011 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 23, 2011. Our proxy statement is attached. Financial and other information concerning Starbucks is contained in our annual report to shareholders for the fiscal year ended October 3, 2010. The proxy statement and our fiscal 2010 annual report to shareholders are available on our website at http://investor.starbucks.com. Additionally, and in accordance with Securities and Exchange Commission rules, you may access our proxy materials at www.proxyvote.com.

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 www.proxyvote.com;

2. By toll-free telephone: call 1-800-690-6903; 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.

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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 28, 2011

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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 February 4, 2011 in connection with the solicitation of proxies by our board of directors for the Starbucks Corporation 2011 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 2011 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. Information in this proxy statement for 2010 generally refers to our 2010 fiscal year, which was from September 28, 2009 through October 3, 2010 (fiscal 2010). Fiscal 2010 included 53 weeks, with the 53rd week falling in the fourth fiscal quarter. Fiscal years 2009 and 2008 included 52 weeks.

Voting Information

Record Date. The record date for the annual meeting is January 13, 2011. On the record date, there were 745,684,269 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 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: (i) **FOR** the election of each of the ten director candidates nominated by the board of directors; (ii) **FOR** approval of the advisory resolution on executive compensation; (iii) to conduct future advisory votes on executive compensation **EVERY YEAR**; (iv) **FOR** approval of the revised performance criteria under the 2005 Long-Term Equity Incentive Plan; (v) **FOR** approval of the amended and restated 2005 Long-Term Equity Incentive Plan, including an increase in the number of authorized shares under the plan; (vi) **FOR** the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending October 2, 2011 (fiscal 2011); (vii) **AGAINST** the shareholder proposal regarding recycling strategy for beverage containers; and (viii) 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 discretionary authority to vote on a particular matter and has not received voting instructions from its client) are counted for

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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. If a quorum is present, approval of the advisory resolution on executive compensation, advisory approval of the frequency of future advisory votes on executive compensation, approval of the revised performance criteria under the 2005 Long-Term Equity Incentive Plan, approval of the amended and restated 2005 Long-Term Equity Incentive Plan, including an increase in the number of authorized shares under the plan, ratification of our independent registered public accounting firm and approval of the shareholder proposal, and any 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. The following will not be votes cast and will not count towards the election of any director nominee or approval of the other proposals: (i) broker non-votes; (ii) a share whose ballot is marked as abstain; (iii) a share otherwise present at the annual 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.

Rules that govern how brokers vote your shares have recently changed. Unless you provide voting instructions to any broker holding shares on your behalf, your broker may no longer use discretionary authority to vote your shares on any of the matters to be considered at the annual meeting other than the ratification of our independent registered public accounting firm. Please vote your proxy so your vote can be counted. Proxies and ballots will be received and tabulated by Broadridge Financial Services, our inspector of elections for the annual meeting.

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 incumbent 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.

The election of directors at the 2011 annual meeting is an uncontested election.

PROPOSAL 1 ELECTION OF DIRECTORS

In accordance with our bylaws, our board of directors has set its size at eleven members; there are currently eleven members. Under our bylaws, the number of directors may be changed at any time by a resolution of the board of directors. Each of the eleven current directors was elected at the 2010 annual meeting and their terms expire upon the election and qualification of the directors to be elected at the 2011 annual meeting. Barbara Bass will be retiring from the board of directors as of the conclusion of the annual meeting, at which time the size of the board will be reduced to ten members. The board of directors has nominated the remaining ten directors for re-election at the annual meeting, to serve until the 2012 Annual Meeting of Shareholders and until their respective successors have been elected and qualified.

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, any 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 of directors, unless

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the board chooses to reduce its own size. The board of directors 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 ten 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 current 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.

We believe that our directors should satisfy a number of qualifications, including demonstrated integrity, a record of personal accomplishments, a commitment to participation in board activities and other traits discussed below in Our Director Nominations Process. We also endeavor to have a board representing a range of skills and depth of experience in areas that are relevant to and contribute to the board s oversight of the Company s global activities. Following the biographical information for each director nominee, we describe the key experience, qualifications and skills our directors bring to the board that, for reasons discussed below, are important in light of Starbucks businesses and structure. The board considered these experiences, qualifications and skills and the directors other qualifications in determining to recommend that the directors be nominated for re-election.

Food and beverage industry experience. As the premier roaster and retailer of specialty coffee in the world, we seek directors who have knowledge of and experience in the food and beverage industry, which is useful in understanding the products that we develop and our licensing operations.

Brand marketing experience. Brand marketing experience is important for our directors to have because of the importance of image and reputation in the specialty coffee business and our objective to maintain Starbucks standing as one of the most recognized and respected brands in the world.

International operations and distribution experience. Starbucks has a strong global presence with retail and/or roasting operations in over 50 countries around the world and approximately 30,000 partners employed outside the U.S. Accordingly, international operations and distribution experience is important for our directors to have, especially as we continue to expand globally and develop new channels of distribution.

Domestic and international public policy experience. We believe that it is important for our directors to have domestic and international public policy experience in order to help us address significant public policy issues, adapt to different business and regulatory environments and facilitate our work with governments all over the world.

Media and communications experience. As a consumer retail company, it is important for our directors to have media and communications experience, especially as this experience relates to the Internet, technology and social media, which can provide insight and perspective with respect to our marketing operations.

Public company board experience. Directors who have served on other public company boards can offer advice and perspective with respect to board dynamics and operations, relations between the board and Starbucks management and other matters, including corporate governance, executive compensation and oversight of strategic, operational and compliance-related matters.

Senior leadership experience. We believe that it is important for our directors to have served in senior leadership roles at other organizations, which demonstrates strong abilities to motivate and manage others, to identify and develop leadership qualities in others and to manage organizations.

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Nominees

HOWARD SCHULTZ, 57, is the founder of Starbucks Corporation and serves as our chairman, president and chief executive officer. Mr. Schultz has served as chairman of the board of directors 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.

Director Qualifications: As the founder of Starbucks, Mr. Schultz has demonstrated a record of innovation, achievement and leadership. This experience provides the board of directors with a unique perspective into the operations and vision for Starbucks. Through his experience as the chairman, president and chief executive officer, Mr. Schultz is also able to provide the board of directors with insight and information regarding Starbucks strategy, operations and business. In addition, Mr. Schultz s almost 30 years of experience with Starbucks brings to the board extensive experience in the food and beverage industry, brand marketing and international distribution and operations.

WILLIAM W. BRADLEY, 67, has been a Starbucks director since June 2003. Since 2000, Mr. Bradley has been a managing director of Allen & Company LLC, an investment banking firm. 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 previously served on the board of directors of Seagate Technology and currently serves on the boards of directors of Willis Group Holdings Limited and QuinStreet, Inc.

Director Qualifications: Based on over 18 years in the U.S. Senate, Mr. Bradley has a deep understanding of U.S. governmental and regulatory affairs and public policy. He is able to provide the board of directors with unique insights into Starbucks strategy, operations and business. Mr. Bradley also has extensive experience in the private sector, including in financial services and media, as well as experience as a director on the boards of other publicly-traded companies.

MELLODY HOBSON, 41, 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 since 2000, and as the chairman since 2006 and a trustee since 1993 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. Ms. Hobson also serves on the boards of directors of DreamWorks Animation SKG, Inc. and The Estee Lauder Companies, Inc. Additionally, she is on the board of governors of the Investment Company Institute.

Director Qualifications: As the president and a director of a large investment company, Ms. Hobson brings significant operational, investment and financial expertise to the board of directors. Ms. Hobson also possesses media experience based on her role as an on-air financial contributor for ABC s Good Morning America and valuable knowledge of corporate governance and similar issues from her service on other publicly-traded companies boards of directors as well as her prior service on the Securities and Exchange Commission (SEC) Investment Advisory Committee.

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KEVIN R. JOHNSON, 50, has been a Starbucks director since March 2009. Mr. Johnson 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 International Business Machine Corp. s systems integration and consulting business.

Director Qualifications: Mr. Johnson has extensive experience in the technology industry and is able to provide the board of directors with his unique insights related to Starbucks strategy, operations and business. Through his various senior leadership positions, including his experience as Chief Executive Officer of Juniper Networks, Mr. Johnson also has experience with the challenges inherent in managing a complex organization, leading global businesses focused on both consumer and business needs and utilizing technology to drive business productivity and experience.

OLDEN LEE, 69, has been a Starbucks director since June 2003. Mr. Lee also served as our interim executive vice president, Partner Resources from April 2009 to March 2010. Mr. Lee undertook the role of interim head of Partner Resources while the Company searched for an executive vice president, Partner Resources. Mr. Lee previously worked with PepsiCo, Inc., a global food, snack and beverage company, 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 retired from PepsiCo in 1998. Since 1998, Mr. Lee has served as principal of Lee Management Consulting, a management consulting firm he founded. Mr. Lee also served on the board of directors of TLC Vision Corporation.

Director Qualifications: Through his prior experience with PepsiCo, including his position as senior vice president of human resources, Mr. Lee offers the board of directors a unique perspective and insight into issues and strategies related to Starbucks, including leadership, executive compensation, risk assessment, compliance and corporate governance. Mr. Lee also has significant experience in dealing with operational and management issues.

SHERYL SANDBERG, 41, has been a Starbucks director since March 2009. Ms. Sandberg 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 U.S. 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*. Ms. Sandberg previously served on the board of directors of eHealth, Inc. and currently serves on the board of directors of The Walt Disney Company.

Director Qualifications: Ms. Sandberg s position with Facebook, as well as her prior experience at Google and as the Chief of Staff of the U.S. Treasury Department, provides the board of directors with a unique insight related to Starbucks strategy, operations and business. Ms. Sandberg brings considerable advertising and marketing skills to the board of directors. She also possesses extensive knowledge in a number of important areas, including leadership and corporate governance through her service on the boards of various nonprofit organizations and her service on other publicly-traded companies boards of directors.

JAMES G. SHENNAN, JR., 69, 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.

Director Qualifications: As a member of our board of directors since 1990, Mr. Shennan brings valuable experience to the board of directors. Mr. Shennan provides the benefits of service on the boards of other publicly- traded companies, including experience and extensive knowledge of compensation and corporate governance issues. He has experience serving as the lead independent director of P.F. Chang s China Bistro and he also has a strong finance, marketing and consumer products background gained through his experience with Trinity Ventures, Addison Consultants and Procter & Gamble.

JAVIER G. TERUEL, 60, 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 previously served on the boards of directors of The Pepsi Bottling Group, Inc. and Corporacion Geo S.A.B. de C.V. He currently serves on the boards of directors of J.C. Penney Company, Inc. and the Nielsen Company B.V.

Director Qualifications: Mr. Teruel has extensive executive experience, including financial experience, in the consumer products industry. He brings to the board of directors considerable product development, merchandising and marketing skills and perspectives. His international background provides unique insights relevant to Starbucks strategy, operations and business. He also possesses extensive knowledge in a number of important areas, including leadership and risk assessment through his service on the boards of other publicly-traded companies.

MYRON E. ULLMAN, III, 64, 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. Mr. Ullman previously served on the boards of directors for Polo Ralph Lauren Corporation and Pzena Investment Management, Inc. He currently serves as the vice chairman of the Federal Reserve Bank of Dallas.

Director Qualifications: Through Mr. Ullman s senior executive and board experience with U.S. and international retailers, he brings to the board of directors extensive knowledge in important areas, including leadership of global businesses, finance, executive compensation, risk assessment and compliance. He also brings insights and perspectives from positions he has held in the technology and real estate industries and the public sector. Mr. Ullman s experiences as chairman and chief executive officer of various entities during his career provide the board of directors with insight into the challenges inherent in managing a complex organization.

CRAIG E. WEATHERUP, 65, 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., retiring in 1999. 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.

Director Qualifications: Through Mr. Weatherup s experience on the board of directors of Macy s, as well as his prior experience as a chairman and chief executive officer, he is able to bring to the board of directors extensive knowledge in important areas, including finance, leadership, executive compensation, risk assessment and compliance. Mr. Weatherup also possesses valuable knowledge of corporate governance and similar issues from his service on other publicly-traded companies boards of directors.

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

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CORPORATE GOVERNANCE

Board Leadership

The board of directors is responsible for overseeing the exercise of corporate power and seeing that Starbucks business and affairs are managed to meet the Company s stated goals and objectives and that the long-term interests of the shareholders are served.

Howard Schultz currently serves as both the chairman of the board and our president and chief executive officer. In addition, the independent directors of the board have elected Myron E. Ullman, III, a non-employee, independent director, to serve as the presiding (lead) independent director pursuant to our Corporate Governance Principles and Practices. Mr. Ullman s term as presiding independent director expires at the board meeting immediately following the 2012 Annual Meeting of Shareholders. Mr. Ullman will not be eligible to be elected again as presiding independent director, as the presiding independent director is limited to serving two consecutive two-year terms.

Our board leadership structure also includes active independent directors. The independent directors meet in an executive session at each board meeting, and each of the standing board committees (discussed below) is comprised solely of and led by independent directors. The presiding independent director presides at each executive session, as well as all meetings of the board of directors at which the chairman is not present. The presiding independent director also has the authority to call meetings of the independent directors. Pursuant to our Corporate Governance Principles and Practices, the duties of the presiding independent director also include:

- serving as a liaison between the independent directors and the chairman;
- approving the scheduling of Board meetings, as well as the agenda and materials for each Board meeting and executive session of the independent directors;
- approving and coordinating the retention of advisors and consultants to the Board; and
- such other responsibilities as the independent directors may designate from time to time.

The board believes that combining the chairman and chief executive officer positions is currently the most effective leadership structure for Starbucks given Mr. Schultz s in-depth knowledge of Starbucks business and industry and his ability to formulate and implement strategic initiatives. As chief executive officer, Mr. Schultz is also intimately involved in the day-to-day operations of the Company and is thus in a position to elevate the most critical business issues for consideration by the independent directors of the board. In addition, having a combined chairman and chief executive officer enables Starbucks to speak with a unified voice to shareholders, customers and the media. The board believes that the combination of the chairman and chief executive officer roles as part of a governance structure that includes a presiding independent director, as well as the exercise of key board oversight responsibilities by independent directors, provides an effective balance for the management of the Company in the best interests of Starbucks shareholders.

Risk Oversight

The board of directors has overall responsibility for risk oversight, including, as part of regular board and committee meetings, general oversight of executives management of risks relevant to the Company. A fundamental part of risk oversight is not only understanding the material risks a company faces and the steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the company. The involvement of the board of directors in reviewing Starbucks business strategy is an integral aspect of the board s assessment of management s tolerance for risk and also its determination of what constitutes an appropriate level of risk for the Company.

While the full board has overall responsibility for risk oversight, the board has delegated responsibility related to certain risks to the Audit and Compliance Committee (the Audit Committee) and the Compensation and Management Development Committee (the Compensation Committee). The Audit Committee is responsible for reviewing the Company s risk assessment and risk management policies, as well as discussing the major risk exposures Starbucks faces and the steps management takes to monitor and control such exposures. The Audit Committee receives regular reports from management at its regularly scheduled meetings and other reports as requested by the Audit Committee from time to time. The Compensation Committee is responsible for reviewing and overseeing the management of any risks related to Starbucks compensation policies and practices. The Compensation Committee reviews such risks annually and in connection with discussions of various compensation elements and benefits throughout the year.

The board s role in risk oversight has not had any effect on the board s leadership structure.

Affirmative Determinations Regarding Director Independence and Other Matters

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

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

In determining that Ms. Sandberg is independent, the board of directors considered her position as an officer of a private company from which Starbucks purchased advertising space and marketing products in a transactional relationship in fiscal 2010. In determining that Mr. Lee is independent, the board of directors considered that he served at Starbucks as interim executive vice president, Partner Resources, at the request of the Company. In considering Mr. Johnson s independence, the board of directors considered his son s internship with Starbucks. The board of directors determined that none of these relationships constitutes a related-person transaction under applicable SEC rules or would interfere with the director s exercise of independent judgment in carrying out his or her responsibilities as a director.

The board of directors also has determined that each member of its three committees meets applicable independence requirements as prescribed by NASDAQ and the SEC. The board determined that Mr. Lee does not meet the independence requirements prescribed by the IRS and as such, is not considered an outside director for purposes of Section 162(m) of the Internal Revenue Code. In April 2009, Mr. Lee resigned from the Compensation Committee in order to serve as our interim executive vice president, Partner Resources until March 31, 2010. We asked Mr. Lee to serve as our interim executive vice president for a short period of time while we were in the process of hiring and transitioning a new executive vice president, Partner Resources. Please see page 11 for a description of Mr. Lee s role on the Compensation Committee.

Board Committees and Related Matters

During fiscal 2010, our board of directors had three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee (the Nominating Committee). The board of directors makes committee and committee chair assignments annually at its meeting immediately following the annual meeting of shareholders, although further changes to committee assignments are made from time to time as deemed appropriate by the board. Reports from the Audit Committee and Compensation Committee appear below. The committees operate pursuant to written charters, which are available on our website at www.starbucks.com/aboutus/corporate_governance.asp.

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The current composition of each board committee is set forth below.

Director	Audit Committee	Compensation Committee	Nominating Committee	Board of Directors
Howard Schultz				Chair
Barbara Bass[1]		Chair	X	X
William W. Bradley			X	X
Mellody Hobson	X			X
Kevin R. Johnson	X	X		X
Olden Lee		X		X
Sheryl Sandberg			X	X
James G. Shennan, Jr.		X	Chair	X
Javier G. Teruel	Chair	X		X
Myron E. Ullman, III		X		X
Craig E. Weatherup	X		X	X
Fiscal 2010 Meetings	12	7	5	11

(1) As discussed above, Ms. Bass will be retiring from the board as of the conclusion of the annual meeting.

Attendance at Board and Committee Meetings, Annual Meeting

During fiscal 2010, 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. All directors attended the 2010 Annual Meeting of Shareholders.

Audit Committee

The Audit Committee annually reviews and reassesses the adequacy of its charter. As such, in June 2010, the Audit Committee reviewed and approved an updated Audit Committee charter. As more fully described in its charter, the primary responsibilities of the Audit Committee are to:

- Oversee our accounting and financial reporting processes, including the review of the Company s quarterly and annual financial results.
- Appoint the Company s independent registered public accounting firm and oversee the relationship, including monitoring the auditor s independence and reviewing the scope of the auditor s work, including preapproval of audit and non-audit services.
- Review the annual audit and quarterly review processes with management and the independent registered public accounting firm.
- Review management s assessment of the effectiveness of the Company s internal controls over financial reporting and the independent registered public accounting firm s related attestation.
- Oversee the Company s internal audit function, including review of internal audit staffing and approval of the internal audit plan.

Review and approve or ratify all related party transactions and potential conflicts of interests that are required to be disclosed in the proxy statement.

Review the Company s risk assessment and risk management policies.

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Each of Ms. Hobson and Messrs. Johnson, 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.

Compensation Committee

The Compensation Committee annually reviews and reassesses the adequacy of its charter. As such, in September 2010, the Compensation Committee reviewed and approved an updated Compensation Committee charter. As more fully described in its charter, the primary responsibilities of the Compensation Committee are to:

- Conduct an annual review of and recommend to the independent directors for their review and approval the compensation package for the chairman, president and chief executive officer.
- Conduct an annual review and approve all compensation elements for our executive officers (other than our chairman, president and chief executive officer).
- Annually review and approve performance measures and targets for all executive officers participating in the annual incentive bonus plan and long-term incentive plans; certify achievement of performance goals after the measurement period.
- Approve, modify and administer partner-based equity plans, the Executive Management Bonus Plan and deferred compensation plans.
- 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.
- Annually approve the Company s comparator group companies and may review market data.
- Provide recommendations to the board of directors on compensation-related proposals to be considered at the Company s annual meeting, including Say-on-Pay.
- Determine management stock ownership guidelines and periodically review ownership levels for compliance.
- Annually review a report from management regarding material risks, if any, created by the Company s compensation policies and practices.

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. In addition, the Compensation Committee s charter allows it to delegate its authority to subcommittees of the committee, as may be necessary or appropriate.

In March 2010, the Compensation Committee formed a special subcommittee, the Performance Compensation Committee (the Subcommittee), which is responsible for establishing, administering, reviewing

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and approving any award intended to qualify for the performance-based compensation exception of Section 162(m) of the Internal Revenue Code (Section 162(m)). The Subcommittee may establish, administer, review and approve any compensation or compensatory award as may be requested by the Compensation Committee from time to time. The current composition of the Subcommittee is: Ms. Bass and Messrs. Johnson, Shennan, Teruel and Ullman. Each member of the Subcommittee meets applicable independence requirements as prescribed by NASDAQ, the SEC and the IRS. Since Mr. Lee was an executive officer of the Company for a period of time, he does not sit on the Subcommittee and does not vote on performance-based compensation. Since March 2010, all decisions related to performance-based compensation were made by the Subcommittee.

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

In fiscal 2010, 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. (F.W. Cook & Co.). The Compensation Committee did not request, and management did not provide, specific compensation recommendations for fiscal 2010 compensation for Mr. Schultz. Towers Watson & Co. (formerly Towers Perrin, before its merger with Watson Wyatt Worldwide, Inc., effective January 1, 2010), a consulting firm engaged by management, provided market data and historical compensation information to the Compensation Committee and its consultant. F.W. Cook & Co. provided advice regarding best practices in executive compensation and compensation trends for chief executive officers to Barbara Bass, the committee s chair. Ms. Bass, with data provided by Towers Watson and input and review by F.W. Cook & Co., then developed specific compensation recommendations for Mr. Schultz for fiscal 2010. The independent directors, including the members of the Compensation Committee, discussed those recommendations and reached consensus during an executive session without management present. All references to Towers Watson and F.W. Cook & Co. in this proxy statement refer, respectively, to management s compensation consultant and the Compensation Committee s consultant.

Management s Role in the Executive Compensation Process

Mr. Schultz, our chairman, president and chief executive officer, our executive vice president, Partner Resources, for a portion of fiscal 2010 our interim 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 2010 and regularly attended committee meetings. Partner Resources refers to our human resources function. For fiscal 2010, Mr. Schultz provided his perspective to the Compensation Committee regarding executive compensation matters generally and the performance of the executives reporting to him. 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 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 2009 meeting, the first meeting after the end of the fiscal year 2009, members of the Partner Resources team presented the committee with specific compensation recommendations for all executives other than Mr. Schultz for fiscal 2010. These recommendations were developed in consultation with Mr. Schultz and were accompanied by market data provided by Towers Watson, which was also reviewed by F.W. Cook & Co. During the November 2009 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.

In accordance with NASDAQ rules, Mr. Schultz did not vote on executive compensation matters or attend executive sessions of the Compensation Committee nor was he present when his compensation was being discussed or approved. Mr. Lee resigned from the Compensation Committee effective April 2009 in order to serve as our interim executive vice president, Partner Resources through March 2010. While a member of the Compensation Committee, Mr. Lee was not present when his consulting agreement was being discussed or approved. While an executive officer, he did not vote on executive compensation matters. Effective April 1, 2010, Mr. Lee rejoined the Compensation Committee as an independent director under applicable NASDAQ independence requirements. Mr. Lee does not meet the independence requirements prescribed by the IRS and as such, is not considered an outside director for purposes of Section 162(m) of the Internal Revenue Code. As discussed above, a special Subcommittee was formed at the same time to approve performance-based compensation under Section 162(m) since Mr. Lee does not qualify as an outside director under Section 162(m). Mr. Lee does not participate on the Subcommittee and does not vote on performance-based compensation.

The Role of Consultants in the Executive Compensation Process

For fiscal 2010, the Compensation Committee engaged an outside independent compensation consultant. The Compensation Committee s consultant regularly attends committee meetings and attends executive sessions as requested by Ms. Bass.

F.W. Cook & Co. has served as the Compensation Committee s consultant since June 2007 to assist it, as requested, in fulfilling various aspects of the committee s charter. Without the Compensation Committee s prior approval, F.W. Cook & Co. will not perform any services for Starbucks management, although the committee has directed that F.W. Cook & Co. work in cooperation with management as required to gather information necessary to carry out its obligations to the committee. During fiscal 2010, F.W. Cook & Co. did not perform any services for Starbucks other than making recommendations with respect to executive and director compensation. While the Compensation Committee does not ask F.W. Cook & Co. for its own market data, the Compensation Committee has F.W. Cook & Co. validate the market data received from Towers Watson, management s consultant, supporting management s recommendations.

During fiscal 2010, the Compensation Committee asked F.W. Cook & Co. to review, validate and provide input on the following tasks that Towers Watson completed at management s request:

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

- Prepare an analysis of and provide considerations regarding the list of peer group companies used for benchmarking executive and director compensation, using the criteria established by the committee, and provide input on changes to the peer group as requested;

- Review management proposals for fiscal 2010 annual bonus targets;

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

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

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

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Compensation Committee Interlocks and Insider Participation

Messrs. Johnson, Lee, Shennan, Teruel and Ullman and Mses. Bass and Hobson served on the Compensation Committee during fiscal 2010. None of these individuals, other than Mr. Lee, was at any time during fiscal 2010 or at any other time an officer or employee of Starbucks, and none had any relationship with Starbucks requiring disclosure as a related-person transaction in the section Certain Relationships and Related Transactions on page 75. As discussed above, Mr. Lee served as our interim executive vice president, Partner Resources for a portion of fiscal 2010. Mr. Lee rejoined the Compensation Committee in April 2010 as an independent director under the applicable NASDAQ independence requirements. During fiscal 2010, none of our executive officers served on the compensation committee (or its equivalent) or board of directors of another entity whose executive officer served on our Compensation Committee.

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, our Compensation Committee is named the Compensation *and Management Development* Committee.

Our board of directors 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 plans 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 of directors. 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 of directors assessing senior managers and their potential to succeed him. 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 successor. The full board has the primary responsibility to develop succession plans for the ceo position.

Nominating Committee

The Nominating Committee annually reviews and reassesses the adequacy of its charter. As such, in June 2010, the Nominating Committee reviewed and approved an updated Nominating Committee charter. 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 of directors 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;

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- 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 each of its committees;
- Biennially recommends the board s presiding independent director;
- Biennially reviews the type and amount of board compensation for independent directors; and
- Makes recommendations to the full board regarding such compensation.

The Nominating Committee also annually assists the board of directors 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.

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 recommended slate of director nominees (the candidates) are selected. The nominations policy was approved by the full board of directors 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 or her personal and professional life and has established a record of professional accomplishment in his or 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 director stock ownership guidelines described on page 20 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 of directors 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, social media and public relations.

The Nominating Committee is responsible for reviewing the appropriate skills and characteristics required of directors in the context of prevailing business conditions and for making recommendations regarding the size and composition of the board, with the objective of having a board that brings to Starbucks a variety of perspectives and skills derived from high quality business and professional experience. The Nominating Committee s review of the skills and experience it seeks in the Board as a whole, and in individual directors, in connection with its review of the board s composition, enables it to assess the effectiveness of its goal of achieving a board with a diversity of experiences. The Nominating Committee considers these criteria when evaluating director nominees in accordance with the procedures set forth below.

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 board of directors, 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 Nominating Committee did not retain a search firm during fiscal 2010.

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 advance notice, information and consent provisions contained in our bylaws. For the fiscal 2012 Annual Meeting of Shareholders, 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 2011 Annual Meeting of Shareholders.

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). 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.

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.

Evaluation of Candidates

The Nominating Committee will consider and evaluate all candidates identified through the processes described above, including incumbents and candidates proposed by qualified shareholders, 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 of directors consideration. 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 of directors, will be included in our recommended slate of director nominees in our proxy statement.

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 of directors for inclusion in our recommended slate of director nominees for the next annual meeting of shareholders 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 and recommended for election by shareholders at the annual meeting, which is typically held in March of the following calendar year.

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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 website.

Corporate Governance Materials Available on the Starbucks Website

Our Corporate Governance Principles and Practices are intended to provide a set of flexible guidelines for the effective functioning of the board of directors 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 website 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 website, 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
- Policy on Director Nominations
- 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, Mail Stop S-LA1, Seattle, Washington 98134. Please specify which documents you would like to receive.

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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 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 2010, the annual compensation program for non-employee directors provided for a total of $220,000 per year in compensation, composed of (i) a retainer of $110,000, which may be in the form of cash, stock options or a combination of both at the director s election, and (ii) $110,000 in equity compensation in the form of stock options. The compensation program was approved by our board of directors in June 2009, based 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.

New non-employee directors first become eligible to receive the regular annual compensation in the first full fiscal year after they join the board of directors. 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. Mr. Johnson and Ms. Sandberg were first eligible for the annual compensation in fiscal 2010.

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 $110,000 of equity compensation and a closing market price of $30 per share on the grant date, the director would receive 11,000 stock options, which is the result of $110,000 divided by $30, or approximately 3,667, 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 of directors. 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 57). Six of the board s ten current independent directors meet the retirement criteria.

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In June 2009, the non-employee director compensation program was amended by our board of directors, based 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. At the time the non-employee director compensation program was reviewed, the board believed that, in light of the economic decline, the downturn in the Company s performance and the related impact on partner compensation, the non-employee director compensation program should be adjusted downward accordingly. As described above, for fiscal 2010, the annual compensation program for non-employee directors provided for a total of $220,000 per year in compensation (a decrease from $240,000 in fiscal 2009). When the Nominating Committee considered and ultimately recommended the fiscal 2010 non-employee director compensation, the committee reviewed competitive market data prepared by Towers Watson for the same comparator group used to benchmark executive compensation for fiscal 2009. The level of non-employee director total compensation approved by the Nominating Committee for fiscal 2010 was between the 65th and 70th percentile among comparator group companies and the board believed that the level was appropriate to attract and retain top board candidates.

In June 2010, the non-employee director compensation program was amended by our board of directors, on the recommendation of the Nominating Committee. For fiscal 2011, the board determined to reinstate non-employee director compensation to $240,000 per year composed 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 board also determined to review non-employee director compensation again in fiscal 2011.

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 23.

From April 2009 through March 2010, Mr. Lee served as interim executive vice president, Partner Resources. For his services as interim executive vice president, Partner Resources, Mr. Lee was compensated pursuant to a consulting agreement that provided for a consulting fee of $25,000 per month plus reimbursement of certain business expenses. Mr. Lee remained on our board of directors during this period and was thus also compensated pursuant to the non-employee director compensation program. Effective October 1, 2009, the consulting agreement was amended by the Compensation Committee to increase the monthly consulting fee from $25,000 to $50,000 and to provide a one-time lump sum payment of $150,000. Mr. Lee s consulting arrangement was approved by the Compensation Committee.

Fiscal 2010 Compensation of Non-Employee Directors

The following table shows fiscal 2010 compensation for non-employee directors.

Fiscal 2010 Director Compensation

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)[1]	All Other Compensation ($)	Total ($)
Barbara Bass		271,258		271,258
William W. Bradley	82,500	169,542		252,042
Mellody Hobson		271,258		271,258
Kevin R. Johnson	110,000	135,633		245,633
Olden Lee		271,258	355,342[2]	626,600
Sheryl Sandberg	110,000	135,633		245,633
James G. Shennan, Jr.	110,000	135,633		245,633
Javier G. Teruel		271,258		271,258
Myron E. Ullman, III		271,258		271,258
Craig E. Weatherup		271,258		271,258

(1) The amounts shown in this column represents the aggregate grant date fair values of the stock options awarded November 16, 2009. The grant date fair values have been determined based on the assumptions and methodologies set forth in the Company s 2010 Form 10-K (note 14).

(2) Amounts paid pursuant to Mr. Lee s consulting agreement described above, consisted of a $50,000 per month consulting fee as well as the reimbursement of expenses incurred in the course of his service under the agreement, including $23,315 for airfare, $25,678 for lodging and $6,349 for car rental and taxi service.

As of October 3, 2010, the aggregate number of shares of Starbucks common stock underlying outstanding option awards for each non-employee director were: Ms. Bass 429,290 shares; Mr. Bradley 209,854 shares; Ms. Hobson 240,786 shares; Mr. Johnson 44,960 shares; Mr. Lee 302,144 shares; Ms. Sandberg 44,960 shares; Mr. Shennan 389,451 shares; Mr. Teruel 240,786 shares; Mr. Ullman 302,144 shares; and Mr. Weatherup 460,520 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 the directors deferred compensation plan. The board of directors terminated future deferrals under the plan during fiscal 2005, so no further compensation may be deferred. Amounts previously deferred were 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. Dividends are credited as additional unfunded deferred stock units based on the market price of our common stock at the time the dividends are paid and are credited to non-employee directors with the other deferred stock units until plan distributions are made in accordance with the terms of the plan. 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 77.

Director Stock Ownership Guidelines

The board of directors 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

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guidelines to increase the required investment to $240,000 in tandem with the increase to non-employee director compensation. In June 2009, when non-employee director annual compensation was amended to $220,000 for fiscal 2010, the board agreed to maintain the stock ownership guidelines at $240,000. All non-employee directors have four years from their election to the board to achieve the $240,000 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. Mr. Johnson and Ms. Sandberg have not yet served on the board for four years and are working toward making the required investment.

PROPOSAL 2 ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION

We are asking shareholders to approve an advisory resolution on the Company s executive compensation as reported in this proxy statement. As described below in the Compensation Discussion and Analysis section of this proxy statement, the Compensation Committee has structured our executive compensation program to achieve the following key objectives:

Objective	How Our Executive Compensation Program Achieves This Objective
Pay For Performance	Aligning executive compensation with short-term and long-term Company, business unit and individual performance Setting a significant portion of each named executive officer s target total direct compensation to be in the form of variable compensation
Stay True to Our Values	Providing limited executive perquisites Maintaining a clawback policy for incentive compensation awards Requiring our executives to own Starbucks stock and prohibiting them from engaging in hedging transactions with respect to Starbucks stock
Attract and Retain Top Talent	Targeting total target direct compensation at the 50th percentile range among companies with which we compete for executive talent Competing effectively for the highest quality people who will determine our long-term success

We urge shareholders to read the Compensation Discussion and Analysis beginning on page 23 of this proxy statement, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation Table and other related compensation tables and narrative, appearing on pages 47 through 58, which provide detailed information on the compensation of our named executive officers. The Compensation Committee and the board of directors believe that the policies and procedures articulated in the Compensation Discussion and Analysis are effective in achieving our goals and that the compensation of our named executive officers reported in this proxy statement has contributed to the Company s recent and long-term success.

In accordance with recently adopted Section 14A of the Securities Exchange Act of 1934, as amended (the Exchange Act), and as a matter of good corporate governance, we are asking shareholders to approve the following advisory resolution at the 2011 Annual Meeting of Shareholders:

RESOLVED, that the shareholders of Starbucks Corporation (the Company) approve, on an advisory basis, the compensation of the Company s named executive officers disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables, notes and narrative in the Proxy Statement for the Company s 2011 Annual Meeting of Shareholders.

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This advisory resolution, commonly referred to as a say-on-pay resolution, is non-binding on the board of directors. Although non-binding, the board and the Compensation Committee will review and consider the voting results when making future decisions regarding our executive compensation program.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION.

PROPOSAL 3 ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION

Pursuant to recently adopted Section 14A of the Exchange Act, we are asking shareholders to vote on whether future advisory votes on executive compensation of the nature reflected in Proposal Number 2 above should occur every year, every two years or every three years.

After careful consideration and dialogue with our shareholders, the board of directors has determined that holding an advisory vote on executive compensation every year is the most appropriate policy for the Company at this time, and recommends that shareholders vote for future advisory votes on executive compensation to occur every year. While the Company s executive compensation programs are designed to promote a long-term connection between pay and performance, the board of directors recognizes that executive compensation disclosures are made annually. Given that the say-on-pay advisory vote provisions are new, holding an annual advisory vote on executive compensation provides the Company with more direct and immediate feedback on our compensation disclosures. However, shareholders should note that because the advisory vote on executive compensation occurs well after the beginning of the compensation year, and because the different elements of our executive compensation programs are designed to operate in an integrated manner and to complement one another, in many cases it may not be appropriate or feasible to change our executive compensation programs in consideration of any one year s advisory vote on executive compensation by the time of the following year s annual meeting of shareholders. We believe that an annual advisory vote on executive compensation is consistent with our practice of seeking input and engaging in dialogue with our shareholders on corporate governance matters (including the Company s practice of having all directors elected annually and annually providing shareholders the opportunity to ratify the Audit Committee s selection of independent auditors) and our executive compensation philosophy, policies and practices.

This advisory vote on the frequency of future advisory votes on executive compensation is non-binding on the board of directors. Shareholders will be able to specify one of four choices for this proposal on the proxy card: one year, two years, three years or abstain. Shareholders are not voting to approve or disapprove the board s recommendation. Although non-binding, the board and the Compensation Committee will carefully review the voting results. Notwithstanding the board s recommendation and the outcome of the shareholder vote, the board may in the future decide to conduct advisory votes on a more or less frequent basis and may vary its practice based on factors such as discussions with shareholders and the adoption of material changes to compensation programs.

THE BOARD OF DIRECTORS RECOMMENDS SHAREHOLDERS VOTE TO CONDUCT FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION EVERY YEAR.

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EXECUTIVE COMPENSATION